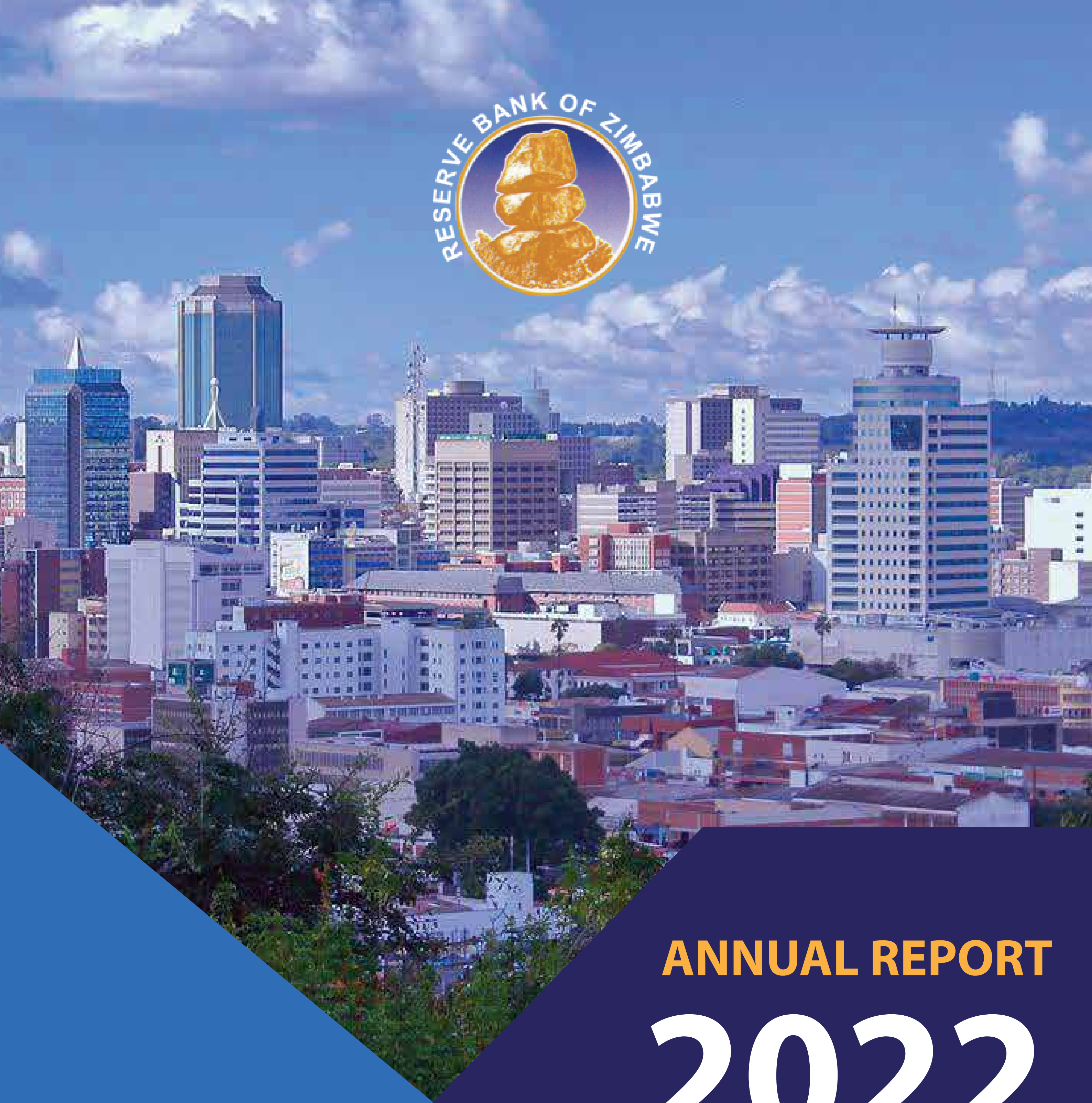
RESERVE BANK OF ZIMBABWE



ANNUAL REPORT
2022

@ReserveBankZim @ReserveBankZim

www.rbz.co.zw

RESERVE BANK OF ZIMBABWE

Vision

To be a credible, transformative and responsive central bank that contributes to the economic development of Zimbabwe.

Mission

To achieve and maintain price and financial system stability to foster sustainable and inclusive economic development.

Values

Accountability
Transparency
Integrity
Efficiency
Teamwork

@ReserveBankZim @ReserveBankZim info@rbz.co.zw www.rbz.co.zw

TABLE OF CONTENTS

TABLE OF FIGURES

LIST OF TABLES

GOVERNOR'S OVERVIEW

John Panonetsa Mangudya

This Report highlights the activities of the Reserve Bank of Zimbabwe (the Bank) in pursuit of its legal mandate of ensuring price and financial system stability during the year 2022. The Report includes the audited financial statements for the year ended 31 December 2022.

The year 2022 was a challenging one for most central banks across the world. The opening of economies from Covid-19 restrictions and associated demand and supply-side food and fuel inflationary pressures emanating from the Russia-Ukraine conflict resulted in historic high inflation levels in most countries last seen in the 1980s. On the domestic front, a combination of global inflation amid a slowdown in growth and localised idiosyncratic shocks inherent in a dual currency environment resulted in elevated inflation pressures during the second quarter of 2022.

As a result of the above developments and factors, the Bank's activities and policy thrust in 2022 were aimed at sustaining the economic recovery gains from the Covid-19 pandemic and containing emerging inflationary pressures. The Bank put in place bold policies to address inflationary pressures in the second quarter of 2022. The measures included tightening monetary policy by reviewing the Bank Policy rate from 80% to 200% in June 2022 and the benchmarking of minimum lending rates to the policy rate. The measures curbed speculative borrowing which had been stoking exchange rate and inflation volatilities in the economy. In addition, the further liberalisation of the foreign exchange market through the introduction of the Willing-Buyer Willing-Seller (WBWS) foreign exchange system stabilised the foreign exchange market with positive effects on inflation.

The Bank continued with its efforts to stabilise the exchange rate depreciation pressures from the insatiable store of value demand for foreign currency by economic agents in a dual currency environment which had significant pass-through effects on domestic inflation. In pursuit of this objective, the Bank introduced the Mosi-Oa-Tunya gold coins during the third quarter of 2022 as a store of value and an alternative investment instrument. The Bank also introduced smaller denominations of gold coins in November 2022 to cater for those with lower savings. The uptake of the gold coins was favourable with a total of 24 368 coins having been sold as at 31 December 2022. The gold coin dovetailed with the mandate of the Bank to preserve the value of the currency and at the same time mopping excess liquidity in the market.

The tight monetary policy stance resulted in the progressive deceleration of monthly inflation during the second half of the year, from a peak of 30.7% in June 2022, to end the year at 2.4%. Similarly, annual headline inflation, which had increased to 285% in July 2022, ended the year at 243.8%.

Whilst the Bank maintained a tight monetary policy stance, it also took appropriate action to ensure that the productive sectors of the economy were safeguarded. In that regard, the Bank continued to support lending to productive sectors through the Medium-Term Bank Accommodation (MBA) Facility at a lending rate of 100%. The support partly assisted the country in achieving self-sufficiency in wheat, with output reaching more than 370 000 tonnes in 2022. In addition, the Bank also continued to administer the foreign exchange auction system to ensure seamless financing of critical imports. The lending support under the MBA facility and the foreign exchange auction system were to ensure strong domestic production, elevated industrial capacity utilisation (to levels of around 60%) and availability of locally produced goods in shops and retail points.

The monetary policy interventions, coupled with complementary fiscal policy measures, resulted in the realisation of strong economic fundamentals in the economy as evidenced by a favourable balance of payments, stable fiscal and financial conditions, steady manufacturing performance, strong economic growth and numerous infrastructure developments including road construction, power projects and expansion or upgrade of ports of entry by Government. The economy registered a significant growth of 6.5% in 2022 largely driven by agriculture, mining, electricity, construction, tourism and manufacturing.

The strong domestic economic performance ensured that the country continued to record increases in foreign currency receipts. Total foreign currency receipts increased to US$11.6 billion in 2022 from US$9.9 billion in 2021, against total foreign payments processed through banks of US$8,6 billion in 2022, leaving a surplus which was reflected in growth in the domestic foreign currency accounts (FCA). As a result of the positive foreign currency generating capacity, the country's balance of payments remained in a surplus position for the fourth consecutive year since 2019 with an estimated current account surplus of US$305.0 million in 2022.

The domestic banking sector remained in a safe and sound position during 2022, with strong asset quality and adequately capitalised institutions. In the face of rapid technological developments, the sector enhanced its risk management systems and improved bank business models. All banking institutions were adequately capitalised and experienced improved financial intermediation. At the same time, banks' earning performance was strong as all banks reported profits. The quality of banks' asset was satisfactory and non-performing loans remained low at 1.58%.

The country's national payment system also remained efficient during the period under review. As part of its commitment to deepen integration of Africa's financial markets and buttress growth across the continent, the Bank joined the Pan African Payment and Settlement System (PAPSS), an interoperable cross-border financial market infrastructure which is expected to integrate payment system in Africa and foster intra-African trade.

I am pleased with the immense progress made by the Bank during 2022 in pursuit of its core mandate for price and financial system stability. The Bank will continue to stay the course of an appropriate monetary policy stance consistent with stabilising both the exchange rate and prices to anchor inflation expectations. On behalf of Management and Staff of the Bank, I would like to thank the Monetary Policy Committee (MPC) and the Board of the Bank for the collective guidance and support they rendered for the successful implementation of the 2022 work programme of the Bank.

I would also like to express my great appreciation for the support that the Bank received in the execution of its mandate from various stakeholders including Government, financial institutions, the business community, peer central banks and international financial institutions.

The financial statements of the Bank attached to this Annual Report show an inflation-adjusted surplus of ZW$8 billion for the year 2022.

I thank you.

John P. Mangudya
Governor

2022 BOARD OF THE RESERVE BANK OF ZIMBABWE

The following were members of the Bank's Board of Directors in 2022:

Dr. J. P. Mangudya	Governor & Chairman
Mrs. M. Dzumbunu	Interim Deputy Chairperson
Dr. J. T. Chipika	Deputy Governor
Dr. K. Mlambo [1]	Deputy Governor
Dr. I. Matshe [2]	Deputy Governor
Mr. C. Mphambela	Ministry of Finance & Economic Development Representative
Mr. E. I. Manikai	Non-Executive Director
Mrs. E. Fundira	Non-Executive Director
Dr. C. M. Fundanga	Non-Executive Director
Prof. J. Parwada	Non-Executive Director
Prof. L. M. Sibanda	Non-Executive Director
Ms. B. Muswaka	Non-Executive Director

A vacancy arose on the Board of Directors following the retirement of Dr. Kupukile Mlambo on 30 June 2022. Dr. Innocent Matshe was appointed Deputy Governor with effect from 1 of October 2022 and automatically became a member of the Board in terms of Section 21 (2) of the Reserve Bank of Zimbabwe Act [Chapter 22:15] (the Act) which designates Deputy Governors as members of the Board.

a) In addition to the mandatory Audit and Oversight Committee, two critical Board Committees were also constituted, namely the Banking Sector Stability Committee and the Human Resources and Governance Committee.

Board and Committee meetings were convened via a hybrid of physical and virtual delivery as indicated below:

[1] Dr Mlambo's tenure on the Board ended on 30 June 2022 when his second and final term of office as Deputy Governor expired.
[2] He joined the Bank effective 1 October 2022 replacing Dr Mlambo.

a) The Board met quarterly on 30 March 2022, 29 June 2022, 28 September 2022 and 7 December 2022.

b) Board Committees met as follows:

   i. **The Audit and Oversight Committee** met on 23 March 2022, 22 June 2022, 21 September 2022 and 30 November 2022;

   ii. **The Banking Sector Stability Committee** met on 16 March 2022, 15 June 2022, 14 September 2022 and 23 November 2022; and

   iii. **The Human Resources and Governance Committee** met on 16 March 2022, 15 June 2022, 14 September 2022 and 23 November 2022.

BOARD OF THE RESERVE BANK OF ZIMBABWE

Dr. J. P. Mangudya
Governor & Chairman

Mrs. M. Dzumbunu
Interim Deputy Chairperson

Dr. J. T. Chipika
Deputy Governor

Dr.K. Mlambo [3]
Deputy Governor

Dr.I. Matshe[4]
Deputy Governor

Mr. C. Mphambela
Ministry of Finance & Economic Development Representative

Mr. E. I. Manikai
Non-Executive Director

Mrs. E. Fundira
Non-Executive Director

Dr. C. M. Fundanga
Non-Executive Director

Prof. J. Parwada
Non-Executive Director

Prof. L. M. Sibanda
Non-Executive Director

Ms. B. Muswaka
Non-Executive Director

MONETARY POLICY COMMITTEE (MPC)

The Monetary Policy Committee comprised of the following members in 2022:

Dr. J. P. Mangudya	Governor & Chairman
Dr. J. T. Chipika	Deputy Governor
Dr. K. Mlambo [3]	Deputy Governor
Dr. I. Matshe [4]	Deputy Governor
Prof. A. Chakravarti	Member
Mrs. M. Dzumbunu	Member
Dr. C. C. Jinya	Member
Prof. D. Makina	Member
Prof. A. Makochekanwa	Member
Mr. P. E. Gwanyanya	Member

The Committee met as scheduled on 25 February 2022, 29 April 2022, 24 June 2022, 23 September 2022 and 2 December 2022. The Committee also held two (2) *ad hoc* meetings on 29 July 2022 and 26 August 2022 to review interest rates and to assess their impact on the economy.

[3] Dr. Mlambo. Mlambo's tenure on the MPC was up to 30 June 2022 when his second and final term of office as Deputy Governor expired.

[4] Dr. Matshe was appointed Deputy Governor and consequently a member of the MPC by virtue of section 29B (1) of the Act.

MONETARY POLICY COMMITTEE (MPC)

Dr. J. P. Mangudya
Governor & Chairman

Dr. J. T. Chipika
Deputy Governor

Dr. K. Mlambo
Deputy Governor

Dr. I. Matshe
Deputy Governor

Prof. A. Chakravart
Member

Mrs. M. Dzumbunu
Member

Dr. C. C. Jinya
Member

Prof. D. Makina
Member

Prof. A. Makochekanwa
Member

Mr. P. E. Gwanyanya
Member

EXECUTIVE COMMITTEE (EXCO)

The EXCO was made up of the following members in 2022: -

Dr. J. P. Mangudya	Governor & Board Chairman
Dr. J. T. Chipika	Deputy Governor
Dr. K. Mlambo	Deputy Governor
Dr. I. Matshe	Deputy Governor
Mr. A. Saburi	Director, Financial Markets
Mr. J. Mafararikwa	Director, Economic Research & Policy
Mr. E. S. Rwatirera[5]	Director, Human Resources & Support Services
Mr. C. Chiketa[6]	Director, Human Resources & Administration
Ms. T. Hungwe	Director, Finance
Mr. F. Masendu	Director, Exchange Control
Mr. P. T. Madamombe	Director, Bank Supervision
Mrs. V. Sithole	Bank Secretary & Director for General Counsel & Corporate Affairs

[5] Mr. Rwatirera retired from the Bank with effect from 28 February 2022
[6] Mr. Chiketa was appointed Director, Human Resources & Administration with effect from 1 October 2022 after acting in that position from March 2022.

EXECUTIVE COMMITTEE (EXCO)

Dr. J. P. Mangudya
Governor & Board Chairman

Dr. J. T. Chipika
Deputy Governor

Dr. K. Mlambo
Deputy Governor

Dr. I. Matshe
Deputy Governor

Mr. A. Saburi
Director
Financial Markets

Mr. J. Mafararikwa
Director,
Economic Research & Policy

Mr. E. S. Rwatirera
Director,
Human Resources
& Support Services

Mr. C.Chiketa
Director,
Human Resources
& Support Services

Ms. T. Hungwe
Director, Finance

Mr. F. Masendu
Director, Exchange Control

Mr. P. T. Madamombe
Director, Bank Supervision

Mrs. V. Sithole
Bank Secretary & Director
for General Counsel &
Corporate Affairs

STATEMENT ON CORPORATE GOVERNANCE

The Bank continued to abide by the relevant legal instruments, principles and processes in discharging its mandate and objectives as spelt out in the Act.

Good corporate governance remained pivotal in the day-to-day operations of Bank. During the course of the year, the Bank had in place both mandatory and necessary Board Committees. The robust corporate governance arrangements and practices enabled the Bank to operate professionally, credibly and transparently. The Bank ensured that stakeholders and the general public were adequately informed on developments in the economy through prompt publication of pertinent information, through circulars, press statements, notices, advices and updates.

The Bank continued to enhance its efforts toward building up credible and effective corporate governance structures and systems at all banks and financial institutions under its purview.

Legislation

The following laws were promulgated and implemented by the Bank during 2022.

Finance Act No. 8 of 2022

The Act amended the Exchange Control Act [Chapter 22:05] to broaden the scope of violations for which the Bank may impose civil penalties.

Reserve Bank of Zimbabwe (Issuance of One Hundred Dollar Banknote) Notice, Statutory Instrument 68A of 2022

The instrument introduced the ZW$100 banknote.

Banking (Amendment) Regulations (No. 8), Statutory Instrument 95 of 2022

The amendment was to allow for the payment of certain fees denominated in United States dollars in local currency at the prevailing exchange rate.

Presidential Powers (Temporary Measures) (Amendment of Exchange Control Act) Regulations, Statutory Instrument, 118A of 2022

This instrument also amended the Exchange Control Act and among other things specified that the multi-currency system would continue to be valid for the period of the National Development Strategy Phase 1 which expires in December 2025. The instrument also provided for civil penalties for repaying loans or receiving funds in repayment of loans accessed in foreign currency in local currency. It also provided for civil penalties for pricing of goods and services at a premium above 10% of the prevailing interbank market rate as published by the Bank.

Exchange Control (Payment of Electricity and Related Services in Foreign Currency by Exporters and Partial Exporters) Order, Statutory Instrument 131 of 2022

The statutory instrument extended the duration for which ZESA could bill electricity consumption by exporters and partial in foreign currency.

Presidential Powers (Temporary Measures) (Amendment of Reserve Bank of Zimbabwe Act and Finance Act) Regulations, Statutory Instrument 189 of 2022

The statutory instrument provided for the payment of mining royalties partly in kind in respect of gold, diamonds, platinum, lithium and any other precious stone or mineral or valuable metal as may be specified by the Bank by notice in a statutory instrument.

Litigation

The Bank was involved in the following litigation that could have a significant impact on its operations:

(a) A case which commenced in 2018 in which the Bank is being sued for damages amounting to US$19.5 million for financial loss arising from alleged negligence by the Bank to disclosure that a banking institution was troubled. The matter was heard in the High Court and judgment was reserved;

(b) A matter in which more than 109 former contract security guards are suing the Bank for various amounts and reinstatement arising from termination of fixed term contracts for periods during the years 2007 and 2010. The matter was heard in the Supreme Court and judgment was reserved; and

(c) A case in which a Senior Economist who leaked confidential documents and was dismissed after a disciplinary hearing. The matter remained pending in the courts.

Staff Wellness

The Bank ensured that the Staff clinic within the Bank premises was well manned and adequately stocked with basic medication for minor and recurrent illnesses.

The Bank consistently applied its Safety Health Environment and Quality (SHEQ) Policy to raise awareness to staff, *inter alia*, on general health issues, good eating habits, the importance of exercising, emotional intelligence, non-communicable diseases and environmental safety. The Bank, in collaboration with CIMAS and PSMAS medical aid societies, facilitated free cancer screening for staff on scheduled dates during the month of November 2022 . The response to the invitation for screening was very high.

Staff Recreation

Sporting disciplines within the Bank resumed training in October 2022 in preparation for the 2023 Inter-Central Bank Games scheduled for Gaborone, Botswana, from the 7 to the 10 April 2023 after a long break induced by Covid-19 restrictions.

Labour Relations

Labour relations within the Bank were cordial throughout the year with the Works' Council meeting three (3) times in February, April and June 2022. Deliberations by the Works Council exuded mutual respect and issues were addressed or resolved amicably.

DEVELOPMENTS IN THE GLOBAL ECONOMY

1. In 2022, global economic activity was weighed down by elevated inflationary pressures, tightening global financial conditions associated with expectations of steeper interest rate hikes by major central banks and the negative spill-over effects from the Russia-Ukraine conflict. Furthermore, a surge in energy and food prices as well as the lingering waves of the Covid-19 pandemic continued to disrupt economic activity in most regions. The IMF estimates that global economic growth declined sharply from 6.3% in 2021 to 3.5 % in 2022.

2. Notably, the impact of the global geopolitical tensions affected growth prospects for developing economies such as Zimbabwe through their negative impact on food, fuel and fertiliser channels. Higher food prices negatively impacted consumers' purchasing power, particularly among low-income households thereby weighing on domestic demand. Table 1 shows the global and regional economic growth developments and outlook.

Table 1: Global Economic Growth Rates & Outlook

Region/Country	2021 Act.	2022 Proj.	2023 Proj.
World Output	**6.2**	**3.4**	**2.9**
Advanced Economies	5.4	2.7	**1.2**
USA	*5.9*	*2.0*	*1.4*
Euro-Area	*5.3*	*3.5*	*0.7*
United Kingdom	*7.6*	*4.1*	*-0.6*
Emerging Markets & Developing Economies	**6.7**	**3.9**	**4.0**
Emerging and Developing Asia	7.4	4.3	5.3
China	*8.4*	*3.0*	*5.2*
India	*8.7*	*6.8*	*6.1*
Emerging and Developing Europe	**6.9**	**0.7**	**1.5**
Russia	*4.7*	*-2.2*	*0.3*
Sub Saharan Africa	**4.7**	**3.8**	**3.8**
Nigeria	*3.6*	*3.0*	*3.2*
South Africa	*4.9*	*2.6*	*1.2*

Source: *IMF World Economic Outlook (WEO): January 2023 Update*

3. The IMF projects global economic growth to further decline to 3.0% in 2023 on account of the sustained tightening in global financial conditions and the negative effects of the ongoing conflict in Ukraine.

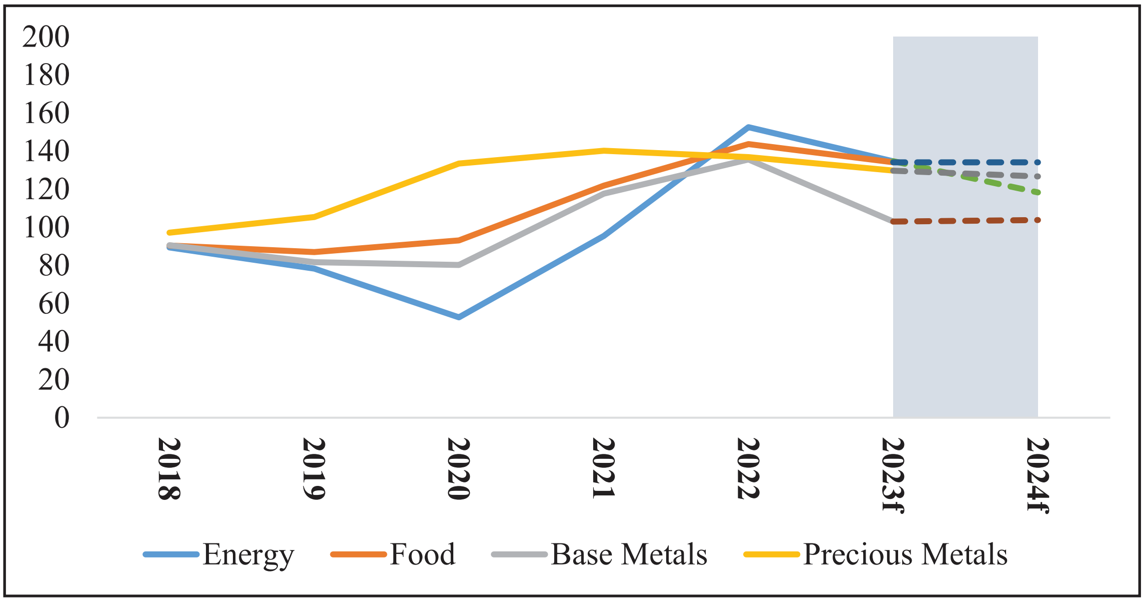
4. The global economy experienced significant inflation in 2022, higher than seen in several decades. Global inflation rose from 4.7% in 2021 to 8.7% in 2022. Most advanced economies reached the highest inflation levels since 1982, with USA at 8%, EU at 8.4% and the UK at 9.1%. The increase in inflation reflected a combination of factors including increased energy and food prices caused by Russia-Ukraine conflict, continued pent-up demand from COVID-19 and reverberations of 2021's strong demand recovery. In the outlook, global inflation is likely to remain elevated despite monetary tightening across the globe.

International Commodity Price Developments

5. Global commodity prices increased in 2022 as economies gradually opened up following the recession of the COVID-19 pandemic. Price increases were also driven in part by the Russia Ukraine conflict. In 2022, precious metals, particularly gold, saw a rise in value due to geopolitical tensions and conflict in eastern Europe which resulted in sanctions on Russia. This in turn increased the appeal of gold as a safe-haven asset. Additionally, concerns over high inflation led investors to shift towards precious metals as a safe investment haven. However, the gains were moderated by the hawkish monetary policy stance of the USA Federal Reserve Bank.

6. Energy prices surged in the second half of 2022 as an already tight global energy market was exacerbated by disruptions caused by the Russia- Ukraine conflict since Russia is a crucial transit hub, particularly for crude oil to the European Union. However, prices eased in the second half of the year amid fears of deceleration in demand owing to growing concerns about global economic slowdown. Figure 1 shows developments in major commodity price indices for the year 2022 and the outlook.

Figure 1: International Commodity Price Indices Development and outlook: (Nominal US$ 2010=100)



Source: *World Bank and Bloomberg, 2022*

7. Elsewhere, metal prices also strengthened on account of concerns over falling inventories across the globe owing to supply disruption occasioned by sanctions imposed by the European Union on Russia, a major producer of base metals. In the second half of the year, prices were also lifted by hopes of improved demand in China following the relaxation of its zero-Covid-19 policy which was hurting industrial demand.

International Financial Markets

8. The aggressive interest rate hikes by global central banks, rising inflation linked to the ongoing Ukraine-Russia crisis and fears of global economic recession were some of the key drivers of international financial markets in 2022. Central banks across the globe hiked interest rates in 2022, as monetary policy normalisation increased in the year.

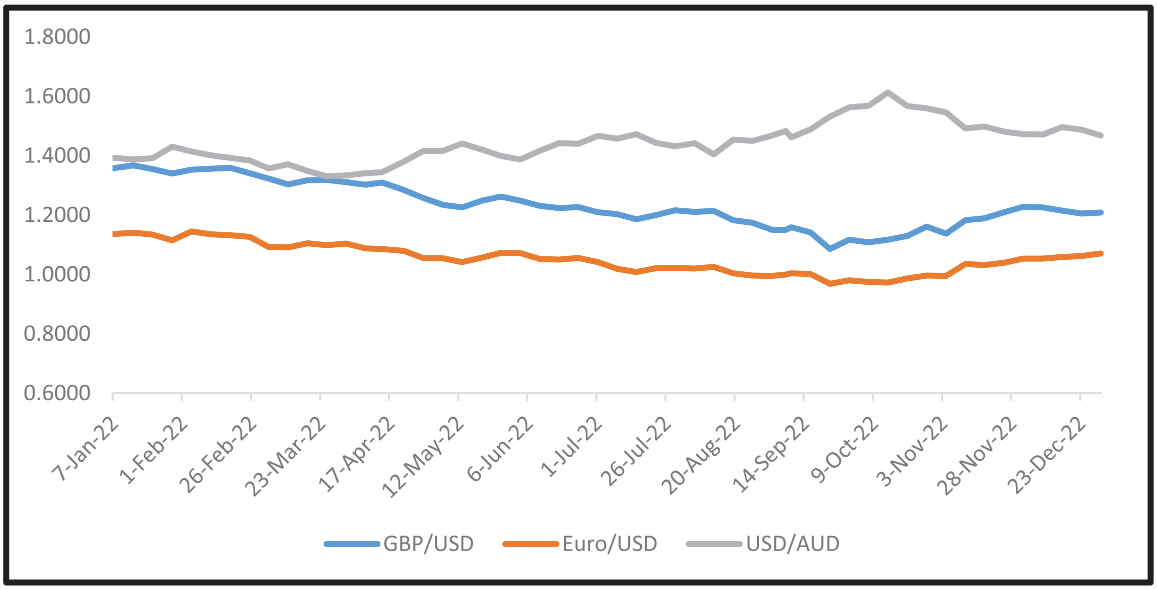
9. Global benchmark interest rates such as the Secured Overnight Financing Rate (SOFR), the main replacement rate for Libor, rose from 0.05% at the start of 2022 to end the year at 4.3%. Global interest rates are projected to peak in 2023 before stabilising towards the end of 2023.

International Exchange Rate Developments

10. On the international market, the US Dollar remained the preferred currency compared to its major peer trading currencies in 2022. The United States of America Federal Reserve Bank's aggressive rate hikes in 2022 and concerns about the global economy raised the appeal of the US Dollar.

11. The British Pound, Euro and Australian Dollar fell to the Dollar by 12%, 6% and 5%, respectively, in 2022. The developments on the US Dollar against the British Pound (GBP), Euro and Australian Dollar (AUD) in 2022 are shown in Figure 2.

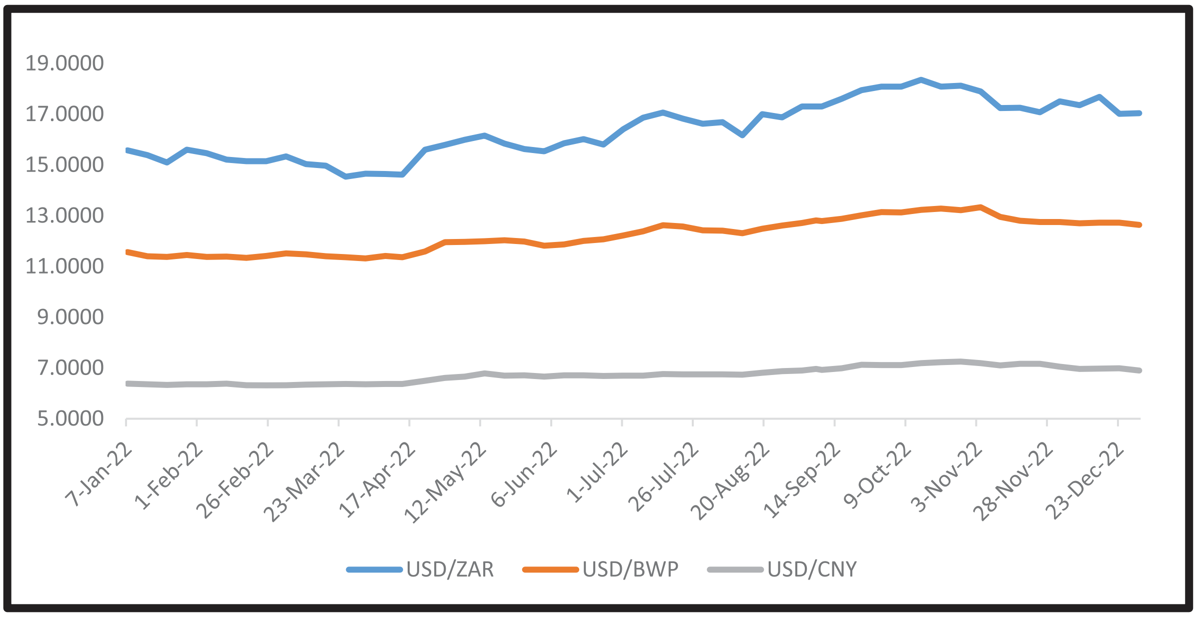
Figure 2: Exchange Rate Trends – US$ vs GBP, Euro & AUD (2022)



Source: *World Bank and Bloomberg, 2022*

12. Emerging markets currencies suffered against the US Dollar as investors shunned high-yielding riskier emerging market assets/currencies in 2022. The South African Rand (ZAR), Botswana Pula (BWP) and Chinese Yuan fell by between 8-10% against the Dollar in 2022 as shown in Figure 3.

Figure 3: Emerging Markets Rates – US$ vs ZAR, BWP & CNY (2022)



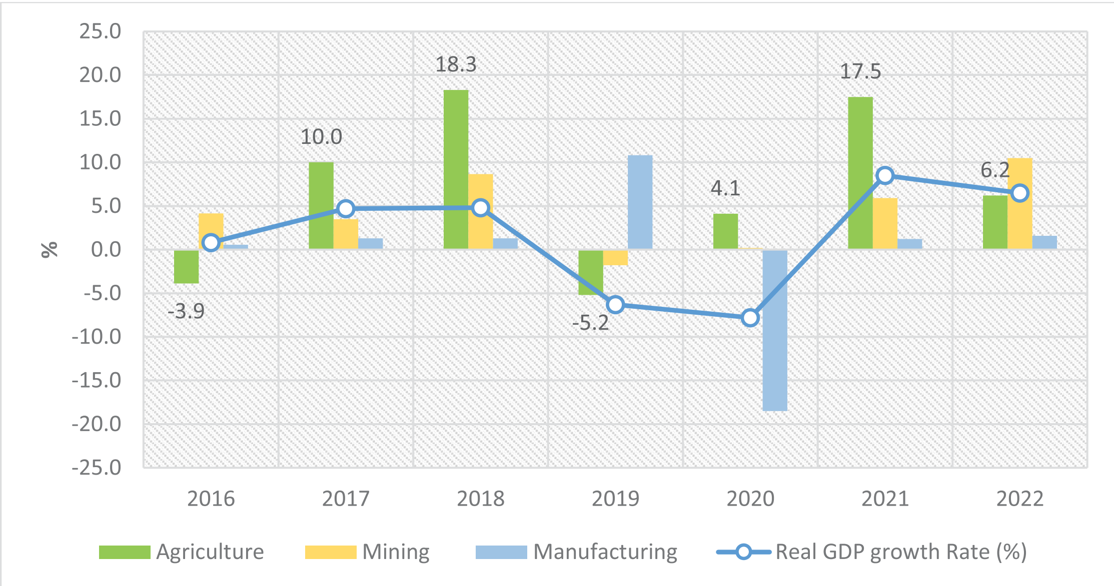
Source: *World Bank and Bloomberg, 2022*

DOMESTIC MACRO ECONOMIC DEVELOPMENTS

Real Sector Developments

13. The economy is estimated to have grown by 6.5% in 2022, underpinned by growth in the key sectors such as mining and quarrying, agriculture, hunting, fisheries and forestry, accommodation and food service, information and communication, and transport and packaging and storage, among others. The positive performance more than offset the slowdown in the agriculture sector as a result of the unfavourable agricultural season witnessed in 2022. The trends in the real GDP growth rate and selected sectoral growth rates for the period from 2018 to 2022 are shown in Figure 4.

Figure 4: Trend in Real GDP and Selected Sectoral Growth Rates (%): 2018-2022



Source: *ZIMSTAT, Ministry of Finance & Economic Development, RBZ, 2021*

Agriculture

14. Despite the unfavourable rainfall distribution patterns in the 2021/22 season, the agriculture sector is estimated to have grown by 6.2% in 2022, attributed to the improved performance in maize, wheat, traditional grains and livestock sub-sectors. The performance of the livestock sector was generally better than in the previous season, with increase in beef and pork output. Table 2 shows the estimated agriculture production trends from 2020 to 2022.

Table 2: Agriculture Production Trends (000s)

		2020	2021	2022
Agriculture Growth	*Wt.*	**4.1**	**17.5**	**6.2**
Tobacco (flue-cured)	*22.86*	216	211	213
Maize	*17.18*	722	1469	1557
Beef	*3.79*	62	81	94
Cotton	*3.71*	101	125	56
Sugar cane	*7.45*	4272	4350	4341
Horticulture	*11.72*	97	99	99
Poultry and Ostriches	*1.03*	149	184	172
Groundnuts and roundnuts	*5.23*	87	121	128
Wheat	*12.39*	212	337	375
Dairy (m lt)	*1.92*	92	96	110
Coffee	*0.02*	1	0.6	1
Soybeans	*1.85*	47	71	82
Tea	*1.90*	40	38.1	25
Paprika	*1.10*	0.1	0.1	0
Pork	*0.26*	12	12.2	15
Wildlife and fisheries	*3.36*	32	28	30
Sorghum, rapoko and millet	*3.10*	112	183	194
Barley	*0.40*	25	40	39
Sheep and goats	*0.57*	8	5.2	5
Sunflower seeds	*0.18*	9	9.46	11
	100			

Source: *ZIMSTAT, Ministry of Agriculture, Ministry of Finance and Economic Development and RBZ, 2023.*

15. National cereal output increased by about 6% from the previous year, with maize increasing to 1.58 million tonnes, up from 1.47 million tonnes in 2022. The combined output of the small grains rose from 183,000 tonnes in 2021 to 194,000 tonnes in 2022. Wheat output also increased by 14% from the previous year to a record 375,100 tonnes, up from 337,200 tonnes in 2021. The increase in wheat production benefitted from financial support by Government to strengthen the sub-sector and enhancing food security.

16. Tobacco output increased from 211.1 million kilograms in 2021 to 212.7 million kilograms in 2022. The increase in output was attributable to increased hectarage planted. Tobacco sales earned about US$650.3 million up from US$589.6 million in the previous season reflecting the rise in international prices amidst output decline on the global markets.

17. Cotton output stood at 56,043 tonnes in 2022, down from 132,866 tonnes produced in 2021. The decline was partially attributed to challenges in the sector arising from pricing distortions and marketing anomalies, despite the continued support under a Government funded free input scheme.

Mining

18. The mining sector is estimated to have grown by about 10.5% in 2022 from the 5.9% growth attained in 2021. Mining output was largely driven by increased output in coal, gold, diamonds, platinum, rhodium and palladium, as shown in Table 3.

Table 3: Mineral Production Statistics: 2021-22

	2021	2022	(%) Change
Gold (kg)	31,477.2	37,265.2	18%
Diamonds	4,224.3	4,844.1	15%
Platinum (kg)	14,732.0	16,459.9	12%
Rhodium (kg)	1,333.5	1461.1	10%
Ruthenium (kg)	1,249.2	1,341.5	7%
Chrome (tonne)	1,432.0	1,490.8	4%
Coal (tonne)	3,246.0	4,185,4	29%
Copper (tonne)	8,650.0	10,168.1	18%
Nickel (tonne)	16,213.0	14,259.7	-12%
Palladium (kg)	12,619.2	13,934.6	10%
Phosphate (tonne)	39,819.0	21,910.2	-45%
Overall Mining Growth (%)	**5.9**	**10.5**	

Source: *Ministry of Mines and Mining Development, Fidelity Gold Refiners, Minerals Markerting Corporation of Zimbabwe, 2022*

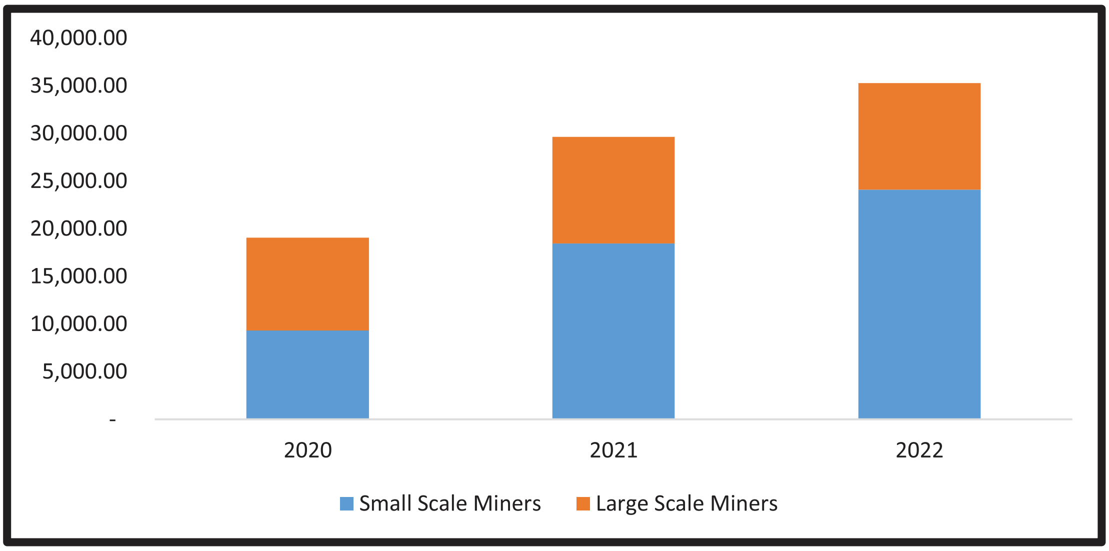
19. There was an underperformance in the output of nickel and phosphate. The underperformance of nickel output was on account of disruptions at the major primary producer during the last quarter of the year 2022, which affected mining operations

and hosting of ores from the mine. Operational challenges continued to hamper domestic phosphate production.

20. Gold deliveries to Fidelity Gold Refiners (Private) Limited (FGR) increased from 29.6 tonnes in 2021 to 35.3 tonnes in 2022, an increase of 19.1%. The small-scale gold producers' contribution rose from 62% in 2021 to 68% in 2022, as shown in Figure5.

21. The rise in gold deliveries was largely due to incentives given to small-scale gold producers by Government in 2022. The sustainable implementation of the incentive, as well as measures to ensure increased production for the sector, should continue to push deliveries.

Figure 5: Gold Deliveries 2020-2022 (kg)



Source: *Fidelity Gold Refiners, 2022; Ministry of Mines and Mining Development, 2022*

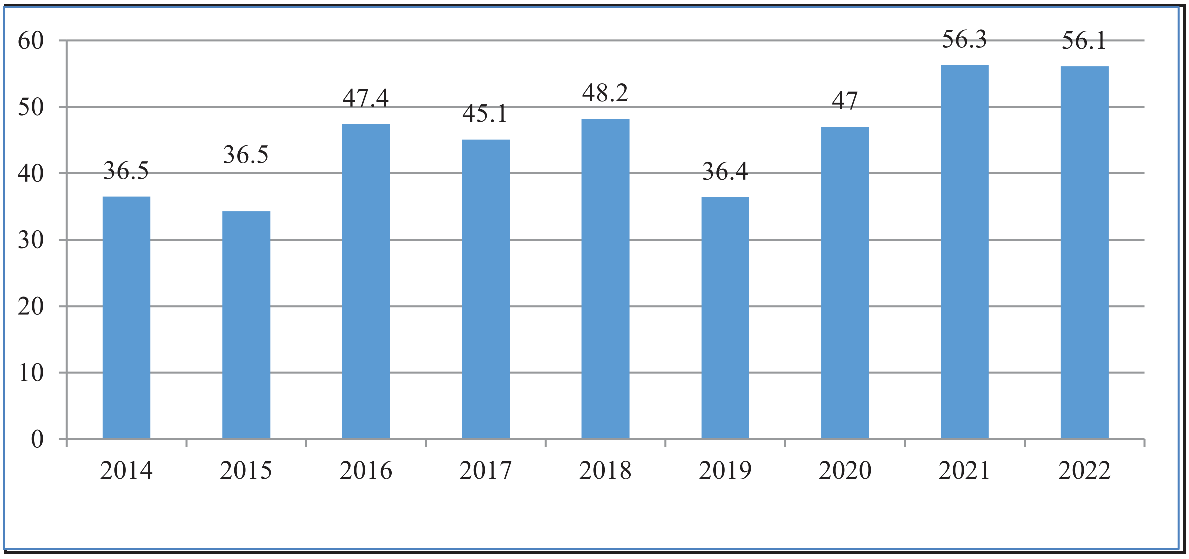
Manufacturing

22. Manufacturing sector growth is estimated to have risen to 1.6% in 2022, up from 1.2% in 2021. The growth was underpinned by recapitalisation projects in some sub-sectors to address capacity gaps. Notable new projects and expansions in 2022 were realised in the foodstuffs, drinks, tobacco and beverages and metals and metal products sub-sectors.

23. The availability of foreign currency from the auction system and the interbank market continued to improve foreign currency access for the importation of raw materials required by industry.

24. According to the Confederation of Zimbabwe Industries (CZI), installed capacity increased in 2022, mainly on the back of technology upgrade. Average capacity utilisation almost remained elevated at 56.1% in 2022, from 56.3% recorded in 2021, on an expanded manufacturing base, as shown in Figure 6.

Figure 6: Manufacturing sector capacity utilization



Source: *Confederation of Zimbabwe Industries, 2022*

Tourism

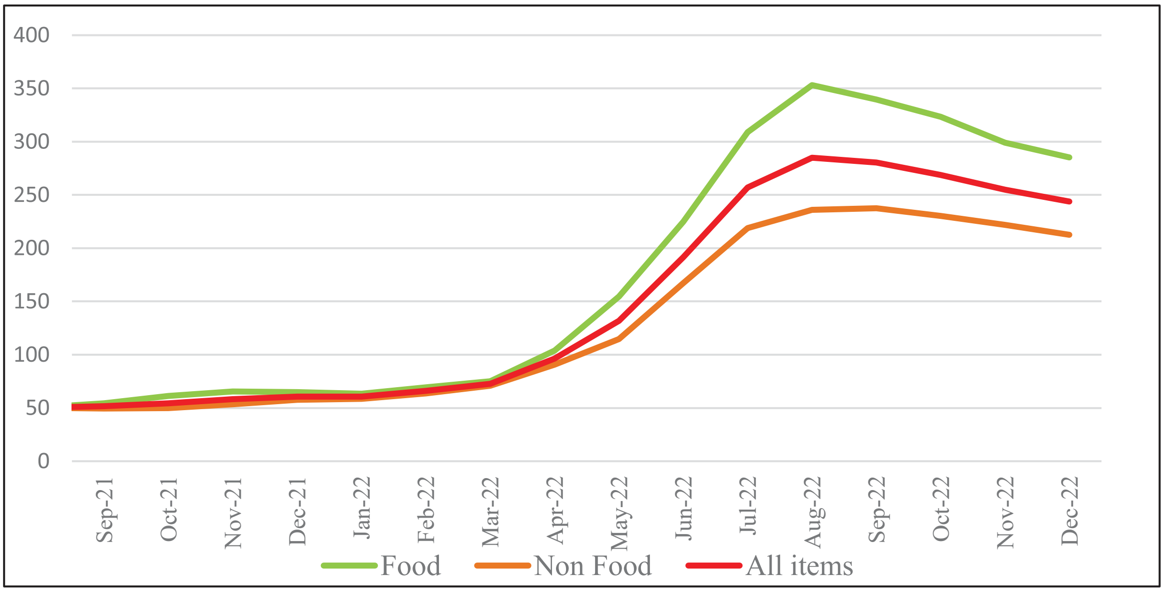
25. According to the United Nations World Tourism Organization (UNWTO) reports for 2022, international tourism sector showed signs of steady recovery from the debilitating effects of the Covid-19 pandemic. At the back of this rebound, international tourist arrivals in 2022 increased by 174% compared to the same period of 2021. Similarly, Zimbabwe's domestic tourism industry recorded significant growth of 168% in tourist arrivals in 2022 to 1,021,658 arrivals, compared to 380,820 arrivals in 2021. The national average hotel room occupancy also increased to 44%, from 26% in 2021. In line with the rise in hotel occupancy rates, tourism receipts rose significantly by 130% from US$396.9 million in 2021 to US$910.9 million in 2022.

Inflation Developments

26. The country experienced significant inflationary pressures during the second quarter of 2022, emanating from both global and domestic factors. On the global front, the Russia-Ukraine conflict resulted in elevated international food and oil prices which resulted in significant pass-through of imported inflation into the domestic economy. Domestically, inflationary pressure emanated from increased exchange rate volatility induced by heightened speculative borrowing.

27. The introduction of the gold coins as an alternative investment instrument in August 2022 assisted in reducing demand for foreign currency for store of value purposes. The gold coins gave further impetus to the dissipating inflationary pressures in the economy, which saw month-on-month inflation progressively declining from a peak of 30.7% in June 2022 to end the year 2022 at 2.4%. Similarly, annual headline inflation which peaked at 285% in August progressively declined to end the year at 243.8% as shown in Figure 7.

Figure 7: Annual Inflation Profile 2021-2022

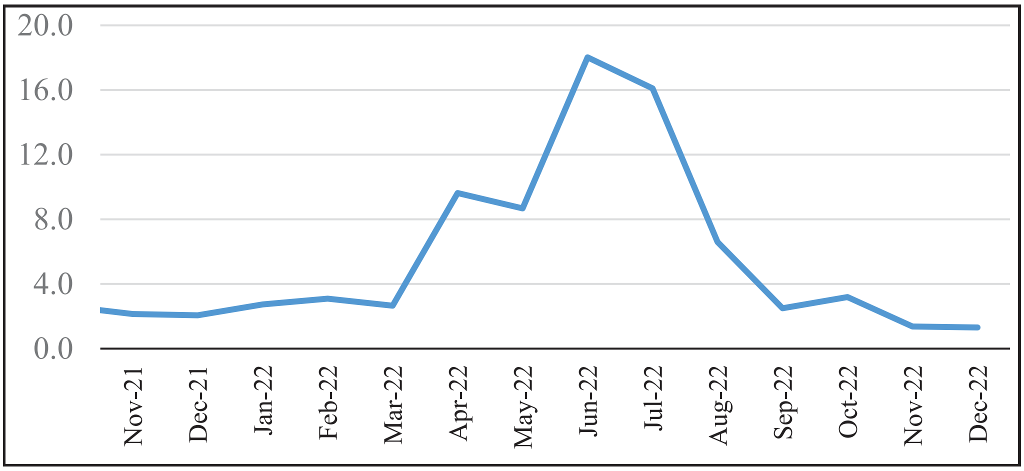


Source: *Zimbabwe National Statistics Agency, 2022*

28. The average weighted annual inflation which had increased to 106.3% in August 2022 fell to 105.5% in December 2022. The average weighted monthly inflation also

declined from a peak of 18% in June 2022 to close the year at 1.3% in December 2022. Figure 8 shows the trend of month-on-month blended inflation from January 2021 to December 2022.

Figure 8: Blended Month on Month Inflation %



Source: *Zimbabwe National Statistics Agency, 2022*

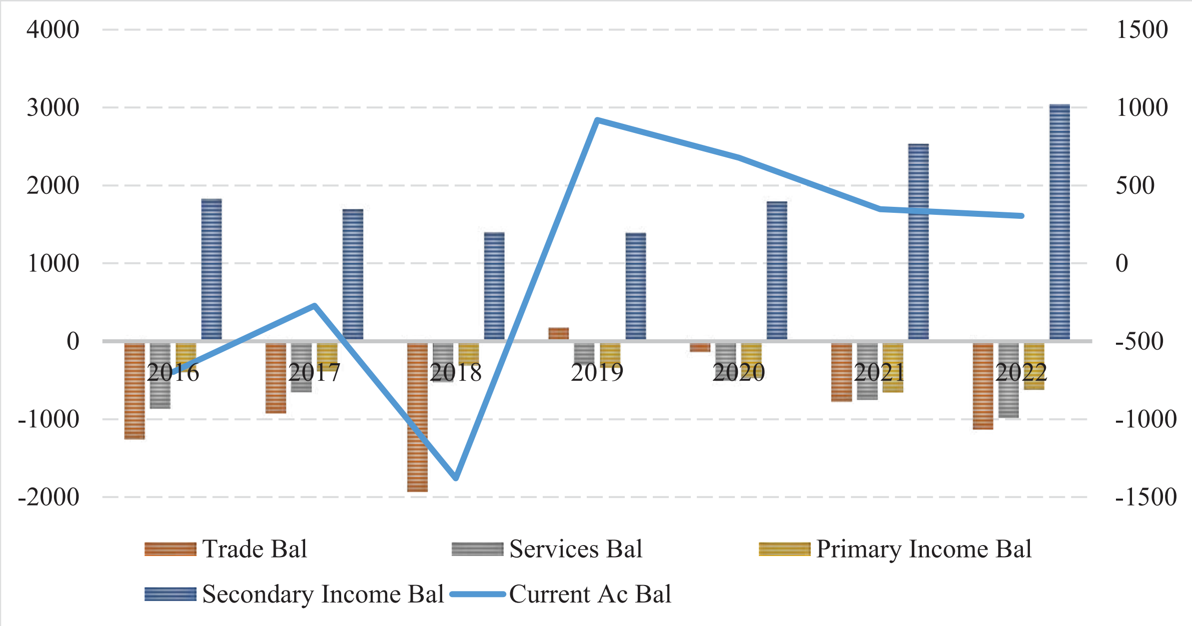
Balance of Payments

29. The country's external sector remained relatively strong as evidenced by a surplus current account balance recorded in 2022. The sector benefited from resilient remittance inflows coupled with strong export performance due to favourable commodity prices for key exports.

Current Account Developments

30. The current account balance moderated from a surplus of US$348.2 million in 2021 to a surplus of US$305.0 million in 2022. The surplus was mainly driven by strong secondary income inflows in the form of diaspora remittances and transfers to Non-Profit Institution Serving Households (NPISH). Deficits in the goods, services and primary income accounts, however, partially weighed down the current account surplus. Figure 9 depicts current account developments from 2016 and 2022.

Figure 9: Current Account Developments (US$ millions)



Source: *Zimbabwe National Statistics Agency, and Reserve Bank of Zimbabwe Estimate, 2022*

Merchandise Exports

31. Merchandise exports increased by 10.1% to US$7,000.2 million in 2022 compared to US$6,359.1 in 2021. The increase in exports was largely on account of increases in agriculture, mineral and manufactured exports. Minerals underpinned merchandise exports performance in 2022 on account of higher production coupled with favourable commodity prices for key commodities.

32. Agricultural exports were largely driven by tobacco exports. Manufactured exports were driven by rising exports of cigarettes, refined sugar and electrical products.

Merchandise Imports

33. Merchandise imports increased by 13.9% to US$8,131.8 million in 2022, up from US$7,138.4 million in 2021, driven by increases in fuel, machinery, and raw material imports. As the economy expanded, so did its capacity to absorb imports that fed into the production process. Higher energy, edible oils and fertilizer prices, as a result of on elevated geopolitical tensions, also drove the import bill in 2022.

Remittances

34. Remittances to the country improved significantly, with a positive impact on the current account balance. The remittance inflows rose from US$1,643.1 million in 2021 to US$1,970.6 million in 2022, supporting both consumption and investment in the country.

Capital and Financial Accounts Developments

35. Capital grant inflows to the country decreased by 14.5% from US$330.5 million in 2021 to US$282.5 million in 2022. This was due to the impact of global shocks, especially the Covid-19 pandemic, which slowed down growth in source countries. The capital account, however, remained positive due to external development partner support from both bilateral and multilateral partners for Government projects, with health, agriculture, and education being the major beneficiary sectors in 2022.

36. The financial account had a net borrowing position of US$561.9 million in 2022 due to inflows from both debt and non-debt creating flows. Foreign Direct Investment (FDI) inflows increased from US$237.5 million in 2021 to US$326.2 million in 2022, reflecting partly the improved investment climate in the country. FDI flows in the country in 2022 mainly arose from increased investments by major mining houses as the sector targets contribution to a US$12 billion economy by 2030. The financial account also benefited from offshore loan receipts by both the public and private sectors, with public enterprises receiving about US$184 million and the private sector accessing about US$4,954.0 million in 2022.

37. Disbursements to the public sector in 2022 were only from active loan portfolios with China Exim Bank, deployed for various projects such as the Hwange Thermal Power Units 7 and 8 projects, the R.G. Mugabe International Airport Expansion project, Hwange's Deka Pumping Station and Net-One Expansion Phase III project. Disbursements in 2022 were higher than in 2021 due to timely debt service payments for the active portfolio and the Government's commitment to engage and re-engage with the international community.

Supply and Demand for Foreign Currency

38. Total foreign currency receipts[7] increased to US$11.6 billion in 2022 from US$9.9 billion in 2021. Total foreign payments processed through banks increased by 23.1% to US$8,591.0 million from US$ 6,980.2 million reported for the same period in 2021.

External Loans Approvals

39. The total value of external loans approved for the private sector in 2022 was US$1.8 billion compared to US$1.3 billion in 2021, as shown in Table 4. This represented a 41% increase, compared to the previous year. The number of approved offshore facilities increased from 108 in 2021 to 194 in 2022.

40. The sectoral concentration of external borrowings maintained a similar trend for both 2021 and 2022, with the agriculture sector dominating at above 50% of the total value of credit facilities. The mining sector also contributed significantly as mining companies sought to finance expansion projects and new mine development accounting for 22.8% of the total external loan approvals.

Table 4: External Loan Approvals by Sector

	2021		2022	
Sector	**Approved Amount (US$ m)**	**Percentage Sectoral Contribution**	**Approved Amount (US$ m)**	**Percentage Sectoral Contribution**
Agriculture	783.2	60.3	979.4	53.4
Mining and Quarrying	339.9	26.2	418.5	22.8
Financial	89.7	6.9	238.0	13.0
Manufacturing	41.3	3.2	79.1	4.3
Services	30.1	2.3	61.6	3.4
Energy	2.1	0.2	32.2	1.8
Transport	4.5	0.3	16.6	0.9
Tourism	1.1	0.1	4.3	0.2
Retail and Distribution	3.2	0.2	4.0	0.2
Construction	3.0	0.2	2.0	0.1
TOTAL	**1,298.0**	**100**	**1,835.7**	**100**

Source: *Reserve Bank of Zimbabwe, 2022*

[7] Country total foreign currency receipts comprise of export earnings, international remittances and offshore loan and investment proceeds.

BANKING SECTOR REGULATION AND SUPERVISION

3.1 Banking Sector and its Performance

48. The banking sector continued to demonstrate resilience, notwithstanding the dynamism and challenges that characterised the operating environment. Banking sector condition and performance remained satisfactory as reflected by adequate capitalisation, satisfactory asset quality and liquidity, as well as sustained profitability on the back of reconfigured bank business models and enhanced risk management systems. Further, complementary monetary policy and fiscal interventions created an enabling environment for sustainable banking operations.

Capitalisation

49. All banking institutions were adequately capitalised, with banking sector average capital adequacy and tier 1 ratios of 37.51% and 26.92% as at 31 December 2022, which were above the prescribed minimum capital adequacy ratio of 12% and ratio of 8%, respectively.

50. Aggregate core capital increased by 506.08%, from ZW$101.38 billion to ZW$611.11 billion during the year ended 31 December 2022. The increase in core capital was mainly attributed to growth in retained earnings, which were driven by revaluation gains from investment properties, as well as translation gains from foreign currency denominated assets.

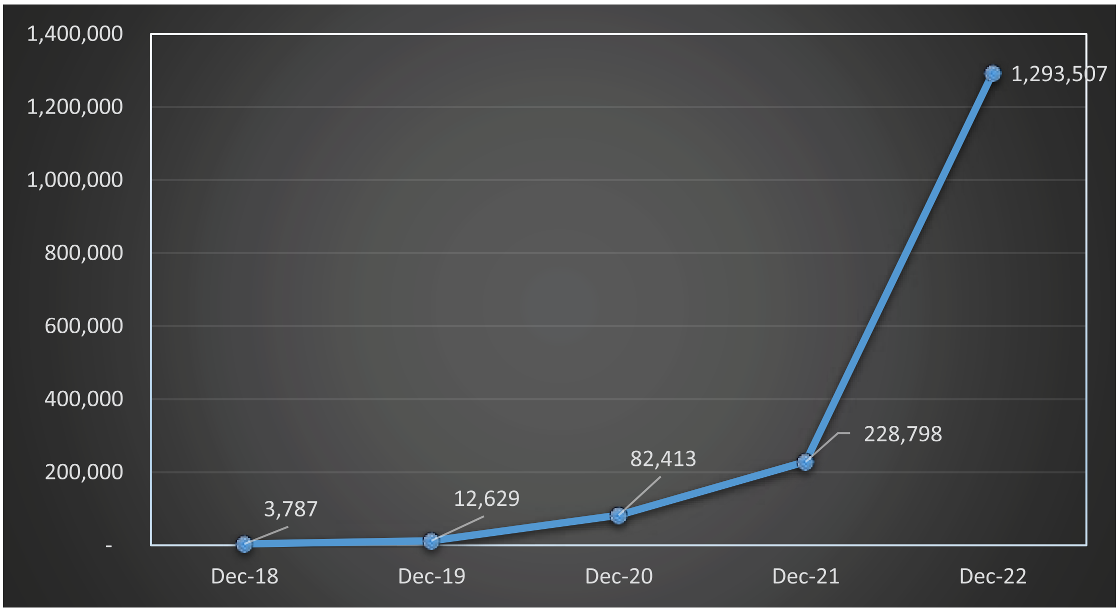
51. During the year, banking institutions embarked on a number of capital raising initiatives to comply with the new minimum capital requirements effective 31 December 2022, for their chosen capital tier segment. As at 31 December 2022, 15 out of the 18 operating banking institutions were in compliance with the minimum core capital requirement. Non-compliant institutions were granted various extensions, on a case-to-case basis, to regularise their capital positions by 31 December 2022.

52. The deadline for compliance with the minimum capital requirements by non-compliant banks was extended by a further 12 months to 31 December 2023, to allow for completion of the recapitalisation processes.

Asset Quality

53. Aggregate banking sector loans and advances increased from ZW$228.80 billion as at 31 December 2021, to ZW$1.29 trillion as at 31 December 2022. The increase was largely attributed to an increase in foreign currency denominated loans, which accounted for 78.20% of total banking sector loans as at 31 December 2022. Figure 10 shows the trend in banking sector loans and advances from 31 December 2018 to 31 December 2022.

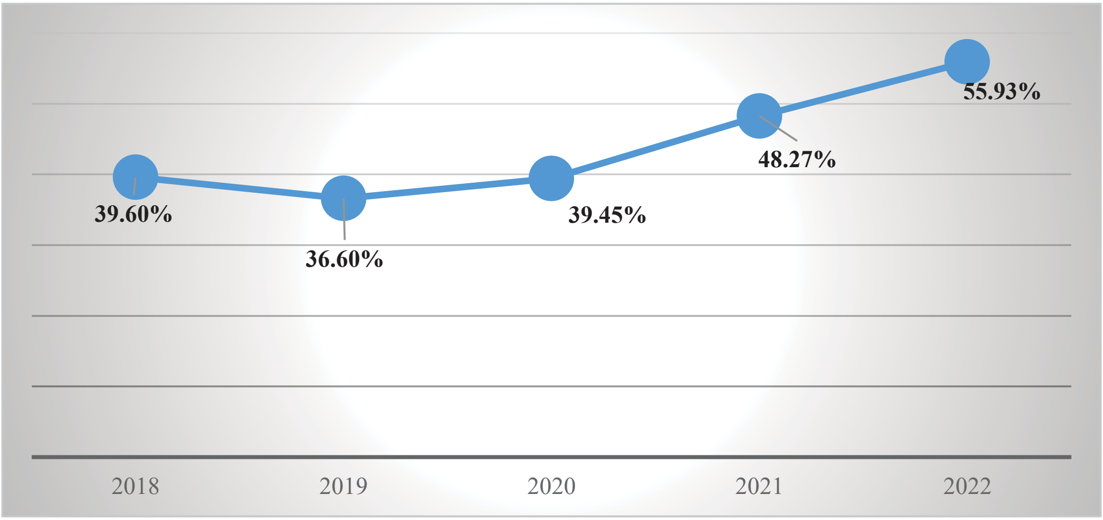
Figure 10: Trend in Banking Sector Loans and Advances



Source: Reserve Bank of Zimbabwe, 2022

54. Total loans to total deposits ratio increased from 48.27% as at 31 December 2021 to 55.67% as at 31 December 2022, reflecting improved financial intermediation role, as shown in Figure 11.

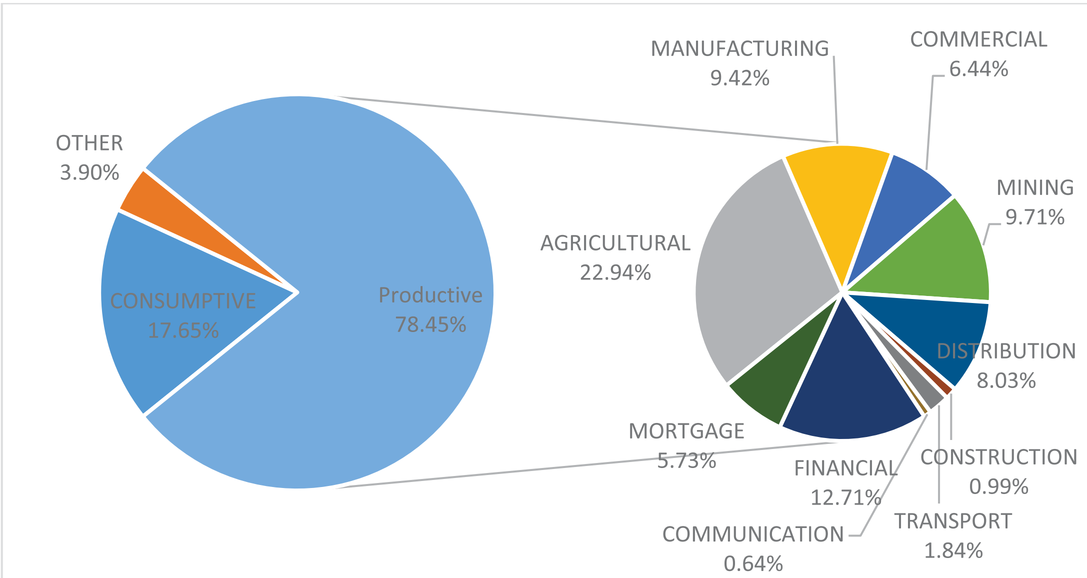
Figure 11: Banking Sector Loans to Deposits Ratio (2018 -2022)



Source: *Reserve Bank of Zimbabwe, 2022*

55. Lending to the productive sectors of the economy increased to 78.45% as at 31 December 2022, from 76.29% as at 31 December 2021. The sectorial distribution for loans and advances was as shown in Figure 12.

Figure 12: Sectorial Distribution – 31 December 2022

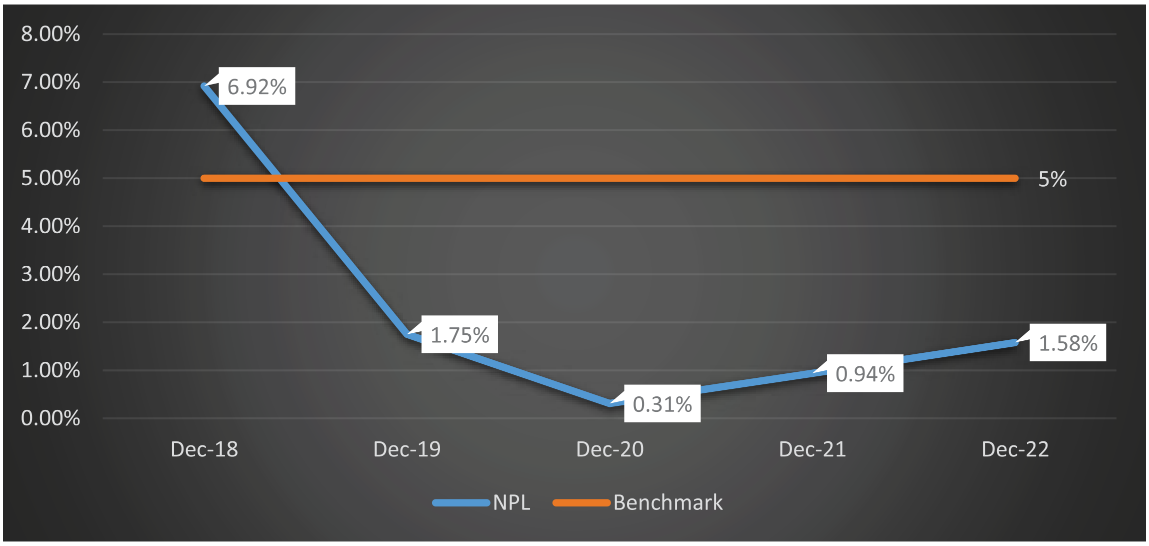


Source: *Reserve Bank of Zimbabwe, 2022*

Non-Performing Loans (NPLs)

56. Banking sector asset quality remained strong as reflected by low average non-performing loans (NPLs) to total loans ratio for the banking sector of 1.58% as at 31 December 2022. Figure 13 shows the trend in the level of non-performing loans to total loans ratio (NPLs ratio), from December 2018 to December 2022.

Figure 13: Trend in Non-Performing Loans: 31 December 2018 – 31 December 2022

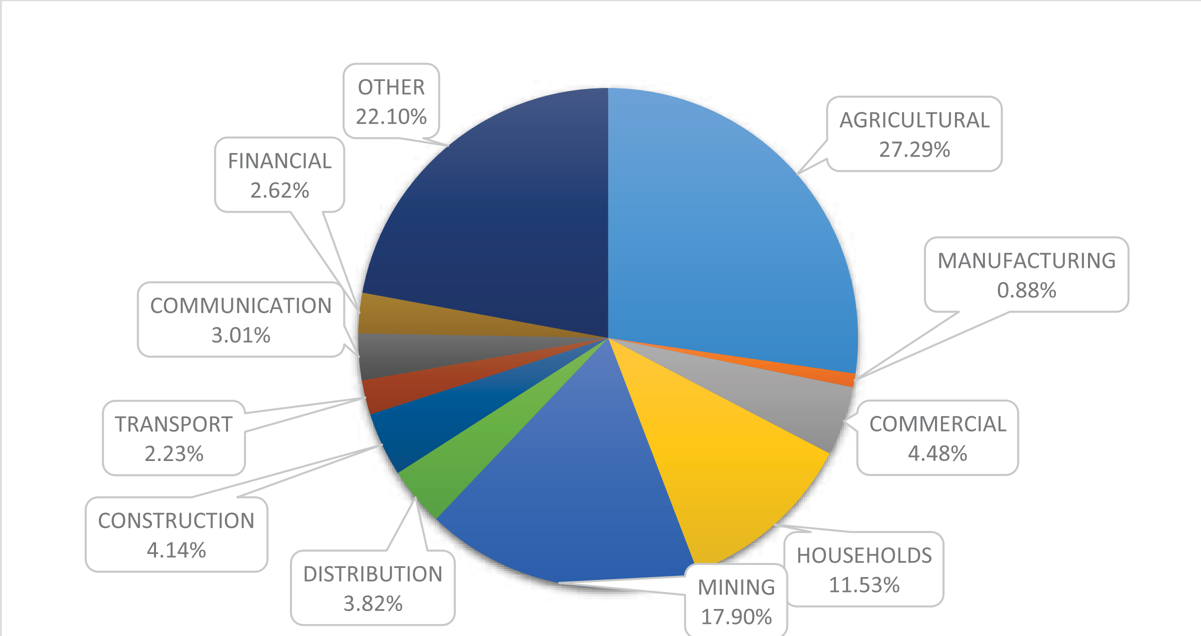


Source: Reserve Bank of Zimbabwe, 2022

Sectorial Distribution of NPLs

57. In terms of sectorial distribution, agriculture had the highest NPLs of 27.29% followed by mining (17.90%) and individuals (11.53%) as shown in Figure 14.

Figure 14: Sectoral Distribution of NPLs as at 31 December 2022



Source: Reserve Bank of Zimbabwe, 2022

Earnings Performance

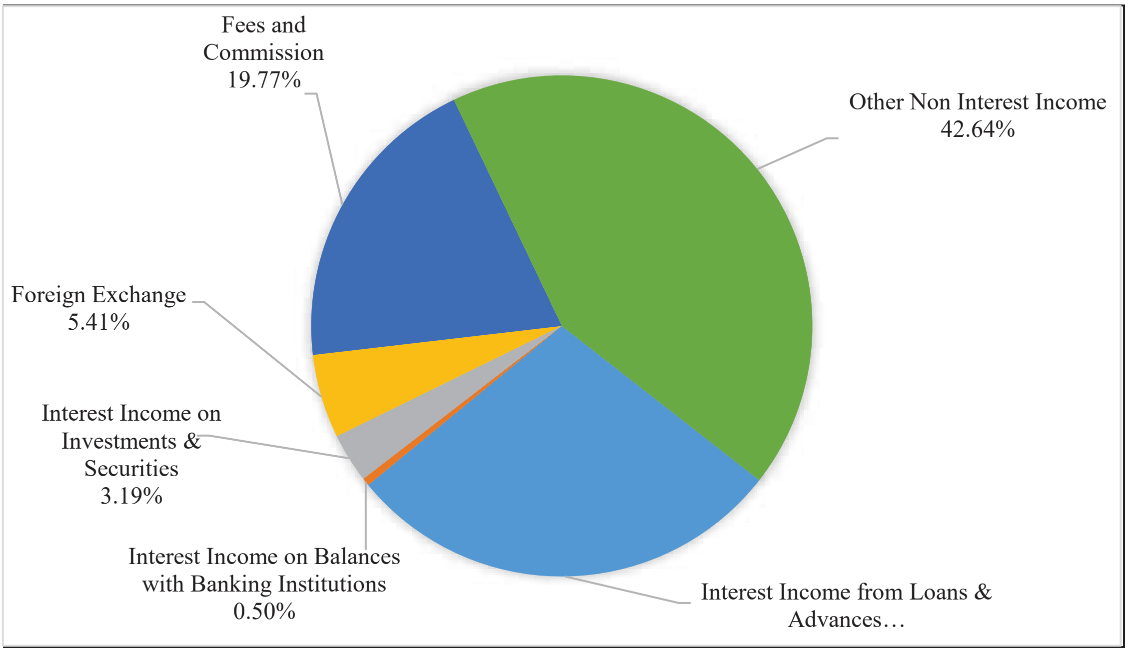
58. All operating banking institutions reported profits for the year ended 31 December 2022 with an aggregate profit of $503.13 billion, up from ZW$59.29 billion reported in the corresponding period in 2021.

59. Banking sector profitability was largely driven by non-interest income which accounted for 67.82% of total income, whilst interest income accounted for 32.18%, as shown in Figure 15.

60. Non-interest income mainly consisted of revaluation gains from investment properties, fees and commissions and translation gains on foreign currency denominated assets.

61. Interest income was mainly driven by interest from loans and advances as well as interest income from investments and securities and interest income on balances with banking institutions.

Figure 15: Income Mix for 2022



Source: Reserve Bank of Zimbabwe, 2022

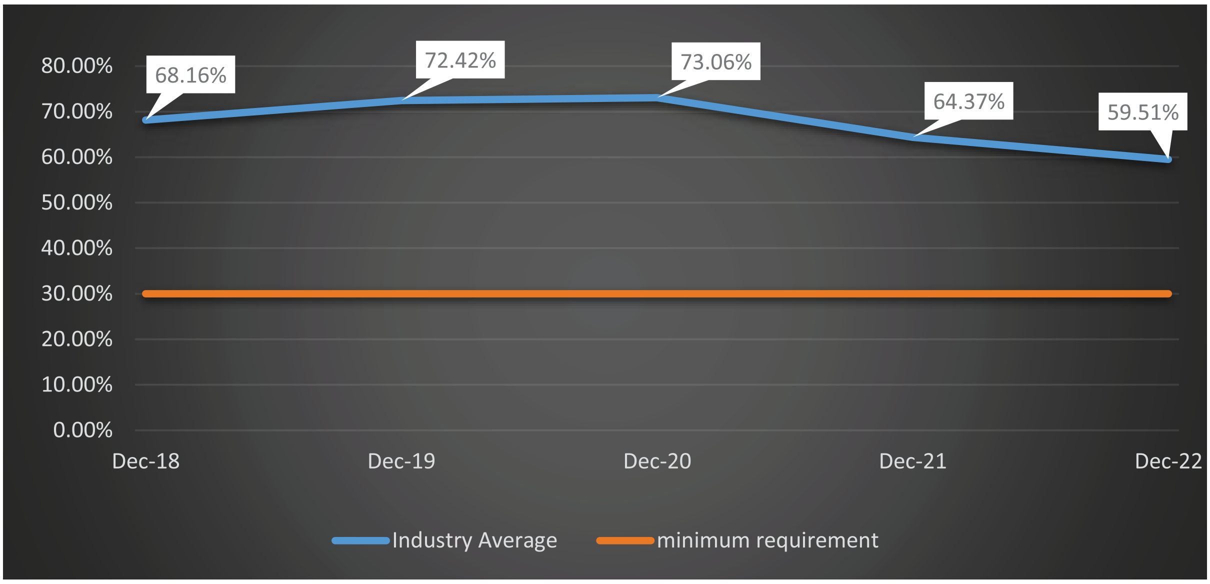
62. Banking sector profitability as measured by the return on assets and return on equity ratios improved from 11.50% and 42.21% as at 31 December 2021, to 17.43% and 54.33% as at 31 December 2022, respectively.

Liquidity and Funds Management

63. Total deposits for the commercial banks increased by 391.59%, from $465.84 billion as at 31 December 2021 to $2.29 trillion as at 31 December 2022.

64. The banking sector reported average prudential liquidity ratio of 59.50% as at 31 December 2022, largely reflecting high stock of liquid assets in the sector. The trend in the liquidity ratio is shown in Figure 16.

Figure 16: Prudential Liquidity Ratio Trend (%)



Source: *Reserve Bank of Zimbabwe, 2022*

3.2 Money and Capital Markets Developments

Reserve Money Developments

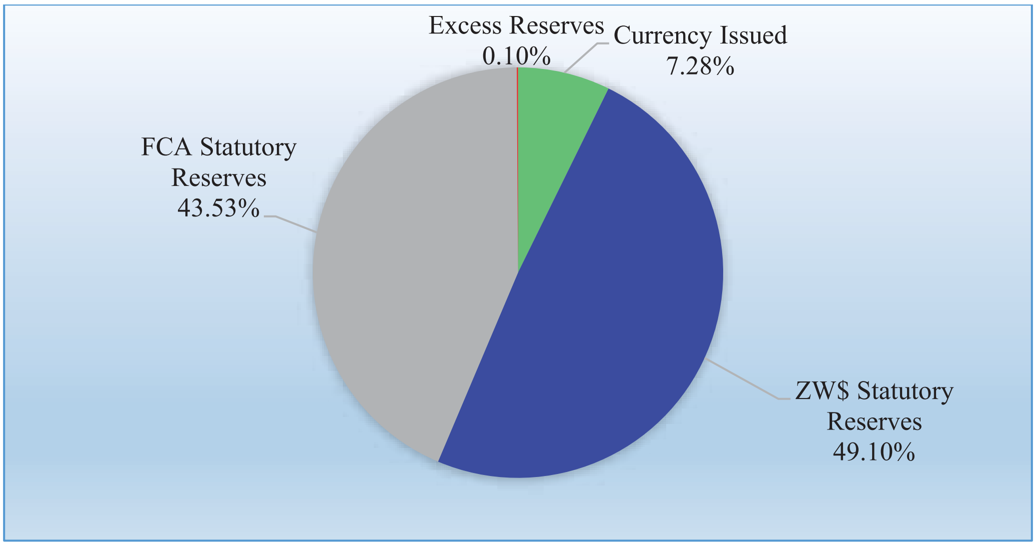
65. During the year 2022, the Bank maintained a tight monetary policy stance, as reflected by maintenance of banks' excess reserves at minimal levels, while statutory reserve requirements were revised upwards. This saw market liquidity being significantly reduced. In addition, the Bank policy rate was progressively increased, from 60% in December 2021 to 80% in April 2022 and subsequently to 200% in July 2022. The MBA lending facility rate was also raised from 40% in January 2022 to end the year at 100%.

66. As a result, the increase in reserve money stock from ZW$25.99 billion in December 2021 to ZW$104.04 billion in December 2022 was mainly driven by increases in statutory reserves in both local and foreign currency. The Bank introduced statutory reserves on foreign currency deposits from September 2022. Previously, all foreign currency deposits were exempt from statutory reserve requirements.

67. Growth in reserve money due to statutory reserves, however, signified further tightening of the monetary conditions on the market, as the liquidity locked up at the Bank would not be available for on-lending by banks.

68. The stock of reserve money was therefore dominated by statutory reserves, to the tune of more than 90%, which reflected withdrawal of liquidity from the market, as shown in Figure 17.

Figure 17: Components of Reserve Money as at December 2022

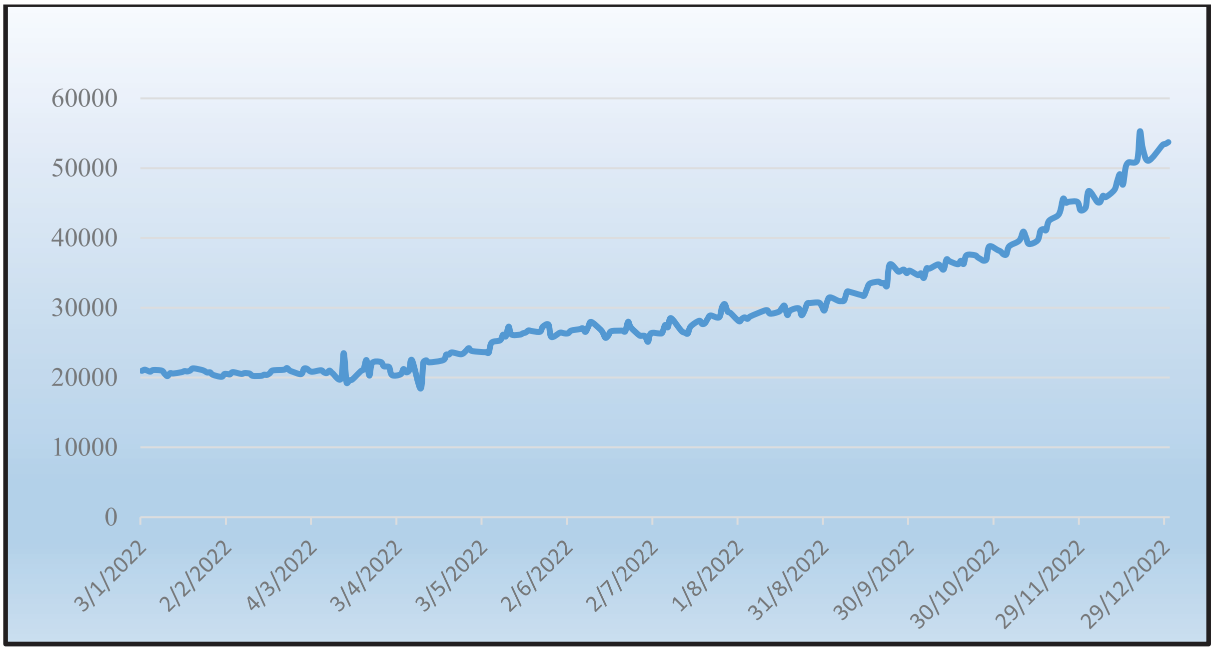


Source: *Reserve Bank of Zimbabwe, 2022*

Local Currency Statutory Reserves

69. The local currency statutory reserves ratios remained unchanged in 2022 at 10% for demand and call deposits and 2.5% for time deposits. Statutory reserve levels exhibited an upward trend, increasing from ZW$20.96 billion on 3 January 2022 to ZW$53.72 billion as of 30 December 2022, largely on account of increased credit creation by banks as well as deposits emanating from the purchase of foreign currency. Figure 18 highlights daily statutory reserve balances from January 2022 to December 2022.

Figure 18: Daily Statutory Reserves Returns (ZW$ millions)



Source: *Reserve Bank of Zimbabwe, 2022*

Foreign Currency Statutory Reserves

70. The Bank extended the statutory reserves requirement to foreign currency deposits, with effect from September 2022, at a level of 5% for call and demand deposits and 2.5% for time and savings deposits. Table 5 shows the breakdown of the foreign currency statutory reserves balances of 1 September 2022 and 30 December 2022.

Table 5: Foreign Currency Statutory Reserves Balances

CURRENCY	1 Sept 2022	30 Dec 2022	Change
USD	66,706,495.69	69,859,689.95	5%
ZAR	46,097,641.77	44,700,729.43	-3%
BWP	414,055.86	275,469.48	-33%
EUR	336,949.96	208,985.91	-38%

Source: *Reserve Bank of Zimbabwe, 2022*

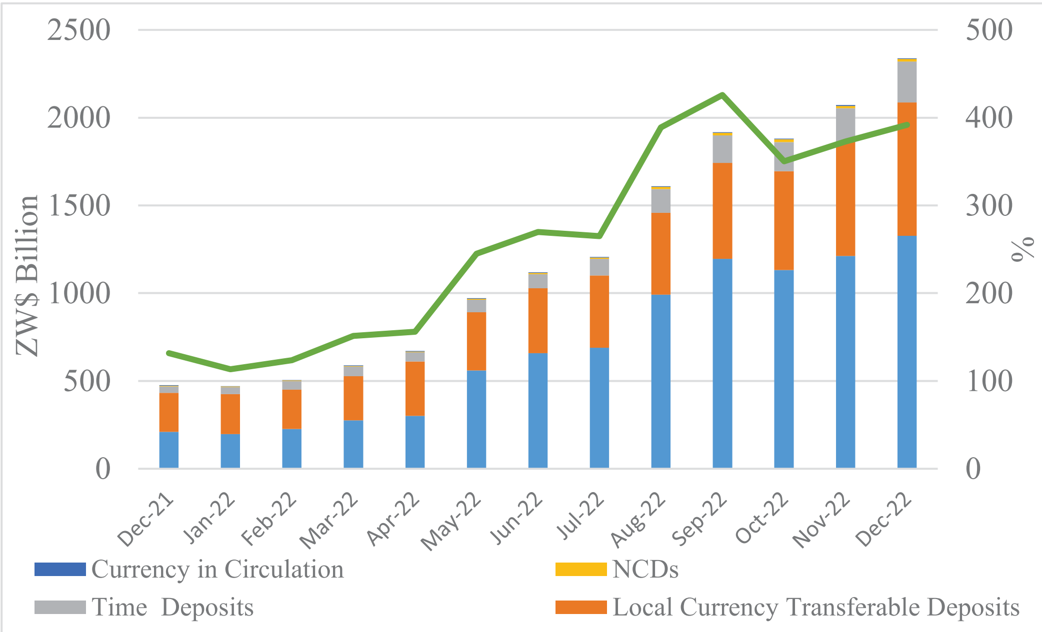
Broad Money Developments

71. Broad money (M3) stock stood at ZW$2 338.23 billion at the end of December 2022, an increase of 391.88% from ZW$475.36 billion by end-December 2021. The year-

on-year growth in M3 largely reflected a nominal increase of 383.03% in foreign currency deposits, from ZW$210.70 billion by end-December 2021 to ZW$1 116.87 billion by end-December 2022.

72. Foreign currency accounts (FCA) deposit balances accounted for the largest share of broad money, at 56.78% as at December 2022, followed by local currency transferable deposits (32.45%), time deposits (9.98%), negotiable certificates of deposits(0.61%) and currency in circulation(0.18%). Figure 19 shows monetary developments for the period December 2021 to December 2022.

Figure 19: Monetary Developments



Source: *Reserve Bank of Zimbabwe, 2022*

Domestic credit

73. Domestic credit registered a year-on-year growth of 447.45%, from ZW$340.29 billion in December 2021 to ZW$1 861.80 billion in December 2022. The growth largely reflected annual increases of ZW$865.49 billion (388.23%) and ZW$371.59 billion (446.49%) in credit to private sector and net claims on Government, respectively. The increase in claims on Government, partly reflected the accounting treatment of the drawdowns by Government of the IMF's Special Drawing Rights (SDRs).

74. A significant proportion of the credit during the first half of 2022 was for speculative purposes on the foreign exchange market, which saw the parallel market exchange rate depreciating significantly over the same period. The increases in interest rates were key in containing speculative borrowing that had characterised the first half of the year. Resultantly, the month-on-month growth in credit to the private sector declined, from a peak of 33.28% in June 2022 to 9.96% in December 2022, following the tightening of monetary policy.

Money Market Liquidity

75. The Bank maintained tight liquidity which saw the daily balances dropping from ZW$1 billion as at 31 December 2021 to ZW$100 million as of 31 December 2022. This was largely achieved through issuances of Non-negotiable Certificates of Deposit (NNCDs) to mop any excess liquidity.

Open Market Operations

76. The Bank continued with the issuance of NNCDs to mop excess liquidity from the market. Outstanding NNCDs as at 31 December 2022 stood at ZW$230.5 billion, compared to ZW$47.7 billion as at 31 December 2021. Banks were allowed to liquidate NNCDs to meet their daily liquidity requirements.

Gold Coins

77. The Bank introduced gold coins on 25 July 2022 as a store of value and alternative investment instrument. A total of 24 368 coins were sold as at 31 December 2022. The bulk of gold coins, 84%, were bought by corporates while individuals accounted for the 16%. The gold coins have a vesting period of 180 days after which investors may sell them back to the Bank for cash. The first maturity would be on 25 January 2023.

Table 6: Gold Coins Sales-as of 31 December 2022

Details	Cumulative Sales
One Oz Gold Coin	15,341
½ Oz Gold Coins	2450
¼ Oz Gold Coin	2692
1/10 Oz Gold Coin	3885
Total	**24,368**

Source: *Reserve Bank of Zimbabwe, 2022*

78. The Bank introduced smaller denominations in November 2022 to cater for those with lower savings. The smaller denominations accounted for 37% of all gold coin sales as at 31 December 2022. The Bank will continue to avail gold coins on a demand basis as it seeks to promote a savings culture and provide alternative investment instruments to the public.

RBZ Collateral Bills (RBZCB)

79. The Bank introduced the issuance of RBZ Collateral Bills to mop-up excess liquidity injected into the market through foreign currency structures. The outstanding RBZCB amounted to ZW$114.3 billion as of 31 December 2022.

Interbank Market and Overnight Accommodation

80. Interbank trading remained subdued as the market was generally liquid. Resultantly, little activity was witnessed on this window with the only accommodation amounting to ZW$748.6 million.

Central Bank Facilities

Medium Term Bank Accommodation Facility

81. The MBA Facility was introduced as a measure to promote production and productivity for import substitution, export and employment creation, where banks would access the facility for on-lending to the productive sectors of the economy. A cumulative total of ZW$14.1 billion had been disbursed as of 31 December 2022.

82. Interest rates on the MBA Facility have been guided by macroeconomic conditions and the interest rate policy and are as highlighted in Table 7.

Table 7: MBA Facility Interest Rates Developments

INTEREST RATES	DATES OF OPERATION
15%	19 December 2019 – 30 April 20
10%	01 May 2020 – 20 August 2020
25%	21 August 2020 – 18 February 2021
30%	19 February 2021 -27 October 2021
40%	28 October 2021 -31 March 2022
50%	1 April 2022 – 23 June 2022
100%	24 June 2022 to 31 December 2022

Source: Reserve Bank of Zimbabwe

Micro, Small and Medium Enterprises (MSMEs) Facility

83. The facility was introduced in June 2021 to support both capital expenditure and working capital requirements for Micro, Small, and Medium Enterprises. Facility tenor ranges between 12 - 36 months. A total of ZW$5.2 billion had been drawn for both capital expenditure and working capital as of 31 December 2022. The outstanding amount as at 31 December 2022 was ZW$296 million.

Government Securities

Outstanding Domestic Debt Instruments

84. As at 30 December 2022, total outstanding ZW$ denominated Government domestic debt instruments amounted to ZW$104.80 billion.

Table 8: Treasury Bills Composition

Institution	Cost (ZW$m)	Maturity Value (ZW$m)
Government Financing	23,524.00	34,948.43
RBZ-GVT Creditors	6,834.38	6,834.38
Government Debt	1,989.47	2,575.09
Auction Bills	41,380.00	50,700.45
RBZ Government restructured debt	3,995.20	6,323.81
RBZ converted bills	1,334.04	1,788.47
ZAMCO	1,048.59	1,456.82
Capitalization	154.98	175.96
Total Domestic (ZW$)	**80,260.66**	**104,803.40**

Source: Reserve Bank of Zimbabwe, 2022

Outstanding US$ Domestic Debt Instrument

85. Table 9 shows the annual maturity profile for foreign currency denominated Treasury bills.

Table 9: Outstanding US$ Government Securities

Period	Principal US$m	Interest US$m	Total US$m
2023	**69.75**	**2.81**	**72.57**
2024	4.95	1.32	6.27
2025	0.15	0.03	0.18
Grand Total	**74.85**	**4.16**	**79.01**

Source: *Reserve Bank of Zimbabwe, 2022*

Annual Maturity Profile

86. Table 10 shows the annual maturity profile for all local currency Treasury bills which show 2023 with the largest maturity value of ZW$87.77 billion. This largely reflects the short-term nature of the instruments which were issued by the Government.

Table 10: Outstanding Government Securities as at 31 December 2022

Period	Principal (ZW$m)	Interest (ZW$m)	Total (ZW$m)
2023	66,631.32	21,134.95	87,766.27
2024	1,345.41	575.59	1,920.99
2025	1,084.43	358.83	1,443.25
2026	460.89	205.53	666.42
2027	6,104.14	217.64	6,321.79
2028	517.40	253.31	770.71
2029	452.33	257.86	710.18
2030	732.92	277.15	1,010.07
2031	574.56	292.46	867.02
2032	774.12	308.96	1,083.08
2033	561.34	323.00	884.33
2034	541.72	338.830	880.55
2037	178.52	-	178.52
2039	178.52	-	178.52
2042	178.52	-	178.52
Grand Total	**80,316.12**	**24,544.10**	**104,860.22**

Source: *Reserve Bank of Zimbabwe, 2022*

Holders of Government Securities

87. Table 11 highlights current holdings of Government securities at cost.

Table 11: Government Securities Current Holdings

Holder of Securities	Amount (ZW$m)	Proportion
Commercial Banks	57,236.72	**71.26%**
Central Bank	15,699.02	**19.55%**
Asset Management Companies	2,712.62	**3.38%**
Building Society	2,622.56	**3.27%**
Government Agencies	873.10	**1.09%**
Corporate Bodies	609.93	**0.76%**
Pension Funds	271.76	**0.34%**
Insurance Companies	179.20	**0.22%**
Savings Banks	99.21	**0.12%**
Development Banks	12.01	**0.01%**
Total current holdings	**80,316.12**	**100.00%**

Source: Reserve Bank of Zimbabwe, 2022

3.3 Microfinance Lending and Portfolio Quality

88. The total loans for the microfinance sector increased by 543.50%, to ZW$46.01 billion as at 31 December 2022, up from ZW$7.15 billion as at 31 December 2021. The increase in the subsector loans was mainly attributable to increased demand for credit by households and micro, small and medium enterprises.

89. Portfolio quality for the microfinance sector, deteriorated marginally as reflected by increased portfolio at risk (>30 days) ratio, to 10.95% as 31 December 2022 up from 9.85% as at 31 December 2021.

Profitability

90. Microfinance sector's aggregate net profit for the year ended 31 December 2022 increased to $12.10 billion, up from $1.98 billion recorded in previous year. The increase was largely due to cost containment measures and adoption of digital financial services by the majority of microfinance institutions which in turn increased the sector's outreach.

Deposit Mobilisation by Deposit taking Microfinance Institutions (DTMFIs)

91. The DTMFI sub-sector's aggregate deposits increased by 279.95%, from $908.50 million in 2021 to $6.31 billion during the year under review. Two DTMFIs dominated the industry as they accounted for 84.15% of the sector's total deposits.

3.4 Legal and Regulatory Developments

Liquidity Coverage Ratio Prudential Standard

92. The Bank issued the Liquidity Coverage Ratio (LCR) Prudential Standard in December 2022 as part of the process of implementing Basel III Liquidity Standards which aim to promote short-term and long-term resilience of the liquidity risk profile of banks. Banks would be required to submit monthly LCR returns to the Reserve Bank with effect from June 2023, to facilitate ongoing monitoring of compliance with the regulatory thresholds.

Movable Property Security Interests Act [Chapter 14:35]

93. On 4 November 2022, the **Movable Property Security Interests Act [*Chapter 14:35*]** came into operation paving way for the implementation of the collateral registry. The Act provides for the registration of movable property security interests enhancing the value of movable property as collateral for loans accessed through lending institutions in Zimbabwe. All such security will be registered through the collateral registry system accessible to borrowers and lenders.

94. The legal framework for secured credit is a critical factor in the Bank's efforts towards strengthening the financial system. It is expected to enhance the ability of banking institutions and other credit institutions to mitigate the deterioration of claims and facilitate corporate restructuring.

95. In the longer term, the development is envisaged to foster economic growth through enhanced access to affordable credit and increased capacity of companies to finance expansion.

Establishment of Collateral Registry

96. On November 4, 2022, the President of Zimbabwe, through Statutory Instrument 190 of 2022, issued a notice that set a date for the implementation of the Movable Security Interests Act [Chapter 14:35]. The collateral registry was officially launched on 18 November 2022.

97. The operationalisation of the Collateral Registry is expected to improve access to finance for MSMEs and individuals accessing credit secured with movable property.

Financial Education, Consumer Protection and Market Conduct Supervision

98. During the year ended 31 December 2022, the Bank remained focused on ensuring that financial inclusion continues to play a central role in promoting inclusive growth and shared prosperity. Resultantly, several financial inclusion activities were undertaken during the year.

99. The National Financial Inclusion Strategy II (2022-2026) (NFIS) was launched on 31 October 2022. The strategy focuses on delivering the following key outcomes:
    - Financial Deepening through increased uptake and usage of quality customer-centric financial products and innovative distribution channels to meet life cycle financial needs on a sustainable basis; and
    - Improved livelihoods and financial capability of the target segments through sustainable usage of financial services, and a combination of knowledge, skills, attitudes and confidence to make sound financial decisions that facilitate security, resiliency, participation in economic activities, and improved quality of life.

100. The target groups under NFIS II are women, youth, smallholder farmers, rural communities, micro, small and medium enterprises, persons with disabilities, and the pensioners & elderly.

Cyber Risk Management

101. The increased digitization of financial services has led to emerging cyber-security risks such as ransomware, cloud-based cyber-attacks, and social engineering. The Bank maintained a heightened focus on the threat of cyber-attacks on payment systems and initiated digital literacy initiatives. To strengthen cyber security, the Bank implemented the EMV compliance and SWIFT Customer Security Program in line with best practices across all participant banks.

Supervisory Colleges

102. As part of on-going supervisory co-operation efforts for the supervision of banking institutions with cross border operations, the Bank participated in Supervisory Colleges for some foreign banking groups with operations in the country.

103. The conduct of supervisory colleges is in line with international best practice for effective and enhanced supervision of banking institutions with cross border operations. Supervisory colleges also facilitate and promote a shared agenda for addressing risks and vulnerabilities of cross-border banking groups and provide a platform for addressing key topics that are relevant to the supervision of these groups.

Credit Infrastructure

104. The Credit Registry continues to facilitate lending institutions' risk assessments of potential and existing borrowing clients. This has enabled traditionally marginalised groups such as women and MSMEs to build credit histories and gain access to credit.

105. The Credit Registry System recorded a 40.58% increase in the level of inquiries from 1,956,678 inquiries as at 31 December 2021 to 2,750,658 inquiries as at 31 December 2022. The Credit Registry database had 598,137 active loan records as at 31 December 2022.

106. Gender distribution of loans was generally skewed towards male borrowers who constituted 68.4%, while female borrowers constituted 31.6% of loan contracts in the Credit Registry as at 31 December 2022.

Sustainability and Green Financing

107. The Bank continues to work closely with a number of financial institutions in the implementation of the Sustainability Standards & Certification Initiative (SSCI) being driven by the European Organization for Sustainable Development (EOSD).

108. As at 31 December 2022, 12 banking institutions, including one (1) deposit-taking microfinance institution, were participating under the Bank-led Sustainability Standards and Certification Initiative (SSCI).

109. Going forward, the Bank will continue to monitor progress by participating banking institutions in the implementation of SSCI version 2.0. In addition, the Bank will also continue to raise awareness on the importance of sustainability and recommend more financial institutions embrace the adoption of sustainable banking practices.

Joint Examinations

110. During the year 2022, the Bank participated in joint examinations with regional supervisory agencies. The joint examinations covered emerging risks such as cyber risk and AML/CFT risks, among others.

111. The conduct of joint examinations emphasized the importance of supervisory co-operation for effective identification and management of cross-border risks and activities. Given the significance of cross-border banking, the Bank will continue to work closely with regional supervisory authorities through joint examinations.

National Payments Legal framework

112. The changing operating environment, financial deepening and increased competition presented the need for constant review of laws governing the payment systems service sector to ensure relevance and consistency with policy objectives. The regulatory framework for the payment system services sector was harmonized to align with the expanded roles of the Bank, to cover all regulatory aspects and align with international standards to keep up with global developments. This was to ensure coherence and consistency and bring on board u consumer protection, AML-CFT-PF, and Fintech developments.

Licensing and FINTECH

113. In line with the digital economy drive, payment services providers and banking institutions launched various new products such as pin and chip cards, cardless withdrawal solutions, virtual VISA cards, online payments, zero rated mobile phone banking platforms and various internet based and digital platforms.

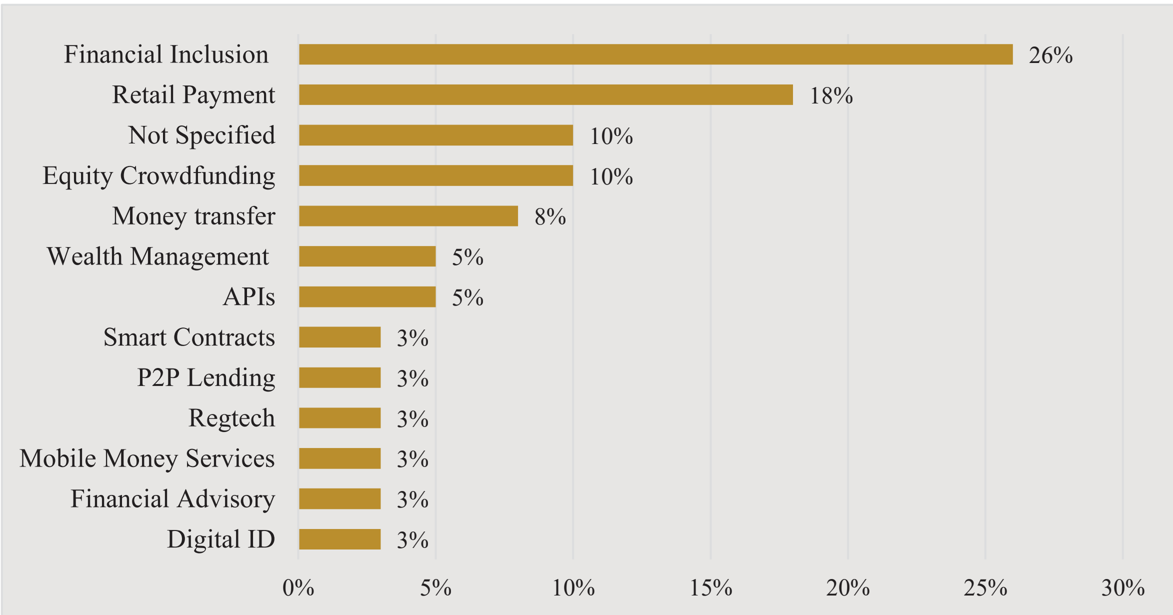
114. During the period under review, the Bank received fifty (50) product applications from both financial institutions and other prospective payment system providers for

licensing. The applications included twenty-four (24) product additives and enhancements approved for existing services, fifteen (15) provided with guidance, seven (7) products still work in progress whilst two (2) were rejected.

Regulatory Sandbox

115. The Bank has a dedicated approach to Fintech and innovation on the assessment of the fintech ideas from both the market players and individuals to harness technology in financial services sector continued in earnest. As of December 31, 2022, a total of twenty-three (23) applications were received for sandboxing while twenty (20) additional applications were at various stages of evaluation. Figure 20 shows that the applications received in the Regulatory Sandbox were largely focusing on financial inclusion products, retail payments and equity crowdfunding.

Figure 20: Distribution of Applications to Regulatory Sandbox as of 31 December 2022



Source: Reserve Bank of Zimbabwe, 2022

BANKING, CURRENCY AND PAYMENTS

116. In 2022, the Bank continued to fulfil its role of providing banking services to the Government and commercial banks, overseeing the national payment systems and supplying notes and coins to the market.

Payment Systems

117. Effective regulation by the Bank ensured that the National payment systems remained safe, sound and stable, during 2022. The Bank put in place measures to ensure that the financial market infrastructure remained resilient. It also supported fintech developments by creating a favourable regulatory environment and promoting innovation through research and policy initiatives.

Access Points and Devices

118. Active mobile banking subscribers increased by 90% to 7.84 million subscribers in 2022 from 4.12 million subscribers recorded in 2021. Point of Sale (POS) points decreased by 2% from 138,210 in 2021 to 135,198 in 2022, as shown in Table 12.

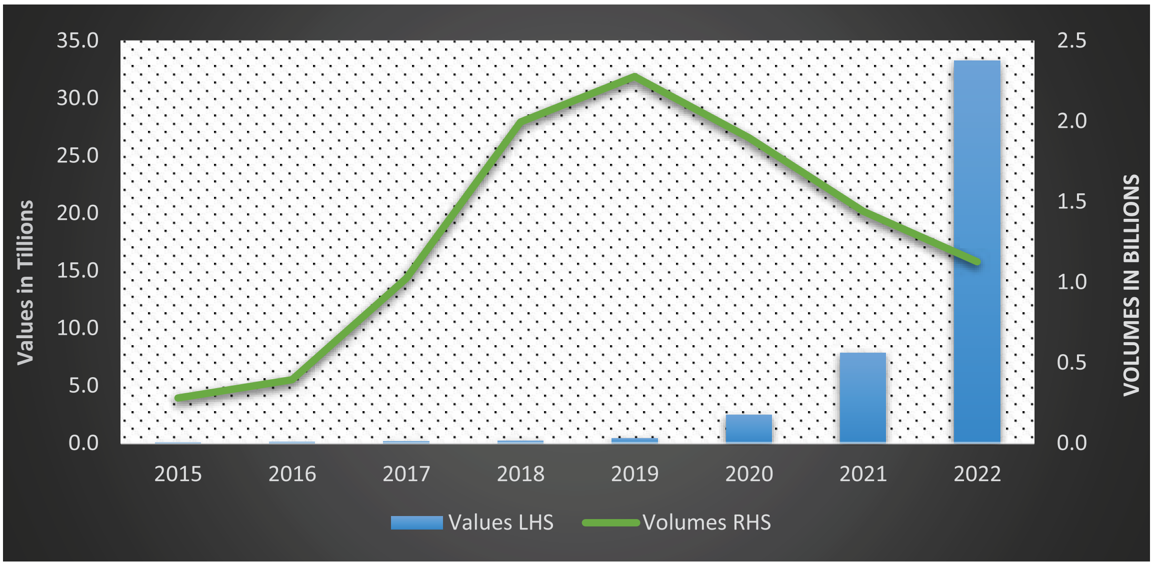
Table 12: Payment Access Points and Devices 2018- 2022

ACCESS CHANNELS/POINTS					
	2018	**2019**	**2020**	**2021**	**2022**
ATMS	551	542	532	410	410
POS	99,935	121,413	125,277	138,210	135,198
PAYMENT SYSTEMS ACCESS DEVICES					
Debit Cards	4,734,299	5,625,031	5,675,458	6,323,462	5,559,944
Credit Cards	17,204	18,089	17,093	13,812	15,623
Prepaid Cards	88,406	99,278	124,210	145,614	133,119
Active Mobile Banking Subscribers	6,139,160	6,543,758	5,201,677	4,129,470	7,840,317
Active Internet Subscribers	353,103	415,901	447,033	607,246	628,478

Source: *Reserve Bank of Zimbabwe, 2022*

119. A total of 1.13 billion transactions valued at ZW$33.2 trillion in 2022 were conducted on all the national digital payment system platforms, as shown in Figure 21.

Figure 21: Digital Payment Systems Annual Values and Volumes 2015 to 2022



Source: *Reserve Bank of Zimbabwe*

Anti-Money Laundering and Counter Financing (AML-CFT) Supervision

120. The Bank conducted onsite examinations of high-risk payment systems providers to assess their compliance with AML-CFT-PF requirements from April 2021 to September 2022. The examinations followed the FATF guidance on evaluating threats, vulnerabilities, and consequences. Major observations included weak governance arrangements, internal controls, and failure to address customer due diligence issues related to politically exposed persons. The Bank enforced compliance culture in line with the Money Launder and Proceeds Crime Act [Chap 9:23] on an ongoing basis.

Society for Worldwide Interbank Financial Telecommunications (SWIFT)

121. The Bank continued implementing the SWIFT Customer Security Controls Framework (CSCF) which is composed of mandatory and advisory security controls for SWIFT users. The CSCF Assessment status for Zimbabwean banks is shown in Table 13.

Table 13: CSCF Assessment Status as at 30 December 2022

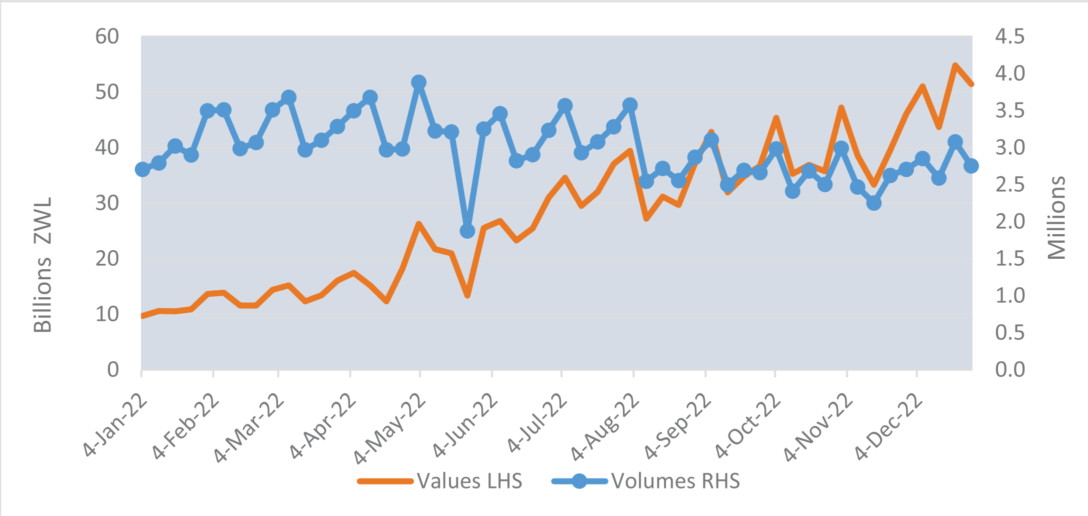
Zimbabwean Banks	20	Dece-22	Proportion
Fully Compliant	19	18	64%
Partially compliant	3	10	36%
No valid attestation	6	0	0%
Total	28	28	100%

Source: *Reserve Bank of Zimbabwe, 2022*

Interoperability

122. The interoperability transaction values processed steadily increased from ZW$9.68 billion in January 2022 to ZW$51.41 billion as at December 2022. Figure 22 provides monthly graphical comparison of the interoperability transactional activities for the year, from January to December 2022.

Figure 22: Interoperability Volumes and Values from January to December 2022



Source: *Reserve Bank of Zimbabwe, 2022*

ISO 20022

123. The country's banking community adopted the ISO 20022 global messaging standard, which will be fully implemented for cross-border payments by March 2023, with most banks conducting ISO testing as of December 31, 2022. The adoption of ISO 20022 was driven by SWIFT to improve data quality in payment processing and settlements, and all SWIFT network users must transition to the messaging standard by 2025. This adoption was expected to enhance compliance, increase efficiency and interoperability, improve customer experience, and speed up payment systems harmonisation.

124. The Bank supported development and played its regulatory mandate to ensure a smooth and timely implementation, enhancing compliance related to AML/CFT and improving the speed and efficiency of cross-border payments. The Bank will ensure that the market moves as a unit and complies with set deadlines.

Market Conduct

125. To protect the consumers and public in general from the increasing number of cyber and digital payment frauds, the Bank in collaboration with the Consumer Council of Zimbabwe and the Postal and Telecommunications Regualtory Authority of Zimbabwe intensified the road-show awareness initiatives under 'The Fair Digital Finance' theme during the year. The Road shows covered all provinces across the country.

126. The Bank Staff were actively involved in the twelve (12) roadshows conducted across all the provinces, covered particularly the remote rural areas where majority of the populace resides. The message covered digital financial services and cyber risk issues as well as the consumer obligations.

SADC Payment Systems

127. The local banking community continued to participate on the SADC Real-Time Gross Settlement System (SADC RTGS) and maintained a significant share of transaction values processed on the same platform.

128. Remarkably, in 2022 the value of payments processed on the SADC-RTGS by Zimbabwean commercial banks declined by 37.2% to ZAR4.31 billion while the volume also fell by 8.2% to 5 261 when compared to 2021.

Pan African Payment and Settlement System ("PAPSS")

129. During the year, the Country signed up to the Pan African Payment and Settlement System (PAPSS) agreement with Afreximbank. In this regard the Bank is currently seized with implementation of PAPSS.

130. PAPSS is an interoperable cross-border financial market infrastructure enabling the integration of Africa's financial markets to stimulate, hasten and sustain the pace of regional integration, economic growth and development and financial inclusiveness in the continent.

Central Bank Digital Currency (CBDC) Project

131. The Bank initiated the CBDC Project to explore the benefits and potential risks of implementing CBDC, in line with the growing momentum towards exploring CBDCs amongst central banks globally. The Bank's CBDC project progressed steadily in line with the road map, and a consumer survey was rolled out in November 2022 to solicit opinions on the design and nature of the CBDC and its overall acceptance by stakeholders. The Bank received 916 responses to the survey as of December 31, 2022, and the survey was extended into 2023.

Interbank Foreign Exchange Market

132. The foreign exchange auction system remained a key source of foreign currency for the productive sectors of the economy, fostering stability in both the foreign exchange and goods markets.

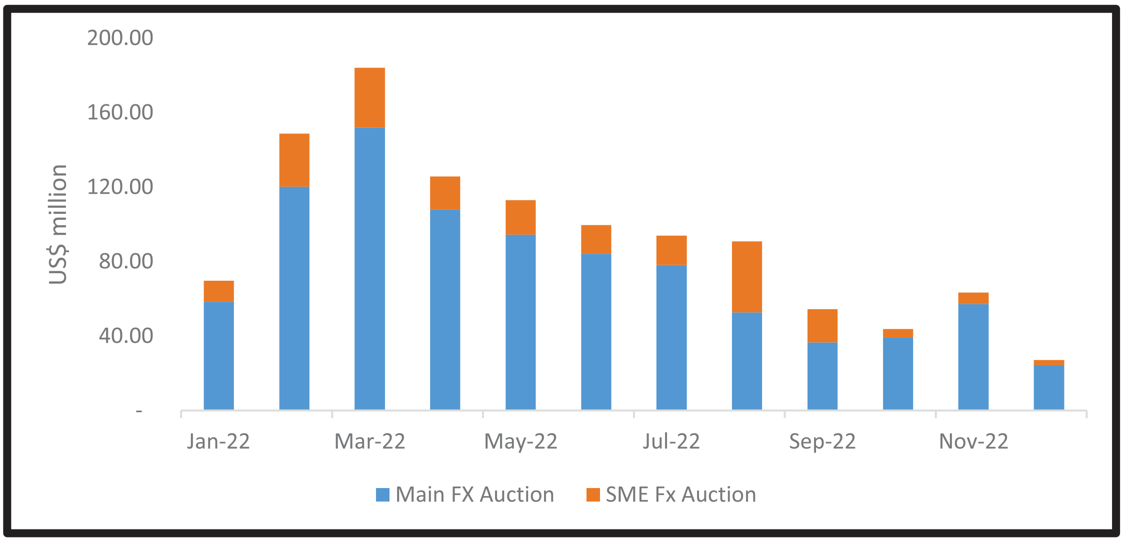
133. The Bank introduced the Willing-Buyer Willing-Seller Interbank market to allow for broader access to foreign exchange by economic agents as well as enhancing price discovery.

134. In 2022, the Bank allotted US$1.1 billion on the foreign exchange auction, representing 91% of the total bids received. This brought the cumulative allotments since the introduction of the FX auction to US$3.7 billion.

135. The tightening of monetary policy as well as fiscal measures introduced during the course of the year saw the average number of bids received per week declining from 1,450 at the beginning of the year to around 250 during the second half of 2022. In the same vein, the value of bids also declined from weekly averages of US$35 million during the first quarter of 2022 to US$12 million in the last quarter.

136. The distribution of foreign currency allotments between the Main Auction and the SME Auction in 2022 is shown in in Figure 23.

Figure 23: Foreign Exchange Auctions Allotments in 2022 (US$m)

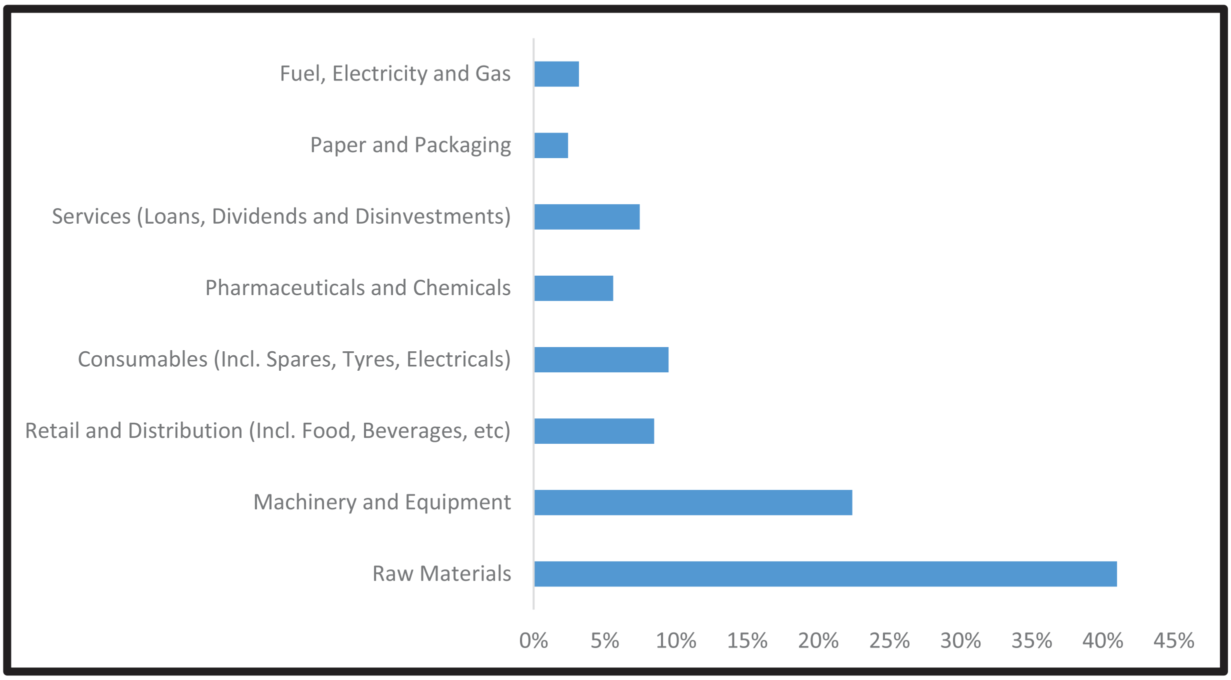


Source: *Reserve Bank of Zimbabwe*

137. In 2022, a total of US$904.8 million was allotted under the Main Auction, while US$209.4 million went towards the SME Auction.

138. The auction system continued to provide critical liquidity to key productive sectors of the economy, which has resulted in enhanced capacity utilisation which rose from 45.5% in 2021 to 63% in 2022. The bulk of allotments were for raw materials (41%), machinery and equipment (22.4%), and consumables for industry (9.5%) among other critical sectors as shown in Figure 24.

Figure 24: Auctions Allotments by Purpose in 2022



Source: *Reserve Bank of Zimbabwe*

139. The Willing-Buyer Willing-Seller interbank market, introduced on 12 April 2022, in line with Government policy to move towards a more liberalized exchange rate has remained peripheral largely due to the low volumes of foreign exchange traded.

140. The Willing-Buyer Willing-Seller cumulative purchases and sales for 2022 were around US$61.6 million and US$55.1 million, respectively, culminating in net balance of US$6.5 million, as shown in Table 14.

Table 14: Willing Buyer Willing Seller as of 31 December 2022 (US$)

Transaction	Period ending 31-Dec-22
Cumulative Purchases by Banks	61,589,218.62
Cumulative Sales by Banks	55,072,306.52
Closing Balance	**6,516,912.10**

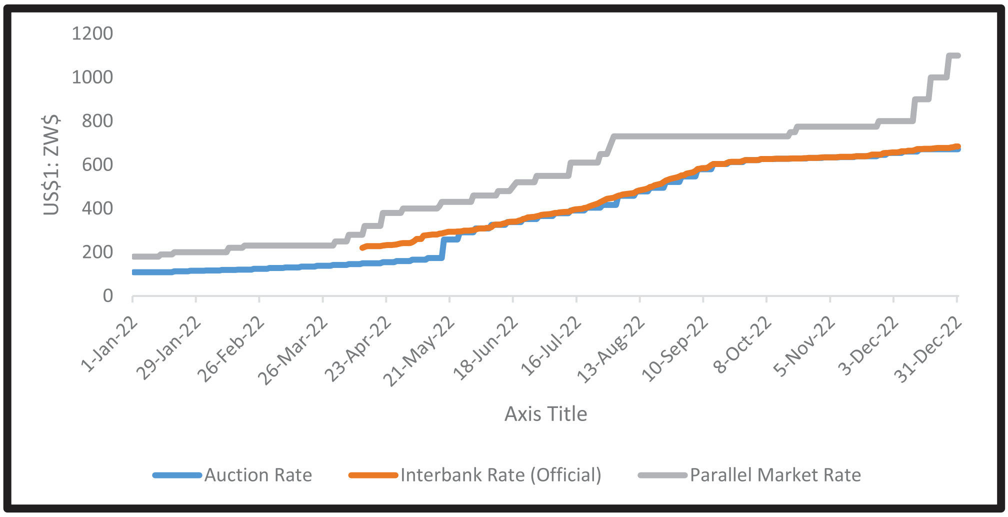
Source: *Reserve Bank of Zimbabwe, 2022*

141. The Bank also sold a total of US$25.2 million to bureaux de change for onward sale to the public to cover small foreign exchange payments.

Exchange Rate Developments

142. The exchange rate was generally stable during the second half of 2022, due to the policies put in place by the Government and the central bank. The local currency, which opened the year 2022 trading at ZW$108.67: US$1 depreciated to end the year at ZW$684.33: US$1, as shown in Figure 25.

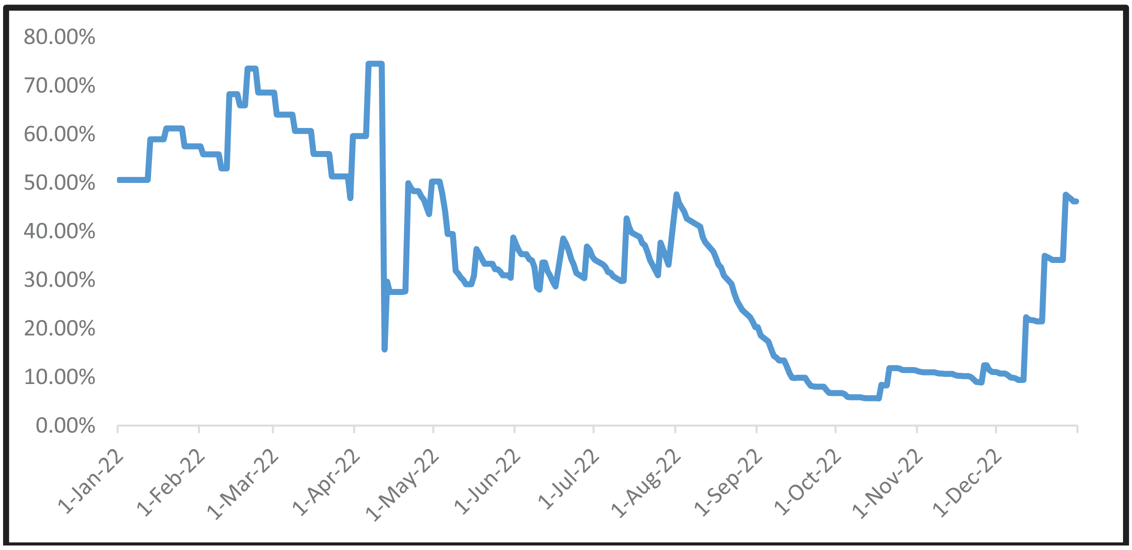
Figure 25: Exchange Rate Developments in 2022



Source: *Reserve Bank of Zimbabwe 2022, Market intelligence, 2022.*

143. The premium between the parallel market rate and the official exchange rate which had risen to about 100% in the first quarter of 2022, declined to between 5-15% in the third quarter of 2022, before rising in December 2022 to above 30%, as shown in Figure 26.

Figure 26: Exchange Rate Premium in 2022



Source: *Reserve Bank of Zimbabwe 2022, Market intelligence, 2022.*

144. The stability of the foreign exchange market remained central to the Bank's operational objectives as evidenced by the prioritisation of clearance of the auction allotment backlog as well as efforts to improve the operations of the interbank market.

Foreign Exchange Stabilization Facilities

145. The Bank mobilized US$800 million (including Letters of Credit) from local, regional, and international partners to support the foreign exchange auction system and meet the country's balance of payments requirements in 2022.

146. The issuances of Letters of Credit (LCs) under the Afreximbank US$150 million facility, as well as banks' own facilities continued to bridge the balance of payments gap for the country as they provided critical foreign currency liquidity to industry. LCs worth about US$198 million were issued under both the Afreximbank and banks' own facilities in 2022.

STRATEGY AND RISK MANAGEMENT

147. During 2022, the Bank continued to implement the Bank's Strategic Plan for the five (5) years ending 2025. The implementation of the strategic plan helped the Bank to be proactive rather than reactive in the prevailing economic, social, technological, environmental, and organizational changes aggravated by the interconnectedness of the world.

5.1 Risk Management

148. During the year under review, the Bank continued with efforts to ensure a strong internal control environment, as well as effective risk managements systems in the wake of a dynamic operating environment characterized by emerging risks at a global and domestic level.

Risk Governance

149. The Bank manages the risks by articulating risk tolerance levels through its Risk Appetite Statement, as well as implementing a framework of controls to ensure that the Bank does not assume risks beyond its tolerance thresholds.

150. The Bank's Board sets the 'tone from the top' in promoting an effective risk management and sound internal control environment in the Bank and is supported by the Board Audit and Oversight Committee and the Executive Committee.

151. The Bank employs enterprise - wide risk management system, that reflects a shared responsibility for managing risks between line departments, independent risk management, control functions and internal audit.

152. The enterprise–wide risk management system also facilitates continuous improvements in the Bank's risk management capabilities and risk culture.

153. During the year under review, risk measurement tools and performance indicators for the Bank and its subsidiaries continued to be enhanced to make them more robust in order to facilitate effective oversight.

154. In addition, capacities were developed with support from technical partners, in the management of emerging risks including cyber risk and climate risk.

Risk Appetite Statement

155. As part of fostering sound corporate governance and ensuring risk-informed decision making, on an on-going basis, the Bank updated its Risk Appetite Statement, taking into consideration developments in best practices and risk profile of the Bank.

156. The Risk Appetite Statement outlines the level and type of risk the Bank is willing to accept or avoid in order to achieve its strategic objectives.

157. The Risk Appetite Matrix was also developed, as a monitoring tool by the Board Audit & Oversight Committee to assess adherence to set risk appetite thresholds on a quarterly basis.

Business Continuity Management

158. During the period under review, the Bank remained resolutely focused on ensuring that robust business continuity arrangements were maintained which ensured that core business processes were resilient to a broad range of incidences and disruptive event scenarios.

159. The Bank will remain fully engaged in implementing best practices and closing any existing gaps in business continuity management, by ensuring that the Bank aligns to best practice, including ISO standards in business continuity and resilience management.

Climate Risk Management

160. There has been growing consensus that neither price stability nor financial sector stability can be achieved effectively without considering the implications of climate related risks.

161. Cognisant that climate change can directly or indirectly affect the Bank's ability to meet its price and financial system stability objectives, the Bank scaled up its focus and engagement in climate risk related issues.

162. The Bank established the Climate Risk Management Committee comprising of members from key divisions. The Committee's mandate includes identification of climate risk key drivers and transmission channels in the banking sector, assessing impact of climate risk on Monetary Policy and development of climate risk management road map.

163. The Bank will build capacity to understand climate risk and integrate climate risks in central bank operations. Given that climate risk management remains a strategic focus area for the Bank, the Committee will continue to explore various initiatives to ensure that climate risk is effectively managed in collaboration with various stakeholders.

Risk Management Priorities for 2023

164. The Risk Management's activities will continue to be aligned with the Bank's 2021-2025 Strategic Plan, whose overarching goal is price and financial system stability.

165. The Bank has identified several risk management priorities for 2023 which include the following:

a) Cyber security **-** Risks that were evident during the Covid-19 pandemic – including a rise in phishing attacks designed to exploit cyber vulnerabilities of home workers have largely abated for the Bank. The Bank will however continue to focus on cybersecurity and operational resilience with emphasis on threat vulnerability and detection, access controls and data security. Focus will also be given on incident response and remediation processes. The Bank will also conduct the 2023 cyber risk maturity assessment.

b) Sustainability and green financing – Globally, sustainable banking practices are increasingly becoming the future in banking. Central banks are coming under increasing pressure to move beyond their current narrow risk management approaches towards risk management frameworks that allow for proactively supporting the greening of the financial system. To this end, in 2023, there will be increased focus on sustainability and green financing issues and the Bank will continue with the processes of promoting adoption of sustainable banking practices in Zimbabwe.

c) Capacity Building - The evolving risk landscape calls for on-going training of risk management staff, as well as adequate resourcing to ensure that staff is equipped with the requisite skills to effectively manage risk inherent in the Bank and its subsidiaries. To this end, capacity building of risk management staff will be prioritized in 2023.

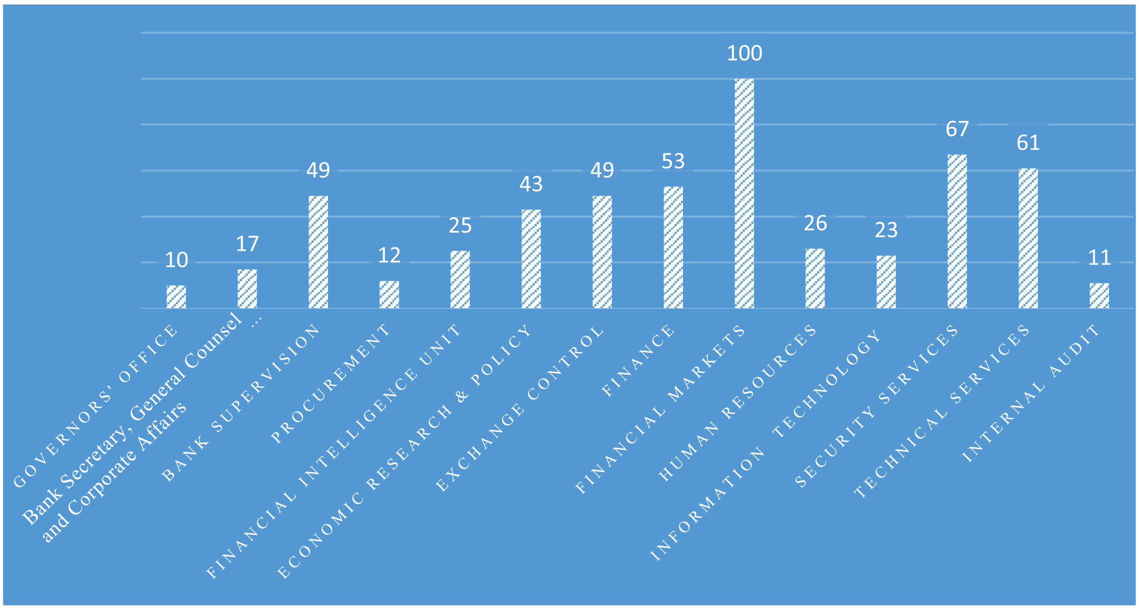
HUMAN RESOURCES MANAGEMENT

166. In pursuit of its strategic mandate to stabilise prices, financial sector and exchange rate, the Bank places strategic importance to the management of its people. The Bank continued to enjoy a conducive industrial relations climate through continuous engagements.

167. The Covid-19 pandemic eased off during the year and the Bank continued to drive the wellness thrust to ensure effectiveness and productivity improvement. The new world order of work delivery required a great focus on mental health and re-integrating the teams coming from the remote working space.

168. The Bank had a staff compliment of 546 as at December 2022.The staff were distributed in a way that is aligned to the deployment of the strategy in support of the Bank's mandate. The distribution is shown, in Figure 27.

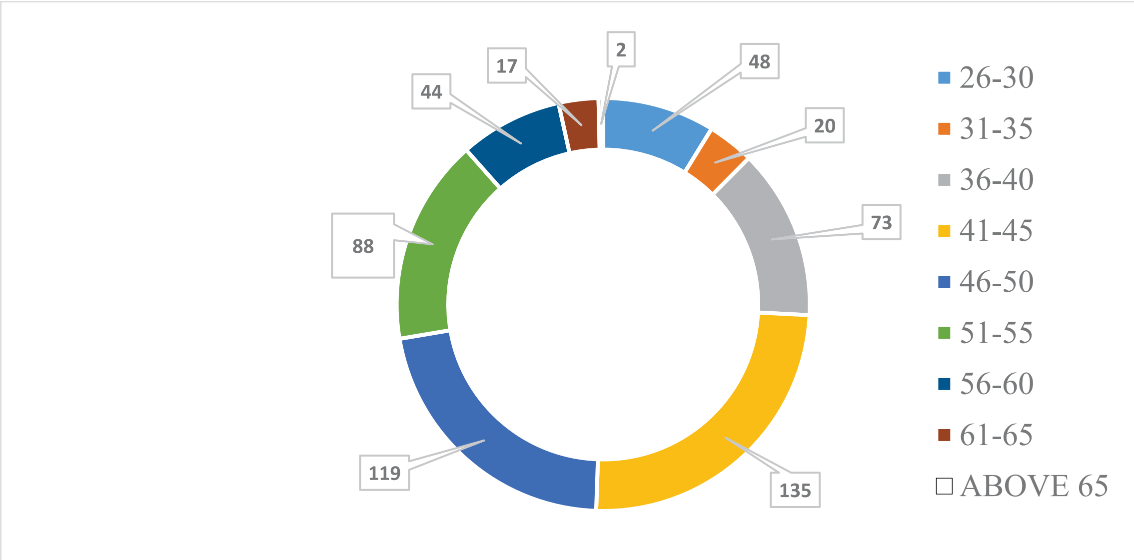
Figure 27: 2022 - Divisional Staff Complement



169. The Bank continued with emphasis on having a generational balance in its workforce as shown in the Figure 28. With Global research from Mastercard Foundation showing that by the year 2100, 50% of the world population will be youths and majority will come from

Africa. The Bank continued to promote youth employment through structured Graduate Programs and normal vacancies.

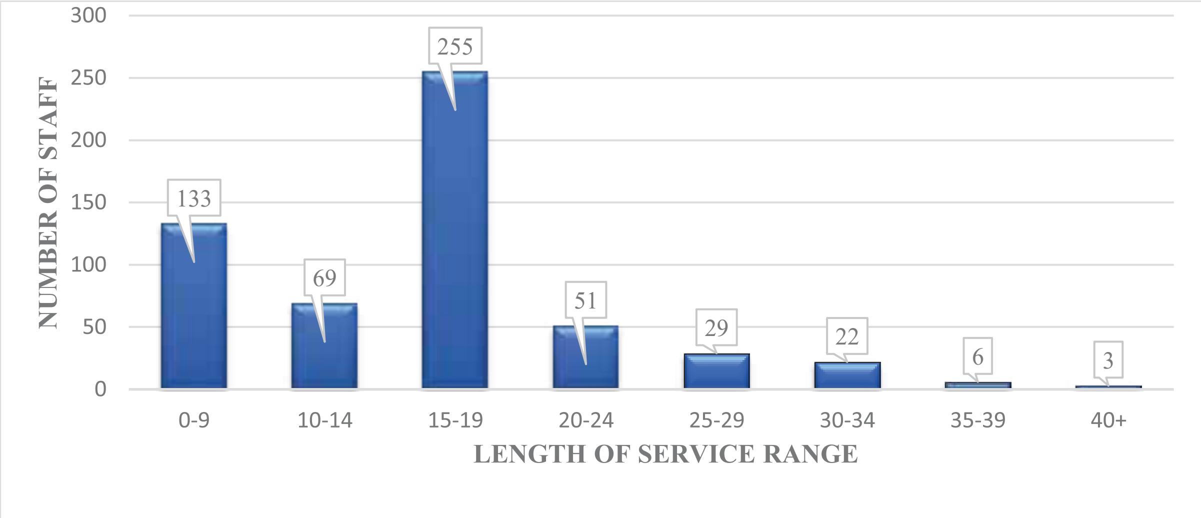
Figure 28: Staff Age Range as at December 2022



170. Most staff were within the 41-45 age range followed by the 46-50 age group. The focus was on succession planning and knowledge management. Retirement planning interventions were prioritised for these groups. The average age of Bank staff was 45.8.

171. About 255 staff had served an average of between 15 and 19 years. 133 staff members has served between 0-9 years, as shown in Figure 29.

Figure 29: Length of Service Analysis

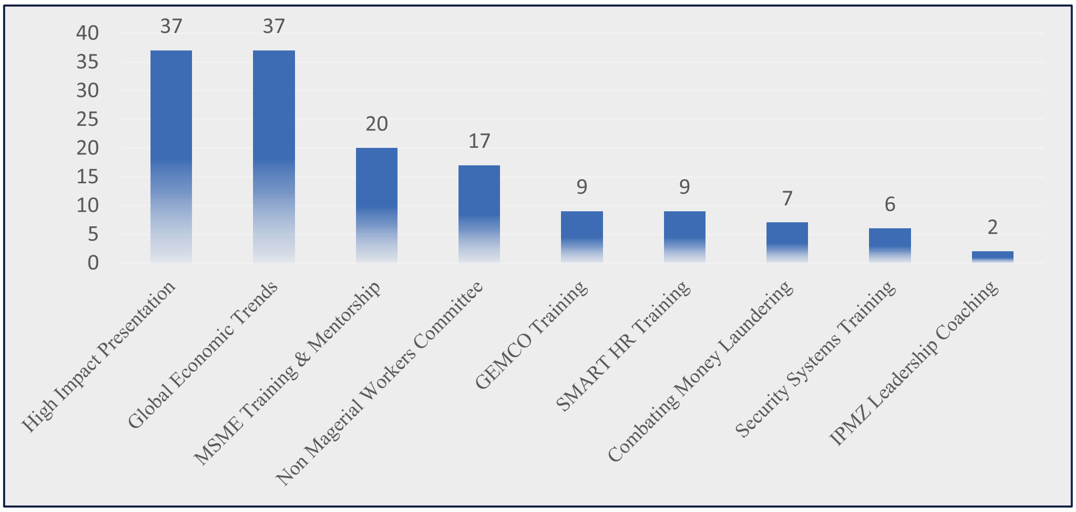


Talent Development

172. The Bank continues to work with its partners the International Monetary Fund's AFRITAC, MEFMI, ESAMI and also internal experts to ensure effective delivery training and capacity building programmes.

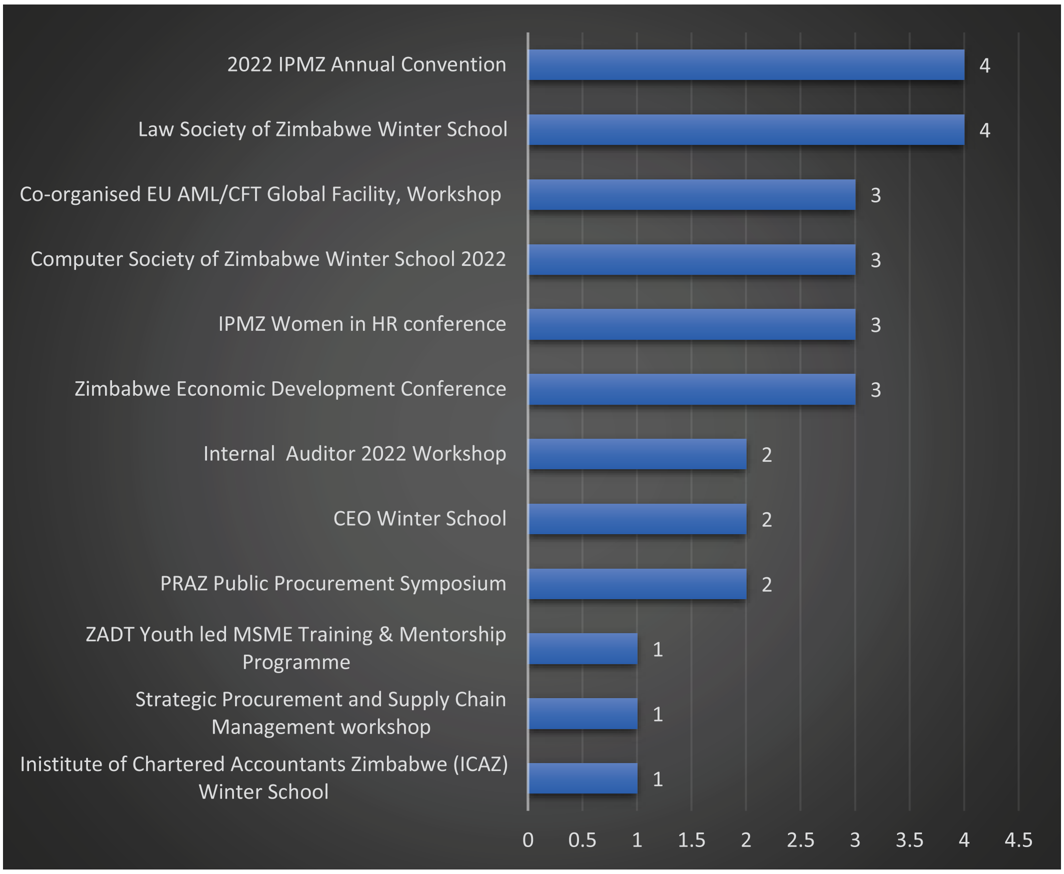
173. The Bank continued to develop its staff to enhance the critical competencies required for the current and future strategic and operational focus.

Figure 30: 2022 Talent Development Interventions (Number of Participants)



174. Throughout 2022, the Bank Staff attended several workshops aimed at enhancing their skills and knowledge. Figure 31 shows the various domestic workshops which were attended by Staff in 2022.

Figure 31: Domestic Workshops attended by staff in 2022.



175. In addition to domestic workshop Bank staff also attended regional and international workshops and seminars held by MEFMI, IMF, BIS and Federal Reserve.

Staff Relations

176. During 2022, managerial workers union training was held in Masvingo while non-managerial staff held elections to select new Workers Committee members after the end of tenure of the incumbent Committee. The elections were conducted in consultation with the Ministry of Labour officials as provided for in the Labour Act. New officers were taken through an induction exercise in Gweru.

BULAWAYO REGIONAL OFFICE

177. The Reserve Bank of Zimbabwe Bulawayo Regional Office's Core Deliverables are as follows:
    - Currency or liquidity provision and distribution in the Region (covering Matabeleland North and South, Bulawayo Metropolitan, the Midlands and Masvingo Provinces) by receiving cash from Bank Branches with surplus and paying those with low deposits;
    - Provision of Retail and Wholesale banking services to financial institutions operating in the Region;
    - Provision of an effective link for Regional Office stakeholders to access specialist Central Bank services offered at Head Office;
    - Enhancing institutional stability at Regional Office level through maintenance of good staff-management relations; and
    - Upholding positive corporate image of the Bank since the Regional Office acts as an effective relations representative or ambassador of the Reserve Bank in the Region.
178. Operationally, the Divisional Units report to respective Divisions at Head Office in Harare while the Regional Office does the administrative activities of the Units.

Operations

179. During the year, the Regional Office offered retail and wholesale banking services to Government departments and financial institutions based in the Region. It also provided safe custody of local bank branches' cash holding and regional customers' items.

180. In 2022, Bulawayo Regional Office's Cheque Clearing House System which feeds into the main system at Head Office operated smoothly. In addition, there was timeously intervention on queries relating to ZETTS and other payment streams. An analysis of trends from respective participating bank branches' reports, offsite and onsite inspections were also conducted during the period under review.

181. The Regional Office ensured that banks, exporters, importers, transporters, tourism operators and other members of the banking public in the region were in compliance with Exchange Control regulations. In addition, the regional office carried out routine

(full-scope) and ad-hoc (targeted) inspections to monitor compliance to Exchange Control Rules and Regulations. During the year, inspections on gold millers and elution plants, investigations on delinquent exporters and importers, were conducted.

182. During the year the regional office was involved in Bank Supervision activities spread throughout the Southern Region, in line with the inclusive economic development thrust. The activities included receipt of complaint letters, maintenance of the Complaints Register and Quality Assurance process. The Bulawayo Region Office was also involved in financial inclusion matters relating to financial education and literacy as well as market conduct supervision. In addition, the regional office made spot-checks on banking institutions, which assisted in financial stability assessments, handled all Micro Finance Institutions (MFI) related matters and conducted targeted on-site examinations.

STATISTICAL TABLES

Table 1: Depository Corporation Survey (ZW$'000)

	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
Net Foreign Assets	-643,665.14	-556,149.85	-963,774.49	-1,877,294.72	-40,662,175.37	-335,335,132.24	-380,991,276.27	-2,349,872,967.37
Central Bank	-639,497.71	-574,251.01	-1,126,260.86	-1,758,219.23	-50,285,843.15	-410,600,837.45	-532,705,422.06	-2,828,947,111.97
Other Depository Corporations	-4,167.43	18,101.16	162,486.37	-119,075.49	9,623,667.78	75,265,705.21	151,714,145.79	479,074,144.60
Net Domestic Assets (NDA)	5,379,804.12	6,194,430.87	9,071,999.06	11,887,199.99	75,680,355.31	540,383,050.30	856,352,794.14	4,688,099,950.20
Domestic Claims	6,329,950.04	7,481,417.88	10,699,362.07	15,050,753.26	28,051,862.68	106,948,540.67	340,288,975.63	1,861,880,517.07
Claims on Central Government(net)	2,374,108.23	3,597,963.54	6,277,467.58	10,150,745.37	14,294,792.33	22,594,561.40	83,222,482.97	454,800,752.22
Claims on Central Government	2,483,931.32	3,758,737.40	6,412,445.92	10,233,501.66	15,812,412.94	37,107,463.58	98,039,988.24	613,516,289.65
Less Liabilities to Central Government	109,823.09	160,773.86	134,978.34	82,756.29	1,517,620.61	14,512,902.18	14,817,505.27	158,715,537.42
Claims on Other Sectors	3,955,841.82	3,883,454.35	4,421,894.49	4,900,007.89	13,757,070.35	84,353,979.26	257,066,492.66	1,407,079,764.84
Other Financial Corporations	81,997.26	82,282.79	64,990.53	156,610.64	186,506.15	1,439,022.42	10,056,880.43	157,280,627.89
State and Local Government	45257.57	34237.41	46177.22	37159.64964	26320.3003	37924.28518	170565.4582	282,613.13
Public Non-Financial Corporations	172,204.57	253,405.61	591,300.63	647,586.90	2,431,172.28	8,214,242.82	23,908,914.83	161,107,427.42
Private Sector	3,656,382.42	3,513,528.54	3,719,426.11	4,058,650.69	11,113,071.62	74,662,789.74	222,930,131.95	1,088,409,096.41
Other Items (Net)	950,145.92	1,286,987.02	1,627,363.01	3,163,553.27	-47,628,492.63	-433,434,509.64	-516,063,818.51	-2,826,219,433.14
Broad Money-M3	4,736,138.98	5,638,281.02	8,108,224.57	10,009,905.27	35,018,179.94	205,047,918.06	475,361,517.87	2,338,226,982.83
Securities Other than Shares Included in Broad Money	44656.65	62894.35	68638.47	58584.0358	243976.5702	1436202.84	3696333.817	14,148,964.76
Broad Money-M2	4,691,482.33	5,575,386.66	8,039,586.10	9,951,321.23	34,774,203.37	203,611,715.21	471,665,184.05	2,324,078,018.07
Other Deposits	1,632,979.65	1,471,657.19	1,401,725.04	1,508,902.47	1,887,924.83	9,906,844.70	37,402,963.80	233,411,780.44
Narrow Money-M1	3,058,502.69	4,103,729.48	6,637,861.06	8,442,418.76	32,886,278.54	193,704,870.52	434,262,220.25	2,090,666,237.62
Transferable Deposits	3,051,375.71	4,033,558.66	6,305,923.18	7,940,376.20	31,978,710.26	192,511,359.60	431,948,432.28	2,086,456,095.48
Currency Outside Depository Corporations	7,126.98	70,170.81	331,937.88	502,042.57	907,568.29	1,193,510.91	2,313,787.98	4,210,142.14

Source: *Reserve Bank of Zimbabwe, 2022*

Table 2: Institutional Asset Base and Market Share (ZW$ Million)

	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Market Share (%)
Commercial Banks	11,677	52,053	305,570	686,094	3,360,352	88.10%
Merchant Banks	713,488,952	402,288,508	158,588,381	99,998,770	91,564,731	**
Building Societies	1,998	6,283	31,535	74,716	420,050	11.01%
P.O.S.B	269	541	2,903	7,654	34,024	0.89%
GRAND TOTAL	**13,944.47**	**58,877.00**	**340,008.00**	**768,464.00**	**3,814,426.16**	**100.00%**

Source: *Reserve Bank of Zimbabwe, 2022*

Table 3: Annual Inflation - Percentage Change in Consumer Price Index (%)

	Food and non-alcoholic beverages	Alcoholic beverages and tobacco	Clothing and footwear	Housing water electricity gas and other fuels	Furniture, household equipment and maintenance	Health	Transport	Commun ication	Recreati on and culture	Education	Restaurants and hotels	Miscellane ous goods and services	All Items
Weights	31.3	4.9	4.3	27.6	5.3	1.4	8.4	2.7	2.3	4.3	1.1	6.5	100.0
2022													
Jan	63.1	57.5	43.6	49.1	60.9	67.8	62.0	42.6	60.6	35.4	118.8	75.6	60.6
Feb	69.3	62.8	53.7	50.5	670.2	72.1	66.5	45.0	69.0	45.9	126.3	80.7	66.1
Mar	75.1	69.5	64.6	51.3	72.32	76.7	84.3	48.4	73.3	49.8	128.8	88.9	72.7
Apr	104.1	93.6	79.7	82.8	91.0	98.7	106.1	49.4	92.4	53.6	178.0	103.3	96.4
May	235.2	177.5	181.4	177.3	176.4	218.1	238.4	74.0	126.7	83.9	216.6	198.3	202.9
Jun	224.8	170.0	173.0	152.7	164.9	208.3	227.2	71.3	122.5	74.1	210.8	186.6	191.6
Jul	309.0	211.8	202.0	255.7	211.4	277.0	290.1	77.6	143.3	86.9	243.8	229.2	256.9
Aug	353.0	241.1	232.3	269.9	225.8	301.3	299.8	74.6	157.2	102.1	269.7	250.5	285.0
Sep	339.7	232.8	232.1	296.4	212.9	290.7	289.2	83.2	158.8	160.9	261.3	243.6	280.4
Oct	321.3	221.8	224.9	305.9	201.7	273.1	263.4	81.4	156.7	159.8	243.7	239.4	268.8
Nov	299.2	212.2	219.1	293.1	195.2	258.6	250.9	78.3	155.9	170.0	230.9	235.3	255.0
Dec	285.2	199.7	210.8	282.3	188.0	247.7	238.6	85.9	152.1	169.5	217.3	218.3	243.8

Source: *Zimbabwe National Statistics Agency, 2022*

Table 4: Central Government Operations-ZW$ Millions

	2015	2016	2017	2018	2019	2020	2021	2022
Total revenue and grants	3,736.60	3,501.60	3,842.97	5,490.61	22,971.13	183,039.06	489,592.20	2,039,495.45
Total expenditure and net lending	4,100.52	5,113.23	6,390.08	7,552.99	22,533.51	162,427.67	552,013.22	2,030,686.18
Deficit	-363.92	-1,611.63	- 2,547.11	-2,062.38	437.62	20,611.39	-62,421.02	8,809.27
Financing	-2,533.6	-5,356.3	-5,346.9	-5,799.6	16,383.3	13,598.4	-25,730.6	248,152.38

Source: *Zimbabwe National Statistics Agency, 2022*

Table 5: Gross Domestic Product at Factor Cost by Industry (ZW$ millions)

PERIOD	2014	2015	2016	2017	2018	2019	2020	2021	2022
Agriculture, Hunting and Fishing and forestry	1,704.94	1,653.79	1,618.00	1,838.42	5,095.27	20,833.96	120,959.77	282,306.23	890,966.81
Mining and quarrying	1,156.96	1,089.42	1,219.00	1,267.20	1,353.00	25,527.28	164,539.99	339,500.28	1,559,464.20
Manufacturing	2,454.64	2,373.34	2,382.83	2,428.25	2,575.00	30,176.21	216,423.52	396,921.78	2,661,886.48
Electricity, gas, steam and air conditioning supply	546.45	533.16	460.80	480.41	482.00	5,961.64	36,224.35	73,730.68	207,046.29
Water supply; sewerage, waste management and remediation activities	40.00	41.23	40.00	45.00	45.54	532.59	3,872.11	6,266.04	29,234.29
Construction	426.01	426.29	441.73	496.99	563.07	5,753.15	30,737.01	102,461.34	522,796.25
Wholesale and retail trade; repair of motor vehicles and motorcycles	2,963.54	3,044.00	3,409.28	3,732.35	4,105.58	41,702.20	287,995.73	751,875.29	1,453,111.35
Transportation and storage	651.37	674.10	678.82	732.30	821.06	5,435.64	40,688.51	72,793.60	345,538.73
Accommodation and food service activities	698.49	717.46	719.34	787.51	825.76	5,327.92	23,363.67	90,773.48	338,854.26
Information and communication	1,375.00	1,412.13	1,413.00	1,524.32	1,711.89	10,343.97	65,441.67	125,635.22	381,292.39
Financial and insurance activities	950.34	983.60	1,082.49	1,135.72	1,217.59	13,871.62	95,508.77	210,666.27	861,578.19
Real estate activities	385.00	417.10	420.48	427.03	457.81	6,188.19	36,622.88	73,620.40	436,240.08
Professional, scientific and technical activities	354.49	356.81	382.85	384.53	423.10	2,683.06	17,697.58	20,966.55	65,127.02
Administrative and support service activities	133.00	133.73	138.15	138.75	161.36	3,243.86	16,132.88	22,340.72	333,748.39
Public administration and defence; compulsory social security	1,447.49	1,495.51	1,612.89	1,634.57	1,917.59	4,724.84	38,512.21	124,028.18	194,391.12
Education	1,684.15	1,834.49	1,889.53	2,135.16	2,476.12	7,616.79	43,305.32	109,993.15	165,220.85
Human health and social work activities	348.24	395.00	417.57	455.15	491.79	4,416.74	33,185.76	112,579.62	218,676.83
Arts, entertainment, and recreation	8.38	9.89	10.88	12.24	15.38	1,439.98	4,478.30	7,893.55	9,568.99
Other service activities	183.48	187.78	188.82	203.00	218.68	4,441.63	25,886.67	83,065.88	240,868.84
Domestic Services	44.70	47.00	49.35	52.31	54.25	332.30	460.37	544.40	2,642.36
Gross Domestic Product	17,470.71	17,732.81	18,475.79	19,803.84	21,936.33	200,552.56	1,302,037.09	3,007,962.67	10,948,253.72

Source: *Zimbabwe National Statistics Agency, 2022*

Table 6: Real Gross Domestic and National Product Per Capita at Market Prices (ZW$ Millions)

	Current Prices			Constant Prices			
Period	Gross Domestic Product	Net Investment Income paid to Other Countries/2	Gross National Product	Gross Domestic Product	Population (Million)	Per capita Gross Domestic Product	Per capita Gross National Product
2015	19,963.10	-1,982.30	17,980.80	18,188.30	14.3	1,396.02	1,257.40
2016	20,548.70	-1,775.70	18,773.00	18,325.80	14.7	1,397.87	1,277.08
2017	22,040.90	-1,961.30	20,079.60	19,187.80	15.0	1,469.39	1,338.64
2018	24,312.30	-1,605.70	22,706.60	20,115.40	15.8	1,538.75	1,437.13
2019	200,552.56	15,715.92	216,268.48	212,174.39	16.2	12,379.79	13,349.91
2020	1,302,037.09	95,344.81	1,397,381.90	195,588.82	16.3	79,879.58	85,728.95
2021	3,007,962.67	147,101.72	3,155,064.39	212,151.3	16.5	182,300.80	191,216.02

Source: *Zimbabwe National Statistics Agency, 2022*

Table 7: Distribution of National Income (ZW$ millions)

Period	Wages and salaries	Gross Operating Surplus	Mixed Income	Taxes on Production	Taxes on Products	GDP by Expenditures at Market Prices	Net primary income from abroad	Gross National Income
2015	7,285	7,716	2,731	186	2,230	19,955	-1,982	17,981
2016	7,650	8,165	2,661	195	2,073	20,538	-1,776	18,773
2017	24,851	26,630	8,827	210	3,708	64,017	-2,496	61,521
2018	24,650	28,991	12,033	0	3,939	69,614	-1,455	68,159
2019	101,018	60,426	39,107	0	11,622	212,174	-3,347	208,827
2020	595,030	453,108	253,897	0	76,758	1,378,795	-30,646	1,348,148
2021	1,419,758	1,001,651	586,552	0	181,975	3,189,937	-78,591	3,111,346

Source: *Zimbabwe National Statistics Agency, 2022*

Table 8: Expenditure on Gross Domestic Product (ZW$ millions)

Period	Private consumption	Net Non-profit making bodies	Government Consumption expenditure	Gross fixed capital formation	Increase in Stocks	Total domestic Expenditure	Net export of goods and services	Expenditure on gross domestic product
2015	17,000.61	869.44	3,768.54	1,995.43	8.00	23,642.02	-3,678.90	19,955.1
2016	16,301.31	825.33	3,724.2	2,015.38	11.00	22,877.22	-2,328.57	20,537.7
2017	46,585.0	4,218.0	7458.9	9,411.90	2,114.4	69,788.20	-3,656.8	64,017.0
2018	50,721.2	3,368.3	7,221.9	9,849.13	2,158.0	73,318.53	-1,547.0	69,613.5
2019	153,697.74	10,147.9	15,571.82	29,278.69	6,577.41	215,273.56	3,478.28	212,174.39
2020	1,050,323.46	63,779.0	122,269.56	181,257.55	42,742.66	1,460,372.23	-38,834.22	1,378,795.33
2021	2,231,912.68	162,913.5	475,807.97	494,423.87	98,888.05	3,463,946.07	-175,120.78	3,189,937.24

Source: *Zimbabwe National Statistics Agency, 2022*

Table 9: Balance of Payments – US$ Millions

	2016	2017	2018	2019	2020	2021	2022
Trade balance	-2,129.6	-1,581.1	-4,928.1	-1,461.6	-37,600.8	-135,580.6	-813,852.0
Current Account Balance (excluding official transfers)	-697.5	-271.2	-1379.6	920.5	1096.3	348.2	305.0
Capital Account Balance (including official transfers)	242.3	223.7	231.4	314.5	299.7	330.5	282.5
Financial Account: Net Lenging(+)/Net Borrowing(-)	-910.8	-1145.9	-977.9	30.9	496.6	-267.7	-561.9
Net Errors and Omissions	-455.6	-1098.4	170.4	-1204.1	-481.4	-946.4	-1149.3
Gross Foreign Reserves (US $m)	421.3	385.4	291.7	256.4	168.7	1009.6	881.4
Import Cover (months) at 100% (Goods & Services)	0.8	0.7	0.5	0.6	0.4	1.5	1.1

Source: *Reserve Bank of Zimbabwe, 2022*

Table 10: Exports of Major Commodities and Total Imports - US$ Millions

Year	Tobacco	Gold	Ferro-Alloys	Textiles/Clothing	Total Exports	Total Imports
2003	321	152	120	28	1670	1778
2004	227	263	185	21	1684	1989
2005	204	191	158	23	1602	1994
2006	207	202	146	16	1732	1966
2007	190	154	141	14	1711	1937
2008	229	94	153	0.2	1660	2630
2009	301	155	70	0.7	1613	3213
2010	384	334	118	2.2	3244	5162
2011	731	599	260	2.4	4416	7562
2012	773	715	126	2.5	3808	6710
2013	877	639	167	2.5	3694	6809
2014	773	624	244	2.0	3558	6306
2015	855	753	181	1.82	3614	6062
2016	933	913	115	0.3	3701	5236
2017	775	886	279	2.2	3476	4933
2018	904	1,245	272	2.9	4678	6616
2019	773	1064	281	2.0	4664	4489
2020	741	982	129	2.3	4932	4720
2021	781	1,613	316	2.1	6315	7138
2022	926	1,998	370	1.7	7000	8132

Source: *Reserve Bank of Zimbabwe, 2022*

Table 11:Zimbabwe Stock Exchange Statistics

	Share Prices (2009=100)		Market Capitalization
Period	**Industrial Indices**	**Mining Shares**	**ZW$ Millions**
2014	162.79	71.71	4,327.10
2015	114.85	23.72	3,073.40
2016	144.53	58.51	4,007.95
2017	333	142.4	9,580.57
2018	487.13	227.71	19,424.41
2019	766.34	316.66	29,767.09
2020	8,782.18	4134.09	317,879.31
2021	-	7 815.37	1,317,205.10
2022	-	25 487.77	2,044,869.14

Source: *Zimbabwe StockExchange, 2022*

Table 12: Selected Economic Indicators

	2017	2018	2019	2020	2021	2022
National Accounts (Real Sector)						
Real GDP Growth (%)	4.7	5	-6.3	-7.8	8.5	6.5
Inflation (Annual Average) %	0.9	10.6	255.3	557.2	98.5	193.4
Deposit Corporations Survey						
Notes & Coins in Circulation (Million Z$)	331,937.88	502,042.57	907,568.29	1,193,510.91	2,313,787.98	4,210,142.14
Growth (%)	373	51.3	80.8	31.5	93.9	82
Broad Money (Million Z$)	7,817.28	10,009.91	35,018.18	204,920.29	475,361.52	2,338,226.98
Growth %	38.6	28	249.8	485.2	132.0	391.9
Reserve Money (Million Z$)	2,668.16	3,258.22	10,327.81	18,762.40	25,944.26	104,043.82
Growth %	68.1	31.6	217.0	81.7	38.3	301.0
Domestic Credit (Million Z$)	10,697.16	14,880.34	27,819.81	101,149.73	340,286.88	1,861,880.52
Growth %	43	39.1	87	263.6	236.4	447.2
Credit to Private Sector (Million Z$)	3,719.43	4,058.65	11,113.07	74,660.40	222,930.13	1,088,409.10
Growth %	5.9	9.1	173.8	571.8	198.6	388.2
Credit to Government (Million Z$)	6,277.47	9,980.34	14,062.74	23,276.85	83,610.07	454,800.75
Growth %	74.5	59	40.9	65.5	259.2	444
Balance of Payments Accounts						
Exports of Goods and Services (Million US$)	4,640.20	5,178.20	5,266.90	5,263.30	6,574.80	7,453.50
Growth %	14.3	11.6	1.7	-0.1	24.9	13.4
Imports of Goods and Services (Million US$)	6,221.30	7,642.20	5,398.37	5,907.17	8,103.85	9,568.57
Growth %	0.5	22.8	-29.4	9.4	37.2	18.1
Trade Balance (Million US$)	-1,581.10	-2,464.00	-131.47	-643.87	-1,529.05	-2,115.07
Current Account Balance (Million US$)	-271.2	-1,379.60	920.46	678.40	348.22	304.97
Capital a/c balance (Million US$)	223.7	231.4	314.5	299.7	330.5	282.5
Financial a/c balance (Million US$)	-1,145.90	-977.9	30.89	496.64	-267.72	-561.9
International Reserves (Months of Import Cover)	0.9	0.5	0.7	0.4	1.7	1.3

Table 12: Selected Economic Indicators

	2017	2018	2019	2020	2021	2022
Government Accounts						
Revenues (including Retained Revenue) (Million Z$)	3,842.97	5,490.61	22,971.13	183,039.06	489,592.20	2,039,495.45
Expenditures & Net Lending (Million Z$)	6,390.08	7,552.99	22,533.51	162,427.67	552,013.22	2,030,686.18
Recurrent Expenditures (Million Z$)	5,840.75	6,626.39	20,191.97	131,306.65	453,533.53	1,890,653.03
Of which Employment Costs including Pension (Million Z$)	*2,426.07*	*3,381.85*	*6,082.80*	64,596.29	172,307.89	753,468.56
Capital Expenditure & Net lending (Million Z$)	1,342.03	1,954.17	3,652.78	43,711.71	168,459.17	395,332.73
Overall Balance (Million Z$)	-2,547.11	-2,062.38	437.6	20,611.39	-62,421.02	8,809.27

Source: *Reserve Bank of Zimbabwe, 2022*