2023
ANNUAL REPORT

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

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FOREWORD

This report highlights the activities taken by the Reserve Bank of Zimbabwe (the Reserve Bank) in fulfilling its lawful responsibility of promoting and sustaining price and financial system stability. The report covers the year 2023 and as such also contains the Bank's audited financial statements for the year ending 31 December 2023.

The Reserve Bank's approach and policy imperatives were shaped by both global and domestic economic and financial developments. Global economic activity slowed down from 3.5% in 2022, to 3.2% in 2023, as central banks in advanced economies kept monetary conditions tight amid persistent inflationary pressures. In addition, the geo-political tensions in Eastern Europe and the Middle East had adverse effects on global trade and supply chains, especially for food and energy. Major economies, such as China recorded lower than expected growth while the United States' annual growth remained steady.

The slowdown in global economic growth hurt the country's mineral exports, especially platinum group metals (PGMs) and lithium which recorded both price and volume declines in 2023. Gold, on the other hand remained buoyant driven by its demand as a safe-haven owing to the ongoing conflicts in Eastern Europe and the Middle East. The positive development on the price of gold counterbalanced declines in other export categories. This notwithstanding, the external sector remained resilient in 2023 with total foreign currency receipts in 2023 amounting to US$11.0 billion and the balance of payments in surplus of US$133.9 million.

The domestic economy continued to show resilience in a shock-prone global economy with growth estimated at 5.5% in 2023. The agricultural sector recorded a bumper harvest during the year. Industry undertook some significant retooling while the mining sector recorded significant investment inflows particularly into lithium. The tourism sector continued to recover from the low performance during the COVID-19 pandemic.

In pursuit of its price and financial system stability mandates, the Reserve Bank through the Monetary Policy Committee reviewed the monetary policy stance in line with exchange rate and inflation developments in the economy. The Bank implemented a tight monetary policy stance in 2023 to curtail inflationary and exchange rate pressures that prevailed during much of the year. As a result, annual inflation declined during the year from 53.0% in January 2023 to 26.5% in December 2023. The average inflation during the year was 29.8%.

The Bank further liberalized the foreign exchange market from June 2023, through the introduction of the wholesale foreign exchange auction, which operated on a willing buyer willing seller basis. This arrangement cemented the wholesale auction system as a market-based dependable source of foreign currency in the country. The wholesale market cumulatively allotted US$464.9 million in 2023 and was the main driver for manufacturing sector retooling during the year. The Medium-Term Bank Accommodation window (MBA) played a crucial role in supporting lending to productive sectors thereby underwriting the country's growth prospects.

The banking sector continued to remain safe and sound during the year as reflected by adequate bank capital levels, low non-performing loans, and profitability. The developments fostered confidence in the banking sector which, witnessed growth in foreign currency deposits that reached US$2.4 billion in 2023. In the wider financial sector and payment system, the Bank continued to implement best practices in regulatory standards and financial stability practices. As such, the National Payment Systems was resilient and recorded a total up time of 95% during 2023.

Financial innovation, particularly digital financial services have been a catalyst for massive improvement in financial inclusion in the country which continues to be priority area for the Bank as articulated in the Financial Inclusion Strategy II. In this regard, the Bank carried out awareness programmes on digital financial services (DFS) across all the country's 10 provinces. The campaigns covered the opportunities and risks of DFS and sought to ascertain the challenges that are faced by communities with respect to access and usage of digital financial services.

In addition, to promoting responsible innovation in the financial sector, the Bank accelerated its efforts to tackle emerging risks, particularly those related to climate change and the transition to carbon neutrality. In this regard, the Bank formulated forward guidance for the banking sector in terms of the Climate Risk Management Guideline introduced in April 2023. The efforts were complemented by the implementation of the Sustainability Standards Certification Initiative (SSCI) for thirteen banking institutions in the country. On top of that, the Reserve Bank joined the Network for Greening the Financial System (NGFS) during the year as part of its efforts to incorporate climate-related issues in its monetary policy objectives.

In overall terms, the Bank made important strides in 2023 in pursuit of its legal mandate for price and financial system stability which saw an overall decline in consumer price inflation, liberalisation of the foreign exchange market, ongoing participation in international fora and the various initiatives to promote financial innovation, inclusion, and stability.

I would like to take this opportunity to express my sincere gratitude to the Board of Directors, Monetary Policy Committee members, Management and Staff of the Bank for their unwavering support during the term I served as Governor of the Reserve Bank of Zimbabwe. To our vast community of stakeholders in the economy, including Government, financial sector players and regulators, industry and commerce and international community amongst others, I would like to extend my appreciation for their contribution towards the Bank's pursuit in efforts to achieve its mandates.

I thank you.

John P. Mangudya
Governor

2023 BOARD OF THE RESERVE BANK OF ZIMBABWE

The following were members of the Reserve Bank's Board of Directors in 2023:

Dr. J. P. Mangudya	Governor & Chairman
Mrs. M. Dzumbunu	Deputy Chairperson
Dr. J. T. Chipika	Deputy Governor
Dr. I. Matshe	Deputy Governor
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
Ms. B. Muswaka	Non-Executive Director
Mr. C. Mphambela	Ministry of Finance & Economic Development Representative

The Bank's Board of Directors is appointed in terms of the Act [*Chapter 22:15*]. The current Board had its tenure of office renewed with effect from the 7th of September 2023 for a second and final second term of office of four years. One of the members, Mr. Clive Mphambela, was subsequently appointed Permanent Secretary to the Ministry of Veterans of the Liberation Struggle Affairs and ceased to be a member of the Board in line with section 23 (2) of the Act.

In compliance with section 29A of the enabling legislation, the Bank had in place the obligatory Audit & Oversight Committee during the course of 2023. The Bank also had in place the following essential Board Committees:

i. The Banking Sector Stability Committee, and
ii. The Human Resources & Governance Committee.

The Board and Board Committees assembled for their scheduled meetings in person or through virtual platforms as indicated below:

a) The Board met quarterly on 29 March 2023, 28 June 2023, 27 September 2023, and 6 December 2023.
b) Board Committees met as follows:

i. **The Audit and Oversight Committee** met on 22 March 2023, 21 June 2023, 20 September 2023, and 29 November 2023;

ii. **The Banking Sector Stability Committee** met on 15 March 2023, 14 June 2023, 13 September 2023, and 22 November 2023; and

iii. **The Human Resources and Governance Committee** met on 16 March 2023, 15 June 2023, 14 September 2023, and 23 November 2023.

Reserve Bank of Zimbabwe
Board *of* Directors

Dr. J. P. Mangudya
Governor & Chairman

Mrs. M. Dzumbunu
Deputy Chairperson

Dr. J. T. Chipika
Deputy Governor

Dr. I. Matshe
Deputy Governor

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

Ms. B. Muswaka
Non-Executive Director

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

MONETARY POLICY COMMITTEE (MPC)

The Monetary Policy Committee comprised of the following members in 2023:

Dr. J. P. Mangudya	Governor & Chairman
Dr. J. T. Chipika	Deputy Governor
Dr. I. Matshe	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 MPC met as scheduled on 30 January 2023, 24 March 2023, 26 June 2023, 22 September 2023, and 1 December 2023. Resolutions made by the MPC were timeously communicated to the market through the print media and the Bank's website.

Reserve Bank of Zimbabwe
Monetary Policy Committee MPC

Dr. J. P. Mangudya
Governor & Chairman

Dr. J. T. Chipika
Deputy Governor

Dr. I. Matshe
Deputy Governor

Mrs. M. Dzumbunu
Member

Dr. C. C. Jinya
Member

Prof. A. Chakravarti
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 2023: -

Dr. J. P. Mangudya	Governor & Board Chairman
Dr. J. T. Chipika	Deputy Governor
Dr. I. Matshe	Deputy Governor
Mr. A. Saburi	Director, Financial Markets
Dr. N. Mupunga	Director, Economic Research & Policy
Mr. C. Chiketa	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

Reserve Bank of Zimbabwe
Executive Committee EXCO

Dr. J. P. Mangudya
Governor & Chairman

Dr. J. T. Chipika
Deputy Governor

Dr. I. Matshe
Deputy Governor

Mr. A. Saburi
Director, Financial Markets

Dr. N. Mupunga
Director, Economic Research & Policy

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Director, Finance

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Director, Exchange Control

Mr. P. T. Madamombe
Director, Bank Supervision

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

STATEMENT ON CORPORATE GOVERNANCE

The Bank's operations continued to be guided by the existing enabling legal framework during the course of 2023. Good corporate governance remained pivotal in the overall management of the Bank as evidenced by the existence of functional Board of Directors, Board Committees, Monetary Policy Committee (MPC) and Executive Committee (EXCO) of Senior Management in line with the Reserve Bank of Zimbabwe Act [Chapter 22:15].

The Bank diligently observed all other laws impacting on its operations and ensured that stakeholders and the general public are adequately informed on developments in the economy. This was achieved through prompt publication of necessary information through the media, circulars, notifications, guidance, and updates. The Bank continued to ensure that its internal corporate governance procedures and methods adequately enabled it to operate professionally, credibly, transparently, and competently.

In the spirit of inculcating a culture of good corporate governance in the banking sector, the Bank continued to enhance its efforts towards building up credible and effective corporate governance structures and systems at all commercial banks and financial institutions under its regulation.

LEGISLATION

During the year being reported on, there was only one legal instrument promulgated which modified the borrowing powers of the Bank by limiting them to borrowing foreign currency only on behalf of the Minister of Finance, Economic Development, and Investment Promotion. This was the Presidential Powers (Temporary Measures) (Amendment of the Reserve Bank of Zimbabwe Act) Regulations, Statutory Instrument 108 of 2023.

The following statutory instruments, whose citations are self-explanatory, which were promulgated during 2023 required the Bank, through its Exchange Control departments, to monitor and ensure compliance by individuals and institutions:

a) *Exchange Control (Payment of Electricity and Related Services in Foreign Currency by Exporters and Partial Exporters) (Amendment) Order, Statutory Instrument 9 of 2023.*
b) *Exchange Control (General) (Amendment) Order, Statutory Instrument 20A of 2023* – The instrument prescribed the amount of currency that a traveller is allowed to export on person or in baggage or to possess whilst in the departure lounge or at a port of exit without seeking prior Exchange Control approval.
c) *Exchange Control (Control of Payments) (Charge on Specified Outbound Foreign Currency Payments), Regulations, Statutory Instrument 107 of 2023.*
d) *Exchange Control (Special Provisions for Securities Listed on the Victoria Falls Stock Exchange) (Amendment) Regulations, Statutory Instrument, 113 of 2023.*

LITIGATION

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

(a) The case which commenced in 2018 in which a Plaintiff was alleging that the Bank was negligent in that it did not disclose to the general public that a banking institution was a troubled institution leaving him to deal with institution which caused him to suffer financial losses was decided in the Bank's favour in October 2023. The Plaintiff was suing the Bank for damages to the tune of US$19.5 million plus interest and costs of the suit.

The following appeals in labour related cases remained outstanding during the course of the year:

(a) An appeal involving security guards employed on fixed contracts between 2007 and April 2011, who are seeking to be declared permanent employees of the Bank; and
(b) An appeal by a Senior Economist who leaked a confidential document and was dismissed after a disciplinary hearing.

STAFF WELLNESS

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

Through its Safety Health Environment and Quality (SHEQ) policy the Bank consistently continued to raise Staff awareness in, among other things, general health issues, good eating habits, importance of exercising, emotional intelligence, non-communicable diseases, and environmental safety. The Bank set aside the 3rd and the 4th of October 2023 for free eyesight screening for Staff in collaboration with Spec Savers Opticians. Members of Staff resoundingly responded to the invitation.

STAFF RECREATION

In terms of the Bank's sports policy, sporting clubs within the Bank trained during the course of the year and competitively participated the 2023 Inter-Central Bank Games hosted by the Bank of Botswana in Gaborone, from the 7 to 10 April 2023 and by the Reserve Bank of Malawi in Lilongwe, from the 13 to 18 September 2023. The Malawi games ran parallel with the local interbank games and the Bank managed to field teams in both games. The number of medals achieved by the various disciplines demonstrated a high level of Staff wellness and fitness.

LABOUR RELATIONS

Labour relations within the Bank were cordial throughout the year. The Works' Council, which comprise of workers representatives and Senior Management Representatives, met thrice on 26 January 2023, 7 July 2023, and 25 September 2023. Deliberations during the Works Council meetings were very affable, and all issues raised were amicably resolved.

1 DEVELOPMENTS IN THE GLOBAL ECONOMY

1. Global growth is estimated to have slowed down from 3.5 percent in 2022 to 3.2 percent in 2023 and is projected to remain at 3.2 percent in 2024. The estimated growth is below the historical (2000–19) average of 3.8 percent, reflecting global restrictive monetary policies, withdrawal of fiscal support, as well as low underlying productivity growth. The slowdown in growth was more pronounced in the advanced economies than in emerging market and developing economies.

2. Growth in advanced economies slowed from 2.6 percent in 2022 to 1.6 percent in 2023. Advanced economies are expected to see growth decline slightly in 2024. Recovery is anticipated for the Euro area, from low growth in 2023 and a moderation of growth in the United States.

3. Emerging market and developing economies are expected to experience stable growth in 2024, with regional differences. Growth in Sub-Saharan Africa slowed from 4% in 2022 to 3.3% in 2023 and is expected to recover to 3.8% in 2024.

Table 1: Revised Global Economic Growth Rates & Outlook

Region/Country	2022	2023	2024proj
World Output	**3.5**	**3.1**	**3.1**
Advanced Economies	**2.6**	**1.6**	**1.5**
USA	*2.1*	*2.1*	*1.7*
Euro-Area	*3.3*	*0.5*	*0.9*
United Kingdom	*4.1*	*0.5*	*1.6*
Emerging Markets & Developing Economies	**4.1**	**4.1**	**4.1**
Emerging and Developing Asia	**4.5**	**5.4**	**5.2**
China	*3.0*	*5.2*	*4.6*
India	*7.2*	*6.7*	*6.5*
Emerging and Developing Europe	**0.8**	**2.7**	**2.8**
Russia	*4.7*	*-2.2*	*0.3*
Sub Saharan Africa	**4.0**	**3.3**	**3.8**
Nigeria	3.3	*2.8*	*3.0*
South Africa	*1.9*	*0.6*	*1.0*

Source: IMF World Economic Outlook (WEO): January 2024 Update

4. Global inflation fell faster than expected in most regions, amid unwinding supply-side constraints and restrictive monetary policy. Global headline inflation is

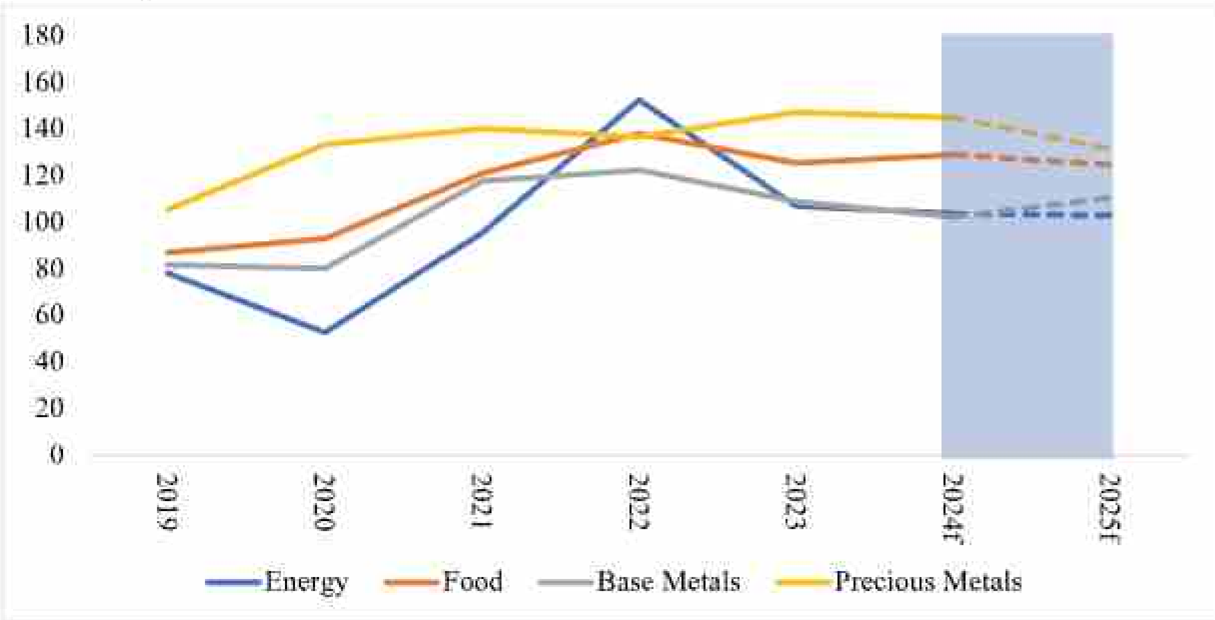
expected to fall to 5.9 percent in 2024 from 6.8 percent in 2023, due to tighter monetary policy, coupled with low international commodity prices.

International Commodity Price Developments

5. International commodity prices receded in 2023 as global economic growth slowed, especially in advanced economies, including United States, Japan, and the Euro area. In 2023, economic uncertainty, elevated inflation in most economies, and rising geopolitical tensions boosted the safe-haven characteristic of gold as a long-term store of value.

6. PGMs prices declined amid growing concerns about the future demand for PGMs as the electrical vehicle market takes off. Figure 1 shows developments in major commodity price indices for 2019 to 2025.

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



Source: World Bank Commodity Markets 2023

7. Energy prices declined in 2023, due to weaker global demand and a positive supply outlook. Heightened oil supply growth in the US, Canada, and Brazil, off settled the restrained supply by Russia and other OPEC countries.

8. Base metal prices decreased, attributable to high inventories, rising global supplies on account of the ramping up of production as well as slackening demand in China, the largest consumer of base metals.

International Financial Markets

9. Inflation pressures, coupled with central banks' aggressive tightening of monetary policies, fears of a global recession, and geopolitical concerns linked to the Israel-Hamas conflict were some of the key drivers of international financial markets in 2023. While central banks across the globe continued to hike interest rates for the greater part of 2023, there was an increasing inclination to interest rates cut in the last quarter of 2023.

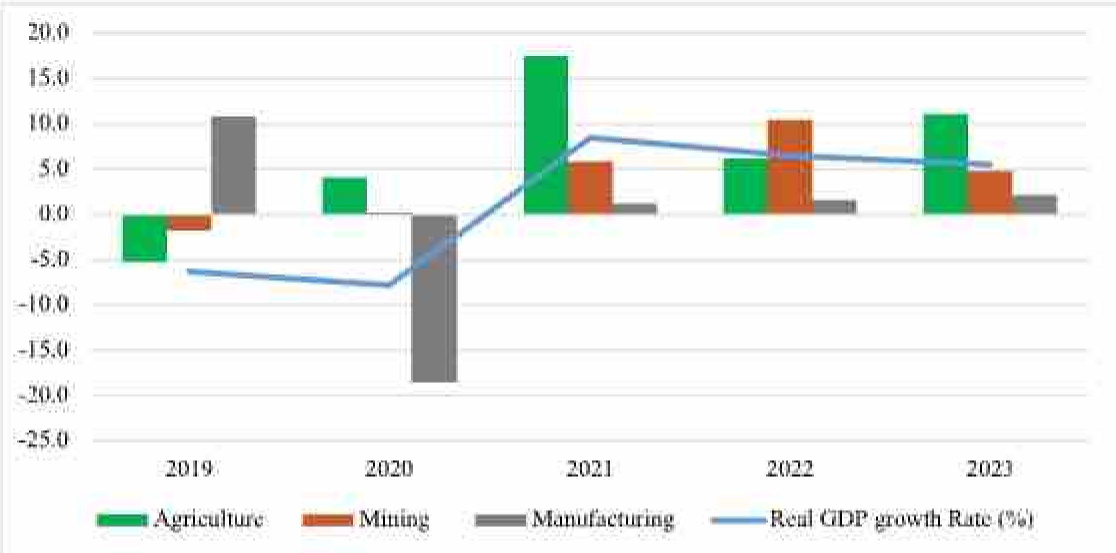
10. Global benchmark interest rates such as the Secured Overnight Financing Rate (SOFR), rose from 4.31% at the start of 2023 to end the year at 5.39% a marginal increase of 1.08% as compared to a 3.77% increase in 2022. Global interest rates, as well as, borrowing costs are expected to begin easing during the first quarter of 2024, as global central banks begin cutting interest rates.

2 DOMESTIC MACRO-ECONOMIC DEVELOPMENTS

Real Sector Developments

11. The economy is estimated to have grown by 5.5% in 2023, on account of better-than-expected output in agriculture, in particular, tobacco, wheat and cotton. Underpinning the 2023 growth rate was favourable international commodity prices, normal to above normal rainfall, tight monetary and fiscal policies. The growth is estimated to have been sustained by mining, construction, and agriculture, as well as accommodation sectors. The trends in the real GDP growth rate and selected growth rates for the period from 2019 to 2023 are shown in Figure 2.

Figure 2: Trend in Real GDP and Selected Sectoral Growth Rates (%): 2018-2023



Source: ZIMSTAT, MOF, RBZ, 2023

Agriculture

12. The agriculture sector is estimated to have grown by 11.1% in 2023 up from the 6.2% registered in 2022. The remarkable growth is attributed to good performance in both the crops and livestock sub-sectors following the favourable 2022/23

rainfall season. Table 2 shows the estimated agriculture production trends from 2021 to 2023.

Table 2: Agriculture Production Trends (000s)

		2021	2022	2023
Agriculture Growth	*Wt.*	**17.5**	**6.2**	**11.1**
Tobacco (flue-cured)	*22.86*	211	213	297
Maize	*17.18*	1469	1557	2298
Beef	*3.79*	81	94	103
Cotton	*3.71*	125	56	90
Sugar cane	*7.45*	4350	4341	4653
Horticulture	*11.72*	99	99	106
Poultry and Ostriches	*1.03*	184	172	174
Groundnuts and roundnuts	*5.23*	121	128	163
Wheat	*12.39*	337	375	420
Dairy (m lt)	*1.92*	96	110	116
Soybeans	*1.85*	71	82	108
Tea	*1.90*	38.1	25	39
Pork	*0.26*	12.2	15	16
Wildlife and fisheries	*3.36*	28	30	30
Sorghum, rapoko and millet	*3.10*	183	194	161
Barley	*0.40*	40	39	42
Sheep and goats	*0.57*	5.2	5	9
Sunflower seeds	*0.18*	9.46	11	73
	100			

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

13. Combined summer cereal output increased significantly from about 1.751 million tonnes in the previous season to about 2.46 million tonnes in 2023, thereby exceeding national cereal demand estimated at 2.30 million tonnes. Winter wheat output also increased from 375 000 tonnes in 2022 to an estimated 42 000 tonnes in 2023, on the back of adequate financial support, inputs, water, and electricity throughout the production season.

14. Tobacco output increased to a record 297 million kilograms in 2023, up from 212.7 million kilograms in 2022. The increase in output was attributable to increased hectarage planted and a longer rainfall season. By the end of the selling, season tobacco sales were estimated at US$897 million up from the US$650.3 earned in the previous season.

15. Cotton output stood at 90 000 tonnes in 2023, up from 56,043 tonnes in 2022. The increase in output is partially attributed to the continued support under a government funded free input scheme, earmarked to resuscitate the cotton to clothing value chain.

Mining

16. Minning industry output registered strong growth across major minerals in 2023 when compared to output in 2022. Lithium, granite, PGMs (Platinum, palladium, Rhodium and Iridium), nickel, copper and coal recorded significant growth in 2023. Output for phosphate, gold and chrome, however declined in 2023 relative to 2022.

Table 3: Mineral Production Statistics: 2022-23

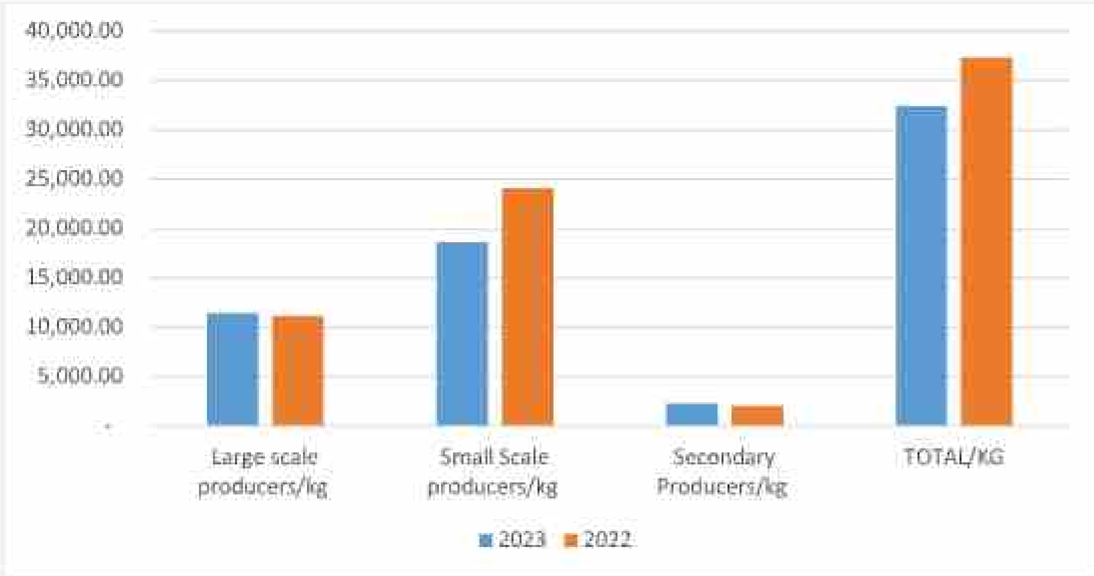
	2022	2023	Variance (%)
Gold (kgs)	37,265.24	32,391.25	-13%
Platinum (kgs)	16,459.88	19,180.20	17%
Palladium (kgs)	13,934.58	15,857.46	14%
Rhodium (kgs)	1,461.11	1,671.52	14%
Iridium (kgs)	601.20	959.08	60%
Diamonds (cts)	4,844,019.42	5,098,207.07	5%
Chrome (MT)	1,109,794.98	1,077,353.25	-3%
Nickel (MT)	14,259.73	17,784.12	25%
Copper (MT)	10,168.12	14,221.20	40%
Cobalt (MT)	211.24	385.90	83%
Coal (MT)	4,185,417.10	4,898,734.47	17%
Lithium (MT)	102,420.00	826,925.00	707%
Phosphate (T)	21,910.20	9,106.00	-58%

Source: Ministry of Mines and Mining Development, FGR, MMCZ, 2023

Gold

17. Gold output in 2023 declined by 13% from 37 265 kg in 2022 to 32 391 kg in 2023. Production was negatively affected by intermittent power outages as well as high electricity tariff. Artisanal and small-scale miners (ASM) accounted for 58% of the gold output. Large scale producers and secondary producers contributed 35% and 7%, respectively to the 2023 output, as shown in Figure 3.

Figure 3: Developments in Gold Output in 2023 and 2022

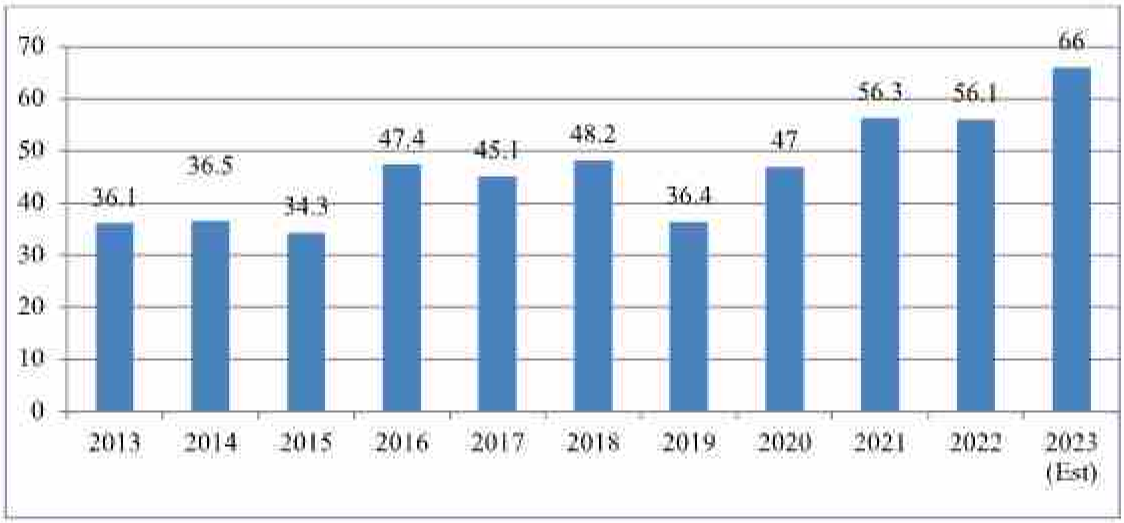


Source: Ministry of Mines, FGR, 2023

Manufacturing

18. The manufacturing sector is estimated to have grown by 2.2% in 2023. Capacity Utilisation has been recording steady gains in volume since 2019, steadily increasing to levels of about 66%, as shown in Figure 4.

Figure 4: Manufacturing sector capacity utilisation.



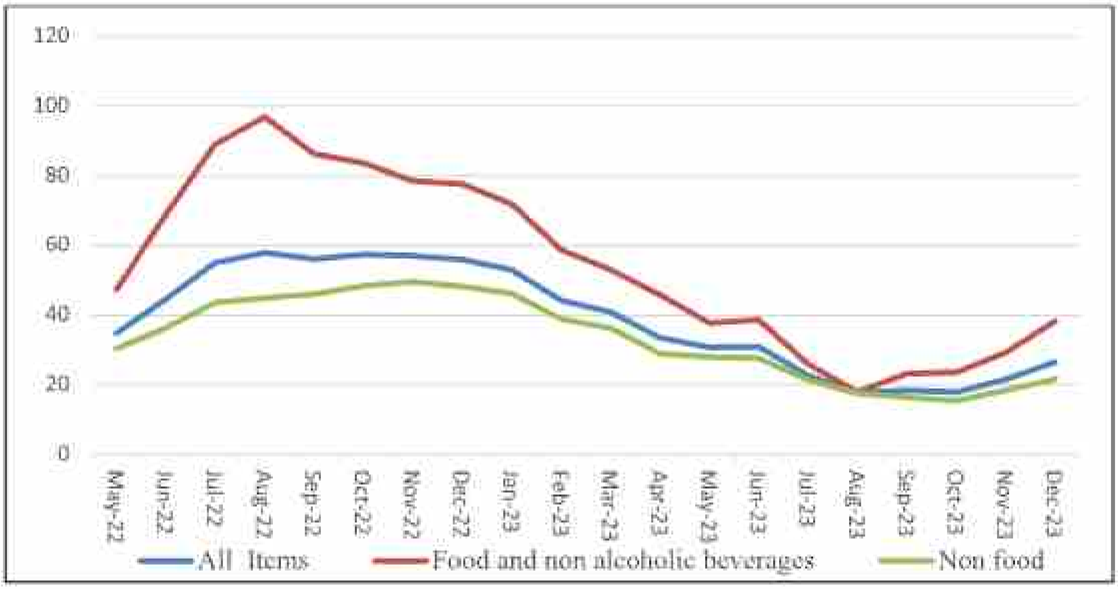
Source: Confederation of Zimbabwe Industries, 2023

Inflation Developments

19. In line with a tight monetary policy stance adopted by the Bank from August 2022, annual headline inflation continued on the deceleration trend, from 53.03% in January 2023, to 17.66% in August 2023.

20. The trend in inflation, however, slowed down in the last quarter of 2023 resulting in annual inflation ending the year at 26.52%, driven by the increase in administered prices of electricity, telecommunications and the short supply of grain in October 2023. Figure 5 shows the trend of headline inflation from May 2022 to December 2023.

Figure 5: Annual Inflation Profile 2022-2023 (%)



Source: Zimbabwe National Statistics Agency, 2023

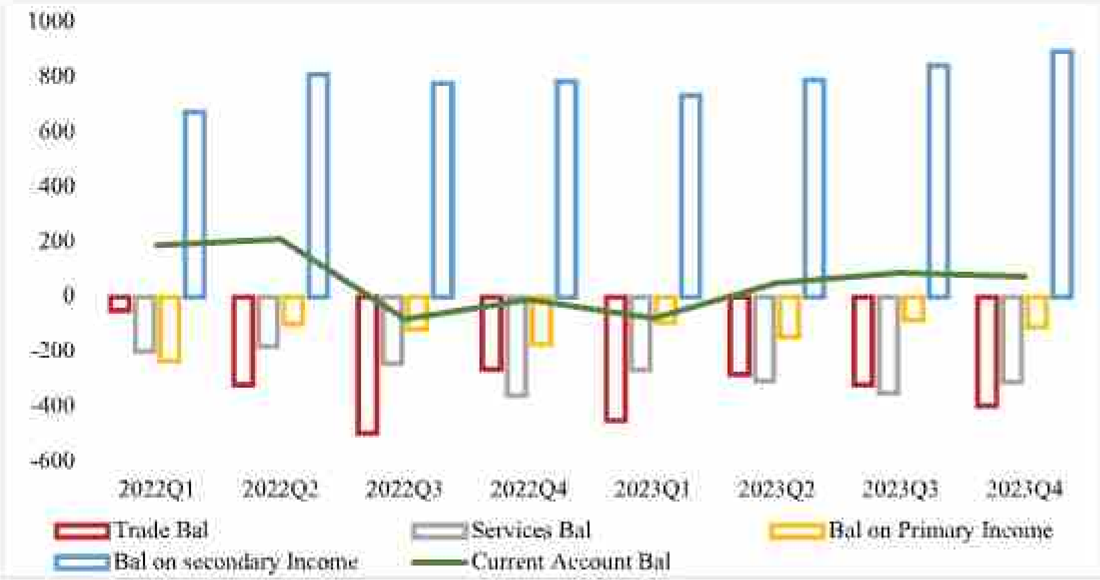
Balance of Payments

21. The country's external sector remained relatively strong as evidenced by a surplus current account balance recorded in 2023. The sector benefited from resilient remittance inflows, coupled with marginal export growth.

Current Account Developments

22. The current account balance narrowed to a surplus of US$133.9 million in 2023, from a surplus of US$305.0 million recorded in 2022. This followed a more significant trade deficit, as imports grew at a faster pace than exports on account of weaker global prices for most commodities. The current account was further weighed down by services and primary income accounts that registered deficits. Nevertheless, secondary income flows demonstrated resilience.

Figure 6: Current Account Developments (US$ millions)



Source: Zimstat and RBZ Estimates, 2022

Merchandise Exports

23. Merchandise exports marginally rose by 2.9%, from US$7 000.2 million in 2022 to US$7 203.5 million in 2023, largely driven by agricultural and manufactured exports.

24. Agriculture exports grew by 25.3%, from US$1 067.4 million in 2022 to US$1 338.0 million in 2023, mainly driven by the exceptional performance of tobacco, and crocodile hides. Tobacco exports increased by 27.8%, to U$1 191.0 million 2023, compared to US$926.1 million in 2022. The increase in merchandise exports was, however, partially offset by subdued mineral exports.

Merchandise Imports

25. During 2023, merchandise imports rose by 6.5% to US$8 656.4 million, from US$8,131.8 million in 2022. The growth was driven by increased imports of fuel, machinery, electricity, and grain.

Remittances

26. Remittances rose from US$1,970.6 million in 2022 to US$2,162.4 million recorded in 2023, as the Zimbabwe diaspora continued to send money home for food, education, healthcare, and housing support. Major source markets included South Africa (31.6%), the United Kingdom (24.8%), the United States (9.96%), Australia (5.1%) and Canada (2.2%).

Capital and Financial Accounts Developments

27. The capital account balance largely remained in positive territory, as the country benefitted from the government's re-engagement initiative which has unlocked support from Development Partners across the world. In 2023, health, agriculture, governance, and energy were the major beneficiaries of grants received by the country.

28. The financial account registered a net borrowing position of US$938.8 million, largely on account of non-debt creating inflows, notably the huge draw down on reserves and direct investment which outweighed outflows, during the year under review.

29. Net direct investment inflows stood at US$557.9 million in 2023, an improvement from US$336.8 million recorded in the previous year. The largest investments were in the resources sector, particularly for the expansion of existing operations and opening of new platinum mines, as well as the development of new lithium mines and processing plants.

30. Disbursements to Government in 2023 amounted to US$409.0 million, comprising of US$9 million disbursements from existing loan facilities (BADEA and OFID) and a new loan of US$400 million from AFREXIMBANK.

31. In addition, State-Owned Enterprises (SOEs) received a total of US$127.5 million towards the construction of the R. G. Mugabe International Airport (US$26.8 million), Deka Pumping Station (US$7.3 million) and NetOne Network Expansion Phase III (US$43.7 million).

Supply and Demand for Foreign Currency

32. The country's foreign currency receipts[1] have remained high compared to historical averages, notwithstanding the marginal decline in 2023 compared to 2022. In 2023, foreign exchange inflows amounted to US$10,995.8 million, 3.7% down from US$11,414.4 million recorded in the previous year. Total foreign payments processed through banks increased by 8.5% to US$9,325.0 million in 2023, from US$ 8,591.0 million realised in 2022.

External Loans Approvals

33. Private sector offshore loans have been a major source of liquidity in the economy in the recent past, with proceeds being deployed towards working capital and retooling purposes. The total private sector loans approved in 2023 amounted to US$1,715.3 million compared to US$1,835.7 million in 2022. Loan disbursements for the agricultural sector were mainly for tobacco financing and were short term in nature. This sector was the largest beneficiary of private sector loans constituting about 64.3% of total loan approvals, followed by mining and manufacturing sectors at 12.6% and 7.8%, respectively, as shown in Table 4.

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

Table 4: External Loan Approvals by Sector

	2022		2023	
Sector	**Approved Amount (US$ m)**	**Percentage Sectoral Contribution**	**Approved Amount (US$ m)**	**Percentage Sectoral Contribution**
Agriculture	979.4	53.4	1,102.8	64.3
Mining and Quarrying	418.5	22.8	216.6	12.6
Financial	238.0	13.0	89.1	5.2
Manufacturing	79.1	4.3	133.8	7.8
Services	61.6	3.4	117.7	6.9
Energy	32.2	1.8	2.4	0.1
Transport	16.6	0.9	14.1	0.8
Retail and Distribution	4.0	0.2	27.0	1.6
TOTAL	**1,835.7**	**100**	**1,715.3**	**100**

Source: Reserve Bank of Zimbabwe, 2022

3 BANKING SECTOR REGULATION AND SUPERVISION

Banking Sector and its Performance

34. The banking sector continued to depict resilience against the background of a dynamic operating landscape. The resilience was underpinned by adequate capital and liquidity buffers, satisfactory asset quality on the back of a low non-performing loans ratio, and profitability. This was, in the main, attributable to sound risk management systems at banking institutions.

Capitalisation

35. All banking institutions were adequately capitalised, with banking sector average capital adequacy and tier 1 ratios of 37.21% and 25.64%, which were above the prescribed minimum of 12% and 8%, respectively, as at 31 December 2023.

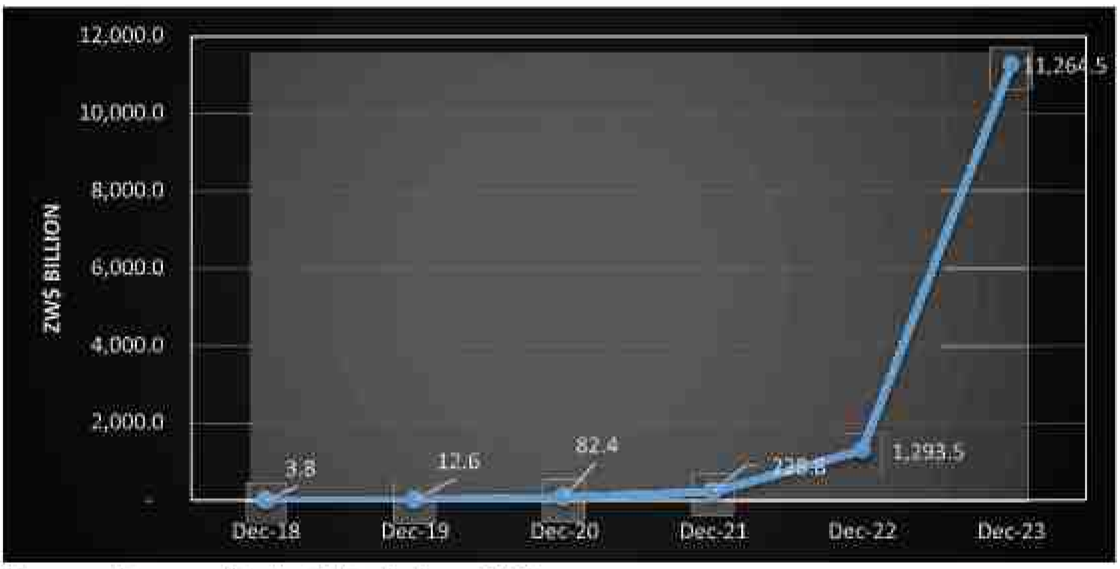
36. Aggregate core capital increased by 506.08%, from ZW$101.38 billion to ZW$611.11 billion during the year ended 31 December 2022. The increase in core capital was mainly attributed to growth in retained earnings, which were driven by revaluation gains from investment properties, as well as translation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

37. 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

38. As at 31 December 2023, aggregate banking sector loans and advances amounted to ZW$11.26 trillion, representing a 16.08% increase from ZW$1.29 trillion reported as at 31 December 2022. The increase was largely attributed to the growth in foreign currency denominated loans, which accounted for 84.67% of the sector's total loans. Figure 7 shows the trend in banking sector loans and advances from 31 December 2018 to 31 December 2023.

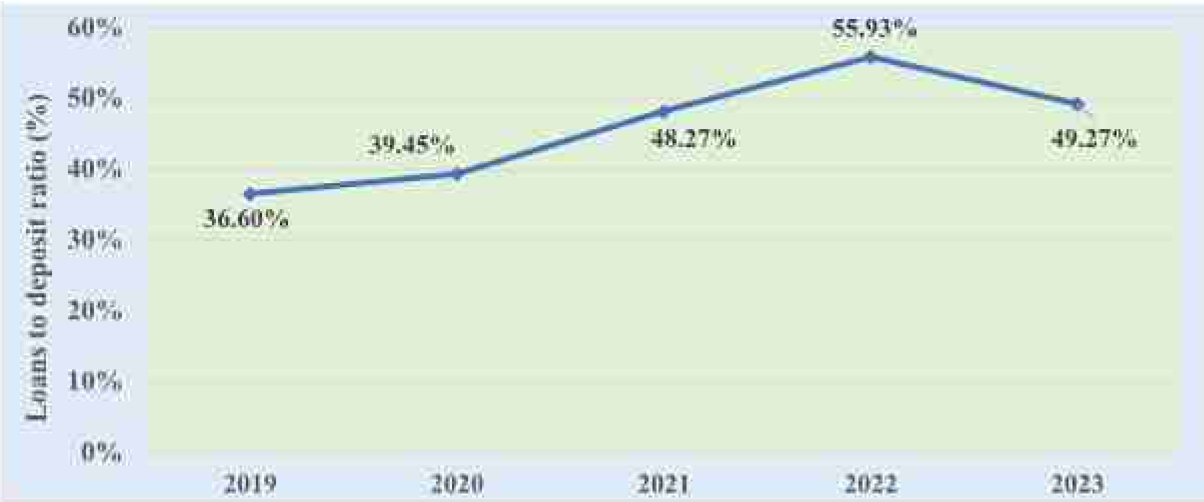
Figure 7: Trend in Banking Sector Loans and Advances



Source: Reserve Bank of Zimbabwe, 2023

39. Total loans to total deposits ratio decreased from 55.67% as at 31 December 2022 to 49.27% as at 31 December 2023, as shown in Figure 8.

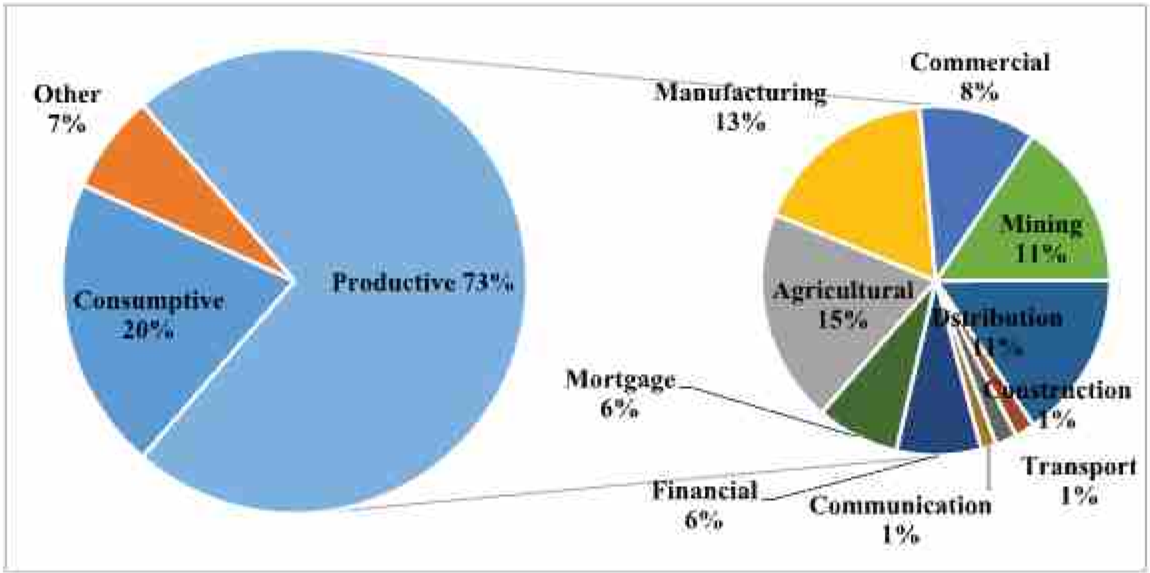
Figure 8: Banking Sector Loans to Deposits Ratio (2019 -2023)



Source: Reserve Bank of Zimbabwe, 2023

40. Lending to the productive sectors of the economy decreased from 78.45% as at 31 December 2022, to 72.68% as at 31 December 2023. The sectorial distribution for loans and advances was as shown in Figure 9.

Figure 9: Sectorial Distribution – 31 December 2023



Source: Reserve Bank of Zimbabwe, 2023

Non-Performing Loans (NPLs)

41. The banking sector's loan portfolio quality remained satisfactory as reflected by the average non-performing loans (NPLs) to total loans ratio of 2.09% as at 31 December 2023, which was well below the international acceptable tolerance level of 5%. The trend in non-performing loans from 31 December 2018 to 31 December 2023 is shown in Figure 10.

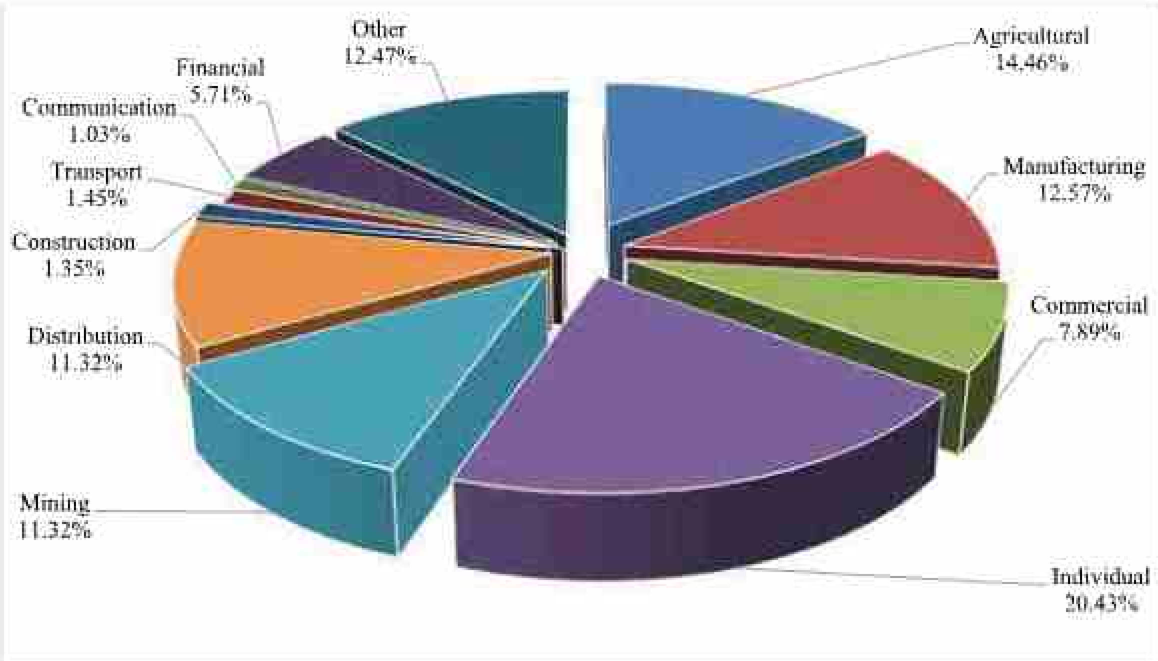
Figure 10: Trend in Non-Performing Loans: 31 December 2018 – 31 December 2023

Source: Reserve Bank of Zimbabwe, 2023

Sectorial Distribution of NPLs

42. In terms of sectorial distribution, individuals (households) had the highest NPLs of 20.43% followed by agriculture (14.46%) and manufacturing (12.57%) as shown in Figure 11.

Figure 11: Sectoral Distribution of NPLs as at 31 December 2023



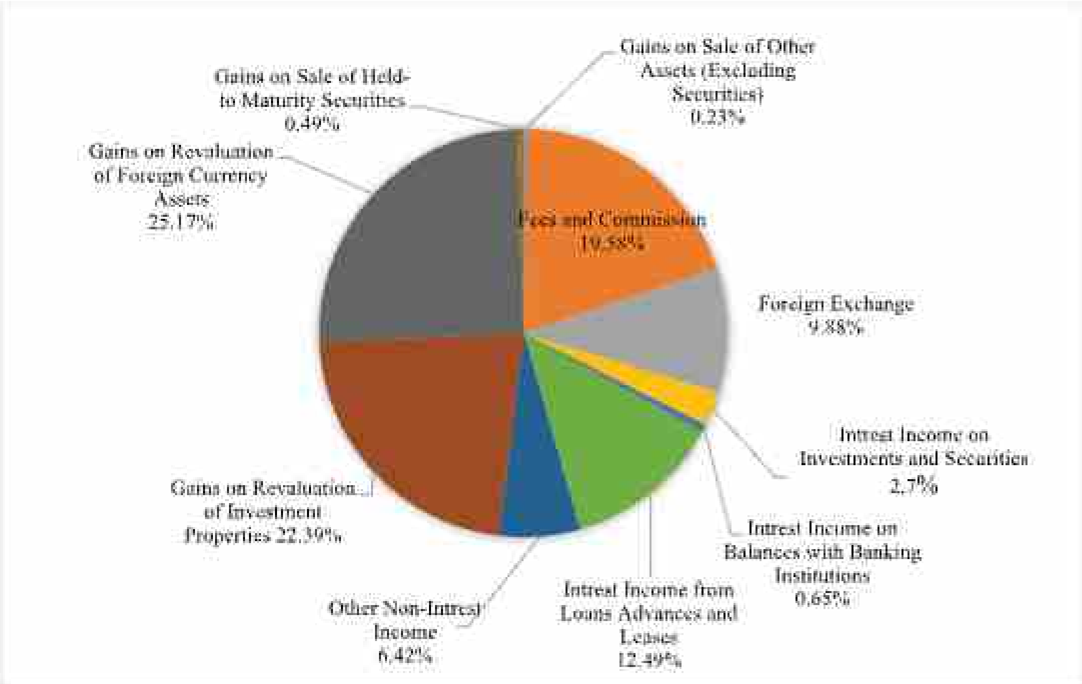
Source: Reserve Bank of Zimbabwe, 2023

Earnings Performance

43. The banking sector remained profitable, with all banking institutions recording profits for the review period. Aggregate profits of ZW$5.77 trillion were reported for the year ended 31 December 2023, compared to ZW$503.13 billion reported in the corresponding period in 2022.

44. The growth in banking sector income emanated from non-interest income (largely driven by revaluations of foreign currency assets as well as investment properties), which accounted for 84.27% of total income (ZW$10.45 trillion) as at 31 December 2023. The income mix for the sector is depicted in Figure 12.

Figure 12: Income Mix for 2023



Source: Reserve Bank of Zimbabwe, 2023

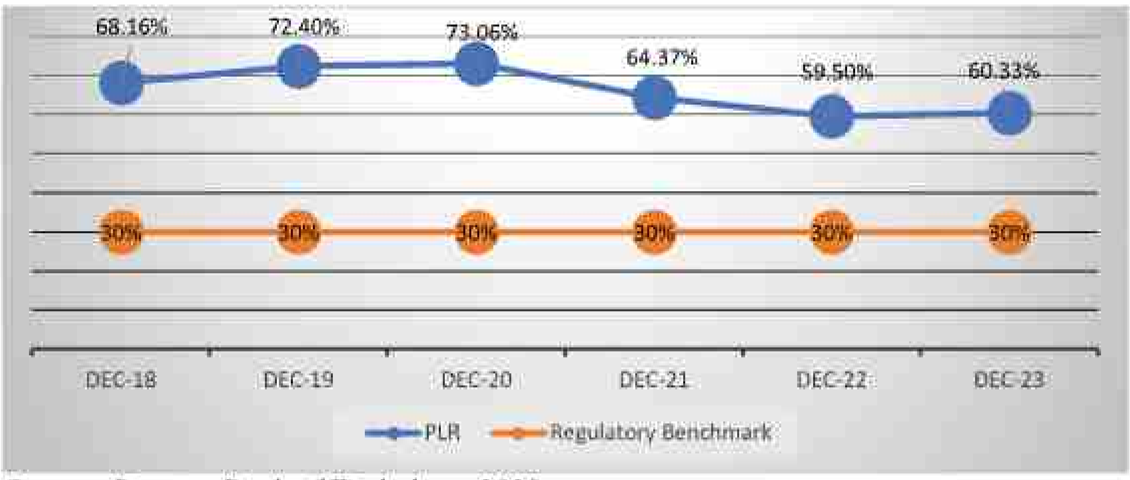
45. Banking sector profitability as measured by the return on assets and return on equity ratios improved from 17.43% and 54.33% as at 31 December 2022, to 23.97% and 68.99%, respectively as at 31 December 2023.

Liquidity and Funds Management

46. The upward trajectory in total banking sector deposits continued from ZW$2.29 trillion to ZW$19.47 trillion during the year ended 31 December 2023. Foreign currency denominated deposits accounted for 77.09% of total deposits as at 31 December 2023.

47. The banking sector's average prudential liquidity ratio was 60.33% as at 31 December 2023 as banking institutions continued to maintain robust liquidity positions on the back of cautious lending strategies as part of credit risk management. The trend in the liquidity ratio is shown in Figure 13.

Figure 13: Prudential Liquidity Ratio Trend (%)



Source: Reserve Bank of Zimbabwe, 2023

3.2 Money and Capital Markets Developments

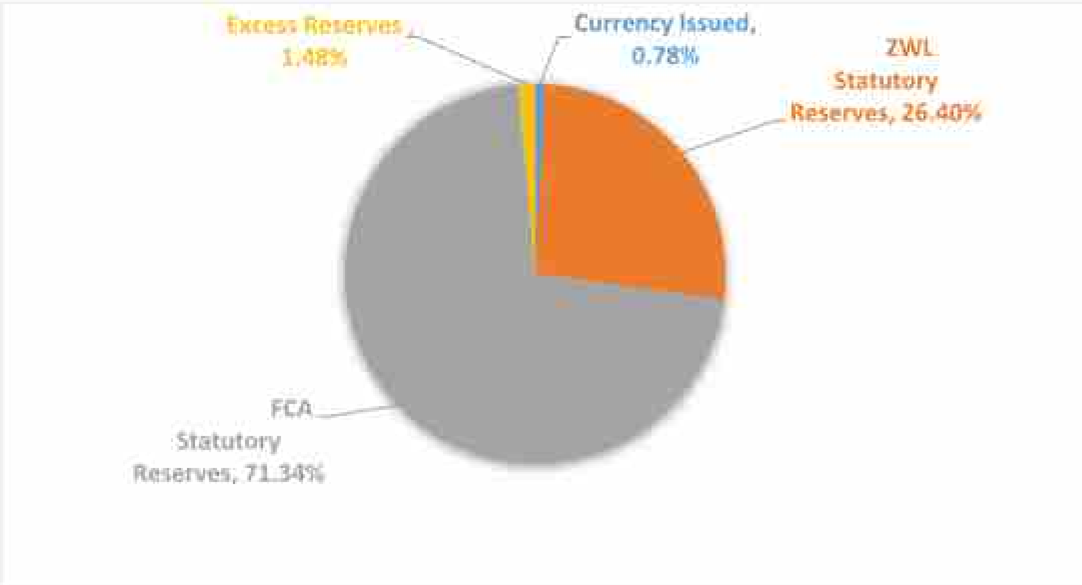
Reserve Money Developments

48. In 2023, the Bank continued on a tight monetary policy trajectory as reflected by an upward revision of statutory reserve requirements. Additionally, the Bank policy rate increased from 140% to 150% in June 2023 and subsequently reduced to 130% in December 2023. The MBA lending facility rate increased to 75% as at December 2023 from 70% in January 2023.

49. Resultantly, the increase in reserve money stock from ZW$104.04 billion in December 2022 to ZW$2 021.22 billion in December 2023, was largely driven by increases in both local and foreign currency statutory reserves.

50. Statutory reserves largely dominated reserve money stock by more than 95%, which reflected withdrawal of liquidity from the market, as shown in Figure 14.

Figure 14: Components of Reserve Money as at December 2023



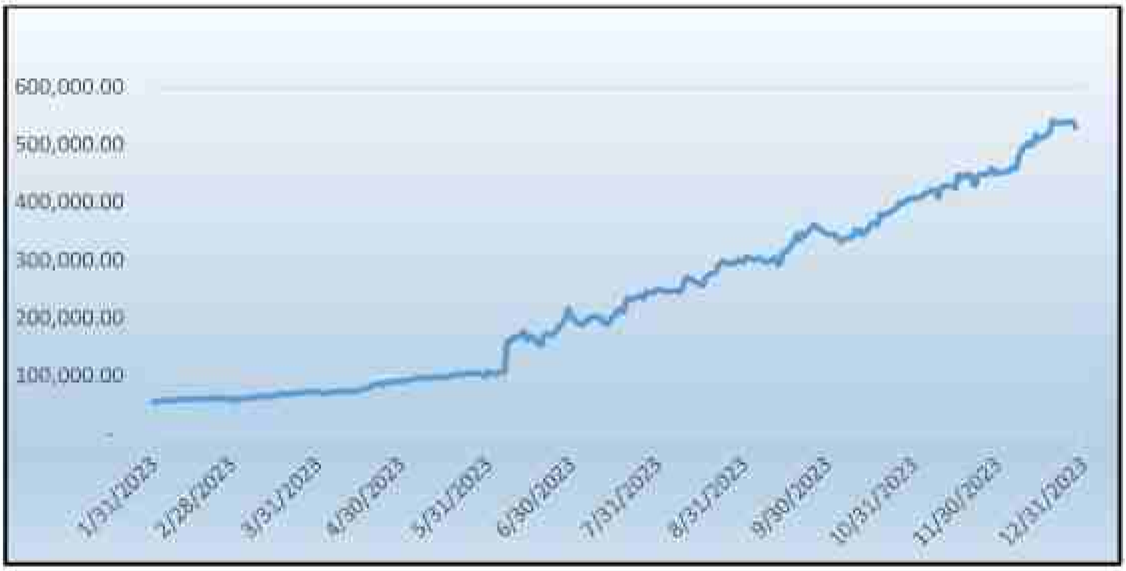
Source: Reserve Bank of Zimbabwe, 2023

Local Currency Statutory Reserves

51. The statutory reserves ratio was increased in June 2023, from 10% to 15% for demand and call deposits, whilst the ratio for time deposits was maintained at 5%. The statutory reserves ratios remain unchanged from thereon.

52. Statutory reserves exhibited an upward trend, increasing by more than 888.74% from ZW$56.77 billion in January 2023 to ZW$561.34 billion in December 2023. The rise in statutory reserves was mainly driven by increased credit creation by banks and an increase in Government expenditures and foreign exchange purchases.

Figure 15: Daily Statutory Reserves Returns (ZW$ millions)



Source: Reserve Bank of Zimbabwe, 2023

Foreign Currency Statutory Reserves

53. The Bank standardized statutory reserve requirements on domestic and foreign currency at 15% for demand and call deposits, and 5% for time deposits, with effect from September 2023. As a result, foreign currency statutory reserve balances increased during the review period as highlighted in Table 5.

Table 5: Foreign Currency Statutory Reserves Balances

CURRENCY	Jan-2023	Dec-2023	Change
USD	69,627,782.76	226,875,414.25	226%
ZAR	44,843,303.94	137,487,901.13	207%
BWP	274,708.24	980,096.93	257%
EUR	208,396.15	1,137,758.21	446%

Source: Reserve Bank of Zimbabwe, 2023

Broad Money Developments

54. Broad money (M3) stock stood at ZW$18 914.58 billion in 2023, an increase of 708.93% from ZW$2 338.23 billion recorded in 2022. The year-on-year growth in M3 largely reflected a nominal increase of 884.97% in foreign currency deposits, from ZW$1 449.40 billion to ZW$14 276.21 billion, mainly due to

exchange rate depreciation. The official exchange rate moved from ZW$684.33 per US$1 at the end of 2022 to ZW$6 104.72 per US$1 at the end of the year 2023.

55. The local currency component of broad money grew by 421.85%, from ZW$888.83 billion in 2022 to ZW$4 638.37 billion in 2023.

56. Foreign currency deposits accounted for the largest share of broad money, at 70.83%; followed by local currency transferable deposits, 22.07%; time deposits, 6.18%; negotiable certificates of deposits, 0.23%; and currency in circulation, 0.07%. Figure 16 shows monetary developments for the period December 2022 to December 2023.

Figure 16: Monetary Developments

Source: Reserve Bank of Zimbabwe, 2023

Domestic credit

57. Domestic credit registered a year-on-year increase of 790.66%, from ZW$1 887.87 billion in December 2022 to ZW$16 814.57 billion in December 2023. The growth largely reflected annual increases of 914.07% and 908.65% in credit to private sector and net claims on Government, respectively. The increase in

claims on the Government, partly, reflected the accounting treatment of the drawdowns by Government of the IMF's Special Drawing Rights (SDRs).

58. Credit to the private sector amounted to ZW$11 037.28 billion in 2023, an increase of 914.07%, from ZW$1 088.41 billion in 2022. The increase in credit to the private sector reflected growth in both local currency and foreign currency-denominated loans. Credit to the private sector was mainly channelled to households, manufacturing, and agriculture which received 25.91%, 15.64%, and 14.34% of the total credit, respectively. The mining and distribution sectors received 12.73% and 11.36% of the total private sector credit, respectively.

Money Market Liquidity

59. The Bank maintained a tight monetary policy stance over the year 2023. The money market liquidity limit was reviewed in July 2023, from ZW$100.0 million to ZW$30.0 billion, to address the increased market liquidity demands.

Open Market Operations

60. The Bank continued with the issuance of NNCDs to mop excess liquidity from the market. Outstanding NNCDs as of 31 December 2023 stood at ZW$836.0 billion, compared to ZW$230.5 billion as of 31 December 2022. Banks were allowed to liquidate NNCDs to meet their daily liquidity requirements.

Gold Coins

61. The Bank continued to sell gold coins to the market as a store of value and alternative monetary policy instrument in 2023. Cumulatively, the Bank sold 38,775 gold coins of different denominations at a total value of about ZW$55 billion and US$0.8 million. The bulk of gold coins, 78% were bought by corporates while individuals account for the 22%.

Table 6: Gold Coins Sales-as of 31 December 2023

Details	Sales 2022	Sales in 2023	Cumulative Sales
One Oz Gold Coin	15,341	6,096	21,437
½ Oz Gold Coins	2,450	3,114	5,564
¼ Oz Gold Coin	2,692	2,976	5,668
1/10 Oz Gold Coin	3,885	2,221	6,106
Total	**24,368**	**14,407**	**38,775**

Source: Reserve Bank of Zimbabwe, 2023

62. While the gold coins have a vesting period of 180 days, investors seem to prefer to hold their coins rather than redeem them. Only a total of 1,441 gold coins (about 4% of all coins qualifying for redemption) have been redeemed, with all the redeemed coins being resold to the market as of 31 December 2023.

63. 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.

Gold-Backed Digital Tokens

64. The Bank introduced Gold-Backed Digital Tokens (GBDT), in May 2023 to complement gold coins as a store of value and alternative monetary policy instrument. The GBDT which are sold in units equivalent to a milligram of gold have been well received by the market. The gold tokens which also have a vesting period of 180 days are used for transactional purposes.

65. A cumulative total of 447,626,824 units of gold tokens (about 447.62 kgs) have been purchased valued at ZW$100.9 billion and US$20,689.86.

Table 7: Gold Tokens Issuances-as of 31 December 2023

Date	Bids	Units Sold (mg)	ZW$ Sales Value	US$ Sales Value
May-23	348	266,967,413	30,640,507,714.07	3,155
Jun-23	212	54,652,930	18,580,144,742.54	4,560
Jul-23	30	3,404,181	1,274,507,245.42	80
Aug-23	29	5,038,032	1,636,676,380.76	3,200
Sep-23	29	20,127,868	7,821,883,466.68	8,517
Oct-23	49	23,579,941	9,842,487,408.28	310.00
Nov-23	35	22,921,827	8,423,667,169.62	201.94
Dec-23	44	50,934,632	22,708,413,949	665.92
Total	**756**	**447,626,824**	**100,928,288,075.91**	**20,689.86**

Source: Reserve Bank of Zimbabwe, 2023

66. A total of 40,682,707 units of Gold Backed Digital Tokens (about 13% of all tokens qualifying for redemptions) were redeemed by customers, at a total value of US$2.4 million and ZW$553.1 million as of 31 December 2023.

RBZ Collateral Bills (RBZCB)

67. The Bank introduced the issuance of RBZCBs to mop excess liquidity injected into the market through foreign currency structures. The outstanding RBZCBs amounted to ZW$472.0 billion as of 31 December 2023.

Interbank Market and Overnight Accommodation

68. Interbank trading remains subdued as reflected by banks' excess account balances which remained entrenched in a few institutions that are unwilling to participate in the interbank market due to risk considerations.

69. There was little activity on the facility as banks relied on the liquidation of NNCDs to meet their liquidity demands. As a result, there were no outstanding Lender of last resort facility drawdowns as of 31 December 2023.

Central Bank Facilities

Medium Term Bank Accommodation Facility

70. The MBA Facility was introduced as a measure to promote production and productivity for import substitution, export, and employment creation. Banks access the facility for on-lending to the productivity sectors of the economy.

71. Outstanding balances as of 31 December 2023 are depicted in Table 8.

Table 8: Outstanding balances as at 31 December 2023

INSTITUTION	OUTSTANDING AMOUNT
AFC	38,000,000,000.00
NMB BANK LIMITED	12,000,000,000.00
METBANK	11,474,138,415.87
POSB	5,500,000,000.00
IDBZ	5,440,000,000.00
FIRST CAPITAL BANK (BARCLAYS)	3,436,430,000.00
SUCCESS MICROFINANCE BANK	2,500,000,000.00
ZIMBABWE WOMEN'S MICROFINANCE	2,000,000,000.00
EMPOWER BANK LIMITED	1,400,000,000.00
INNBUCKS	1,000,000,000.00
TOTAL	**82,750,568,415.87**

Source: Reserve Bank of Zimbabwe, 2023

72. Interest rates on the Medium-Term Accommodation Facility have been guided by macroeconomic conditions and the interest rate developments since its inception, as shown in Table 9.

Table 9: MBA Facility Interest Rates Developments

Interest Rates on The Facility	Dates Of Operation
15%	19 Dec.'19 – 30 April'20
10%	01 May'20 – 20 Aug.'20
25%	21 Aug.'20 – 18 Feb'21
30%	19 Feb'21 -27 Oct'21
40%	28 Oct'21 -31 Mar'22
50%	1 Apr'22 – 23 Jun'22
100%	24 Jun'22 – 1 Feb'23
75%	2 Feb'23 -27 Mar'23
70%	28 Mar'23 – 5 Jun'23
75%	6 Jun'23 to date

Source: Reserve Bank of Zimbabwe

Micro, Small and Medium Enterprises (MSMEs) Facility

73. The facility was introduced in June 2021 to support both Capex and working capital requirements for Micro, Small, and Medium Enterprises. Facilities are disbursed for tenors between 12 and 36 months.

74. The outstanding MSMEs drawdowns amounted to ZW$5.6 billion as of 31 December 2023.

Government Securities

75. Government was increasingly less reliant on the issuance of securities via the auction system, due to limited appetite by investors during the review period. Given this, the Government mainly resorted to raising funds through private placements largely because of the low support for auctions.

Outstanding Domestic Debt Instruments

76. The stock of Government domestic debt, which stood at ZW$104.75 billion in January 2023, increased to ZW$516.35 billion by December 2023. The total outstanding ZW$-denominated Government domestic debt instruments as of 29 December 2023, are shown in Table 10.

Table 10: Treasury Bills Composition

Institution	Cost (ZW$m)	Maturity Value (ZW$m)
Government Financing	248,388.97	320,274.95
Government Creditors	6,834.38	6,834.38
Government Debt	181,426.18	181,509.74
Government restructured debt	4,891.45	7,559.03
Capitalization	154.98	175.11
Total	**441,695.96**	**516,353.21**

Source: Reserve Bank of Zimbabwe, 2023

Outstanding US$ Domestic Debt Instrument

77. Table 11 shows the annual maturity profile for US$ Treasury bills up to the year 2033, with 2024 having a maturity value of US$324.36 million.

Table 11: Outstanding US$ Government Securities

Period	Principal US$	Maturity Value US$
2024	310,200,273.00	324,360,708.64
2025	206,491,314.00	226,542,441.81
2026	205,750,000.00	235,651,198.63
2027	213,750,000.00	255,211,369.86
2028	263,239,328.73	210,762,831.93
2029	245,000,000.00	317,697,260.28
2030	298,297,260.27	387,432,876.72
2031	335,000,000.00	468,546,575.35
2032	395,000,000.00	571,865,753.42
2033	471,143,398.00	706,079,950.45
Total	**2,943,871,574.00**	**3,704,150,967.09**

Source: Reserve Bank of Zimbabwe, 2023

Annual Maturity Profile

78. Table 12 shows the annual maturity profile for ZW$ Treasury bills up to the year 2043, with 2024 having the largest maturity value of ZW$501.18 billion.

Table 12: Outstanding Government Securities as at 31 December 2022

Period	Principal Amount ($)	Interest Amount ($)	Total ($)
2024	**429,356.56**	**71,821.22**	**501,177.78**
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	338.83	880.55
2035	-	-	-
2037	178.52	-	178.52
2038	-	-	-
2039	178.52	-	178.52
2041	-	-	-
2042	178.52	-	178.52
2043	-	-	-
Grand Total	**441,695.96**	**74,657.26**	**516,353.21**

Source: Reserve Bank of Zimbabwe, 2023

Holders of Government Securities

79. The banking sector, including the Reserve Bank, remained the major holder of Government domestic debt at 96.51% of Government debt instruments in the market. Due to the inability to access external funding, the banking sector has largely remained the main source of Government funding.

Table 13: Government Securities Current Holdings

Holder of Securities	Amount	Proportion (%)
Commercial Banks	366,519.94	83.02%
Central Bank	30,150.22	6.83%
Building Society	29,405.64	6.66%
Pension Funds	10,893.36	2.47%
Government Agencies	4,113.22	0.93%
Insurance Companies	300.00	0.07%
Asset Management Companies	113.53	0.03%
Development Banks	0.05	0.00%
Total current holdings	**441,495.96**	**100.00%**

Source: Reserve Bank of Zimbabwe, 2023

3.3 Microfinance Lending and Portfolio Quality

80. The facility was introduced in June 2021 to support both Capex and working capital requirements for Micro, Small, and Medium Enterprises. Facilities are disbursed for tenors between 12 and 36 months.

81. The outstanding MSMEs drawdowns amounted to ZW$5.6 billion as of 31 December 2023.

3.4 Legal and Regulatory Developments

Changes in Shareholding following Amendment of the Sovereign Wealth Fund of Zimbabwe Act [Chapter 22:20]

82. During the year, the Sovereign Wealth Fund of Zimbabwe Act was amended by establishment of a Fund, the Mutapa Investment Fund, which is a body corporate.

83. Certain shares held by Government of Zimbabwe in a number of companies including People's Own Savings Bank (POSB), Industrial Development Corporation of Zimbabwe and AFC Limited, were vested in the Mutapa Investment Fund.

84. In terms of the amendments, directors of the affected entities were required to effect changes to the companies' share registers to reflect the Mutapa Investment Fund as the holder of the shares.

Public Entities Corporate Governance Act [Chapter 10:31]

85. On 19 September 2023, Statutory Instrument 156 of 2023, Presidential Powers (Temporary Measures) (Investment Laws Amendment) Regulations, was gazetted.

86. The regulation amended some provisions of the Public Entities Corporate Governance Act [Chapter 10:31] to exempt all public entities registered as banking institutions under the Banking Act [Chapter 24:20] from the application of the Public Entities Corporate Governance Act although such entities are still obliged to comply with the National Code of Corporate Governance of Zimbabwe. In addition to these provisions, banking institutions are expected to comply with existing corporate governance regulations.

Cancellation of Licenses

87. During the year ended 31 December 2023, the Bank cancelled two (2) licences of banking. Tetrad Investment Bank Limited's merchant banking licence was cancelled with effect from 31 August 2023, in terms of section 15 of the Banking Act. The cancellation of the licence was at the banking institution's request in terms of section 14 (4) of the Banking Act.

88. Avis Bank Limited, which was issued with a merchant banking licence on 7 June 2022, failed to meet the licensing conditions including commencing banking operations within 12 months, as required in terms of the Banking Act.

89. Following due consultation with the Minister of Finance, Economic Development & Investment Promotion and the Deposit Protection Corporation, the Bank cancelled Avis Bank Limited effective 21 November 2023.

Collateral Registry

90. Throughout 2023, the sharing of credit information among lending institutions, facilitated by the Credit Registry and the private credit bureaus, remained instrumental in enhancing the efficiency of the credit market, promoting financial inclusion, and ensuring financial sector stability.

91. Financial institutions can now readily access comprehensive credit information from the databases of the Credit Registry and the credit bureaus as part of the credit screening and risk management strategies.

92. The Collateral Registry uptake and utilization continued on an upward trend following its official launch on 18 November 2022. By December 31, 2023, the Collateral Registry System had 57 registered institutional users comprising Banks, Microfinance Institutions, Developmental Institutions, Contract Financiers and Law Firms. There were 1204 Active registered security interests with a corresponding loan amount of ZW$4.59 trillion.

Financial Literacy and Consumer Education

93. The main strategic vision of the National Financial Inclusion Strategy II, launched in 2022, is to promote increased usage of financial services. In this regard, and as part of the implementation of NFIS II, in 2023, focus was primarily on financial literacy with the view to facilitating acquisition of knowledge and skills that promote responsible financial behaviour and enable consumers to make informed financial decisions.

94. The Bank, in collaboration with other stakeholders conducted a number of financial literacy programs on various platforms including, schools, women group meetings and gatherings, churches, businesspeople forums, and communities in the rural areas.

95. In addition to financial literacy initiatives by the Bank, financial institutions were urged to adopt the 'finance plus' approach to the provision of financial services by combining financial services and products with non-financial services incorporating financial literacy programs.

Awareness Campaign

96. The Bank continued to strengthen the digital financial consumer protection issues related to the regulated payment systems. The efforts were aimed at promoting the rights, fairness, transparency, and interests of financial consumers in the digital financial services landscape.

97. The road shows and community engagements were targeted at remote rural areas and high-density residential areas where majority of the populace resides.

98. The roadshows and community engagements were a huge success judging by collective reports from the main education and awareness collaborators Consumer Council of Zimbabwe (CCZ), Consumer Protection Commission (CPC) and Post and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ).

Model Risk Management

99. In line with best practice, the Bank also issued a Model Risk Management Prudential Standard in July 2023 against the backdrop of increasing reliance by regulated institutions on modelling as their operations and activities become more complex and diverse. The Standard provides for sound development, implementation, and rigorous model validation as vital elements of model risk management.

Sustainability

100. There is increasing recognition globally that, adopting sustainability is not only a moral obligation but also a key strategic imperative for banks to thrive in an environment characterised by global shocks and uncertainty. In this regard, sustainability considerations are now at the top of the agenda for banking institutions as strong environmental, social and governance (ESG) performance is increasingly linked as a key performance indicator. The banking sector continues to make headway in integrating sustainability through the adoption of sustainable banking principles.

101. In addition, the Bank was accepted in the Network for Greening the Financial System in December 2023, and this is expected to create a valuable platform to interact with other supervisors across the globe in transitioning to a low carbon economy and strengthening climate and environmental risk management practices.

DIGITAL FINANCIAL SERVICES (DFS) LICENSING AND FINTECH

102. In line with the digital economy drive, payment services providers and banking institutions launched various new digital financial services products, including cardless withdrawal solutions and virtual VISA cards.

103. During the year, the Bank received forty-five (45) product applications from both financial institutions and other prospective payment system providers for licensing as illustrated in Table 14.

Table 14: Applications Status 2023

Payment Stream	Approved	Referred to other regulators	Guidance Offered	Rejected	Total
Applications	18	4	21	2	**45**

Source: Reserve Bank of Zimbabwe, 2023

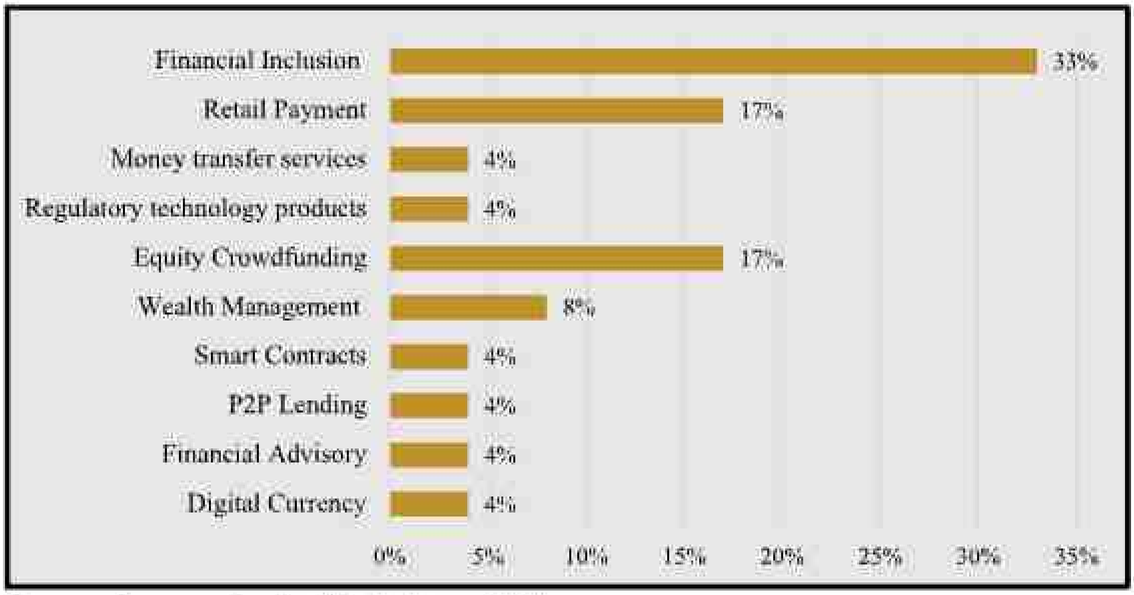
Regulatory Sandbox

104. The Fintech Regulatory Sandbox platform continued to serve as a conduit for responsible innovation in the financial services sector.

105. Resultantly, the Bank has a dedicated approach to Fintech and innovation on the assessment of the Fintech ideas from market players to harness technology in the financial services landscape.

106. During the year, a total of twenty-three (23) applications were received for sandboxing with the cumulative number of users at 131 distributed as shown in Figure 17.

Figure 17: Distribution of Applications to Regulatory Sandbox as at 31 December 2023



Source: Reserve Bank of Zimbabwe, 2023

4 BANKING, CURRENCY AND PAYMENTS

107. During the year under review, the Bank continued to perform its functions of providing banking services to Government and commercial banks, overseeing the national payment systems and supplying notes and coins to the market.

Currency Services

108. The Bank issued ZW$7.936 billion in mint bank notes and no coin into circulation during 2023.

Payment Systems

109. During the year under review, the National payment systems remained safe, sound and stable amid measures put in place by the Bank to safeguard the resilience of the banking community and financial market infrastructure.

Access Points and Devices

110. Active internet banking subscribers decreased by 31% to 430.82 thousand subscribers in 2023 from 628.48 thousand subscribers recorded in 2022. Point of Sale (POS) points increased by 2% from 135,198 in 2022 to 137,988 in 2023, as shown in Table 15.

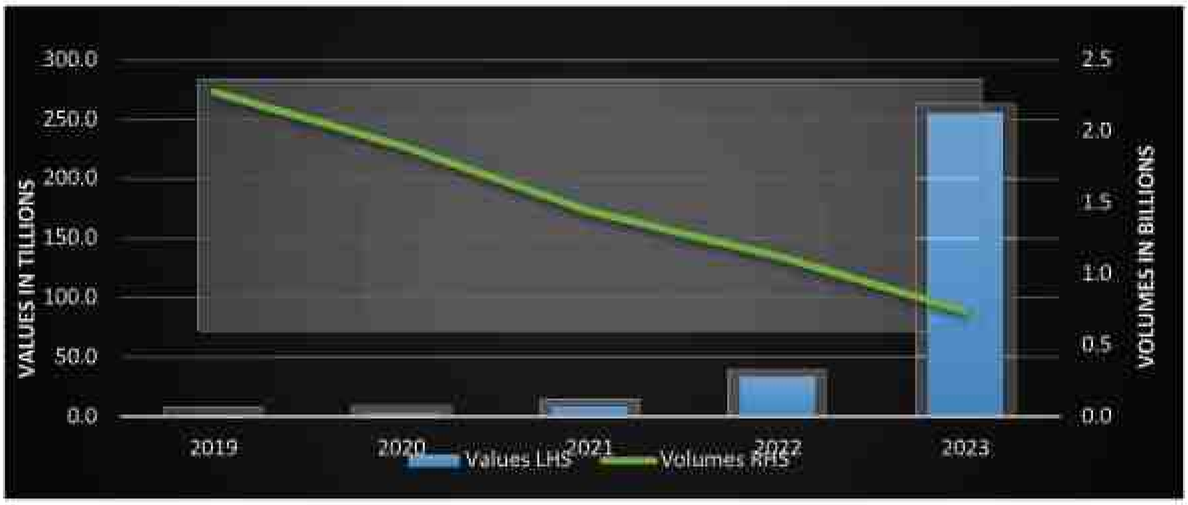
Table 15: Payment Access Points and Devices 2018- 2023

PAYMENT SYSTEMS ACCESS POINTS						
	2018	2019	2020	2021	2022	2023
ATMS	551	542	532	410	410	408
POS	99,935	121,413	125,277	138,210	135,198	137,988
PAYMENT SYSTEMS ACCESS DEVICES						
Debit Cards	4,734,299	5,625,031	5,675,458	6,323,462	5,559,944	5,728,857
Credit Cards	17,204	18,089	17,093	13,812	15,623	18,056
Prepaid Cards	88,406	99,278	124,210	145,614	133,119	172,992
Active Mobile Banking Subscribers	6,139,160	6,543,758	5,201,677	4,129,470	7,840,317	8,798,809
Active Internet Subscribers	353,103	415,901	447,033	607,246	628,478	430,819

Source: Reserve Bank of Zimbabwe, 2023

111. Digital payment systems transactions values continued on an upward trajectory increasing by 670% in 2023 to ZW$255,920.83 from ZW$33,244.49 recorded in 2022. The volume of transactions, however, declined by 35%, during the same period, as shown in Figure 18.

Figure 18: Digital Payment Systems Annual Values and Volumes 2019 to 2023



Source: Reserve Bank of Zimbabwe, 2023

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

112. The Bank continued to execute its delegated anti-money laundering role in the payment systems services sector. The process included monitoring activities of supervised institutions to ensure that they remain within the requirements of the regulatory framework, essentially enforcing compliance against the Financial Action Task Force recommendations and Money Laundering and Proceeds of Crime Act (9:24).

Society for Worldwide Interbank Financial Telecommunications (SWIFT)

113. The SWIFT Customer Security Controls Framework (CSCF) continued to be implemented composing of mandatory and advisory security controls for SWIFT users.

114. The CSCF Assessment status for Zimbabwean banks is shown in Table 16.

Table 16: CSCF Assessment Status as at 30 December 2023

Zimbabwean Banks	2022	Dec-23	Proportion
Fully Compliant	18	21	75%
Partially compliant	10	7	25%
Total	28	28	100%

Source: Reserve Bank of Zimbabwe, 2023

ISO 20022

115. The country's banking community adopted the payment ecosystem's new global messaging standard, which is the International Organization for Standardization (ISO 20022). To this end, the Bank ensured the banking community successfully migrated during the first quarter of 2023.

SADC Payment Systems

116. In 2023 the value of payments processed on the SADC-RTGS by Zimbabwean commercial banks increased by 38% to ZAR5.94 billion while the volume also fell by 17% to 4 355 when compared to 2022.

Pan African Payment and Settlement System ("PAPSS")

117. The Bank through the banking community is seized with the implementation modalities to introduce the PAPSS sponsored by the African Export and Import Bank (Afreximbank) which is meant to complement the existing cross border payment schemes currently in operation.

118. Most of the bank institutions have started the engagement processes to be part of PAPSS community and the Bank is kept informed on the progress.

Foreign Exchange Market

119. The Bank introduced the Wholesale foreign exchange auction system on 7 June 2023, which allowed for broader access to foreign exchange by economic agents and also enhanced the price discovery mechanism in the interbank foreign exchange market. The Wholesale foreign exchange auction system remained the

key source of foreign currency to the economy and fostered price stability in both the foreign exchange and goods markets.

120. Under the Wholesale auction system, authorised dealers submitted bids to source funds for on selling to their clients in line with existing auction regulations and rules. The average bids for all participating authorised dealers was US$14.5 million, while the average allotments was US$13.7 million per week.

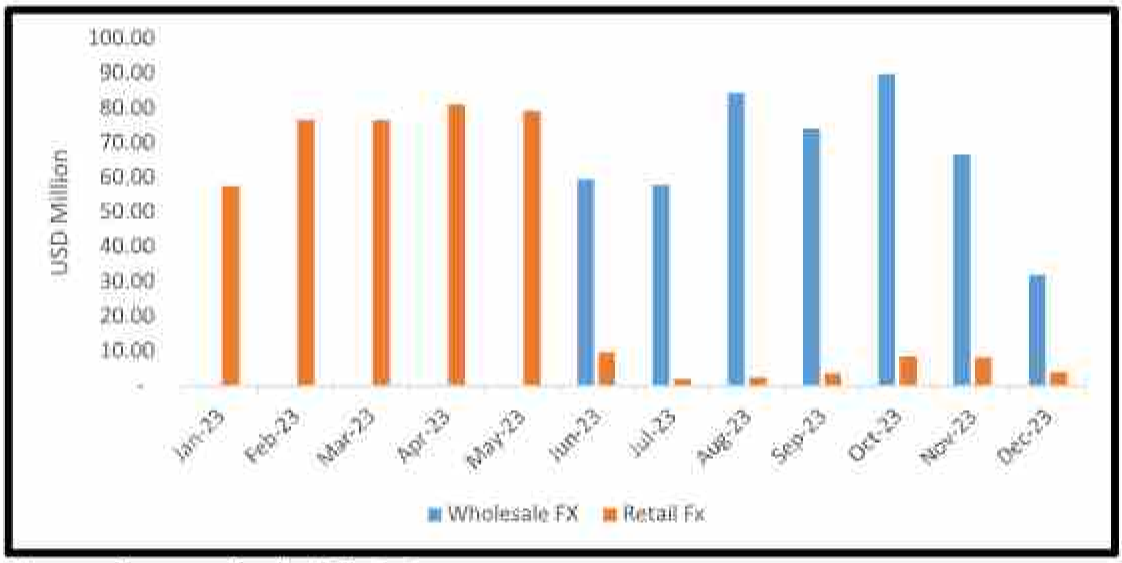
121. The Bank held a total of thirty-four Wholesale auctions in 2023 and cumulatively allotted US$464.9 million, since 7 June 2023, representing about 95.2% of total bids submitted as of 31 December 2023.

122. The Bank also merged the Main Auction and the Micro, Small, and Medium Enterprises Auction into the Retail auction in June 2023 to address foreign currency requirements by individuals and Micro, Small, and Medium Enterprises ranging from US$1,500 to US$50,000 per week. The Retail Auction was capped at a maximum amount of US$5.0 million per week.

123. The Bank held a total of forty-eight Retail auctions in 2023 and allotted a cumulatively total of US$410.2 million, representing about 70.2% of total bids submitted in 2023.

124. The distribution of foreign currency allotments in 2023 is shown in Figure 19.

Figure 19: Foreign Exchange Auctions Allotments in 2023 (US$m)



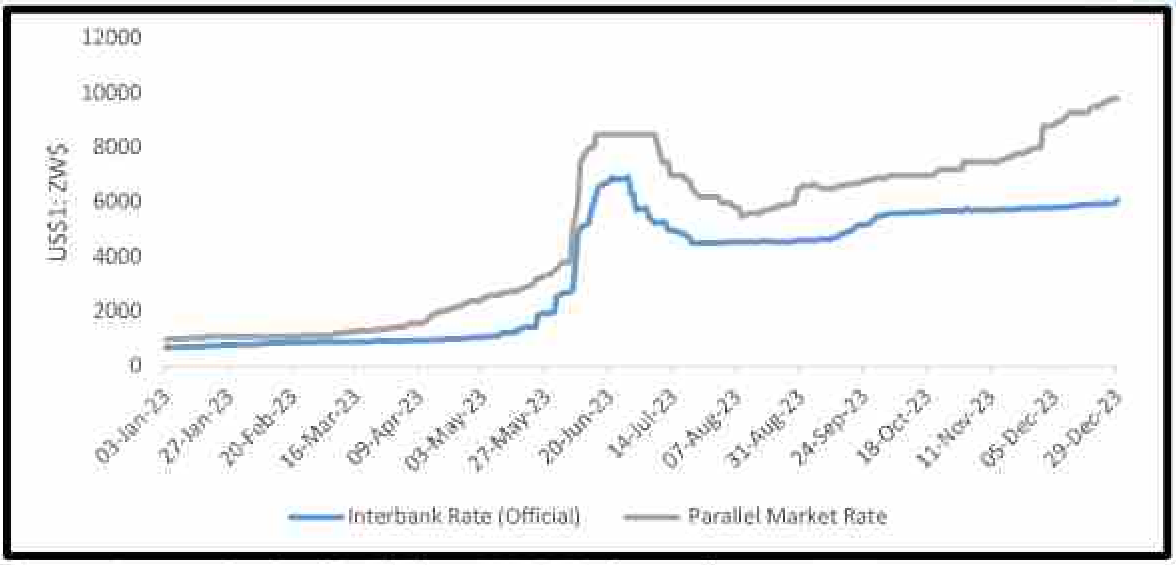
Source: Reserve Bank of Zimbabwe

125. To complement both the Wholesale and Retail foreign exchange auctions, the Bank availed a total of US$20 million towards the Bureau de Changes facility in 2023. The foreign currency was meant to meet small payments for medicals, business travel, and education.

Exchange Rate Developments

126. The exchange rate was generally stable in the second half of 2023, largely reflecting the tight fiscal and monetary policy measures implemented by Government at the end of the first half. The local currency, which opened the year 2023 trading at US$1:ZW$687.28 depreciated by 89% to end the year at US$1:ZW$6,104.72, as shown in Figure 20.

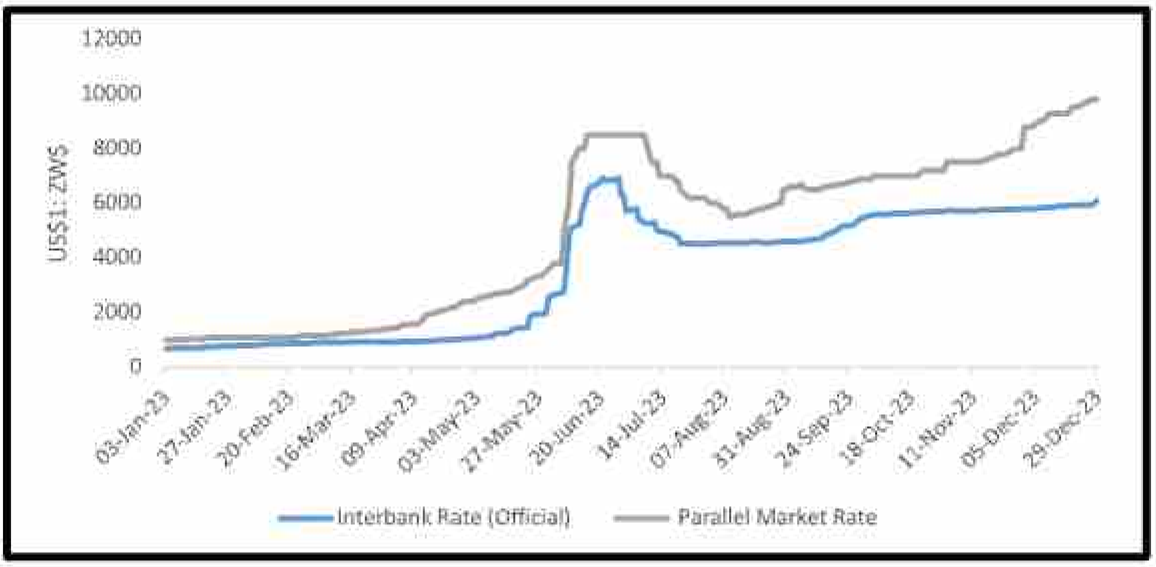
Figure 20: Exchange Rate Developments in 2023



Source: Reserve Bank of Zimbabwe 2023, Market intelligence, 2023.

127. The premium between the parallel market rate and the official exchange rate which peaked at over 120% in May 2023, came down significantly to below 40% for the greater part of the second half of 2023. The premium, however, ended the year just over 60% in December 2023, as shown in Figure 21.

Figure 21: Exchange Rate Premium in 2023



Source: Reserve Bank of Zimbabwe 2023, Market intelligence, 2023.

128. The stability of the foreign exchange market remained central to the Bank's operational objectives as evidenced by its efforts to maintain a tight liquidity

framework. Developments on the exchange rate front during the last quarter of 2023 also mirrored the accumulation of the foreign exchange auction backlog at around US$100 million.

Foreign Exchange Stabilization Facilities

129. The Bank mobilized about US$900 million, including Letters of Credit from local, regional, and international partners to support the foreign exchange auction system as well as to meet the country's balance of payments requirements in 2023.

130. The issuances of letters of credit under the Bank facilities have continued to bridge the balance of payments gap for the country as they provided critical foreign currency liquidity to industry. Letters of credit worth about US$90 million were issued under the Bank's facilities confirmed by Afreximbank and other correspondent banks in 2023.

5 STRATEGY AND RISK MANAGEMENT

131. The Bank remained resolutely focused in ensuring that inherent and emerging risks are proactively identified, monitored and managed within the Board approved risk tolerance thresholds.

Risk Governance

132. To ensure on-going effective management of risk, as well as ensure sound internal controls on an on-going basis, the Bank established the risk management oversight committees which include the Board Audit and Oversight Committee, Executive Committee and ICT Steering Committee.

133. The Climate Risk, Sustainability and Governance Management Committee was established in 2023, whose main mandate is to identify the key drivers and transmission channels of climate risk in the banking sector, evaluate the effects of climate risk on Monetary Policy, as well as create a roadmap for climate risk management. Engagements are on-going to ensure that the Bank is fully integrated into national climate risk mitigation and adaptation structures.

134. The Bank is a member of the SADC Committee of Central Bank Governors' Business Continuity Management Decision Makers (BCMDM) subcommittee of the ICT Committee. The aim of the subcommittee is to standardise the BCM arrangements of member central banks through adoption of international standards, including ISO 31000 (Risk Management), ISO 22301 (Business Continuity) and Business Continuity Institute's Good Practice Guidelines.

135. The Bank employs enterprise-wide risk management system, which is underpinned by a shared responsibility for managing risks between line departments, independent risk management, control functions and internal audit. Divisions are responsible for managing their own risk, while Risk Management Unit provides an oversight role.

136. Risk reporting is facilitated mainly by use of Divisions' Self-Risk Assessment Reports, Risk Appetite Matrices, Key Risk and Performance Indicators, among others.

137. During the year under review, the Bank's risk profile remained within the Board's risk tolerance levels, owing to strong risk management culture and on-going initiatives to enhance the internal control environment.

Risk Culture

138. In fostering risk culture, the Bank focused in cultivating a sense of openness regarding risk dialogue, where the objective is to iteratively strengthen the approach to managing the risk profile to safeguard the Bank's assets. The Bank had adopted an inclusive approach where at each level, employees of the Bank are expected to have an in-depth understanding of their departmental risk profiles and contribute to refining the articulation of any risks, to register new risks, and to suggest improvements to the internal control environment.

139. For the Bank, it means establishing a "risk mindset" across the entire organization, so that every function and employee has the tools and capabilities to detect and mitigate threats. To this end, staff training and awareness was provided on areas such as privacy and workplace health and safety. Further training is earmarked for the year 2024.

Business Continuity Management

140. Ensuring business continuity is a key priority for the Bank to ensure achievement of its strategic objectives. In this regard, business continuity arrangements will continue to be enhanced in the ensuing year, including full adoption of the requisite ISO standards for business continuity and on-going business continuity management tests and simulation exercises.

141. The Business Continuity Plan/Disaster Recovery Plans are documented procedures that guide the Bank to respond, recover, resume and restore continuity of mission critical processes in the event of an emergency or disruption. The plans are owned and maintained by the respective divisions across the Bank.

Cyber Resilience

142. The Bank's activities are highly dependent on information technology (IT) systems, and as such, on-going upgrading of the ICT infrastructure has ensured effective management of technology risk. In addition, protecting digital assets from cybersecurity threats is a priority for the Bank, alongside providing a high-quality IT service.

143. During the year under review, technology risk management focused largely on identification, protection, detection, responding and recovery functions. Technology risk management continued to evaluate the adequacy, effectiveness and appropriateness of controls and monitor the same at frequent intervals, while keeping the Board informed of the cyber threat landscape and major developments. Incident response reporting and remediation processes received due attention during the year under review while there are on-going initiatives for strengthening cyber resilience capabilities.

144. The Bank continued to receive independent assurance of its compliance with security strategies, including certification for the ISO 27001 global standard for Information Security Management.

Climate Risk Management

145. Cognizant that climate change may affect the achievement of price and financial system stability goals, the Bank is taking steps to ensure management of climate risk, including development of Guideline No. 01-2023/BSD: Climate Risk Management, in April 2023 to strengthen the resilience of the banking system to climate-related risks and support the national strategy on transitioning to a low carbon economy.

146. The Climate Risk Management Guideline provides guidance to regulated institutions on adoption of climate risk management principles that are in line with international best practice.

147. As part of increasing the Bank's visibility and strategic partnerships in regional and international Climate Change, Sustainability and Governance agendas, the Bank is spearheading the development of a Regional Supervisory Framework for Climate Related Financial Risks, under the auspices of SADC Committee of Central Banks.

148. The Bank has also taken the strategic decision to implement sustainability standards within the central bank working closely with European Organization for Sustainable Development.

6 HUMAN RESOURCES MANAGEMENT

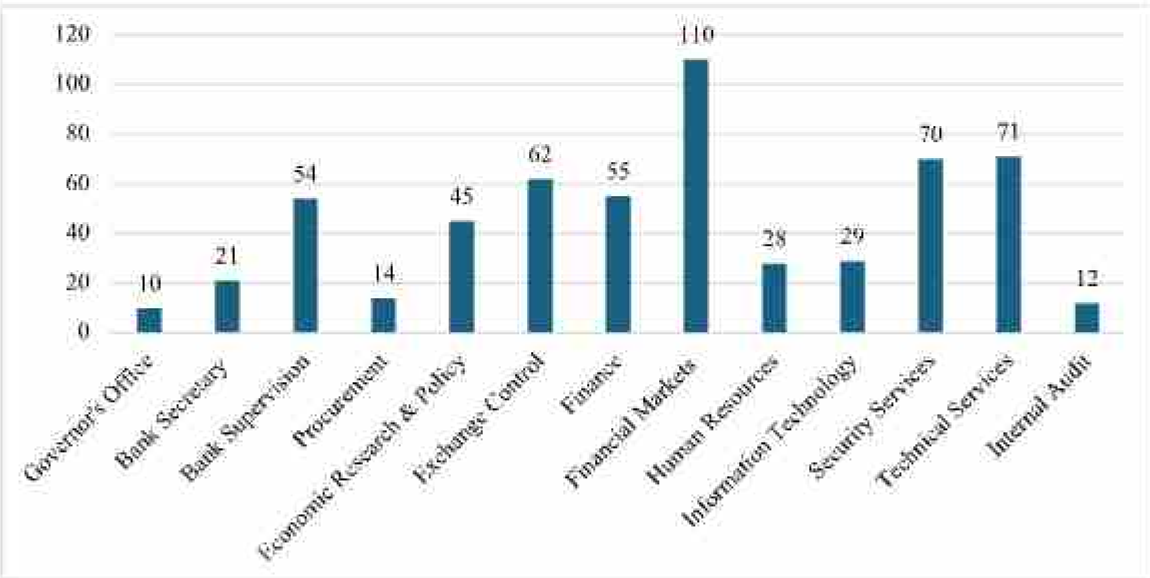
149. The strategic mandate of the Bank to achieve price, exchange rate and financial system stability requires that a deliberate connection be made between the Corporate Strategy and the Human Resource Strategy.

150. In this regard, the Bank continued to focus on attracting, deploying, developing, and retaining talent for effective implementation of its strategy. The deployment of a compelling Employee Value Proposition (EVP) was instrumental in dictating the sequence the Bank experienced in driving employee experience over the year.

151. The Bank enjoyed cordial industrial relations climate throughout the year through engagements with staff representative structures and deploying leadership development.

152. The staff complement closed the year at 623 as at December 2023 as shown in Figure 22.

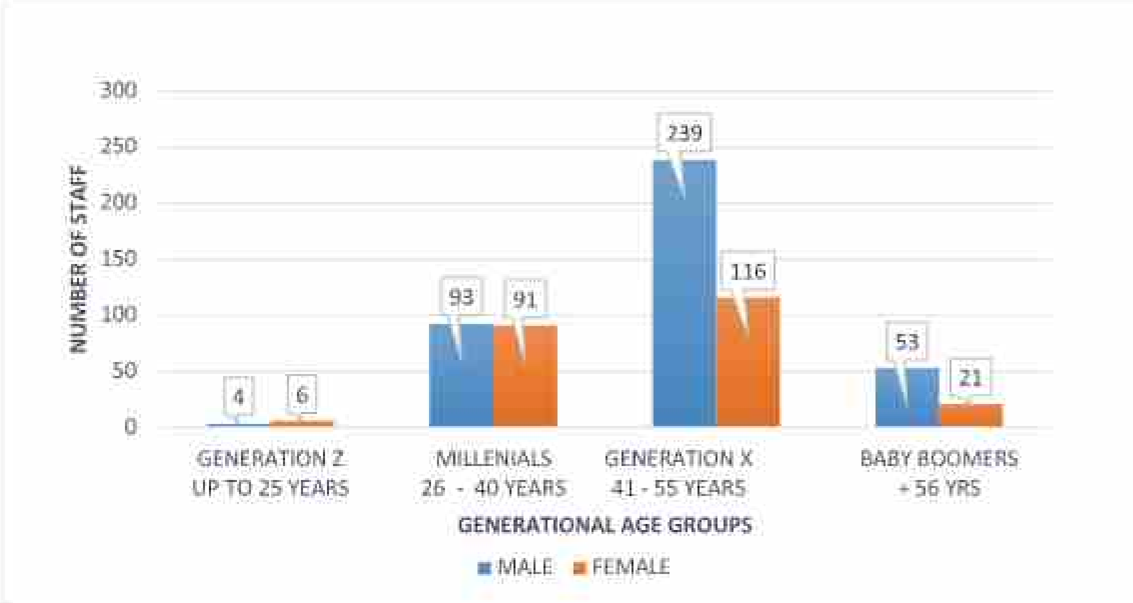
Figure 22: 2023 - Divisional Staff Complement



153. The Bank values diversity, equity, and inclusion both in its approach to the market and in its Human Resources approaches. The Bank runs a Graduate Development Program (GDP) to ensure that the generational profile of the Bank is balanced. The Bank takes a leaf from global research, hence, the employment structure is

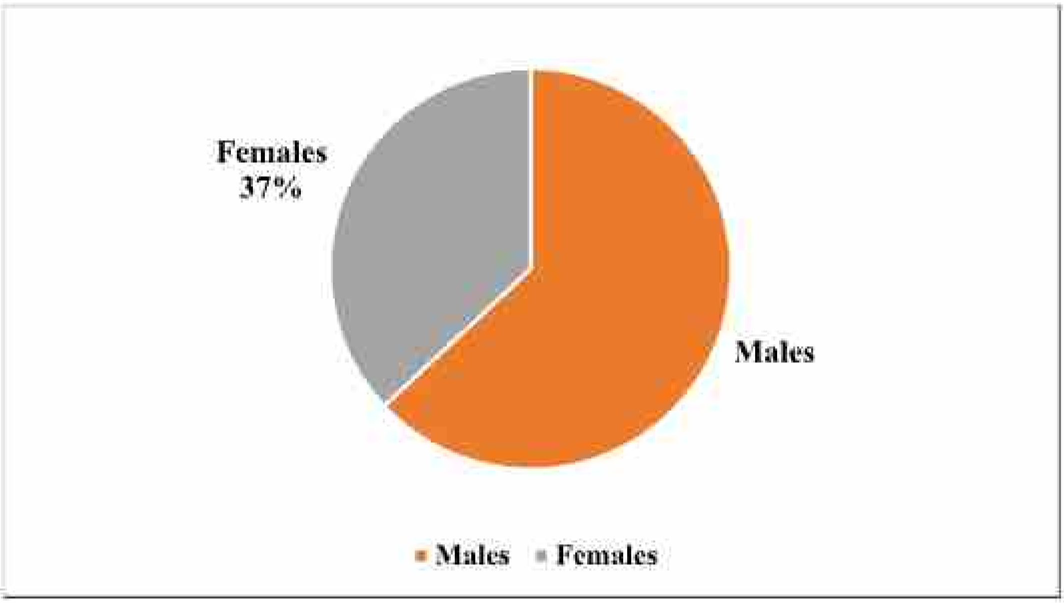
driven by the growth in youth population which is estimated to reach 50% by 2100 through the Mastercard Foundation research. Figure 23 shows the generational age profile within the Bank.

Figure 23: Generational Age Profile as at December 2023



154. The Bank values diversity and its thrust is to ensure equity prevails and that it aligns to global governance best practices and promotes inclusion internally, which is part of its focus nationally. Thus, the profile of the Bank in terms of gender profile, as shown in Figure 24.

Figure 24: Staff Gender Profile as at December 2023



155. The annual staff turnover rate as of 31 December 2023 was 1.7%. Voluntary turnover rate inclusive of mutual terminations and resignations was about 1.2 % which is low when compared to the Chartered Institute of Personnel and Development (CIPD) global benchmark of 5% showing the retention strategies implemented by the Bank are yielding fruit.

Talent Development

156. Central Banking deploys a farming rather than hunting strategy of talent management which effectively means that there is a strong development focus. During the year 2023, the Bank continued to partner with global training institutions such as the IMF through its headquarter in Washington DC and its regional training institutes, Africa Training Institute (ATI) and AFRITAC South, World Bank and Federal Reserve Bank. Regionally, the Reserve Bank also partnered the following training institutions Macro-Economic Financial Management Institute (MEFMI) of Eastern and Southern Africa, COMESA Monetary Institute, and SADC.

RESERVE BANK OF ZIMBABWE

Audited Financial Statements

for the Year ended 31 December 2023

RESERVE BANK OF ZIMBABWE
FINANCIAL STATEMENTS
For the year ended 31 December 2023

Contents	**Pages**

The Finance Division of the Reserve Bank of Zimbabwe prepared these financial statements under the direction and supervision of the Director, Ms. Tsitsi Hungwe (PAAB registration number 04556).

The Directors of the Reserve Bank of Zimbabwe ('the Bank', 'RBZ') have pleasure in submitting their report for the financial year ended 31 December 2023 as required by section 35 of the Reserve Bank of Zimbabwe Act [Chapter 22:15].

1. NATURE OF BUSINESS

1.1 The Reserve Bank of Zimbabwe was established in terms of the Reserve Bank of Zimbabwe Act [Chapter 22:15].

As required by section 6 of the Reserve Bank of Zimbabwe Act [Chapter 22:15], the functions of the Bank are as follows: -

a) to regulate Zimbabwe's monetary system;
b) to achieve and maintain the stability of the Zimbabwe dollar;
c) to foster the liquidity, solvency, stability and proper functions of Zimbabwe's financial system;
d) to supervise banking institutions and to promote the smooth operation of the payment system;
e) to formulate and execute the monetary policy of Zimbabwe;
f) to act as banker, financial advisor to, and fiscal agent of the State;
g) whenever appropriate and subject to any written directions given to it by the Finance Minister, to represent the interests of Zimbabwe in international or intergovernmental meetings, multilateral agencies and other organisations in matters concerning monetary policy;
h) to provide banking services for the benefit of:
   (i) foreign governments;
   (ii) foreign central banks or other monetary authorities; and
   (iii) international organisations of which Zimbabwe is a party;
i) to participate in international organisations whose objectives are to pursue financial and economic stability through international monetary co-operation;
j) subject to any written directions given to it by the Finance Minister, to undertake responsibilities and perform transactions concerning the State's participation in or membership of international organisations;
k) to exercise any functions conferred or imposed upon it by or in terms of any other enactment.

1.2 The following are subsidiaries of the Bank and their activities:

i) Fidelity Gold Refinery (Private) Limited (FGR)
- refiners of gold.

ii) Printing and Minting Company of Zimbabwe (Private) Limited (PMCZ)
- printers of currency and security documents.

iii) Aurex (Private) Limited
- producers of gold jewellery and diamond cutting & polishing.

iv) Export Credit Guarantee Corporation
- insurers of Zimbabwe's exports and providers of domestic credit guarantees.
- providers of short-term insurance.

v) Finance Trust of Zimbabwe (Private) Limited
- investment company.

vi) Homelink (Private) Limited
- providers of money transfer services, lending to micro, small and medium scale enterprises and development of housing schemes especially for Zimbabweans living abroad.

vii) Carslone (Private) Limited (Dormant)
- miners of gold.

viii) Fiscorp (Private) Limited (Dormant)
- administrators of quasi fiscal activities.

ix) Venture Capital Company of Zimbabwe (Private) Limited (Dormant)
- financiers of small to medium size private sector enterprises.

x) Zimbabwe Asset Management Corporation (ZAMCO) (Private) Limited
- purchasers of non-performing loans from banks in order to strengthen the stability of the financial system.

xi) ResZim Investments (Private) Limited
- investment Company.

The Bank does not consolidate results of its subsidiary companies. Refer to 'note 2' of the financial statements on the Bank's basis of preparation of financial statements.

2. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation and integrity of the financial statements that present the state of affairs of the Bank. These include inflation adjusted statement of profit or loss, other comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity for the year then ended and other information contained in this report.

In order to meet the above requirements, the Directors are responsible for maintaining adequate accounting records and internal controls to safeguard the assets of the Bank and to prevent and detect fraudulent activities. The internal control systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties. We have noted the external auditors' findings on the Bank's Information Technology systems and assessed impact on the audited financial statements. We concluded that the there was no material breakdown in the functioning of Bank internal controls, procedures, and systems during the year under review, and thus the external audit findings had no material impact on the audited financial statements.

The financial statements of the Bank are prepared and presented in accordance with the requirements of the Reserve Bank of Zimbabwe Act [Chapter 22:15]. Accordingly, these financial statements have been prepared as outlined in the basis of preparation in 'note 2' to the financial statements and the accounting policies as determined by the Directors, as set out in 'note 3' to the financial statements. The Bank applies own accounting policies, in terms of the RBZ Act [Chapter 22:15] and uses International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board as a guide in formulating the accounting policies that are described in 'note 2' to the financial statements. The Directors consider the accounting policies adopted to be suitable for the intended users of these financial statements.

The financial statements are prepared to comply with International Accounting Standard (IAS) 29 'Financial Reporting in Hyper Inflationary Economies' following the directive issued by the Public Accountants and Auditors Board Zimbabwe (PAAB), in October 2019. The directive requires entities to implement IAS 29 for reporting periods starting 1 July 2019. The inflation adjusted financial statements are the primary financial statements. The historical cost financial statements have been presented as supplementary information. Freehold land & buildings, investment properties and unquoted shares were revalued at the reporting date. Assets and liabilities that are denominated in currencies other than the Zimbabwe dollar (ZW$) were translated to the functional currency in compliance with IFRS Accounting Standards.

The audited financial statements are presented in Zimbabwe dollars (ZW$) which is also the Bank's functional currency. The Bank's independent auditors, KPMG, had unrestricted access to all the accounting records and supporting documentation during the course of the audit. The Directors have the power to recall and amend these financial statements.

3. BOARD OF DIRECTORS

The Bank is governed by a Board of Directors appointed in accordance with the Reserve Bank of Zimbabwe Act [Chapter 22:15]. The Board is chaired by the Governor as Executive Chairman and consists of the two Deputy Governors and other appointed Non-Executive Directors.

3.1 BOARD MEMBERS

The following were Board members during the year:

Name	Designation
Dr. J.P. Mangudya*	Governor and Board Chairman (Executive)
Mrs. M. Dzumbunu	Deputy Chairman (Independent Non-Executive Director)
Dr. J.T. Chipika	Deputy Governor (Executive)
Dr. I. Matshe	Deputy Governor (Executive)
Mr. E.I. Manikai	Independent Non-Executive Director
Prof. J. Parwada	Independent Non-Executive Director
Prof. L. Majele-Sibanda**	Independent Non-Executive Director
Ms. B. Muswaka	Independent Non-Executive Director
Mrs. E. Fundira	Independent Non-Executive Director
Dr. C.M. Fundanga	Independent Non-Executive Director
Mr. C. Mphambela	Non-Executive Director, Ministry of Finance and Investment Promotion Representative

*The Governor, Dr. J.P Mangudya's second and final term of office ends on the 30th of April 2024. His Excellency, The President, E.D Mnangagwa, appointed Dr. John Mushayavanhu as Governor of the Reserve Bank of Zimbabwe effective 28 March 2024.

**Professor L. Majele-Sibanda retired from the Board during the first quarter of 2023. Consequently, Mr. C Mpambela was appointed as Acting Chairman for the Banking Sector Stability Committee, he however resigned from the Reserve Bank of Zimbabwe Board of Directors on the 31st of December 2023 after he was appointed Permanent Secretary in the Ministry of Veterans of Liberation.

3.2 BOARD COMMITEES

The Board utilizes three committees to effectively fulfil its mandate. These committees have well-defined terms of reference that outline their specific roles, responsibilities, and reporting protocols. All three committees were fully constituted and operational throughout the year.

The committees are as follows:

i. Audit and Oversight Committee,
ii. Human Resources and Governance Committee and
iii. Banking Sector Stability Committee.

3.2.1 AUDIT AND OVERSIGHT COMMITTEE

This committee supports the Board of Directors in carrying out its oversight duties regarding the Bank's financial reporting, internal control systems (including internal audit), information systems, and external audit.

Consistent with good corporate governance practice, no Bank executive is a member of the Audit and Oversight Committee. The committee met regularly with the Bank's auditors (internal and external) and senior management to review accounting, auditing, risk, internal control and financial reporting matters. Both internal and external auditors have unrestricted access to the Audit and Oversight Committee.

The following were the Audit and Oversight Committee members during the year under review:

Name	Designation
Mrs. M. Dzumbunu	Chairman, Independent Non-Executive Director
Mr. C. Mphambela	Non-Executive Director. Ministry of Finance and Investment promotion Representative
Prof. J. Parwada	Independent Non-Executive Director
Ms. B. Muswaka	Independent Non-Executive Director
Mrs. E. Fundira	Independent Non-Executive Director

3.2.2 HUMAN RESOURCES AND GOVERNANCE COMMITTEE

The committee's mandate is to give guidance to the Board on the Bank's governance, compensation, succession planning, performance management and Board remuneration & performance matters.

The following were the Human Resources and Corporate Governance Committee members during the year under review:

Name	Designation
Mr. E.I. Manikai	Chairman, Independent Non-Executive Director
Mrs. M. Dzumbunu	Deputy Board Chairman, Independent Non-Executive Director
Dr. I. Matshe	Deputy Governor (Executive)

3.2.3 BANKING SECTOR STABILITY COMMITTEE

The committee ensures that the Bank has adequate supervisory and regulatory framework for banking institutions. It is responsible for compliance with applicable laws governing banking, exchange control, anti-money laundering, national payment systems and other relevant legislation. It also provides guidance to the Board on its mandate of promoting banking sector stability including identification of inherent risks in the Bank's relevant policies.

The following were the Banking Sector Stability Committee members during the year under review:

Name	Designation
Mr. C. Mphambela	Interim Chairman, Independent Non-Executive Director
Dr. J.T. Chipika	Deputy Governor (Executive)
Dr. C.M. Fundanga	Independent Non-Executive Director

4. MONETARY POLICY COMMITTEE (MPC)

The Reserve Bank of Zimbabwe Act [Chapter 22:15] section 29B requires appointment of a Monetary Policy Committee independent of the Board.

The Monetary Policy Committee's functions as stated in Section 29B are as follows: -

a) to determine the monetary policy of Zimbabwe, including the setting of limits on open market operations by the Bank;
b) to ensure price stability as defined by the Government's inflation target set out in the National Budget;
c) to determine interest rates for the economy in line with the Government's economic policies and targets for growth and employment and
d) to perform such other functions related to monetary policy, as the Minister may prescribe by regulations.

The following were members of the Monetary Policy Committee during 2023:

Name	Designation
Dr. J.P. Mangudya	Governor and MPC Chairman (Executive)
Mrs. M. Dzumbunu	Deputy Board Chairman (Independent Non-Executive Member)
Dr. J.T. Chipika	Deputy Governor (Executive)
Dr. I. Matshe	Deputy Governor (Executive)
Prof. A. Chakravarti	Independent Non-Executive Member
Prof. A. Makochekanwa	Independent Non-Executive Member
Dr. C. Jinya	Independent Non-Executive Member
Dr. D. Makina	Independent Non-Executive Member
Mr. P.E. Gwanyanya	Independent Non-Executive Member

5. ACCOUNTING POLICIES

The accounting policies adopted by the Bank are set out in 'note 3' to the financial statements.

6. RESULTS OF THE BANK'S OPERATIONS

The Bank realised an inflation adjusted deficit of **ZW$385 billion** (2022 surplus: **ZW$40 billion)** as indicated below:

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
Deficit from Bank operations	(1,227,221,923)	(570,131,741)	(734,810,844)	(87,121,631)
Monetary gain	842,516,464	610,262,824	-	-
(Deficit)/surplus for the year	**(384,705,459)**	**40,131,083**	**(734,810,844)**	**(87,121,631)**

The Bank recorded a deficit of ZW$1.2 trillion before monetary gain of ZW$843 billion which is a result of inflation accounting. Interest expenses and related fees on foreign lines of credit that the Bank is managing on behalf of Government contributed significantly to the deficit before the monetary gain. The Government interest expense was recorded as Bank expense because the loans were still in the Bank's books.

7. INFLATION DEVELOPMENTS

The economy continued on the disinflationary path, which began in the last quarter of 2022, steadily decelerating from 50.03% in January 2023 to 17.66% by end of August 2023. Despite the uptick in the last quarter of 2023, which saw headline inflation reach 26.52% by end of December 2023, the general decline in inflation during the year was attributed to the continuous implementation of tight monetary and fiscal policies by Authorities aimed at stabilising the exchange rate.

The Bank used the Zimbabwe Consumer Price Index (CPI) for restating balances and transactions for periods up to December 2022. During the course of 2023, Zimbabwe National Statistics Agency (Zimstats) started issuing blended inflation numbers (combining US$ & ZW$). Since the Bank's reporting currency is ZW$, a decision was made to use Total Consumption Poverty Line (TCPL) index (also prepared by Zimstats) as it is more reflective of what transpired during the year.

8. FOREIGN EXCHANGE MARKET

The Foreign Exchange Auction Systems continued in operation until the end of May 2023. The main and Micro, Small & Medium Enterprises (MSME) auctions were merged into one auction under the US$5 million per week policy, with bid limits of a minimum of US$1 500 and a maximum of US$50 000 effective 1 June 2023. Government also introduced Foreign Exchange Wholesale Auction System whereby banks bid for foreign currency for onward selling to their clients with maximum weekly allocations of US$20 million funded by the Ministry of Finance and Investment promotion (MOF). MOF also started buying all foreign currency retentions from exporters through the Bank for redistribution through the auctions system. Interbank Foreign Exchange rates started the year at ZW$684.33 and closed at ZW$6,104.73 against the US$.

9. FOREIGN EXCHANGE FACILITIES

In conjunction with the Government and in line with policy measures on acquisition of foreign exchange liabilities, the Bank negotiated and accessed US$900 million (including Letters of Credit facilities) from local, regional and international partners to support the foreign exchange auction system as well as meet the country's balance of payments requirements in 2023. The amount accessed in 2023, represented an increase of about 11% from funds accessed by the Bank in 2022.

The funds from accessed foreign exchange facilities went towards providing critical liquidity to the economy through the Wholesale Foreign Exchange Auction System and the Retail Auction System as well as restructuring some of the liabilities. The Wholesale Foreign Exchange Auction system and the Retail Auction system provided foreign exchange to the economy for the importation of essential raw materials and equipment and machinery for the manufacturing and construction sectors, fertilizers, crude soya bean oil, medicals, agro-chemicals and other raw materials and services for use by industry. All the offshore borrowings were structured against statutory export receivables from high value commodities that include minerals.

10. INVESTMENTS AND DIVIDENDS

Afreximbank

The Bank is a shareholder in the African Export-Import Bank (Afreximbank) on behalf of the Republic of Zimbabwe. Afreximbank has been consistent in paying dividends and the Bank received US$9.7 million (ZW$47 billion) dividend in 2023 for the year ended 31 December 2022.

Other Investments

The unbundling of Fidelity Printers and Refiners (Pvt) Limited into two private entities, Fidelity Gold Refinery (Pvt) Limited (FGR) and Printing & Minting Company of Zimbabwe (Pvt) limited (PMCZ) was finalised in 2023. The Bank made additional capital injections in PMCZ, Aurex, Homelink and Infrastructure Development Bank of Zimbabwe (IDBZ) totaling ZW$20 billion during the year. Zimswitch and Export Credit Guarantee Company (ECGC) declared and remitted dividends during the year amounting to a total of ZW$1.7 billion.

11. BANK POLICY RATES

The Bank Policy Rate closed the year at 130% (2022: 200%) per annum whilst the rate for the Medium-term Bank Accommodation Facility (MBA) was pegged at 75% (2022: 100%) per annum.

12. LOANS AND ADVANCES TO GOVERNMENT AND TO STATUTORY BODIES

Loans and advances to Government and Statutory Bodies were ZW$399 billion (2022: ZW$367 billion) as at end of year 2023. These balances are book entries on loans/facilities and letters of credit funded by an international financial institution accounted for by the Bank as liabilities and are in the process of being taken over by Government.

13. LIQUIDITY MANAGEMENT

The Bank was holding ZW$2 trillion (2022: ZW$463 billion) worth of statutory reserves as at 31 December 2023. Statutory Reserve requirements on local currency demand and call deposits were both increased from 10% to 15% in June while savings and foreign denominated time deposit requirements were maintained at 5% per annum.

The Bank continued to use Non-Negotiable Certificates of Deposits (NNCDs) introduced in 2021 to mop up excess liquidity from the market.

14. MOSI-OA-TUNYA GOLD COINS AND THE GOLD BACKED DIGITAL TOKENS (GBDT)

The Bank continued using Mosi-oa-Tunya gold coins as an alternative store of value instrument. The coins are denominated in 1 (one), ½ (half), ¼ (quarter) and 1/10 (a tenth) of an ounce.

In addition to gold coins, the Bank introduced gold-backed digital tokens, during the year in order to afford everyone an opportunity to save. The tokens which are fully backed by gold at the Bank, have a vesting period of 180 days when held as an investment and are a form of Central Bank Digital Currency, e-gold. GBDT has no vesting period when used for transactional purposes. A total of 15 460.24 Ounces (480.87kgs) of GBDT was in issue as at 31 December 2023.

15. BLOCKED FUNDS

Blocked funds relate to obligations incurred by Zimbabwean entities from foreign entities for goods, services and dividends. These entities failed to repay the debts as a result of foreign currency shortages. The Government of Zimbabwe assumed these blocked funds and a framework for the resolution of the blocked funds was issued by the Bank under Exchange Control Directives RU28/2019 and RU102/2019 that contained guidelines for the registration of blocked funds/foreign liabilities/legacy debts through the Bank's Exchange Control Division. Government of Zimbabwe, through the Finance Act No. 7 of 2021 and other subsequent pronouncements assumed the blocked funds from the Bank and became responsible for the discharge of the blocked funds in line with the framework provided for in the Act.

In line with policy, Government of Zimbabwe has settled some blocked funds through issuance of Treasury Instruments and continues to provide funding for those blocked funds still on the Bank's balance sheet.

16. ROYALTIES (Gold and other precious minerals)

SI 189 Presidential Powers (Temporary Measures) (Amendment of Reserve Bank of Zimbabwe Act and Finance Act) Regulations, 2022 was issued on the 4th of November 2022. It empowers the Bank to collect mining royalties in respect of gold, diamonds, platinum and lithium (and any other precious stone or precious or valuable metal specified by the Bank by notice in a statutory instrument) in kind. As at 31 December 2023 the Bank had 506.90 kgs of gold and 121 028.17 carats of diamonds in kind royalties.

17. ENVIRONMENTAL, SOCIAL AND GORVENANCE ("ESG") ISSUES

The Bank recognizes the growing importance of Environmental, Social, and Governance (ESG) issues in the global economy and the financial services sector. As part of its commitment to responsible and sustainable practices, the Bank is dedicated to addressing ESG considerations in its operations, decision-making processes, and reporting. In the course of its business, the Bank supervises commercial banks operations including ESG matters. The Bank joined the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) during the year. This is a grouping of central banks and supervisors that aims to support the development of environment and climate risk management in the financial services sector.

The Bank recognizes that ESG issues are dynamic and evolving. As such, it is dedicated to continually review and enhance its understanding, strategies, and actions in relation to ESG issues. Training of its employees in ESG matters is a priority, to empower them to fully understand ESG issues that benefit the Bank and its stakeholders. The Bank collaborates with stakeholders, industry experts, and regulatory authorities to stay abreast of emerging trends, assess risks and opportunities, and implement best practice.

18. GOING CONCERN

The Bank incurred an inflation adjusted deficit of ZW$$385 billion for the year ended 31 December 2023 (2022: surplus of ZW$$40 billion) and as at that date had an inflation adjusted positive equity of ZW$496 billion (2022: negative ZW$$28 billion).

The Bank is a not-for-profit organisation, a creature of statute and has inherent powers to function with a negative equity. Government, through the Ministry of Finance and Investment Promotion has provided a letter of support which shows its commitment for financial assistance, as may be required to ensure that the Bank is able to satisfy its financial obligations and pay its debts (both current and future) as they fall due within the next twelve months of the date of approval of the letter of support.

The financial statements are therefore prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements, which appear on pages 20 to 88 were approved by the Board of Directors on 27 March 2024. In line with the Reserve Bank of Zimbabwe Act [Chapter 22:15], the Directors approved the following officials to sign the financial statements:

Dr. J.P. Mangudya	Governor and Board Chairman
Mrs. M. Dzumbunu	Deputy Board Chairman & Audit and Oversight Committee Chairman
Dr. I. Matshe	Deputy Governor
Dr. J.T. Chipika	Deputy Governor
Mrs. V. Sithole	Bank Secretary & Director Legal and Corporate Affairs

Dr. J.P. Mangudya
Governor, Board Chairman

Mrs. M. Dzumbunu
Deputy Board Chairman & Audit and Oversight Committee Chairman

Dr. I. Matshe
Deputy Governor

Dr. J.T. Chipika
Deputy Governor

Mrs. V. Sithole
Bank Secretary & Director Legal and Corporate Affairs

Date: 30 April 2024

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Independent Auditors' Report

To the Minister of Finance and Economic Development

Opinion

We have audited the inflation adjusted financial statements of the Reserve Bank of Zimbabwe (the Bank), which comprise the inflation adjusted statement of financial position as at 31 December 2023, and the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and the inflation adjusted statement of cash flows for the year then ended, and notes to the inflation adjusted financial statements, comprising a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying inflation adjusted financial statements of the Reserve Bank of Zimbabwe for the year ended 31 December 2023 are prepared, in all material respects, in accordance with the basis of preparation described in the requirements of the Reserve Bank of Zimbabwe Act [Chapter 22:15].

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the inflation adjusted Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the inflation adjusted financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a. Expected Credit Loss allowance on Loans and advances to government and statutory bodies, Other loans and advances and Investment securities.

Refer to accounting policy note 3.9.1.5 (Impairment), note 6.3 (Impairment of loans and advances), note 8 (Expected credit losses), note 11 (Investment securities), note 13 (Loans and advances to government and statutory bodies), note 14 (Other loans and advances) and note 33.4 (Credit risk) to the inflation adjusted financial statements.

Key audit matter	How the matter was addressed in our audit
As at reporting date, the Bank had Loans and advances to government and statutory bodies of ZW$398.9 billion (note 13), Other loans and advances of ZW$567.1 billion (note 14) and Investment securities of ZW$2133.9 billion (note 11), inflation adjusted. The Bank uses an Expected	Our procedures included the following: • Evaluating the design, implementation and operating effectiveness of the key controls over credit origination and monitoring in the loan granting process. • Assessing whether the Bank's credit policies are

Key audit matter	How the matter was addressed in our audit
Credit Loss ('ECL') model to determine the expected credit loss allowance for Loans an advances to government and statutory bodies, Other loans and advances and Investment securities. The Bank's ECL model includes certain judgements and assumptions such as: • the low credit risk grade where there is a low risk of default; • the probability of default of a loan becoming past due and subsequently defaulting (probability of default 'PD'), • the determination of the Bank's definition of default. • the magnitude of the likely loss if there is default (loss given default 'LGD'), • the expected exposure in the event of a default (exposure at default 'EAD'), • the criteria for assessing significant increase in credit risk (SICR), • the rate of recovery on the loans that are past due and in default, • the identification of impaired assets and the estimation of impairment, including the estimation of future cash flows, market values and estimated time and cost to sell collateral, and • the incorporation of forward-looking information related to the expected outlook on the country's inflation rates, interest rates, exchange rates and the gross domestic product used in determining the expected credit losses in the loans and advances portfolios. Due to the significance of the Loans and advances to government and statutory bodies, Other loans and advances and Investment securities to the inflation adjusted statement of financial position of the Bank and the level of judgement applied in determining the ECL, the expected credit loss allowance on Loans and advances to government and statutory bodies, Other loans and advances and Investment securities was considered to be a key audit matter.	aligned with their accounting policy on Financial Instruments. o Assessing the appropriateness of the credit risk grade through the performance of credit reviews and an analysis of the financial performance of entities for a sample of loans and advances at year end • We inspected the terms and conditions on loan contracts to assess the collaterals on collateralized loans and advances on a sample basis. o We used our own internal financial risk management specialists ('FRM') to assist us in: o assessing the reasonability of management's assumptions in the determination of the PDs, EADs and the LGDs applied in computing the expected credit loss allowance by comparing against industry benchmarks. o assessing the reasonability of the recovery and discount rates used in the ECL model by comparing to industry benchmarks and external rates. o evaluating the appropriateness of the Bank's expected credit loss models by using independent models to recompute the ECL and reviewing the reasonability of the methodology updates within the Bank's ECL model during the current year. o challenging management's judgements and assumptions incorporated into forward looking information used in calculating the expected credit loss allowance by using available external and independent macro-economic information. • Evaluating the completeness and accuracy of data inputs used by FRM in recomputing the ECL by directly testing the relevant data elements over a sample of Loans and advances to government and statutory bodies, Other loans and advances and Investment securities at year end; and o Assessing the adequacy of the expected credit loss allowance disclosures in accordance with the Reserve Bank of Zimbabwe Act (Chapter 22:15) and the bank's relevant accounting standard.

b. Valuation of land and buildings (owner-occupied property) and investment property

Refer to accounting policy note 3.5 (property, plant and equipment) and note 3.6 (investment property) note 6.1 (property, plant and equipment useful lives, residual values and depreciation rates), note 6.2 (fair valuation of investment properties), note 17 (investment property), note 18 (property, plant and equipment), 20 (Revaluation reserve) and note 35 (fair value measurement) to the inflation adjusted financial statements.

Key audit matter	How the matter was addressed in our audit
The Bank holds land and buildings (owner-occupied property) that are measured at fair value in accordance with the Bank's Property, Plant and Equipment accounting standard. The Bank also holds investment property which is measured at fair value in accordance with the Bank's Investment Property accounting standard. As at reporting date the Bank had land and buildings (owner-occupied property) of ZW$650.9 billion, inflation adjusted and investment property amounting to ZW$104.3 billion, inflation adjusted. The fair values of the Bank's land and buildings (owner-occupied property) and investment property are classified as level 3 in the fair value hierarchy, through their use of unobservable inputs such as rental rates per square meter and capitalisation rates which have estimation uncertainty inherent in their values. The Bank's policy requires revaluation of its land and buildings (owner-occupied property) on a regular basis within periods not exceeding three years and measure investment property at its fair value at the reporting date. Determination of the fair value of land and buildings (owner-occupied property) and investment property is subject to significant judgment and estimation uncertainty, and the balance at year end is significant to the Bank's financial statements. The valuation of the land and buildings (owner-occupied property) and investment property was considered to be a key audit matter.	Our procedures included the following: • Engaging external professional independent property valuers to assist us in: o obtaining an understanding of the methods and assumptions used by management in property valuations. o '-assessing the reasonability of the property valuations by reperforming the property valuations on sample basis and compare it to valuations as determined by the managements' valuation specialists. o '- challenging the reasonability of valuation inputs for the rentals, capitalization rates, and market comparables used by the managements' valuation specialists by comparing it to the industry benchmarks on a sample basis, and o -evaluating the valuation methods used by managements' valuation specialist for appropriateness, based on the knowledge of the industry and the requirements of the Bank's fair value measurement accounting standard. • Assessing the professional competence and capabilities, independence and objectivity of the external valuers engaged by the management to value the properties. • Evaluating the professional competence and capabilities, independence and objectivity of our own externally engaged professional independent property valuer; and • Assessing the adequacy of the disclosures in accordance with the Reserve Bank of Zimbabwe Act (Chapter 22:15) and the bank's relevant accounting standard.

c. **Recognition and recoverability of unrealised and realised exchange losses receivables**

Refer to note 2.2.2 (IAS 21, Effects of changes in foreign exchange rates), note 3.9.1.1 (Loans and receivables), note 12 (Receivables) and note 33.4 (credit risk) to the inflation adjusted financial statements.

Key audit matter	How the matter was addressed in our audit
As at the reporting date the Bank had inflation adjusted exchange losses of ZW$ 24 trillion in the form of accumulated exchange losses which are to be funded by the Government and are accordingly recognised as a receivable from government. Section 34 of the Reserve Bank of Zimbabwe Act (Chapter 22:15) states that all exchange gains and losses from gold and foreign denominated assets are borne by the Bank for the account of the Government	Our procedures included the following: • Testing, on a sample basis, the relevant data elements (RDEs) of foreign currency amounts and exchange rates used in the system to calculate the exchange losses and gains to confirm the accuracy and completeness. • Engaging our Information Technology specialists to re-compute exchange losses or gains calculated by the Bank's core banking system that resulted in

Key audit matter	How the matter was addressed in our audit
of Zimbabwe. The Bank included exchange losses incurred from blocked funds and foreign loans in the balance of exchange losses receivable. We considered this to be a key audit matter, given the significance of the unrealised exchange losses receivable from the Government to the Bank's inflation adjusted financial statements.	the recorded unrealised exchange losses receivable. • Manually testing, on a sample basis, exchange losses or gains that are manually calculated and journalised into the system. • Verifying that the exchange gains and losses have been accounted for in line with the requirements of the Reserve Bank of Zimbabwe Act (Chapter 22:15). • Inspecting correspondence and agreements between the Ministry of Finance, Economic Development and Investment Promotion (the Ministry) and the Bank, in connection with the terms of the contracted loans that gave rise to the exchange losses. • Assessing the adequacy of the disclosure in accordance with the Reserve Bank of Zimbabwe Act (Chapter 22:15) and the Bank's relevant accounting standard.

d. Valuation of unlisted investments

Refer to note 6.4 (Investments in subsidiaries and unquoted shares), note 10 (Gold and foreign assets), note 15 (Other investments) and note 35 (Fair value measurement)

Key audit matter	How the matter was addressed in our audit
The Bank holds unlisted investments in Afreximbank, Zimswitch and Infrastructure Development Bank of Zimbabwe (IDBZ) amounting to ZW$47.5 billion, inflation adjusted. It also holds Investments in subsidiaries of ZW$131.3 billion, inflation adjusted and investment in Gold and foreign assets of ZW$ 2287.3 billion, inflation adjusted. The Bank uses the market-based approach method that takes into account key inputs such as risk-free rates, country risk premium, credit spread, and beta was used in the valuation of the investments. Determination of fair value of unlisted investments involves estimation uncertainty and requires judgements about significant assumptions used in the calculation. Due to the high degree of estimation uncertainty involved in determining the assumptions and inputs in the market-based approach, valuation of unlisted investments was considered a key audit matter.	• Obtaining an understanding of the process followed in the valuation of unlisted investments through inquiries with management's valuation specialist. • Engaging our own deal advisory specialists to assist us in: o obtaining an understanding of the methods, assumptions and data applied in the valuation reports prepared by the management's valuation specialist through reviewing the valuation reports and further inquiries with the management valuation specialist; o assessing the reasonability of management specialist prepared valuations by performing an independent recalculation of the fair value of the unlisted investments using independently sourced inputs and assumptions and comparing against valuations prepared by independent consultants. o challenging assumptions and data in the valuations in terms of the risk-free rates, country risk premium, credit spread, and beta used in the valuation of the investments against expectations based on the knowledge of the client and experience of the industry in

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Key audit matter	How the matter was addressed in our audit
	which it operates. ○ evaluating whether the valuation methods used by the management's valuation specialist remained appropriate, based on the knowledge of the industry and the requirements of the Bank's fair value measurement accounting standard. • Confirming the shareholding directly and whether the interest was appropriately considered in the determination of the fair value of the investments with the investees. • Assessing the professional competence and capabilities, independence and objectivity of the management specialists; and • Assessing the adequacy of the disclosure in accordance with the Reserve Bank of Zimbabwe Act (Chapter 22:15) and the Bank's relevant accounting standard.

Emphasis of matter - basis of accounting

We draw attention to note 2 to the inflation adjusted financial statements which describes the basis of accounting. The inflation adjusted financial statements are prepared to assist the Bank in complying with the requirements of the Reserve Bank Act (Chapter 22:15). As a result, the inflation adjusted financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report and the unaudited financial information in the inflation adjusted financial statements titled "Unaudited historical cost" but does not include the inflation adjusted financial statements and our auditors' report thereon.

Our opinion on the inflation adjusted financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the inflation adjusted financial statements.

The directors are responsible for the preparation and fair presentation of the inflation adjusted financial statements in accordance with the basis of accounting described in note 2 to the inflation adjusted financial statements and the requirements of the Reserve Bank of Zimbabwe Act [Chapter 22:15], and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the inflation adjusted financial statements.
Our objectives are to obtain reasonable assurance about whether the inflation adjusted financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these inflation adjusted financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the inflation adjusted financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the inflation adjusted financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted financial statements, including the disclosures, and whether the inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG
Themba Mudidi
Partner
Registered Auditor
PAAB Practicing Certificate Number 0437

30 April 2024

For and on behalf of, KPMG Chartered Accountants (Zimbabwe), Reporting Auditors

Mutual Gardens
100 The Chase (West)
Emerald Hill
P.O Box 6, Harare
Zimbabwe

RESERVE BANK OF ZIMBABWE
INFLATION ADJUSTED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST*	
	NOTES	2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
Interest income	7.1	152,196,471	63,083,477	82,643,229	9,904,194
Commission income	7.2	125,356,962	52,683,372	72,062,430	7,810,160
Interest and commission expense	7.3	(1,221,503,400)	(529,875,040)	(704,642,549)	(78,234,693)
Net interest and commission expense		**(943,949,967)**	**(414,108,191)**	**(549,936,890)**	**(60,520,339)**
Other income	7.4	325,011,532	88,561,150	240,935,146	15,916,384
Net interest and commission expense after other income		**(618,938,435)**	**(325,547,041)**	**(309,001,744)**	**(44,603,955)**
Operating costs	7.5	(495,491,985)	(155,068,521)	(313,017,597)	(23,868,650)
Expected credit losses	8	(112,791,503)	(89,516,179)	(112,791,503)	(18,649,027)
Deficit for the year before reversal of financial assets impairment and monetary gain		**(1,227,221,923)**	**(570,131,741)**	**(734,810,844)**	**(87,121,632)**
Monetary gain		842,516,464	610,262,824	-	-
(Deficit)/surplus for the year		**(384,705,459)**	**40,131,083**	**(734,810,844)**	**(87,121,632)**
Other comprehensive income					
Fair value gain on investments	21	496,711,446	157,608,071	528,030,448	43,684,531
Revaluation gain on properties	20	412,181,176	41,199,233	602,463,749	38,184,729
Total comprehensive income for the year		**908,892,622**	**198,807,304**	**1,130,494,197**	**81,869,260**
Total (deficit)/surplus for the year		**524,187,163**	**238,938,387**	**395,683,353**	**(5,252,372)**

*The Historical Cost information has been shown as supplementary information for the benefit of users. These are not required in terms of International Accounting Standard (IAS 29) 'Financial Reporting in Hyperinflationary Economies'. The Auditors have not expressed an opinion on the Historical Cost information. This applies to all Historical Cost information in these financial statements.

RESERVE BANK OF ZIMBABWE
INFLATION ADJUSTED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	AUDITED INFLATION ADJUSTED 2023 ZW$ 000	AUDITED INFLATION ADJUSTED 2022 ZW$ 000	UNAUDITED HISTORICAL COST 2023 ZW$ 000	UNAUDITED HISTORICAL COST 2022 ZW$ 000
Assets					
Cash and bank balances	9	447,277,929	1,932,654,593	447,277,929	402,632,541
Gold and foreign assets	10	2,613,269,232	1,016,218,714	2,613,269,232	211,710,217
Investment securities	11	2,133,936,006	440,311,065	2,133,936,006	91,730,599
Receivables	12	26,508,635,881	16,989,384,596	26,497,890,215	3,539,239,503
Loans and advances to Government	13	398,861,504	367,347,577	398,861,504	76,530,017
Other loans and advances	14	567,145,380	552,992,001	567,145,380	115,205,570
Other investments	15	47,542,069	37,176,394	47,542,069	7,745,008
Investments in subsidiaries	16	131,340,192	105,340,876	20,320,427	1,281,500
Investment property	17	104,280,000	35,468,498	104,280,000	7,389,200
Non-current asset held for sale	18	899,251	-	187,342	-
Property, plant and equipment	18	665,192,625	242,909,273	660,191,076	50,339,582
Total assets		**33,618,380,069**	**21,719,803,587**	**33,490,901,180**	**4,503,803,737**
Equity and liabilities					
Capital and reserves					
Share capital	19	1,478,048	1,478,048	2,000	2,000
Share premium	19	72,424,362	72,424,362	98,000	98,000
Revaluation reserve (buildings)	20	688,523,614	276,342,438	652,775,782	50,312,033
Mark to market (investments)	21	750,996,149	254,284,703	574,617,862	46,587,413
General reserve fund	22	-	-	-	-
Accumulated deficit	23	(1,017,197,715)	(632,492,256)	(858,748,075)	(123,937,231)
Deficit attributable to equity Shareholder		**496,224,458**	**(27,962,705)**	**368,745,569**	**(26,937,785)**
Liabilities					
Notes and coins in circulation	24	15,749,799	36,345,195	15,749,799	7,571,843
Deposit accounts	25	910,384,831	997,500,803	910,384,831	207,810,689
Payables	26	94,296,549	45,342,911	94,296,549	9,446,350
Term deposits	27	1,293,185,170	1,659,059,746	1,293,185,170	345,634,157
Foreign currency denominated liabilities	28	22,484,331,324	14,566,089,768	22,484,331,324	3,034,573,154
International Monetary Fund	29	8,324,207,938	4,443,427,869	8,324,207,938	925,705,329
Total liabilities		**33,122,155,611**	**21,747,766,292**	**33,122,155,611**	**4,530,741,522**
Total equity and liabilities		**33,618,380,069**	**21,719,803,587**	**33,490,901,180**	**4,503,803,737**

RESERVE BANK OF ZIMBABWE
INFLATION ADJUSTED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

Dr. J.P. Mangudya
Governor, Board Chairman

Mrs. M. Dzumbunu
Deputy Board Chairman & Audit and Oversight Committee Chairman

Dr. I. Matshe
Deputy Governor

Dr. J.T. Chipika
Deputy Governor

Mrs. V. Sithole
Bank Secretary & Director Legal and Corporate Affairs

Date: 30 April 2024

RESERVE BANK OF ZIMBABWE
INFLATION ADJUSTED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Share Capital ZW$	Share Premium ZW$	Revaluation Reserve ZW$	Mark to Market Reserve ZW$	General Reserve Fund ZW$	Accumulated Deficit ZW$	Total ZW$
Balance as at 1 January 2022	1,478,048	72,424,362	235,143,205	96,676,632	-	(672,623,339)	(266,901,092)
Surplus of the year	-	-	-	-	-	40,131,083	40,131,083
Revaluation gain on properties	-	-	41,199,233	-	-	-	41,199,233
Fair value gains on investments	-	-	-	157,608,071	-	-	157,608,071
Balance at 31 December 2022	**1,478,048**	**72,424,362**	**276,342,438**	**254,284,703**	**-**	**(632,492,256)**	**(27,962,705)**
Deficit for the year	-	-	-	-	-	(384,705,459)	(384,705,459)
Fair value gains on investments	-	-	-	496,711,446	-	-	496,711,446
Revaluation gain on properties	-	-	412,181,176		-	-	412,181,176
Balance at 31 December 2023	**1,478,048**	**72,424,362**	**688,523,614**	**750,996,149**	**-**	**(1,017,197,715)**	**496,224,458**

RESERVE BANK OF ZIMBABWE
STATEMENT OF CHANGES IN EQUITY - UNAUDITED HISTORICAL COST
For the year ended 31 December 2023

	Share Capital ZW$	Share Premium ZW$	Revaluation Reserve ZW$	Mark to Market Reserve ZW$	General Reserve Fund ZW$	Accumulated Deficit ZW$	Total ZW$
Balance as at 1 January 2022	**2,000**	**98,000**	**12,127,304**	**2,902,882**	**-**	**(36,815,599)**	**(21,685,413)**
Deficit for the year	-	-	-	-	-	(87,121,632)	(87,121,632)
Fair value gains on investments	-	-	-	43,684,531	-	-	43,684,531
Revaluation gain on properties	-	-	38,184,729	-	-	-	38,184,729
Balance at 31 December 2022	**2,000**	**98,000**	**50,312,033**	**46,587,413**	**-**	**(123,937,231)**	**(26,937,785)**
Deficit for the year	-	-	-	-	-	(734,810,844)	(734,810,844)
Fair value gains on investments	-	-	-	528,030,449	-	-	528,030,449
Revaluation gain on properties	-	-	602,463,749	-	-	-	602,463,749
Balance at 31 December 2023	**2,000**	**98,000**	**652,775,782**	**574,617,862**	**-**	**(858,748,075)**	**368,745,569**

	NOTES	2023 ZW$ 000	2022 ZW$ 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flows			
(Deficit)/surplus for the year		(384,705,459)	40,131,082
Adjustment for items not affecting operating cash flows			
-Depreciation	7.5	11,152,001	10,301,376
-Fair value gain in investment property	7.4	(96,890,800)	(28,074,411)
-Expected credit losses		112,791,503	89,516,179
-Loss/(Profit) on disposal of property, plant and equipment		240	121,290
-Reversal of financial assets impairment	8		-
-Other accrued interest income		(311,139,495)	(91,295,991)
-Interest expense	7.3	1,221,503,400	529,875,044
-Monetary gain		(842,516,464)	(610,262,824)
		(289,805,074)	**(59,688,255)**
Interest and commission paid			
-Interest and commission paid		(460,556,157)	(241,486,627)
Operating cash flows before movements in working capital		**(750,361,231)**	**(301,174,882)**
Movements in working capital			
Increase in receivables		(1,130,406,460)	(955,427,678)
Increase in deposit accounts		3,500,163,572	1,728,071,696
Increase/(decrease) in payables		(779,791,699)	370,053,237
Increase in advances		153,137,491	427,223,056
Net cash flows from working capital movements		**1,743,102,904**	**1,569,920,311**
Net cash inflow from operating activities		**992,741,673**	**1,268,745,429**

	NOTES	2023 ZW$ 000	2022 ZW$ 000
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Activities			
Purchase investment securities		(92,804,269)	(163,610,582)
Purchase of shares		(28,389,713)	(140,279,225)
Proceeds from disposal of property, plant and equipment	37.2	1,351	28,575
Purchase of property, plant and equipment	37.1	(29,291,381)	(7,062,097)
Interest received		24,601,470	12,451,466
Dividend received		69,635,489	22,994,256
Net cash from Investing Activities		**(56,247,053)**	**(275,477,607)**
CASH FLOWS FROM FINANCING ACTIVITIES*			
Decrease in liabilities		(3,184,472,691)	(1,173,259,321)
Increase in liabilities		1,815,423,796	1,793,410,923
Decrease in legacy debt		(631,224,664)	(209,846,582)
Net cash from Financing Activities		**(2,000,273,559)**	**410,305,020**
(Decrease)/increase in cash and cash equivalents due to revaluation and monetary adjustments		421,597,724	(997,741,148)
INCREASE IN CASH AND CASH EQUIVALENTS		**(1,485,376,664)**	**405,831,694**
Cash and cash equivalents at beginning of the year	**9**	**1,932,654,593**	**1,526,822,899**
-Balances with foreign banks		1,853,297,815	1,485,535,478
-Foreign currency		79,351,095	13,980,183
-Committed funds		5,683	27,307,238
Cash and cash equivalents at end of the year	**9**	**447,277,929**	**1,932,654,593**
-Balances with foreign banks		258,218,983	1,853,297,815
-Foreign currency		189,057,762	79,351,095
-Committed funds		1,184	5,683

*The amounts represent movements in the loan balances. The disclosure is in terms of the Bank's basis of accounting as disclosed in note 2 to the financial statements.

	NOTES	2023 ZW$ 000	2022 ZW$ 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flows			
Deficit for the year		(734,810,844)	(87,121,631)
Adjustment for items not affecting operating cash flows			
-Depreciation	7.5	2,257,676	379,341
-Fair value gain in investment property	7.4	(96,890,800)	(5,848,780)
-Expected credit losses		112,791,503	18,649,027
-Loss/(Profit) on disposal of property, plant and equipment		56	25,287
-Other accrued interest receivable		(190,872,828)	(15,174,112)
-Interest expense	7.3	704,642,549	78,234,693
		(202,882,688)	**(10,856,175)**
Interest and commission paid			
-Interest and commission paid		(406,826,533)	(47,939,563)
Operating cash flows before movements in working capital		**(609,709,221)**	**(58,795,738)**
Movements in working capital			
Decrease in receivables		(1,126,348,322)	(199,045,539)
Increase in deposit accounts		3,500,163,572	360,011,511
Increase in payables		63,236,254	77,093,691
Decrease in advances		153,137,491	89,003,956
Net cash flows from working capital movements		**2,590,188,995**	**327,063,619**
Net cash inflow from operating activities		**1,980,479,774**	**268,267,881**

	NOTES	2023 ZW$ 000	2022 ZW$ 000
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Activities			
Purchase of investment securities		(92,804,269)	(51,577,646)
Purchase of shares		(19,541,709)	(600,000)
Proceeds from disposal of property, plant and equipment	37.2	356	5,813
Purchase of property, plant and equipment	37.1	(16,388,935)	(1,188,358)
Interest received		17,516,194	2,488,584
Dividend received		48,655,568	4,664,069
Net cash from Investing Activities		**(62,562,794)**	**(46,207,538)**
CASH FLOWS FROM FINANCING ACTIVITIES*			
Decrease in liabilities		(3,184,472,691)	(244,426,699)
Increase in liabilities		1,815,423,796	373,623,719
Decrease in legacy debt		(631,224,664)	(43,717,622)
Net cash from Financing Activities		**(2,000,273,559)**	**85,479,398**
Increase/(Decrease) in cash and cash equivalents due to revaluation		127,001,967	2,561,619
INCREASE IN CASH AND CASH EQUIVALENTS		**44,645,388**	**310,101,360**
Cash and cash equivalents at beginning of the year	**9**	**402,632,541**	**92,531,181**
-Balances with foreign banks		386,100,037	90,029,010
-Foreign currency		16,531,320	847,251
-Committed funds		1,184	1,654,920
Cash and cash equivalents at end of the year	**9**	**447,277,929**	**402,632,541**
-Balances with foreign banks		258,218,983	386,100,037
-Foreign currency		189,057,762	16,531,320
-Committed funds		1,184	1,184

*The amounts represent movements in the loan balances. The disclosure is in terms of the Bank's basis of accounting as disclosed in note 2 to the financial statements.

1. REPORTING ENTITY

The Reserve Bank of Zimbabwe is a Statutory Body established in terms of the Reserve Bank of Zimbabwe Act [Chapter 22:15]. The Bank's registered office is number 80 Samora Machel Avenue, Harare.

2. BASIS OF PREPARATION

The financial statements of the Bank are prepared and presented as prescribed by the Reserve Bank of Zimbabwe Act [Chapter 22:15]. Accordingly, these financial statements have been prepared in accordance with the accounting policies, as determined by the Directors, as set out in 'note 3' to the financial statements. The Bank uses (IFRS) Accounting Standards as issued by the International Accounting Standards Board as a guide on most appropriate accounting policies and model for presentation and disclosure framework in its financial statements. Accounting policies in respect of exchange losses (disclosed in note 3.2.1 and note 12) and blocked funds (disclosed in note 28) are in accordance with the RBZ Act [Chapter 22:15]. The Directors consider the accounting policies adopted to be suitable for the intended users of these financial statements.

2.1 Adoption of IAS 29 'Financial Reporting in Hyper Inflationary Economies'

The financial statements are prepared to comply with International Accounting Standard (IAS) 29 'Financial Reporting in Hyper Inflationary Economies' following the directive issued by the PAAB in October 2019. All Zimbabwean entities reporting under IFRS Accounting Standards are required to comply with requirements of IAS 29 'Financial Reporting in Hyper Inflationary Economies' for reporting periods starting from 1 July 2019. The inflation adjusted financial statements are the primary financial statements. The historical cost financial statements have been presented as supplementary information. Freehold land & buildings, investment properties and unquoted shares were revalued at the reporting date. Assets and liabilities that are denominated in currencies other than the Zimbabwe dollar (ZW$) were translated to the functional currency in compliance with IFRS.

For periods up to December 2022, the Bank used the Zimbabwe Consumer Price Index (CPI) for restating balances and transactions. During the course of 2023, Zimbabwe National Statistics Agency (Zimstats) started issuing blended inflation numbers (combining US$ & ZW$). Since the Bank's reporting currency is ZW$ a decision was made to use Total Consumption Poverty Line (TCPL) index (also prepared by Zimstats) as it is more reflective of what transpired during the year.

The TCPL in ZW$ is used as the general price index to restate balances and transactions. The restatement factors are derived from dividing the December 2023 TCPL by the relevant month's TCPL as shown below:

2.1 Adoption of IAS 29 'Financial Reporting in Hyper Inflationary Economies' continued

MONTH	TCPL	CONVERSION FACTOR
December 2022	29,219.01	4.800045684
January 2023	29,499.89	4.754342672
February 2023	29,562.94	4.744202777
March 2023	29,778.08	4.709926774
April 2023	33,044.46	4,244359582
May 2023	39,927.46	3.512684928
June 2023	91,171.62	1.538336117
July 2023	99,545.95	1.408923116
August 2023	91,063.30	1.540165952
September 2023	95,462.53	1.46918992
October 2023	105,071.98	1.334823873
November 2023	115,090.15	1.218632385
December 2023	140,252.59	1.000000000

All comparative figures have been restated to reflect the change in the TCPL from the start of the reporting period, 1 January 2023 to 31 December 2023. Assets and liabilities carried at fair value as at 31 December 2023 have not been restated in the current year as they are presented at the measuring unit current at the reporting date. Non-monetary assets and depreciation that are not current at the statement of financial position date are restated from date of initial application of hyperinflationary accounting, 1 January 2018. Share Capital and Premium have been restated using TCPL index at the beginning of the period.

The statement of profit or loss items have been restated by applying restatement factors applicable in the month when the transactions were processed in the Bank's financial statements. A net monetary gain was recognized in the statement of profit or loss. All items in the statement of cash flows have been expressed based on the restated financial information for the period, except for those items measured at the current unit at the reporting date.

2.2 Financial Reporting Framework

The Bank presents its statement of financial position in order of liquidity. These financial statements are prepared and presented as prescribed by the Reserve Bank of Zimbabwe Act [Chapter 22:15] using IFRS Accounting Standards as a guide, except as described below.

2.2.1 IFRS 3 'Business Combinations' and IFRS 10 'Consolidated Financial Statements'

The financial statements of the subsidiary companies of the Bank are not consolidated into the Bank's financial statements. The Directors of the Bank are of the opinion that the nature of the activities of the Bank and its subsidiaries are so diverse that consolidation would not result in meaningful presentation of the results of the Bank and its subsidiaries. This is however, not in accordance with both IFRS 3 Business Combinations and IFRS 10 Consolidated Financial Statements which require that an entity (the parent) that controls one or more other entities (subsidiaries) should present consolidated financial statements. Investments in subsidiaries are stated at cost.

2.2.2 IAS 21 'Effects of changes in foreign exchange rates'

The Bank accounts for exchange gains and losses for both assets and liabilities in terms of section 34 of the Reserve Bank of Zimbabwe Act [Chapter 22:15] which states that all exchange gains and losses, from Gold and Foreign denominated assets, borne by the Bank are for the account of the Government of Zimbabwe. Ordinarily, central banks do not hold government foreign liabilities in their books hence the RBZ Act referring only to "exchange gains and losses on foreign assets", which are reserves. The Bank holds foreign liabilities on behalf of Government and these are affected by movements in exchange rates. Government has however resolved to assume these liabilities through Finance Act No 7 of 2021 and other subsequent policy pronouncements.

According to the Reserve Bank of Zimbabwe Act [Chapter 22:15] the Bank pays the Government of Zimbabwe in the event of realised exchange gains or receive from the Government of Zimbabwe in the event of realised exchange losses. This does not conform to IAS 21 'Effects of Changes in Foreign Exchange Rates', which requires that all realised and unrealised foreign exchange gains and losses should be recognised in the statement of profit or loss and other comprehensive income.

2.3 Use of estimates and judgements

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies that affects assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. This result in making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The Bank shall disclose the nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods except for the disclosure of the effect in periods when it is impracticable to estimate that effect. Management judgement was used in the application of accounting policies that have a significant effect on the financial statements and on estimates with a significant risk of material adjustments in the subsequent year.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in 'note 6' to the financial statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Revenue and other income recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the transaction price of the consideration received or receivable, taking into account contractually defined terms.

3.1.1 Interest income

Interest income arises from the Bank's lending and money market activities. It is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable to the instrument.

3.1.2 Fee income

The Bank recognises fees in advance from licensing services in accordance with the substance of the underlying transaction. Also, the Bank recognises income from facility fees from its money market activities. Due to the short-term nature of loans and advances, facility fees are amortised equally over the term of the loan.

3.1.3 Commission income

The Bank provides Real Time Gross Settlement (RTGS) services to financial institutions. Commission income is recognised when control of the services is transferred to the financial institution at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those services. The Bank has generally concluded that it is the principal in these revenue arrangements because it typically controls the services before transferring to financial institutions. The Bank also earns commissions from foreign currency allocations and gold coin transactions (buying and selling). Revenue related to foreign currency allocations and gold coin transactions is recognised at the point in time when the transaction takes place.

3.1.4 Dividend income

Dividend income from investments is recognised when the dividend has been declared.

3.1.5 Other income

Other income arising from the provision of other services to clients is recognised on the accrual basis in accordance with the substance of the underlying transaction.

3.1.6 Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.2.1 Foreign currency translation

These financial statements are presented in Zimbabwe Dollars (ZW$). Transactions in currencies other than the ZW$ are recorded at the spot exchange rate on the date of transaction. Monetary assets and liabilities carried at amounts that are denominated in currencies other than the ZW$ are translated at the spot exchange rate on the reporting date.

In terms of section 34(1) of the Reserve Bank of Zimbabwe Act [Chapter 22:15], any exchange gains and losses arising on the translation of gold and foreign assets are for the account of the Government of Zimbabwe and are recorded in the gold and foreign currency adjustment account which is disclosed under either 'assets' or 'liabilities' on the statement of financial position. Almost all foreign borrowings in the Bank's financial statements are for the account of Government. Government assumed these foreign liabilities through Finance Act No 7 of 2021 and other subsequent policy pronouncements hence the treatment of exchange gains or losses on foreign liabilities in terms of section 34 of the RBZ Act [Chapter 22:15].

3.2.2 Presentation and functional currency

The financial statements are presented in Zimbabwe Dollars (ZW$) which is the Bank's functional currency.

3.3 Employee benefits

3.3.1 Retirement benefit costs

The Bank contributes towards a defined contribution plan. Contributions to this plan are recognised as an expense in the statement of profit or loss and other comprehensive income in the periods in which the employees render services.

3.3.2 Pension scheme

The Bank and its employees contribute 15% and 6% of pensionable earnings respectively to the Fintrust Pension Fund (FUND). The Fund is a defined contribution scheme, the assets of which are held in a separate trustee administered fund. The trustees of the Fund are appointed by the employer and employees. These trustees make up the board that is required by law to act in the best interests of the plan participants and is responsible for setting investment management and pension payments policies. The Bank is not exposed to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.3.3 Termination benefits

Termination benefits are recognised as an expense when the Bank is committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Bank has made an offer encouraging voluntary redundancy, when it is probable that the offer will be accepted and the number of acceptances can be estimated reliably

3.3.4 Short term benefits

Short term benefits consist of salaries, accumulated leave and any non-monetary benefits such as medical aid contributions etc. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.4 Taxation

The Bank is exempt from Income Tax and Capital Gains Tax in terms of the Income Tax Act [Chapter 23:06] and the Capital Gains Tax Act [Chapter 23:01].

3.5 Property, plant and equipment (PPE)

Land and buildings held for use in the provision and supply of services, or for administrative purposes, are initially measured at cost. They are subsequently stated in the statement of financial position at their revalued amounts, being the fair value at the reporting date. These are determined from market-based evidence by appraisals undertaken by independent professional valuers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. On revaluation, accumulated depreciation is reversed.

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from the fair value determined at the reporting date. Property is revalued after every three years or more frequently in periods of high inflation in accordance with Bank's accounting policy. Any revaluation increase arising on the revaluation of buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same assets previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment (continued)

Depreciation on buildings is charged to profit or loss and reversed at the point of revaluation. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to the accumulated fund.

Furniture, equipment and motor vehicles are stated at cost less accumulated depreciation and impairment losses, if any. When significant part of equipment is required to be replaced at intervals, the Bank depreciates them separately based on their specific useful lives. All other repairs and maintenance costs are recognised in profit or loss as incurred.

Depreciation is charged so as to write off the acquisition cost or valuation of assets, other than land and buildings under construction, over their estimated useful lives to their residual values, using the straight line method, on the following basis:

Buildings	25 - 46 Years
Machinery	4 Years
Furniture and equipment	4 -10 Years
Motor vehicles	5 Years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised as income or expense in profit or loss. Land is not depreciated in the Bank's financial statements.

3.6 Investment property

Investment property, which is property held to earn rentals and or for capital appreciation, is initially measured at cost and subsequently at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes the cost for subsequent accounting.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.7 Leases

The Bank has entered into commercial property leases on its investment property portfolio. The Bank has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases. Rental income and expenditure under operating leases is accounted for through profit or loss on a straight line basis, over the period of the lease.

3.8 Investments in subsidiaries

A subsidiary is an investment wherein the Bank controls the investee. The Bank controls an investee when it has power to govern the financial and operating policies, is exposed to variable returns from its involvement with the investee and has ability to use its power to affect the amount of the investee's returns.

Investments in subsidiaries are stated at cost. Subsequent to initial recognition, the investments in subsidiaries are carried at cost less any accumulated impairment. Subsidiaries are tested for impairment on an annual basis and impairments are accounted for through statement of profit or loss.

3.9 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. Management determines the appropriate classification at initial recognition of the financial instrument. All financial assets and liabilities are initially recognised on the trade date i.e., the date the Bank becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and management's intention in acquiring them. The Bank's financial instruments consist primarily of cash and deposits with banks, equity investments, loans and advances to customers, customer deposits, investment securities held to maturity, amounts due to banks, loans and borrowings.

3.9.1 Financial assets

Financial assets are classified into the following categories: financial assets 'at fair value through other comprehensive income' (FVTOCI) and at amortised cost. The classification depends on the nature and purpose of the financial asset and it is determined at the time of initial recognition. The Bank's main financial assets include loans and receivables, investment securities, equity investments and foreign assets.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.9.1.1 Loans and receivables

Receivables, loans and advances to Government and to Statutory Bodies, other loans and advances not quoted on active markets are classified as loans and receivables. These include loans to subsidiaries. After initial measurement, such financial assets are subsequently measured at amortised cost less impairments. Amortised cost is calculated by taking into account any discount or premium on acquisition. The interest amortised is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in other operating expenses. Exchange losses expected from Government are included in receivables.

3.9.1.2 Foreign assets

Foreign assets are recognised at the rate of exchange ruling when they are acquired and subsequently restated using the spot exchange rate at the reporting date. Gains and losses arising from movements in exchange rate of foreign assets are for the account of the Government of Zimbabwe as stipulated in section 34 (1) of the Reserve Bank of Zimbabwe Act [Chapter 22:15].

3.9.1.3 Equity Investments

FVTOCI financial assets are equity investments. The FVTOCI designation was made because the investments are expected to be held for the long term for strategic purposes. After initial measurement, FVTOCI financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income (OCI) and posted in the mark to market reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income. When the investment is determined to be impaired, the cumulative loss is reclassified from the mark to market reserve to the statement of profit or loss as impairment loss. Dividend received whilst holding FVTOCI financial assets is reported as dividend income.

3.9.1.4 Investment securities

Non derivative financial assets with fixed or determinable payments and fixed maturities are classified as investment securities when the Bank has the positive intention and ability to hold them to maturity. After initial measurement, investment securities are measured at amortised cost less impairment. The interest amortised is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs. The Bank's investments in Treasury Bills and other deposits have been classified as investment securities.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.9.1.5 Impairment

The Bank is a policy driven institution whose lending guidelines are directed as outlined by the Monetary Policy Committee resolutions. The Bank recognises an allowance for expected credit losses (ECLs) for all debt instruments according to IFRS 9. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Bank expects to receive, discounted at an approximation of the original interest rate. The expected cash flows will include cash flows from the sale of collateral held.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses.

The 12 month ECL is the portion of LTECL that represent the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Bank groups its debt instruments (loans & receivables excluding rent receivable and foreign assets) into credit risk grades of Stage 1, Stage 2 and Stage 3 as described below:

i. Stage 1: When debt instruments are first recognised, the Bank recognises an allowance based on 12 month ECL. Stage 1 debt instrument also includes facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

ii. Stage 2: When a debt instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. Stage 2 debt instruments also include facilities, where the credit risk has improved and the debt instrument has been reclassified from Stage 3.

iii. Stage 3: These debt instruments are considered credit-impaired. The Bank records an allowance for the LTECL.

For rent receivable, the Bank applies a simplified approach in calculating ECLs. Therefore, the Bank does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Bank has established a provision model that is based on historical credit loss experience.

Equity instruments are not subject to impairment under IFRS9. The Bank considers a financial asset in default when contractual payments are 90 days past due. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.9.2 Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are recognised when the Bank becomes party to the contractual provisions of the instrument. Financial liabilities are initially recognised at fair value, generally being their issue proceeds net of transaction costs incurred.

The best evidence of fair value on initial recognition is the transaction price, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on discounted cash flow models and option-pricing valuation techniques whose variables include only data from observable markets.

The Bank's main financial liabilities include International Monetary Fund ('IMF') facilities, foreign loans, domestic loans, other deposits payable and interest bearing deposits which are subsequently measured at amortised cost using the simple interest method.

3.9.2.1 Loans and borrowings

After initial measurement, interest bearing loans and borrowings are subsequently measured at amortised cost using the simple interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition. The interest amortised is included as interest expense in the statement of profit or loss.

This category generally applies to interest bearing loans and borrowings.

3.9.2.2 Currency in circulation

Currency issued by the Bank represents a claim on the Bank in favour of the holder. Currency in circulation represents the face value of notes and coins issued to commercial banks by the Reserve Bank of Zimbabwe. Unissued notes and coins held by the Bank in the vaults are not part of the currency in circulation.Printing and minting costs of notes and coins are expensed.

3.9.2.3 Gold-backed digital tokens (GBDT)

Gold-backed digital tokens are issued by the Reserve Bank of Zimbabwe and represent a claim on the Bank in favour of the holder. GBDT are backed by gold held by the Bank and their value track international gold prices which change daily. These are accounted for as foreign denominated liabilities in the Bank's financial statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.9.3 Derecognition of financial assets and financial liabilities

The Bank derecognises a financial asset when it loses control over the contractual rights that comprise the financial asset and transfers substantially all the risks and benefits associated with the financial asset. This arises when the rights either are realised, expired or surrendered.On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount of the portion of the asset to be transferred), the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain that had been recorded in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.10 Fair value measurement

The Bank measures non-financial assets, such as investment properties, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or
ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

i. Level 1. Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued

3.10 Fair value measurement (continued)

ii. Level 2. Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
iii. Level 3. Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.11 Gold and other precious minerals

Gold and other precious minerals are recognised at the rate of exchange ruling on acquisition and subsequently revalued using the spot exchange rate at the reporting date. Gains and losses arising from movements in exchange rate is for the account of the Government of Zimbabwe as stipulated in section 34 (1) of the Reserve Bank of Zimbabwe Act [Chapter 22:15].

3.12 Cash and bank balances

Cash and bank balances include foreign currency on hand and foreign currency balances held with local and foreign banks. Cash and bank balances are carried at amortised cost in the statement of financial position.

3.13 Rounding Off

Amounts in these financial statements are rounded to the nearest thousand (000) unless otherwise stated.

2. STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

The Bank has not early adopted any new or amended standards in preparing these financial statements. The following new and amended standards are not expected to have a significant impact on the Bank's financial statements: -

i. IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information effective from 1 January 2024.
ii. IFRS S2 Climate related disclosures information effective from 1 January 2024.

3. STANDARDS APPLIED FOR THE FIRST TIME

i. Disclosure of accounting policies (Amendment to IAS 1 and IFRS Practice Statement 2).

6. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION IN APPLYING THE BANK'S ACCOUNTING POLICIES

In the process of applying the Bank's accounting policies, the Board made the following judgements and estimates that have a significant effect on the amounts recognised in the financial statements.

6.1 Property, plant and equipment useful lives, residual values and depreciation rates

The Bank's property, plant and equipment are depreciated using depreciation rates, useful lives and residual values estimated by the Directors. The Bank's policy requires revaluation of its property on a regular basis within periods not exceeding three years. The Bank's land and buildings were professionally revalued based on open market values for periods ending 31 December 2020, 2021, 2022 and 2023 by external property valuers due to volatility in the property market.

6.2 Fair valuation of investment properties

The fair value of investment properties at year-end was independently determined by property valuers engaged by the Bank. This resulted in a fair value increase of ZWS97 billion (2022: ZW$28 billion). The Directors have reviewed the results of the independent valuation for reasonableness and they believe the investment properties have been fairly valued. The key assumptions used in the fair value of investment property are further explained below:

The valuations were conducted in accordance with International Valuation Standards using the following assumptions:

i. The properties have no significant structural defects and that any defects would not require more than the normal level of maintenance and expenditure
ii. Each property is not contaminated and is not adversely affected by any existing or proposed environmental law.
iii. There are no abnormal ground conditions, or archaeological remains present, which might adversely affect the present or future occupation, development or value of the properties. Each property is free from rot, infestation and structural or latent defect.
iv. No currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to each of the properties.

The fair values of the Bank's properties are classified as Level 3 in the fair value hierarchy, through their use of unobservable inputs such as rental rates per square meter and capitalisation rates which have estimation uncertainty inherent in their values. Furthermore, the hyperinflationary environment make it increasingly difficult to determine the fair values.

6. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION IN APPLYING THE BANK'S ACCOUNTING POLICIES (continued)

6.3 Impairment of loans and advances

The Bank's business model is to hold financial assets in order to collect contractual cashflows that are solely payments of principal and interest on the principal amount outstanding. The Bank applies IFRS 9, which requires forward looking impairment for all financial instruments. Expected Credit Losses were calculated for financial assets using recalibrated models as at 31 December 2023.

6.3.1 The key components of the impairment methodology are described as follows:

Significant increase in credit risk ("SICR")

At each reporting date the Bank assesses whether the credit risk of its exposures has increased significantly since initial recognition by considering the change in the risk of default occurring over the expected life of the financial asset. Credit risk of exposures which are overdue for more than 30 days are also considered to have increased significantly.

6.3.2 Low credit risk

Exposures are generally considered to have a low credit risk where there is a low risk of default, the exposure has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions may not necessarily reduce the exposure's ability to fulfil its contractual obligations.

6.3.3 Default

The Bank's definition of default has been aligned to its internal credit risk management definitions and approaches. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets:

i. significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower),
ii. a breach of contract, such as default or delinquency in interest and/or principal payments,
iii. active market disappearance due to financial difficulties, and
iv. it becomes probable that the borrower will enter bankruptcy or other financial reorganisation where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Bank would not otherwise consider.

Exposures which are overdue for more than 90 days are also considered to be in default.

6.3.4 Forward-looking information

Forward-looking information is incorporated into the Bank's impairment methodology calculations and in the Bank's assessment of SICR. The Bank includes all forward-looking information which is reasonable and available without undue cost or effort. The information will typically include expected macro-economic conditions and factors that are expected to impact portfolios or individual counterparty exposures such as interest & exchange rates and the country's Gross Domestic Product (GDP).

6.3 Impairment of loans and advances (continued)

6.3.5 Probability of default (PD)

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for counterparts. If an entity or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

6.3.6 Loss given default (LGD)

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the interest rate as the discounting factor.

6.3.7 Exposure at default (EAD).

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

6.4 Investments in subsidiaries and unquoted shares

Investments in subsidiaries are stated at cost less accumulated impairment. The Bank tests all investments in subsidiaries for impairment on an annual basis. The breakdown of investments are disclosed in 'note 16'.

The Bank's investments in unquoted shares are in Infrastructural Development Bank of Zimbabwe (IDBZ), Zimswitch and African Export-Import Bank (Afreximbank). The Bank engaged services of professional consultants for independent fair valuation of its investments in IDBZ, Zimswitch and Afreximbank. The Directors have reviewed the results of the independent valuations for reasonableness and they believe the investments in unquoted shares have been fairly valued. The consultants' key methods, assumptions and inputs used in the valuation methods are disclosed in 'note 15'.

6.5 Provisions

The Bank recognises provisions when it has current obligations (legal or constructive) due to past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amounts. Where the probability of outflows is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
7.	**INCOME AND EXPENDITURE**	**2023 ZW$ 000**	**2022 ZW$ 000**	**2023 ZW$ 000**	**2022 ZW$ 000**
7.1	**Interest income comprises:**				
	- Interest on Treasury Bills (foreign and local Treasury Bills)	2,218,755	5,161,777	1,039,142	705,954
	- Interest on local and foreign bank balances	7,368,118	2,249,367	3,293,693	400,791
	- Interest on Government loans & advances	36,676,747	14,079,648	21,976,570	2,165,165
	- Interest on advances to financial institutions and other	105,932,851	41,592,685	56,333,824	6,632,284
		152,196,471	**63,083,477**	**82,643,229**	**9,904,194**
	Interest earning assets as at 31 December 2023 were ZW$376 billion (2022: ZW$345 billion). (See note 33.1.2) The average interest rate on assets was 32.21% per annum (2022: 55%).				
7.2	**Commission earned (RTGS)**	**125,356,962**	**52,683,372**	**72,062,430**	**7,810,160**
	The performance obligation is the delivery of RTGS services and is satisfied by receipt of payment made at that point in time				
7.3	**Interest and commission expense**	**(1,221,503,400)**	**(529,875,040)**	**(704,642,549)**	**(78,234,693)**
	Interest and commission expense consists of interest on savings bonds, loans and borrowings. Interest bearing liabilities as at 31 December 2023 were ZW$2.1 trillion (2022: ZW$8 trillion) (See note 33.1.2). The average interest rate on liabilities was 5.30% (2022:6.08%)				
7.4	**Other income comprises:**				
	Dividends from shares	69,635,489	23,389,447	48,655,568	4,567,608
	Licensing fees	10,526,389	792,126	3,451,905	79,836
	Fair value gains on investment property	96,890,800	28,074,411	96,890,800	5,848,780
	Fees received and other income	142,566,077	34,482,312	88,597,821	5,138,322
	Profit on disposal of PPE	-	3,991	-	787
	Rental Income (refer note 17)	5,392,777	1,818,863	3,339,052	281,051
		325,011,532	**88,561,150**	**240,935,146**	**15,916,384**

7. INCOME AND EXPENDITURE (continued)	AUDITED INFLATION ADJUSTED 2023 ZW$ 000	2022 ZW$ 000	UNAUDITED HISTORICAL COST 2023 ZW$ 000	2022 ZW$ 000
7.5 Operating expenses	**(495,491,985)**	**(155,068,521)**	**(313,017,598)**	**(23,868,650)**
Included in operating expenses are:				
Auditors' remuneration	2,658,657	916,469	1,762,874	111,749
Advertising Expenses	2,798,921	4,955,835	1,768,313	643,477
Computer software licences	11,021,961	3,451,235	5,086,649	487,900
Depreciation of PPE	11,152,001	10,301,376	2,257,676	379,341
Repairs, maintenance and Bank vehicle expenses	9,152,787	2,699,745	6,051,477	400,026
Utility bills and telecommunication	14,599,217	5,354,042	8,657,667	862,731
Travel	33,220,533	8,085,003	20,642,210	1,387,839
External printing	45,931,415	268,287	12,926,508	47,306
Courier services	2,301,773	527,245	2,253,163	40,249
Employee benefits	**293,802,899**	**99,742,504**	**202,093,998**	**16,527,943**
-Salaries	209,095,980	68,687,232	146,904,287	11,476,892
-Staff bonuses	14,043,928	5,176,765	8,882,435	853,985
-Medical expenses	13,164,569	5,699,719	7,945,990	874,400
-Pension & NSSA contributions	20,922,700	6,234,502	13,450,181	961,743
-Other expenses	36,575,722	13,944,286	24,911,105	2,360,923
Directors' fees	2,041,936	865,953	1,424,759	154,150
8. Expected Credit loss (ref note 33.4)	(112,791,503)	(89,516,179)	(112,791,503)	(18,649,027)

The Bank uses forward looking impairment models for all financial assets and lease receivables. The total expected credit losses at the end of the year was ZW$132.9 billion and $112.8 billion is the current year expense.

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2023	2022	2023	2022
	ZW$	ZW$	ZW$	ZW$
	000	000	000	000
9 CASH AND BANK BALANCES				
Nostro accounts balances	258,218,983	1,853,297,815	258,218,983	386,100,036
Bank balances/cash at hand	189,057,762	79,351,095	189,057,762	16,531,321
Committed Funds	1,184	5,683	1,184	1,184
	447,277,929	**1,932,654,593**	**447,277,929**	**402,632,541**

Cash and Bank Balances comprise of foreign currency cash on hand and foreign currency demand deposits with local and foreign banks (including Special Drawing Rights (SDR) balances held at the International Monetary Fund).

10. GOLD AND FOREIGN ASSETS				
Gold	314,454,606	39,376,041	314,454,606	8,203,264
Foreign investments	2,287,283,301	967,717,792	2,287,283,301	201,605,954
	2,601,737,907	**1,007,093,833**	**2,601,737,907**	**209,809,218**
South African Treasury Bills (Investment securities)	11,789,335	9,124,881	11,789,335	1,900,999
Expected credit losses	(258,010)	-	(258,010)	-
	2,613,269,232	**1,016,218,714**	**2,613,269,232**	**211,710,217**
Foreign investments reconciliation				
Opening balance	967,717,792	326,400,476	201,605,954	19,781,090
Share purchases	-	132,579,465		17,589,603
Share disposals	-	-	-	-
Fair value adjustment	1,319,565,509	508,737,851	2,085,677,347	164,235,261
Balance at year end	**2,287,283,301**	**967,717,792**	**2,287,283,301**	**201,605,954**

Foreign investments are shares in African Export-Import Bank (Afreximbank) and the Swift payment platform. The Bank held 6.04% of issued share capital in Afreximbank at year end. Professional valuers were engaged to value Afreximbank investment and they used key inputs such as risk-free rates, country risk premium, credit spread and beta to come up with a value of US$374 million (ZW$2.284 trillion) ((2022:US$294 million) (ZW$967 billion)) as at 31 December 2023. Swift shares were valued at Eur7,760 (ZW$52 million) ((2022:Eur7,275)(ZW$25 million)) per share at year end. The Bank was holding 47 shares out of 108 192 issued shares in Swift at year end.

The South African Treasury Bills (SATBs) of ZAR35 million (ZW$11.8 billion) ((2022: ZAR46 million) ZW$1.9 billion) are investments securities at the South African Reserve Bank. These Treasury Bills were previously pledged as security for an overdraft facility at the South African Reserve Bank. The overdraft facility was fully repaid during the course of the year. The movement is due to investment maturities and exchange rate fluctuations.

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
11. INVESTMENT SECURITIES – Zimbabwe Treasury Bills				
Gross	2,219,186,779	450,780,347	2,219,186,779	93,911,679
Expected credit losses	(85,250,773)	(10,469,282)	(85,250,773)	(2,181,080)
Balance at year end	**2,133,936,006**	**440,311,065**	**2,133,936,006**	**91,730,599**
12. RECEIVABLES				
Exchange losses	24,220,495,459	14,982,437,880	24,220,495,459	3,121,311,518
Receivables	976,594,860	845,395,919	976,594,860	176,122,473
Prepayments	742,260,304	214,318,430	731,514,638	44,467,312
Expected credit losses	(1,242,316)	(1,668,463)	(1,242,316)	(347,593)
Export Incentives	-	17,335,681	-	3,611,566
Government IMF drawdown and interest	570,527,574	931,565,149	570,527,574	194,074,227
Balance at year end	**26,508,635,881**	**16,989,384,596**	**26,497,890,215**	**3,539,239,503**
Movement in expected credit losses on receivables				
Balance at the beginning of the year	(1,668,463)	(479,904)	(347,593)	(99,980)
Expected credit losses adjustment	426,147	(1,587,973)	(894,723)	(230,844)
Balance at the end of the year	**(1,242,316)**	**(1,668,463)**	**(1,242,316)**	**(347,593)**

The bulk of the receivables are exchange losses most of which are unrealised and are accounted for in terms of Section 34 of the Reserve Bank of Zimbabwe Act [Chapter 22:15]. Section 34 of the Reserve Bank of Zimbabwe Act [Chapter 22:15] states that all exchange gains and losses from gold and foreign denominated assets borne by the Bank are for the account of the Government of Zimbabwe. The Bank being a fiscal agent, borrows on behalf of Government as mandated by section 7(n) of the Reserve Bank of Zimbabwe Act [Chapter 22:15]. Government assumed most liabilities in the Bank's books through the Finance Act no. 7 of 2021 and other subsequent policy pronouncements. Statutory Instrument 108 of 2023 amended the Reserve Bank of Zimbabwe Act [Chapter 22:15] section 7 to the effect that the Bank shall only borrow foreign currency on behalf of the State at the instance of the Minister, and not on its behalf. It is on this basis that all the exchange gains and losses are treated in these financial statements as recoverable from or payable to the Government respectively. The Bank included exchange losses incurred from blocked funds and foreign loans in the balance of exchange losses receivable. The exchange losses account does not accrue any interest.

12. Receivables (continued)

Government IMF drawdown includes net withdrawals of SDR239 million (2022: SDR235 million) by Government from IMF SDR allocations during the year. Cumulatively drawdowns amounted to SDR1.011 billion (2022: SDR772 million) as at 31 December 2023. These balances are recorded at the spot exchange rate on the day of the transaction. Government is working on taking their IMF SDR allocation from the Bank's financial statements per best practice.

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
13. LOANS AND ADVANCES TO GOVERNMENT AND STATUTORY BODIES				
Loans and advances (legacy debt)	58,466	280,642	58,466	58,466
Government loans	413,515,059	374,743,216	413,515,059	78,070,761
Expected credit losses (note 33.4)	(14,712,021)	(7,676,281)	(14,712,021)	(1,599,210)
Balance	**398,861,504**	**367,347,577**	**398,861,504**	**76,530,017**

Loans and advances to Government and Statutory Bodies were ZW$399 billion (2022: ZW$367 billion) as at end of year 2023. These balances are on loans/facilities and letters of credit funded by an international financial institution accounted for by the Bank as liabilities and are in the process of being taken over by Government.

	ZW$ 000	ZW$ 000	ZW$ 000	ZW$ 000
Movement in expected credit losses on Government and Statutory Bodies				
Balance at the beginning of the year	(7,676,281)	(2,173,616)	(1,599,210)	(452,832)
Expected credit losses adjustment	(7,035,740)	(5,502,665)	(13,112,811)	(1,146,378)
Balance at the end of the year	**(14,712,021)**	**(7,676,281)**	**(14,712,021)**	**(1,599,210)**

14. OTHER LOANS AND ADVANCES

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
Advances				
-Interbank advances	240,170,198	92,561,044	240,170,198	19,283,367
-Loans to subsidiaries	345,710,781	280,168,783	345,710,781	58,367,942
Private sector loans				
-Advances	12,430,132	256,638,342	12,430,132	53,465,811
-Fertilizer debtors (legacy)	704	3,381	704	704
Expected credit losses	(31,166,436)	(76,379,549)	(31,166,436)	(15,912,254)
	567,145,379	**552,992,001**	**567,145,379**	**115,205,570**
Movement in expected credit losses of other loans and advances				
Balance at the beginning of the year	(76,379,549)	(13,208,406)	(15,991,152)	(800,479)
Expected credit losses adjustment	45,213,113	(63,171,143)	(15,175,284)	(15,111,775)
Balance at the end of the year	**(31,166,436)**	**(76,379,549)**	**(31,166,436)**	**(15,912,254)**

Interbank advances
Interbank advances consist of Medium-term Bank Accomodation facility and loans to banks.

Loans to subsidiaries
Fidelity Gold Refinery administered Gold Development Initiative Facilities constitute the bulk of loans to subsidiaries.

Private Sector Advances
Private sector loans are advances made by the Bank to strategic Government institutions and other facilities.

Loan Terms
Overnight interbank and Medium-term Bank Accomodation facility interest rates are published in the Monetary Policy Statement whilst the other terms are negotiated per facility.

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
15. OTHER INVESTMENTS				
Opening balance	**37,176,394**	**35,636,854**	**7,745,008**	**2,159,727**
IDBZ	16,208,306	10,173,346	3,376,698	616,543
Zimswitch	20,968,088	25,463,508	4,368,310	1,543,184
Current Year Movements				
Rights Issue - IDBZ	2,390,399	-	502,782	-
Fair value gain/(loss) - IDBZ	20,115,644	13,248,870	20,115,644	2,760,155
Fair value gain - Zimswitch	19,178,635	13,560,739	19,178,635	2,825,126
Effect of IAS 29	(31,319,003)	(25,270,069)	-	-
Closing Balance	**47,542,069**	**37,176,394**	**47,542,069**	**7,745,008**
IDBZ	23,995,124	16,208,306	23,995,124	3,376,698
Zimswitch	23,546,945	20,968,088	23,546,945	4,368,310

The investments in unquoted local shares are classified as FVTOCI. The FVTOCI designation was made because the investments are expected to be held for the long term for strategic purposes. The Bank's unquoted local shares relate to 12.56% shareholding in IDBZ and 15% in Zimswitch.

Professional consultants were engaged to evaluate the fair value of the Bank's investment in unquoted local shares as at 31 December 2023. The market based approach method that takes into account key inputs such as risk-free rates, country risk premium, credit spread, and beta was used in the valuation of the investments. Refer to note 35 for detailed ranges of the inputs.

16. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries at cost less impairment losses

	Shareholding	AUDITED INFLATION ADJUSTED 2023 ZW$ 000	AUDITED INFLATION ADJUSTED 2022 ZW$ 000	UNAUDITED HISTORICAL COST 2023 ZW$ 000	UNAUDITED HISTORICAL COST 2022 ZW$ 000
FGR (Pvt) Limited	100%	20,134,831	20,134,831	516,648	516,648
Aurex (Private) Limited	100%	19,267,026	12,252,934	5,772,288	16,580
Homelink (Private) Limited	100%	50,288,251	35,664,663	12,598,630	598,630
Export Credit Guarantee Corporation	100%	26,078,328	26,078,328	114,355	114,355
Zimbabwe Asset Management Corporation	100%	11,210,120	11,210,120	35,287	35,287
PMCZ (Pvt) Limited	100%	4,361,636	-	1,283,219	-
Reszim Investments (Private) Limited	100%	-	-	-	-
Finance Trust of Zimbabwe (Private) Limited	100%	-	-	-	-
Carslone (Private) Limited	100%	-	-	-	-
Fiscorp (Private) Limited	100%	-	-	-	-
Venture Capital Company of Zimbabwe (Private) Limited	100%	-	-	-	-
		131,340,192	**105,340,876**	**20,320,427**	**1,281,500**

All of the above subsidiaries are incorporated in Zimbabwe.

17. INVESTMENT PROPERTY

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
Opening balance	35,468,497	25,417,902	7,389,200	1,540,420
	96,890,800	28,074,411	96,890,800	5,848,780
Monetary loss	(28,079,297)	(18,023,815)	-	-
Closing balance	**104,280,000**	**35,468,498**	**104,280,000**	**7,389,200**

Professional valuers were engaged to revalue the Bank's investment property as at 31 December 2023. The valuations were performed on the basis of open market values based on prevailing arm's length market transactions in accordance with International Valuation Standards. Refer to 'note 6.2'and 'note 35' for the key valuation assumptions and inputs.

The following amounts were recognised in the statement of comprehensive income as a result of rentals from the investment property held:

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
Rental income	5,392,777	1,818,862	3,339,0052	281,051
Direct operating expenses from rental Income	(1,443,880)	(225,774)	(902,570)	(15,147)
	3,948,897	**1,593,088**	**2,436,482**	**265,904**

The Bank leases (operating lease) its investment properties to various tenants. The lease agreements are renewable on an annual basis. Future minimum lease receipts as at 31 December 2024:

Up to 1 Year undiscounted	2 to 5 Years	More than 5 Years
ZW$4,108,335,596	-	-

Sensitivity analysis on investment property fair values

If the market prices are to decrease or increase by the following percentages, investment property fair values will be as follows: -

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
Decrease by 50%	52,140,000	17,734,249	52,140,000	3,694,600
Increase by 50%	156,420,000	53,202,746	156,420,000	11,083,800

18. PROPERTY, PLANT AND EQUIPMENT: AUDITED INFLATION ADJUSTED

	Land ZWS 000	Buildings ZWS 000	Furniture, equipment and machinery ZWS 000	Motor vehicles ZWS 000	Total ZWS 000
Cost/Revaluation					
At 1 January 2022	926,230	197,962,524	18,351,323	14,886,621	232,126,700
Additions	-	-	1,337,036	588,692	1,925,728
Disposals	-	(445,517)	(28,852)	(1,051,781)	(1,526,150)
Revaluation	469,143	40,730,089	-	-	41,199,232
Cost/Valuation					
At 31 December 2022	**1,395,373**	**238,247,099**	**19,659,507**	**14,423,532**	**273,725,511**
Additions	-	-	4,930,731	11,119,042	16,049,773
Disposals	-	-	(49,786)	(11,649)	(61,435)
Non-Current Assets Held for sale**	-	(907,209)	-	-	(907,209)
Revaluation	2,184,627	409,996,549	-	-	412,181,176
At 31 December 2023	**3,580,000**	**647,336,440**	**24,540,452**	**25,530,925**	**700,987,816**
Accumulated Depreciation					
At 1 January 2022	-	-	14,492,243	10,877,022	25,379,265
Charge for the year	-	4,735,556	3,378,990	2,186,830	10,301,376
Disposals	-	(14,850)	(3,952	(124,894)	(143,697)
Reversal on revaluation	-	(4,720,706)	-	-	(4,720,706)
At 31 December 2022	**-**	**-**	**17,867,281**	**12,948,958**	**30,816,239**
Charge for the year	-	6,168,091	2,800,307	2,183,603	11,152,001
Disposals	-	-	(4,451)	(507)	(4,958)
Reversal on revaluation		(6,160,133)	-	-	(6,160,133)
Depreciation-NCHAS	-	(7,958)	-	-	(7,958)
At 31 December 2023	**-**	**-**	**20,663,137**	**15,132,054**	**35,795,191**
Net Book Values					
At 31 December 2023	**3,580,000**	**647,336,439**	**3,877,315**	**10,398,871**	**665,192,625**
At 31 December 2022	**1,395,373**	**238,247,099**	**1,792,226**	**1,474,574**	**242,909,272**

**This is a property that the Bank has agreed to sale but was yet to receive full consideration at year end.

18.1 PROPERTY, PLANT AND EQUIPMENT: UNAUDITED HISTORICAL COST

	Land ZW$ 000	Buildings ZW$ 000	Furniture, equipment and machinery ZW$ 000	Motor vehicles ZW$ 000	Total ZW$ 000
Cost/Revaluation					
At 1 January 2022	56,133	11,997,270	146,196	103,232	12,302,831
Additions	-	-	222,266	102,785	325,051
Disposals	-	(27,000)	(230)	(7,293)	(34,523)
Revaluation	234,567	37,664,070	-	-	37,898,637
At 31 December 2022	**290,700**	**49,634,340**	**368,232**	**198,724**	**50,491,996**
Additions	-	-	2,575,392	7,257,777	9,833,169
Disposals	-	-	(933)	(160)	(1,093)
Non-Current Assets Held for sale**	-	(189,000)	-	-	(189,000)
Revaluation	3,289,300	597,891,100	-	-	601,180,400
At 31 December 2023	**3,580,000**	**647,336,440**	**2,942,691**	**7,456,341**	**661,315,472**
Accumulated Depreciation					
At 1 January 2022	-	-	43,183	18,618	61,801
Charge for the year	-	286,992	63,237	29,113	379,342
Disposals	-	(900)	(75)	(1,662)	(2,637)
Reversal on revaluation	-	(286,092)	-	-	(286,092)
At 31 December 2022	**-**	**-**	**106,345**	**46,069**	**152,414**
Charge for the year	-	1,285,007	335,216	637,447	2,257,670
Disposals	-	-	(533)	(148)	(681)
Depreciation-NCHAS**	-	(1,658)	-	-	(1,658)
Reversal on revaluation	-	(1,283,349)	-	-	(1,283,349)
At 31 December 2023	**-**	**-**	**441,028**	**683,368**	**1,124,396**
Net Book Values					
At 31 December 2023	**3,580,000**	**647,336,440**	**2,501,663**	**6,772,973**	**660,191,076**
At 31 December 2022	**290,700**	**49,634,340**	**261,887**	**152,655**	**50,339,582**

**This is a property that the Bank has agreed to sale but was yet to receive full consideration at year end.

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
19. SHARE CAPITAL				
Authorised				
2 million shares of ZW$1 each	1,478,048	1,478,048	2,000	2,000
Issued				
2 million shares of ZW $1 each	1,478,048	1,478,048	2,000	2,000
Reserves				
Share premium	72,424,362	72,424,362	98,000	98,000

The Bank's authorised capital is ZW$2 million wholly issued to the Government of Zimbabwe as per Section 31 of the Reserve Bank of Zimbabwe Act [Chapter 22:15]. In December 2015, the Government of Zimbabwe issued historical ZW$100 million eight-year debt instruments to the Bank as capitalisation.

20. REVALUATION RESERVE

Opening Balance	276,342,438	235,143,205	50,312,033	12,127,304
Fair value gain on buildings	412,181,176	41,199,233	602,463,749	38,184,729
Closing balance	**688,523,614**	**276,342,438**	**652,775,782**	**50,312,033**

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
21. MARK TO MARKET RESERVE				
Opening balance	254,284,703	96,676,632	46,587,413	2,902,882
Fair value gain on equity investments	496,711,446	157,608,071	528,030,449	43,684,531
Balance at the end of the year	**750,996,149**	**254,284,703**	**574,617,862**	**46,587,413**
22. GENERAL RESERVE FUND	-	-	-	-

In terms of section 32 of the Reserve Bank of Zimbabwe Act [Chapter 22:15], the Bank is required to maintain a general reserve fund. Once the balance of the fund exceeds three times the issued share capital of the Bank, any operating surplus, after providing for doubtful debts, depreciation, staff costs and any such items as are usually provided for by financial institutions, shall ultimately be paid to the Government of Zimbabwe.

	AUDITED INFLATION ADJUSTED 2023 ZW$ 000	AUDITED INFLATION ADJUSTED 2022 ZW$ 000	UNAUDITED HISTORICAL COST 2023 ZW$ 000	UNAUDITED HISTORICAL COST 2022 ZW$ 000
23. ACCUMULATED DEFICIT				
Opening Balance	(632,492,256)	(672,623,338)	(123,937,231)	(36,815,599)
Surplus/(Deficit) for the year	(384,705,459)	40,131,082	(734,810,844)	(87,121,632)
Closing balance	**(1,017,197,715)**	**(632,492,256)**	**(858,748,075)**	**(123,937,231)**
24 NOTES AND COINS IN CIRCULATION				
Notes	15,672,830	35,866,893	15,672,830	7,472,198
Coins	76,969	478,302	76,969	99,645
	15,749,799	**36,345,195**	**15,749,799**	**7,571,843**

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
		2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
25	**DEPOSIT ACCOUNTS**				
	Local Financial institutions				
	-Bankers RTGS	66,887,839	7,232,329	66,887,839	1,506,721
	-Statutory reserves	533,568,035	245,140,647	533,568,035	51,070,482
	-Government	161,329,914	635,643,855	161,329,914	132,424,543
	-Other	140,247,671	94,549,824	140,247,671	19,697,692
	-Short term local deposits	8,351,372	14,934,148	8,351,372	3,111,251
		910,384,831	**997,500,803**	**910,384,831**	**207,810,689**
26	**PAYABLES**				
	Local Payables	94,296,549	45,342,910	94,296,549	9,446,350
		94,296,549	**45,342,910**	**94,296,549**	**9,446,350**
	Local payables is mainly made up of amounts due to suppliers and for utilities at year end.				
26.1	**LEAVE PAY LIABILITY RECONCILIATION**				
	Opening balance 1 January	5,796,990	2,535,830	1,449,082	184,403
	Net provisions accrued	9,965,276	3,261,160	14,313,184	1,264,679
	Closing balance 31 December	**15,762,266**	**5,796,990**	**15,762,266**	**1,449,082**
	The leave pay liability is included in the payables balance at year end.				
27.	**TERM DEPOSITS**				
	Short term deposits	836,819,712	1,109,881,087	836,819,712	231,223,025
	Savings Bonds	456,274,611	548,800,608	456,274,611	114,332,371
	Other	90,847	378,051	90,847	78,761
		1,293,185,170	**1,659,059,746**	**1,293,185,170**	**345,634,157**

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2023	2022	2023	2022
	ZW$	ZW$	ZW$	ZW$
	000	000	000	000
28. FOREIGN CURRENCY DENOMINATED LIABILITIES				
Blocked Funds	4,848,587,011	3,841,543,857	4,848,587,011	800,314,020
Aggregated foreign loans	14,819,040,618	8,958,931,518	14,819,040,618	1,866,426,303
Savings Bonds	227,784,454	137,177,200	227,784,454	28,578,311
Gold Backed Digital Tokens	226,565,668	-	226,565,668	-
Short term foreign deposits	2,052,977,801	1,136,569,117	2,052,977,801	236,782,979
Payables and other	175,750,520	476,103,083	175,750,520	99,187,199
Interest accrued	133,625,252	15,764,993	133,625,252	3,284,342
	22,484,331,324	**14,566,089,768**	**22,484,331,324**	**3,034,573,154**

Foreign liabilities are facilities and lines of credit from regional and international institutions which the Government secured through the Bank for critical imports. In conjunction with the Government and in line with policy measures on acquisition of foreign exchange liabilities, the Bank negotiated and accessed US$900 million (including Letters of Credit facilities) from local, regional and international partners to support the foreign exchange auction system as well as meet the country's balance of payments requirements in 2023. All the offshore borrowings were arranged against statutory export receivables from high value commodities.

The Government through the Finance Act no.7 of 2021 and other subsequent pronouncements assumed most Bank foreign liabilities including blocked funds. Non-interest bearing foreign exchange bonds or zero coupon Government backed bonds will be issued to expunge blocked funds in the Bank's financial statements.

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
29. INTERNATIONAL MONETARY FUND FACILITIES				
Cumulative SDR allocations	8,321,711,126	4,441,608,279	8,321,711,126	925,326,251
IMF No.1 and 2	2,496,812	1,819,590	2,496,812	379,078
	8,324,207,938	**4,443,427,869**	**8,324,207,938**	**925,705,329**

The equivalent SDRs owed to the IMF were as follows:

	2023 SDR	2022 SDR
Cumulative SDR allocations	**1,016,017,051**	**1,016,017,051**

The exchange rate applied, ZW$/SDR8, 190.5231 (2022 ZW$/SDR 910.7389).

30 CONTINGENT LIABILITIES AND COMMITMENTS

30.1 The Bank had contingent liabilities of ZW$127 billion (2022: ZW$68.6 billion) as at 31 December 2023. There was a pending legal case amounting to ZW$119 billion which the Bank was being jointly sued. The Bank believes that the outcome of the negotiations are uncertain.

30.2 As at 31 December 2023, guarantees/letters of intent which amounted to ZW$1.8 trillion (US$300 million) were made to third parties that may result in exposures to the Bank in the event of default or a call for specific performance by those counterparties.

31. CAPITAL COMMITMENTS

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
Authorised and contracted:	8,923,103	10,495,142	8,923,103	2,186,488
Authorised and uncontracted:	3,239,256	3,245,842	3,239,256	676,217
	12,162,359	**13,740,984**	**12,162,359**	**2,862,705**

32. RETIREMENT BENEFIT SCHEMES

32.1 Private scheme

The Bank and its employees contribute to the Fintrust Pension Fund. The Fund is a defined contribution scheme, the assets of which are held in a separate trustee administered fund. The Bank contributes 15% and the employees 6% of pensionable earnings. During the year under review, the Bank contributed ZW$15.3 billion (2022: ZW$5 billion) towards this plan and the cost is included in staff costs. The board of the pension fund is required by law to act in the best interests of the plan participants and is responsible for setting investment management and pension payment policies. The Bank is not exposed to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Due to low levels of pensions which were being paid to most pensioners because of high levels of inflation, the Pension Fund made a request to the Bank to assist with cashflow injections to pay out retrenchee pensioners who wanted to fully commute their pensions and pay reasonable amounts to retiree pensioners on the fund. The Bank acceded to the request and paid ZW$3.5 billion (US$514,000) towards meeting this expenditure during the year. This is an interim measure aimed at assisting the Fund pay reasonable pensions. With some pensioners exiting the Fund through the Bank's assistance, the Fund should be able to pay reasonable pensions to the reduced numbers of pensioners.

32.2 National Social Security Authority (NSSA) scheme

Bank employees are also members of a state-managed retirement benefit plan, NSSA, and the contributions to the scheme are made in terms of the National Social Security Authority Act [Chapter 17:04]. During the year the Bank contributed ZW$2 billion (2022: ZW$925 million) towards this plan and the cost is included in the staff costs.

32.3 Recognition of pension contributions

The Bank's obligation with respect to the retirement benefit plan is to make the specific contributions. The contributions to the pension funds are recognized as an expense when they fall due.

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
32.4 Contributions recognized as an expense during the year				
Fintrust Pension Fund	15,324,042	5,309,567	12,191,861	816,947
Fintrust Pension Fund – Pensioners	3,494,227	-	2,964,608	-
National Social Security Authority Scheme	2,104,430	924,935	1,258,319	144,796
	20,922,699	**6,234,502**	**16,414,788**	**961,743**

33. RISK MANAGEMENT

The Bank is exposed to a range of risks arising from its policy responsibilities some of which are significant. These risks are managed through detailed processes that emphasise the importance of integrity, accuracy, staff capacity and public accountability. The Bank has a low risk appetite.

Risk governance policies and procedures are performed by Divisional Directors and oversight provided by the Board through the Audit and Oversight Committee. The Audit and Oversight Committee oversees management monitoring and compliance of the Bank's risk management policies and procedures. It also reviews the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit and Oversight Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Oversight Committee of the Board.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Certain aspects of risk management specific to financial instruments are described below.

33. RISK MANAGEMENT (continued)

33.1 Market price risk

Market price risk is the risk of loss resulting from changes in market conditions and prices. Market price risk includes interest rate risk, currency risk and equity price risk. In its monetary policy operations, the Bank is obliged to accept certain market-related risks which would not be fully compatible with pure commercial practice. The Bank nevertheless manages its market risks responsibly, utilising modern technology and appropriate organisational structures and procedures. Exposures and limits are measured continuously and strategies are routinely reviewed by management on a daily basis and, when circumstances require, throughout the day.

33.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is managed at both the Monetary Policy Committee and management level through regular policies and benchmarks which relate to interest rate risk management. Some of the Bank's loans and advances are at concessionary rates and some are at nil interest which is not market linked.

If the Bank fails to repay its dues on time, most institutions apply punitive interest rates. The Bank's senior management manages these risks and the Board's Banking Sector Stability Committee that advises on financial services sector stability supervises them.

The following are the Bank's interest earning assets and interest bearing liabilities:

33.1.2 Interest Earning Assets and Liabilities

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
		2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
Financial assets	**Average Interest**				
Zimbabwe Treasury Bills	6.84%	66,079,037	26,189,895	66,079,037	5,456,176
Interbank advances	70%	224,872,472	43,752,640	224,872,472	9,115,047
Loans to subsidiaries	46.31%	74,827,601	38,098,041	74,827,601	7,937,016
Loans and advances other	75%	10,518,028	236,739,070	10,518,028	49,320,170
		376,297,138	**344,779,646**	**376,297,138**	**71,828,409**
Financial Liabilities					
Foreign liabilities - loans	10.34%	2,097,182,000	7,716,120,894	2,097,182,000	1,607,478,041
Savings Bonds	0.25%	49,125,344	235,734,811	49,125,344	49,110,952
		2,146,307,344	**7,951,855,705**	**2,146,307,344**	**1,656,588,993**

33. RISK MANAGEMENT (continued)

33.2 Equity Risk Analysis

The Bank has invested in non-listed entities as part of its efforts to support economic development aspirations of the country despite inherent equity risks. In Afreximbank, the Bank invested in class A shares. Locally, the Bank has invested in IDBZ as part of its effort to support infrastructure development in the country. The Bank has also invested in Zimswitch which provides the national payment switch for local transactions.

33.2.1 Investments in African Export-Import Bank (Afreximbank)

The fair value of the Bank's investments in Afreximbank was estimated using the Price Earnings Multiple Valuation Method (P/E), Net Asset Valuation (NAV) and Dividend Discount Method .

33.2.2 Investments in Infrastructure Development Bank (IDBZ)

The Net Asset valuation model, Price Earnings and Price to Book methods was used in the valuation of IDBZ.

33.2.2 Investments in Zimswitch

The P/E valuation method was used for the valuation of the Bank's investment in Zimswitch.

33.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Bank's liabilities are predominantly held in US$ hence increased foreign currency risk. The introduction of an exchange rate in February 2019 brought with it an increased foreign currency risk since the Bank has huge foreign liabilities in its books with no reserves to back them. Government however, assumed most liabilities in the Bank's books lessening the foreign currency risk.

Below is a sensitivity analysis on foreign currency exchange risk for foreign assets and liabilities.

	Value as at 31 December 2023			Decrease by 10%		Increase by 10%	
Assets/ liabilities	Value US$ 000	Exchange Rate	Value ZW$ 000	Exchange Rate	Value ZW$ 000	Exchange Rate	Value ZW$ 000
Foreign Assets	501.341	6 104.723	3,060,547,161	5,494.25	2,754,492,789	6,715.195	3,366,602,576
Foreign Liabilities	3,683,104	6 104.723	22,484,331,324	5,494.25	20,235,895,613	6,715.195	24,732,763,351

33. RISK MANAGEMENT (continued)

33.3 The Bank is also exposed to foreign currency risk arising from GBDT in issue. To mitigate against this risk, the Bank was holding 635.78kg of gold against 480.87kg of GBDT in issue at year end as shown in the table below:-

	2023				2022			
	KG	OUNCES	US$ 000	ZW$ 000	KG	OUNCES	US$ 000	ZW$ 000
GBDT	480.87	15 460.24	37,113	226,565,668	-	-	-	-
Gold	635.78	20 441.09	41,911	255,853,992	136.21	4,379.35	11,367	7,779,009
Surplus	**154.92**	**4 980,85**	**4,798**	**29,288,324**	136.21	4,379.35	**11,367**	**7,779,009**

33.4 Credit risk

Credit risk is the risk of loss due to inability or unwillingness of a counterparty to meet its contractual obligations. Credit risk arises from such activities of the Bank as advances to and deposits made with other institutions and the settlement of financial market transactions. The Bank's Financial Markets Division manages these risks. Credit mitigation is employed by the Bank through taking collateral mostly in the form of Treasury Bills, real estate and other guarantees. The Bank is also exposed to credit risk on expected rental collections when its tenants fail to pay rentals for occupying its investment properties.

Expected Credit Losses

The Bank applied IFRS 9 'Financial Instruments' which uses forward looking impairment models
for all financial assets and lease receivables. The total expected credit losses at the end of the year were as follows:

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 Dec 2023 ZW$ 000	31 Dec 2022 ZW$ 000	31 Dec 2023 ZW$ 000	31 Dec 2022 ZW$ 000
Gold & Foreign Assets	258,010	-	258,010	-
Receivables	1,242,316	1,668,462	1,242,316	347,593
Other loans & Advances	31,166,436	76,379,546	31,166,436	15,912,254
Government & Statutory bodies	100,248,088	18,544,982	100,248,088	3,863,501
	132,914,851	**96,592,990**	**132,914,851**	**20,123,348**

ECLs for Government and Statutory Bodies are for loans & advances to Government and investment securities. In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs such as Gross Domestic Product growth, inflation, current account balance and foreign direct investment.

33. RISK MANAGEMENT (continued)

The increase in credit losses is mainly due to increased lending to various institutions. The Bank's loan exposures were performing at year end and were in stage 1. The Bank continues to monitor performance of all loans advances and take security in the form of Treasury Bills and properties for most advances it makes. The Bank is satisfied with the levels of ECLs provided for as at 31 December 2023.

Concentration of credit risk

This is a risk which arises in the business of lending whereby there is too much exposure to a single counterparty or obligor. If that obligor fails, the lending institution suffers. The Bank lends to Government, banks and its subsidiaries which it has 100% control. Lending to banks is done under monetary policy operations, special facilities and Lender of Last Resort window usually caused by a mismatch between the bank's assets and liabilities. Ordinarily, lending to banks is secured by either Government or RBZ securities. The role of the central bank is to craft and implement monetary policy in its pursuit of price and financial sector stability.

33.4.1 Credit Risk Analysis -AUDITED INFLATION ADJUSTED

Credit Risk Analysis 2023	Stage 1 ZW$ 000	Stage 2 ZW$ 000	Stage 3 ZW$ 000	Total ZW$ 000
Gold and foreign assets	11,531,326	-	-	11,531,326
Receivables	976,008,685	-	-	976,008,685
Investment securities	2,133,936,006	-	-	2,133,936,006
Government loans and advances	398,861,504	-	-	398,861,504
Other loans and advances	567,145,380	-	-	567,145,380
Total non-derivative assets	**4,087,482,901**	-	-	**4,087,482,901**
Credit Risk Analysis 2022				
Gold and foreign assets	9,124,881	-	-	9,124,881
Receivables	707,508,353	-	-	707,508,353
Investment securities	440,311,065	-	-	440,311,065
Government loans and advances	367,347,577	-	-	367,347,577
Other loans and advances	552,992,001	-	-	552,992,001
Total non-derivative assets	**2,077,283,877**	-	-	**2,077,283,877**

33. RISK MANAGEMENT (continued)

33.4.1 Credit Risk Analysis - UNAUDITED HISTORICAL COST

Credit Risk Analysis 2023	Stage 1 ZWS 000	Stage 2 ZWS 000	Stage 3 ZWS 000	Total ZWS 000
Gold and foreign assets	11,531,326	-	-	11,531,326
Receivables	976,008,685	-	-	976,008,685
Investment securities	2,133,936,006	-	-	2,133,936,006
Government loans and advances	398,861,504	-	-	398,861,504
Other loans and advances	567,145,380	-	-	567,145,380
Total non-derivative assets	**4,087,482,901**	-	-	**4,087,482,901**
Credit Risk Analysis 2022				
Gold and foreign assets	1,900,999	-	-	1,900,999
Receivables	147,396,590	-	-	147,396,590
Investment securities	91,730,599	-	-	91,730,599
Government loans and advances	76,530,017	-	-	76,530,017
Other loans and advances	115,205,570	-	-	115,205,570
		-	-	
Total non-derivative assets	**432,763,356**	-	-	**432,763,356**

33.5 Liquidity risk

Liquidity risk concerns the ability of the Bank to fulfil its financial obligations as they become due without incurring unacceptable losses. Ultimate responsibility of managing liquidity risk lies with the Board of Directors which has built an appropriate liquidity risk management framework for the management of the Bank's short, medium and long term funding and liquidity requirements.

The Bank mobilized US$900 million (including Letters of Credit facilities) from local, regional and international partners to support the foreign exchange auction system as well as meet the country's balance of payments requirements in 2023. All the offshore borrowings were arranged against statutory export receivables from high value commodities that include minerals.

The table below shows the Bank's financial assets and financial liabilities grouped into relevant maturities and the amounts disclosed in the table are the contractual undiscounted cash flows.

33.5 Liquidity risk continued - AUDITED INFLATION ADJUSTED

33.5.1 Maturity Analysis (2023)	On demand ZW$ 000	Due between 0-3 months ZW$ 000	Due between 3-12 months ZW$ 000	Due between 1-5 years ZW$ 000	Due After 5 years ZW$ 000	Total Carrying amount ZW$ 000
Assets held for managing liquidity risk						
Cash and Bank balances	447,277,929	-	-	-	-	447,277,929
Gold and foreign assets	256,536,491		2,287,283,301	57,918,114	11,531,326	2,613,269,232
Investment securities	136,990	209,947	294,862,608	1,472,078,996	366,647,465	2,133,936,006
Receivables	-	1,622,150,197	16,730,457	59,420,490	24,810,334,737	26,508,635,881
Loans and advances to Government	-	-	-	398,861,504	-	398,861,504
Loans and advances	289,318,182	7,371	35,325,193	9,929,666	52,026	334,632,438
Interbank advances	-	47,354,440	172,921,693	12,236,809	-	232,512,942
Total assets held for managing liquidity risk	**993,269,592**	**1,669,721,955**	**2,807,123,252**	**2,010,445,579**	**25,188,565,554**	**32,669,125,933**
Non-derivative liabilities						
Notes and coins in circulation	15,749,799	-	-	-	-	15,749,799
Deposit accounts	910,384,830	-	-	-	-	910,384,830
Payables	94,296,549	-	-	-	-	94,296,549
Term deposits	-	885,035,991	407,149,266	999,913	-	1,293,185,170
Foreign liabilities	8,221,870,597	665,723,799	1,266,370,398	1,268,555,713	11,061,810,817	22,484,331,324
International Monetary Fund facilities	2,496,812	-	-	-	8,321,711,126	8,324,207,938
Total non-derivative liabilities	**9,244,798,586**	**1,550,759,790**	**1,673,519,664**	**1,269,555,626**	**19,383,521,943**	**33,122,155,611**
Net exposure	**(8,251,528,996)**	**118,962,165**	**1,133,603,588**	**740,889,953**	**5,805,043,611**	**(453,029,676)**

33.5 Liquidity risk continued - AUDITED INFLATION ADJUSTED

33.5.1 Maturity Analysis (2022)	On demand ZWS 000	Due between 0-3 months ZWS 000	Due between 3-12 months ZWS 000	Due between 1-5 years ZWS 000	Due After 5 years ZWS 000	Total Carrying amount ZWS 000
Assets held for managing liquidity risk						
Cash and Bank balances	1,932,654,593	-	-	-	-	1,932,654,593
Gold and foreign assets	39,376,041	-	967,717,720	-	9,124,953	1,016,218,714
Investment securities	-	532,918	1,576,056	283,783,417	154,418,674	440,311,065
Receivables	-	1,187,664,378	3,492,169	21,127,476	15,777,479,287	16,989,763,310
Loans and advances to Government	-	-	-	367,347,577	-	367,347,577
Loans and advances	-	43,541,489	368,884,162	14,334,600	33,291,992	460,052,243
Interbank advances	-	50,830,598	41,246,855	483,591	-	92,561,044
Total assets held for managing liquidity risk	**1,972,030,634**	**1,282,569,383**	**1,382,916,962**	**687,076,661**	**15,974,314,906**	**21,298,908,546**
Non-derivative liabilities						
Notes and coins in circulation	36,345,195	-	-	-	-	36,345,195
Deposit accounts	997,500,803	-	-	-	-	997,500,803
Payables	45,342,910	-	-	-	-	45,342,910
Term deposits		1,106,870,492	548,800,608	3,388,645	-	1,659,059,746
Foreign liabilities	5,921,492,282	199,820,293	485,116,839	7,655,859,797	303,800,556	14,566,089,768
International Monetary Fund facilities	1,819,590	-	-	-	4,441,608,279	4,443,427,869
Total non-derivative liabilities	**7,002,500,780**	**1,306,690,785**	**1,033,917,447**	**7,659,248,442**	**4,745,408,835**	**21,747,766,291**
Net exposure	**(5,030,470,146)**	**(24,121,402)**	**(348,999,515)**	**(6,972,171,781)**	**11,228,906,071**	**(448,857,743)**

33.5 Liquidity risk continued - UNAUDITED HISTORICAL COST

33.5.1 Maturity Analysis (2023)	On demand ZW$ 000	Due between 0-3 months ZW$ 000	Due between 3-12 months ZW$ 000	Due between 1-5 years ZW$ 000	Due After 5 years ZW$ 000	Total Carrying amount ZW$ 000
Assets held for managing liquidity risk						
Cash and Bank balances	447,277,929	-	-	-	-	447,277,929
Gold and foreign assets	256,536,491		2,287,283,301	57,918,114	11,531,326	2,613,269,232
Investment securities	136,990	209,947	294,862,608	1,472,078,996	366,647,465	2,133,936,006
Receivables	-	1,611,404,530	16,730,457	59,420,490	24,810,334,737	26,497,890,214
Loans and advances to Government	-	-	-	398,861,504	-	398,861,504
Loans and advances	289,318,182	7,371	35,325,193	9,929,666	52,026	334,632,438
Interbank advances	-	47,354,440	172,921,693	12,236,809	-	232,512,942
Total assets held for managing liquidity risk	**993,269,592**	**1,658,976,288**	**2,807,123,252**	**2,010,445,579**	**25,188,565,554**	**32,658,380,265**
Non-derivative liabilities						
Notes and coins in circulation	15,749,799	-	-	-	-	15,749,799
Deposit accounts	910,384,831	-	-	-	-	910,384,831
Payables	94,296,549	-	-	-	-	94,296,549
Term deposits	-	885,035,991	407,149,266	999,913	-	1,293,185,170
Foreign liabilities	8,221,870,597	665,723,799	1,266,370,398	1,268,555,713	11,061,810,817	22,484,331,324
International Monetary Fund facilities	2,496,812	-	-	-	8,321,711,126	8,324,207,938
Total non-derivative liabilities	**9,244,798,588**	**1,550,759,790**	**1,673,519,664**	**1,269,555,626**	**19,383,521,943**	**33,122,155,611**
Net exposure	**(8,251,528,996)**	**108,216,498**	**1,133,603,587**	**740,889,953**	**5,805,043,611**	**(463,775,346)**

33.5 Liquidity risk continued - UNAUDITED HISTORICAL COST

33.5.1 Maturity Analysis (2022)	On demand ZW$ 000	Due between 0-3 months ZW$ 000	Due between 3-12 months ZW$ 000	Due between 1-5 years ZW$ 000	Due After 5 years ZW$ 000	Total Carrying amount ZW$ 000
Assets held for managing liquidity risk						
Cash and Bank balances	402,632,541	-	-	-	-	402,632,541
Gold and foreign assets	8,203,264		201,605,954	-	1,900,999	211,710,217
Investment securities	-	111,023	328,342	59,120,983	32,170,251	91,730,599
Receivables	-	247,245,790	727,528	4,401,515	3,286,943,568	3,539,318,401
Loans and advances to Government	-	-	-	76,530,017	-	76,530,017
Loans and advances	-	9,071,057	76,850,136	2,986,347	6,935,765	95,843,305
Interbank advances	-	10,589,607	8,593,013	100,747	-	19,283,367
Total assets held for managing liquidity risk	**410,835,805**	**267,017,477**	**288,104,973**	**143,139,609**	**3,327,950,583**	**4,437,048,447**
Non-derivative liabilities						
Notes and coins in circulation	7,571,844	-	-	-	-	7,571,844
Deposit accounts	207,810,689	-	-	-	-	207,810,689
Payables	9,446,350	-	-	-	-	9,446,350
Term deposits	-	230,595,824	114,332,372	705,961	-	345,634,157
Foreign liabilities	1,233,632,484	41,628,831	101,065,046	1,594,955,611	63,291,180	3,034,573,152
International Monetary Fund facilities	379,078	-	-	-	925,326,251	925,705,329
Total non-derivative liabilities	**1,458,840,445**	**272,224,655**	**215,397,418**	**1,595,661,572**	**988,617,431**	**4,530,741,521**
Net exposure	**(1,048,004,640)**	**(5,207,178)**	**72,707,555**	**(1,452,521,963)**	**2,339,333,152**	**(93,693,074)**

33.5 Liquidity risk (continued) - AUDITED INFLATION ADJUSTED

33.5.2 Secured and unsecured Loans and Advances (2023)

	Secured value	Unsecured value	Total carrying Amount
	ZW$ 000	ZW$ 000	ZW$ 000
Financial Assets			
Receivables	-	26,508,635,881	26,508,635,881
Loans and advances	170,580,217	396,565,163	567,145,380
Loans and advances to Government	-	398,861,504	398,861,504
Total	**170,580,217**	**27,304,062,548**	**27,474,642,765**
Secured and Unsecured Financial Liabilities			
Term deposits	-	1,293,185,170	1,293,185,170
Notes and coins in circulation	15,749,799	-	15,749,799
Deposit accounts	-	910,384,831	910,384,831
Payables	-	94,296,549	94,296,549
Foreign Liabilities	5,761,287,669	16,723,043,654	22,484,331,324
International Monetary Fund facilities	-	8,324,207,938	8,324,207,938
Total	**5,777,037,468**	**27,345,118,143**	**33,122,155,611**

The security tendered on the loans and advances is in the form of Zimbabwe Treasury Bills worth ZW$127 billion and properties worth ZW$43 billion. Liabilities are secured by future mineral exports.

33.5 Liquidity risk (continued) - AUDITED INFLATION ADJUSTED

33.5.2 Secured and unsecured Loans and Advances (2022)

	Secured value ZW$ 000	Unsecured value ZW$ 000	Total carrying Amount ZW$ 000
Financial Assets			
Receivables	-	16,989,763,310	16,989,763,310
Loans and advances	31,743,591	520,869,696	552,613,287
Loans and advances to Government	-	367,347,577	367,347,577
Total	**31,743,591**	**17,877,980,583**	**17,909,724,174**
Secured and Unsecured Financial Liabilities			
Term deposits	-	1,659,059,746	1,659,059,746
Notes and coins in circulation	36,345,195	-	36,345,195
Deposit accounts	-	997,500,803	997,500,803
Payables	-	45,342,910	45,342,910
Foreign Liabilities	4,289,120,010	10,276,969,758	14,566,089,768
International Monetary Fund facilities	-	4,443,427,869	4,443,427,869
Total	**4,325,465,205**	**17,422,301,086**	**21,747,766,291**

The security tendered on loans and advances is in the form of Zimbabwe Treasury Bills worth ZW$2 billion and properties worth ZW$29.7 billion. Liabilities are secured by future mineral exports.

		Secured	Unsecured	Total carrying
33.5	**Liquidity risk (continued) – UNAUDITED HISTORICAL COST**			
33.5.2	**Secured and unsecured Loans and Advances (2023)**	Value	value	Amount
		ZW$ 000	ZW$ 000	ZW$ 000
	Financial Assets			
	Receivables	-	26,497,890,214	26,497,890,214
	Loans and advances	170,580,217	396,565,163	567,145,379
	Loans and advances to Government	-	398,861,504	398,861,504
	Total	**170,580,217**	**27,293,316,881**	**27,463,897,098**
	Secured and Unsecured Financial Liabilities			
	Term deposits	-	1,293,185,170	1,293,185,170
	Notes and coins in circulation	15,749,799	-	15,749,799
	Deposit accounts	-	910,384,831	910,384,831
	Payables	-	94,296,549	94,296,549
	Foreign Liabilities	5,761,287,669	16,723,043,654	22,484,331,324
	International Monetary Fund facilities	-	8,324,207,938	8,324,207,938
	Total	**5,777,037,468**	**27,345,118,143**	**33,122,155,611**

The security tendered on the loans and advances is in the form of Zimbabwe Treasury Bills worth ZW$127 billion and properties worth ZW$43 billion. Liabilities are secured by future mineral exports.

33.5 Liquidity risk (continued) – UNAUDITED HISTORICAL COST
33.5.2 Secured and unsecured Loans and Advances (2022)

	Secured Value	Unsecured value	Total carrying Amount
	ZW$ 000	ZW$ 000	ZW$ 000
Financial Assets			
Receivables	-	3,539,318,401	3,539,318,401
Loans and advances	6,613,185	108,513,487	115,126,672
Loans and advances to Government	-	76,530,017	76,530,017
Total	**6,613,185**	**3,724,361,905**	**3,730,975,090**
Secured and Unsecured Financial Liabilities			
Term deposits	-	345,634,157	345,634,157
Notes and coins in circulation	7,571,844	-	7,571,844
Deposit accounts	-	207,810,689	207,810,689
Payables	-	9,446,350	9,446,350
Foreign Liabilities	893,558,164	2,141,014,989	3,034,573,154
International Monetary Fund facilities	-	925,705,329	925,705,329
Total	**901,130,008**	**3,629,611,515**	**4,530,741,523**

The security tendered on loans and advances assets is in the form of Zimbabwe Treasury Bills worth ZW$0.4 billion and properties worth ZW$6.2 billion. Liabilities are secured by future mineral exports.

34. CAPITAL MANAGEMENT

The Bank's objective when managing capital which is a broader concept than the equity on the face of financial position, is to safeguard the Bank's ability to maintain liquidity and stability of the economy.

The Bank is not subject to capital requirements by a regulatory body.

The table below summarises the composition of the Bank's capital for the year ended 31 December 2023.

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
Share Capital	1,478,048	1,478,048	2,000	2,000
Share Premium	72,424,362	72,424,362	98,000	98,000
Revaluation Reserve	688,523,614	276,342,438	652,775,782	50,312,033
Mark to Market	750,996,149	254,284,703	574,617,862	46,587,413
General Reserve Fund	-	-	-	-
Accumulated (deficit)/surplus	(1,017,197,715)	(632,492,256)	(858,748,075)	(123,937,231)
Total	**496,224,458**	**(27,962,705)**	**368,745,569**	**(26,937,785)**

The Bank's policies in respect of capital management are in accordance with its mandate as spelt out by the Reserve Bank of Zimbabwe Act [Chapter 22:15] and in accordance with any directives from the Minister of Finance and Investment Promotion.

The deployment of capital between specific operations is largely driven by the mandate of the Bank to strengthen and impose discipline in the financial services sector aimed at managing inflation and maintaining financial sector stability.

35. Fair Value Measurement

Quantitative disclosures fair value measurement hierarchy for assets as at December 2023 - AUDITED INFLATION ADJUSTED

	Date of valuation	Total ZW$ 000	Level 1 Quoted prices in active markets ZW$ 000	Level 2 Fair value measuring using Significant observable inputs ZW$ 000	Level 3 Significant unobservable inputs ZW$ 000
Assets measured at fair value					
Investment properties	31 December 2023	104,280,000	-	-	104,280,000
FVTOCI financial investments					
Unquoted equity shares	31 December 2023	47,542,069	-	-	47,542,069
Revalued property					
Land and buildings	31 December 2023	650,916,440	-	-	650,916,440
Other Assets					
Gold and foreign assets	31 December 2023	2,613,269,232	326,243,941	-	2,287,025,291

35. Fair Value Measurement (continued)

Quantitative disclosures fair value measurement hierarchy for assets as at December 2022 - AUDITED INFLATION ADJUSTED

	Date of valuation	Total ZW$ 000	Level 1 Quoted prices in active markets ZW$ 000	Level 2 Fair value measuring using Significant observable inputs ZW$ 000	Level 3 Significant unobservable inputs ZW$ 000
Assets measured at fair value					
Investment properties	31 December 2022	35,468,498	-	-	35,468,498
FVTOCI financial investments					
Unquoted equity shares	31 December 2022	37,176,394	-	-	37,176,394
Revalued property					
Land and buildings	31 December 2022	239,642,472	-	-	239,642,472
Other Assets					
Gold and foreign assets	31 December 2022	1,016,218,714	48,500,922	-	967,717,792

35. Fair Value Measurement

Quantitative disclosures fair value measurement hierarchy for assets as at December 2023 - UNAUDITED HISTORICAL COST

	Date of valuation	Total	Level 1 Quoted prices in active markets	Level 2 Fair value measuring using Significant observable inputs	Level 3 Significant unobservable inputs
		ZW$ 000	ZW$ 000	ZW$ 000	ZW$ 000
Assets measured at fair value					
Investment properties	31 December 2023	104,280,000	-	-	104,280,000
FVTOCI financial investments					
Unquoted equity shares	31 December 2023	47,542,069	-	-	47,542,069
Revalued property					
Land and buildings	31 December 2023	650,916,440	-	-	650,916,440
Other Assets					
Gold and foreign assets	31 December 2023	2,613,269,232	326,243,941	-	2,287,025,291

35. Fair Value Measurement

Quantitative disclosures fair value measurement hierarchy for assets as at December 2022. - UNAUDITED HISTORICAL COST

	Date of valuation	Total	Level 1 Quoted prices in active markets	Level 2 Fair value measuring using Significant observable inputs	Level 3 Significant unobservable inputs
		ZW$ 000	ZW$ 000	ZW$ 000	ZW$ 000
Assets measured at fair value					
Investment properties	31 December 2022	7,389,200	-	-	7,389,200
FVTOCI financial investments					
Unquoted equity shares	31 December 2022	7,745,008	-	-	7,745,008
Revalued property					
Land and buildings	31 December 2022	49,925,040	-	-	49,925,040
Other Assets					
Gold and foreign assets	31 December 2022	211,710,217	10,104,263	-	201,605,954

35. FAIR VALUE MEASUREMENT (continued)

Description of valuation techniques used and key inputs to valuation of properties 2023

	Valuation Technique	Significant unobservable inputs	Range
Investment properties	Direct Comparison and Income capitalisation.	Capitalisation rate	10.5%
		Estimated rental value per sqm per month.	ZW$42,500 - ZW$ 127,500
Office properties	Direct Comparison and Income capitalisation.	Capitalisation rate	9-11.5%
		Estimated rental value per sqm per month.	ZW$25,500 -ZW$ 128,000
Land	Market Value	The market value was determined through analysis of property data, comparable evidence and trends.	Sale trends usually higher
			(5.6%-6.76 of the asking price).
Residential properties	Market Value	The market value was determined through analysis of property data, comparable evidence and trends.	Sale trends usually higher
			(5.6%-6.76 of the asking price).

Description of valuation techniques used and key inputs to valuation of properties 2022

	Valuation Technique	Significant unobservable inputs	Range
Investment properties	Direct Comparison and Income capitalisation.	Capitalisation rate	7.9-8.3%
		Estimated rental value per sqm per month.	ZW$2,190-ZW$7,300
Office properties	Direct Comparison and Income capitalisation.	Capitalisation rate	6.25-8.17%
		Estimated rental value per sqm per month.	ZW$1,460-ZW$5,850
Land	Market Value	The market value was determined through analysis of property data, comparable evidence and trends.	Sale trends usually higher
			(5.6%-6.76% of the asking price).
Residential properties	Market Value	The market value was determined through analysis of property data, comparable evidence and trends.	Sale trends usually higher
			(5.6%-6.76% of the asking price).

35. FAIR VALUE MEASUREMENT (continued)

Description of methods used in the valuation of unlisted investments

Investment	Valuation methods	Valuation inputs
Afreximbank	Price Earnings Valuation Method (P/E), Net Asset Valuation Method, Market Price Valuation Method, Dividend Discount Model Valuation Method, and Calculated Intangible Valuation Method.	P/E Multiples: 8.97
Zimswitch	Price Earnings Valuation Method (P/E), Net Asset Valuation Method, and Dividend Discount Model Valuation Method.	Projected Growth: -9.49% Cost of Equity: 26%
IDBZ	Net Asset Valuation Method, Price Earnings Valuation Method (P/E), and Price to Book Valuation Method.	P/E multiple: 4.63

Valuation Assumptions

Investment	Valuation assumptions
Afreximbank	On the P/E valuation a marketability discount of 5% was applied on the average PE for comparable listed entities. On the market based valuation, a tradability discount of 5% was applied on the price of Afreximbank share price on the Stock Exchange of Mauritius.
Zimswitch	On P/E valuation a weighted average of comparable ZSE listed entities was used to calculate the PE valuation. On the Dividend Discount Method a Cost of Equity ("Ke") of 26% and projected growth of -9.49%.
IDBZ	On P/E valuation a weighted average of comparable ZSE listed entities was used to calculate the PE valuation. On the Price to Book Value, weighted average of comparable ZSE listed entities was used to calculate the PB valuation.

36. RELATED PARTY INFORMATION

The Bank is wholly owned by the Government of Zimbabwe. The Bank holds equity interests in the companies listed below as indicated:

Ownership interest and voting power	%
Fidelity Gold Refinery (Private) Limited	100
Printing and Minting Company of Zimbabwe (Private) Limited	100
Aurex (Private) Limited	100
Export Credit Guarantee Corporation	100
Finance Trust of Zimbabwe	100
Homelink (Private) Limited	100
Carslone (Private) Limited (Dormant)	100
Fiscorp (Private) Limited (Dormant)	100
Zimbabwe Asset Management Corporation (ZAMCO)	100
Venture Capital Company of Zimbabwe (Private) Limited (Dormant)	100
ResZim (Private) Limited	100

36.1 Balances with related parties: Subsidiaries

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
		2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
Subsidiary	**Transaction Type**				
FGR	Loan	342,721,077	228,185,310	342,721,077	57,039,813
Homelink	Loan	2,989,704	5,313,123	2,989,704	1,328,129
TOTAL		**345,710,781**	**233,498,433**	**345,710,781**	**58,367,942**

36.2 Transactions with related parties: Subsidiaries

i. Rental Income

Homelink and ZAMCO rent office space in the Bank's Investment Properties. The lease arrangements and collections are handled by an agent on behalf of the Bank.

36. RELATED PARTY INFORMATION (continued)

ii. Insurance
The Bank insures its vehicle fleet with ECGC. Total vehicle insurance cost for 2023 amounted to ZW$731 million.

iii. Security Documents
All printing jobs for security documents are done at PMCZ.

iv. Other Printing Jobs
For other general printing jobs the Bank deals with PMCZ.

36.3 Compensation of key management personnel of the Bank.

The Bank has not entered into any transactions with any of its Non-Executive Directors and their associates in 2023. Compensation of the Bank's key management personnel includes salaries, non-cash benefits, medical aid and contributions to the post-employment pension plan.

Salaries and benefits to management personnel

Compensation paid to the Bank's senior management and Directors during the year is as follows

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2023 ZW$ 000	2022 ZW$ 000	2023 ZW$ 000	2022 ZW$ 000
Short term senior management benefits	6,732,418	1,811,359	4,531,606	347,221
Non-executive Directors	1,549,970	578,498	1,089,346	122,958
Senior managers loans (balances)	3,213,778	1,237,921	3,213,778	309,445
Total	**11,496,166**	**3,627,778**	**8,834,730**	**779,624**

37. NOTES TO THE STATEMENT OF CASH FLOWS

Property, plant and equipment

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
37.1 Additions	**2023**	**2022**	**2023**	**2022**
Property, plant and equipment	**ZW$**	**ZW$**	**ZW$**	**ZW$**
Additions as per PPE note (note 18)	16,049,773	1,925,726	9,833,170	325,054
Add assets purchased not yet delivered	13,241,608	5,136,375	6,555,765	863,304
Balance as per Statement of Cash flow	**29,291,381**	**7,062,101**	**16,388,935**	**1,188,358**
37.2 Disposals				
Property, plant and equipment				
Disposals as per PPE note (note 18)	61,436	1,526,151	1,093	34,524
Less accumulated depreciation	(4,958)	(143,694)	(681)	(2,637)
	56,478	**1,382,456**	**412**	**31,887**
Adjustments	(54,887)	(1,232,591)	-	(787)
Profit on disposal / (loss)	(240)	(121,290)	(56)	(25,287)
Balance as per Statement of Cash flow	**1,351**	**28,575**	**356**	**5,813**

38. EVENTS AFTER REPORTING PERIOD

Subsequent to year-end, the following events took place:

i. The Bank lost a legal dispute involving former employees and expected cash outflow is amounting to US$3 million. This has been provided for in these financial statements.

ii. General Notice 164B of 2024 issued in the Government Gazette on the 8th of February 2024 amended the Public Procurement and Disposal of Public Assets Act [Chapter 22:23] by exempting the Reserve Bank of Zimbabwe and its subsidiaries from application of the said Act.

iii. The Bank made additional investments in some of its subsidiaries amounting to ZW$151 billion (US$10 million)

iv. The Bank made an investment of US$1 million in Africa Finance Corporation (AFC).

v. Statutory Instrument (SI) 51 of 2024 Sovereign Wealth Fund of Zimbabwe Act [Chapter 22:20] section 14(6) (No. 7 of 2014) (Amendment of Fourth Schedule), amended the Assets forming part of the Fund by adding the following Bank's subsidiaries: Aurex Private Limited, Export Credit Guarantee Corporation of Zimbabwe (Private) Limited, Fidelity Gold Refinery (Private) Limited and Homelink Private Limited.

vi. General Notice 410 of 2024 issued in the Government Gazette on the 29th of March 2024 notified the public of the appointment of the Governor of the Reserve Bank of Zimbabwe Dr John Mushayavanhu effective 28th of March 2024 for a period of five years ending 27th March 2029.

vii. SI 60 of 2024 Presidential Powers (Temporary Measures) (Zimbabwe Gold Notes and Coins) Regulations, 2024 amended the RBZ Act [Chapter 22:15] section 44D to allow for the introduction of ZiG notes and coins as legal tender. All Zimbabwe dollars were converted to ZiG using a conversion rate of 2 498.72 as of the 5th of April 2024. Zimbabwe dollars would cease to be a legal currency after twenty-one days of promulgation of SI 60 of 2024.

viii. Monetary Policy Statement Highlights:

a. Monetary Policy Statement of 5 April 2024 recalibrated interest rates to align them with inflation forecasts and introduction of the structured currency. The Bank policy rate was reduced from 130% to 20% per annum, overnight accommodation interest rate was set at 5% above the Bank policy rate and the Bank deposit facility interest rate at 7.5% below the Bank policy rate.

b. The foreign exchange auction system was replaced by a refined interbank foreign exchange market under a willing-buyer-willing-seller (WBWS) trading arrangement.

c. Statutory reserve ratios for foreign currency demand deposits were increased from 15% to 20% with effect from 8 April 2024 whilst those for ZiG demand deposits and time deposits were maintained at previous ZW$ levels of 15% and 5% respectively.

38. EVENTS AFTER REPORTING PERIOD (continued)

ix. SI 75 of 2024 Reserve Bank of Zimbabwe (Issue of ZiG Coins) Notice, 2024 specified the characteristics of one ZiG, two ZiG and five ZiG coins in accordance to section 44D of the Reserve Bank of Zimbabwe Act [Chapter 22:15].

39. GOING CONCERN

The Bank incurred an inflation adjusted deficit of ZW$$385 billion for the year ended 31 December 2023 (2022: surplus of ZW$$40 billion) and as at that date had an inflation adjusted positive equity of ZW$496 billion (2022: negative ZW$$28 billion).

The Bank is a not-for-profit organisation, a creature of statute and has inherent powers to function with a negative equity. Government, through the Ministry of Finance and Investment Promotion has provided a letter of support which shows its commitment for financial assistance, as may be required to ensure that the Bank is able to satisfy its financial obligations and pay its debts (both current and future) as they fall due within the next twelve months of the date of approval of the letter of support.

The financial statements are therefore prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

35. Fair Value Measurement

Quantitative disclosures fair value measurement hierarchy for assets as at December 2023 - AUDITED INFLATION ADJUSTED

	Date of valuation	Total	Level 1 Quoted prices in active markets	Level 2 Fair value measuring using Significant observable inputs	Level 3 Significant unobservable inputs
		ZW$ 000	ZW$ 000	ZW$ 000	ZW$ 000
Assets measured at fair value					
Investment properties	31 December 2023	104,280,000	-	-	104,280,000
FVTOCI financial investments					
Unquoted equity shares	31 December 2023	47,542,069	-	-	47,542,069
Revalued property					
Land and buildings	31 December 2023	650,916,440	-	-	650,916,440
Other Assets					
Gold and foreign assets	31 December 2023	2,613,269,232	326,243,941	-	2,287,025,291

8 STATISTICAL TABLES

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

	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23
Net Foreign Assets	-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	-18,830,050,198.23
Central Bank	-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	-22,724,299,913.18
Other Depository Corporations	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	3,894,249,714.95
Net Domestic Assets (NDA)	6,194,430.87	9,071,998.86	11,887,199.99	75,680,355.31	540,383,050.30	856,352,794.14	4,688,099,950.20	37,744,636,990.28
Domestic Claims	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	16,661,349,824.12
Claims on Central Government(net)	3,597,963.54	6,277,467.58	10,150,745.57	14,294,792.33	22,594,561.40	83,222,482.97	454,800,752.22	4,633,764,250.89
Claims on Central Government	3,758,737.40	6,412,445.92	10,233,501.86	15,812,421.94	37,107,463.58	98,039,988.24	613,516,289.65	5,826,109,037.18
Less Liabilities to Central Government	160,773.86	134,978.34	82,756.29	1,517,629.61	14,512,902.18	14,817,505.27	158,715,537.42	1,192,344,786.29
Claims on Other Sectors	3,883,454.35	4,421,894.49	4,900,007.69	13,757,070.35	84,353,979.26	257,066,492.66	1,407,079,764.84	210,979,095.28
Other Financial Corporations	42,282.79	64,990.53	156,610.04	180,506.15	1,439,022.42	10,056,800.43	157,280,627.89	210,979,095.28
State and Local Government	54257.41	46177.22	57159.64964	26320.3005	37024.28518	170565.4582	283,613.13	73,453.85
Public Non-Financial Corporations	253,465.61	591,300.63	647,556.86	2,431,172.28	8,214,242.82	23,908,914.83	161,107,427.42	779,253,503.92
Private Sector	3,513,528.54	3,719,426.11	4,058,650.65	11,115,071.62	74,662,789.74	222,930,131.98	1,088,409,096.41	11,037,279,520.17
Other Items (Net)	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	-21,083,287,166.17
Broad Money-M3	5,638,281.02	8,108,224.37	10,009,905.27	35,018,179.94	205,047,918.06	475,361,517.87	2,338,226,982.83	18,914,586,792.05
Securities Other than Shares Included in Broad Money	62894.35	68638.47	58584.0358	243976.5702	1436202.84	3696333.817	14,148,964.76	42,811,406.21
Broad Money-M2	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	18,871,775,385.85
Other Deposits	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	1,287,203,962.67
Narrow Money-M1	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	17,584,571,423.18
Transferable Deposits	4,033,558.66	6,305,923.18	7,940,376.20	31,978,710.26	192,511,359.60	431,748,432.28	2,086,456,095.48	17,572,220,001.14
Currency Outside Depository Corporations	70,170.81	331,937.88	502,042.57	907,568.29	1,193,510.91	2,513,787.98	4,210,142.14	12,351,422.04

Source: Reserve Bank of Zimbabwe, 2023

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

	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Market Share (%)
Commercial Banks	52,053	305,570	686,094	3,360,352	29,849,248	86.74%
Merchant Banks	402,288,508	158,588,381	99,998,770	91,564,731	-	**
Building Societies	6,283	31,535	74,716	420,050	4,109,626	11.94%
P.O.S.B	541	2,903	7,654	34,024	453,353	1.32%
GRAND TOTAL	58,877.00	340,008.00	768,464.00	3,814,426.16	34,412,227.25	100.00%

Source: Reserve Bank of Zimbabwe, 2023

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	Communication	Recreation and culture	Education	Restaurants and hotels	Miscellaneous 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
2023													
Jan	63.1	29.7	31.7	69.8	29.9	29.1	23.9	39.1	19.8	54.6	44.3	24.3	53.0
Feb	69.3	22.9	25.4	60.7	26.0	26.9	23.9	35.8	16.1	54.1	37.1	13.0	44.1
Mar	75.1	19.1	22.1	59.5	23.6	25.6	23.9	33.4	14.9	54.1	35.5	12.6	40.8
Apr	104.1	16.4	20.1	43.5	16.9	24.5	23.9	31.9	13.4	50.6	28.3	11.1	33.5
May	235.2	15.7	10.8	44.9	15.4	25.0	23.9	36.5	12.9	51.6	25.3	9.6	30.7
Jun	224.8	19.5	3.7	48.0	3.2	20.0	23.9	61.2	11.3	49.4	22.7	6.3	30.9
Jul	309.0	16.1	2.2	36.7	-2.0	15.3	23.9	60.3	8.3	34.9	23.7	5.2	22.7
Aug	353.0	10.7	-0.4	31.3	-3.5	13.0	23.9	56.4	6.6	33.8	21.8	0.8	17.7
Sep	339.7	13.8	1.5	25.3	0.1	13.4	23.9	50.2	6.0	31.0	23.9	3.5	18.4
Oct	321.3	15.1	1.3	23.2	-1.2	14.7	7.3	42.1	5.2	25.4	23.6	5.3	17.8
Nov	299.2	17.6	1.6	33.7	-2.1	16.5	8.4	40.7	5.5	11.9	2.9	5.5	21.6
Dec	285.2	21.2	2.2	40.7	-1.3	17.1	9.5	36.3	7.6	12.2	3.3	7.8	26.5

Source: ZIMSTAT, 2023

Table 4: Central Government Operations-ZW$ Millions

	2016	2017	2018	2019	2020	2021	2022	2023
Total revenue and grants	3,501.60	3,842.97	5,490.61	22,971.13	183,039.06	489,592.20	2,039,495.45	19,585,676.90
Total expenditure and net lending	5,113.23	6,390.08	7,552.99	22,533.51	162,427.67	552,013.22	2,030,686.18	28,331,351.23
Deficit	-1,611.63	- 2,547.11	-2,062.38	437.62	20,611.39	-62,421.02	8,809.27	8,745,674.33
Financing	-5,356.3	-5,346.9	-5,799.6	16,383.3	13,598.4	-25,730.6	248,152.38	8,311,455.57

Source: ZIMSTAT 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	890,066.81
Mining and quarrying	1,156.96	1,089.42	1,219.00	1,267.29	1,353.00	25,527.28	164,539.99	339,300.28	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	489.41	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	552.59	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	102,461.54	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	5,527.92	23,363.67	98,773.48	338,854.26
Information and communication	1,375.00	1,412.15	1,413.00	1,524.52	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	356.83	382.85	384.53	423.19	2,683.06	17,697.58	20,966.55	85,127.02
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	1,869.53	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	132,579.62	218,676.83
Arts, entertainment, and recreation	8.58	9.89	10.58	12.24	15.38	1,439.98	4,478.30	7,893.55	9,568.99
Other service activities	183.48	187.78	185.82	203.00	218.68	4,341.63	25,886.67	83,965.88	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	17,752.81	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: ZIMSTAT, 2023

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
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	-2,495.69	20,079.60	19,187.80	15.0	1,469.39	1,338.64
2018	24,312.30	-1,453.51	22,706.60	20,115.40	15.8	1,538.75	1,437.13
2019	212,174.39	-3,347.00	216,268.48	212,174.39	14.7	14,436.89	14,712.14
2020	1,378,795.3	-30,646.95	1,397,381.90	195,588.82	14.9	92,539.71	93,784.02
2021	3,189,937.24	-30,646.95	3,335,944.0	212,151.3	15.1	211,182.62	191,216.02
2022	12,388,437.80	-248,912.61	13,353,961.96	225,988.62	15.2	815,028.80	878,550.13

Source: ZIMSTAT, 2023

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
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
2022	3,780,807	5,316,269	1,851,178	0	1,440,184	12,388,438	-248,913	12,139,525

Source: ZIMSTAT, 2023

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
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
2022	8,704,355.56	921,021.78	2,068,349.55	1,403,235.34	412,152.19	13,921,266.61	-1,120,676.39	12,388,437.83

Source: ZIMSTAT, 2023

Table 9: Balance of Payments – US$ Millions

	2017	2018	2019	2020	2021	2022	2023
Trade balance	-1,581.1	-4,928.1	-1,461.6	-37,600.8	-135,580.6	-813,852.0	-2,690.3
Current Account Balance (excluding official transfers)	-271.2	-1379.6	920.5	1096.3	348.2	305.0	1,33.9
Capital Account Balance (including official transfers)	223.7	231.4	314.5	299.7	330.5	282.5	220.3
Financial Account: Net Lenging(+)/Net Borrowing(-)	-1145.9	-977.9	30.9	496.6	-267.7	-561.9	-464.7
Net Errors and Omissions	-1098.4	170.4	-1204.1	-481.4	-946.4	-1149.3	-1,293.0
Gross Foreign Reserves (US $m)	385.4	291.7	256.4	168.7	1009.6	881.4	394.3
Import Cover (months) at 100% (Goods & Services)	0.7	0.5	0.6	0.4	1.5	1.1	0.5

Source: Reserve Bank of Zimbabwe, 2023

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

Year	Tobacco	Gold	Ferro-Alloys	Textiles/Clothing	Total Exports	Total Imports
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
2023	1,191	1,806	347	1.5	7,204	8,656

Source: Reserve Bank of Zimbabwe, 2023

Table 11: Zimbabwe Stock Exchange Statistics

	Share Prices (2009=100)		Market Capitalization
Period	Industrial Indices	Mining Shares	ZWS Millions
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
2023	-	145,542.27	16,812,914.36

Source: Zimbabwe Stock Exchange, 2023

Table 12: Selected Economic Indicators

	2018	2019	2020	2021	2022	2023
National Accounts (Real Sector)						
Real GDP Growth (%)	5	-6.3	-7.8	8.5	6.5	-
Inflation (Annual Average) %		-	12.1	19.7	41.9	29.4
Deposit Corporations Survey						
Notes & Coins in Circulation (Million Z$)	502,042.57	907,568.29	1,193,510.91	2,313,787.98	4,210,142.14	12,351,422.04
Growth (%)	51.3	80.8	31.5	93.9	82	193.37
Broad Money (Million Z$)	10,009.91	35,018.18	204,920.29	475,361.52	2,338,226.98	18,914,586.79
Growth %	28	249.8	485.2	132.0	391.9	708.93
Reserve Money (Million Z$)	3,258.22	10,327.81	18,762.40	25,944.26	104,043.82	2,021,215.30
Growth %	31.6	217.0	81.7	38.3	301.0	1,842.7
Domestic Credit (Million Z$)	14,880.34	27,819.81	101,149.73	340,286.88	1,861,880.52	16,661,349.82
Growth %	39.1	87	263.6	236.4	447.2	782.6
Credit to Private Sector (Million Z$)	4,058.65	11,113.07	74,660.40	222,930.13	1,088,409.10	11,037,279.52
Growth %	9.1	173.8	571.8	198.6	388.2	914.1
Credit to Government (Million Z$)	9,980.34	14,062.74	23,276.85	83,610.07	454,800.75	5826,109.04
Growth %	59	40.9	65.5	259.2	444	820.0
Balance of Payments Accounts						
Exports of Goods and Services (Million US$)	5,178.20	5,266.90	5,263.30	6,574.80	7,453.50	7,602.72
Growth %	11.6	1.7	-0.1	24.9	13.4	2.0
Imports of Goods and Services (Million US$)	7,642.20	5,398.37	5,907.17	8,103.85	9,568.57	10,293.04
Growth %	22.8	-29.4	9.4	37.2	18.1	7.6
Trade Balance (Million US$)	-2,464.00	-131.47	-643.87	-1,529.05	-2,115.07	-2,690.32
Current Account Balance (Million US$)	-1,379.60	920.46	678.40	348.22	304.97	133.88

Table 12: Selected Economic Indicators

	2018	2019	2020	2021	2022	2023
Capital a/c balance (Million US$)	231.4	314.5	299.7	330.5	282.5	220.30
Financial a/c balance (Million US$)	-977.9	30.89	496.64	-267.72	-561.9	-464.66
International Reserves (Months of Import Cover)	0.5	0.7	0.4	1.7	1.3	
Government Accounts						
Revenues (including Retained Revenue) (Million Z$)	5,490.61	22,971.13	183,039.06	489,592.20	2,039,495.45	19,585,676.90
Expenditures & Net Lending (Million Z$)	7,552.99	22,533.51	162,427.67	552,013.22	2,030,686.18	28,331,351.23
Recurrent Expenditures (Million Z$)	6,626.39	20,191.97	131,306.65	453,533.53	1,890,653.03	16,379,181.72
Of which Employment Costs including Pension (Million Z$)	*3,381.85*	*6,082.80*	64,596.29	172,307.89	753,468.56	9,192,720.19
Capital Expenditure & Net lending (Million Z$)	1,954.17	3,652.78	43,711.71	168,459.17	395,332.73	11,952,169.51
Overall Balance (Million Z$)	-2,062.38	437.6	20,611.39	-62,421.02	8,809.27	8,745,674.33

Source: Reserve Bank of Zimbabwe, 2023

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