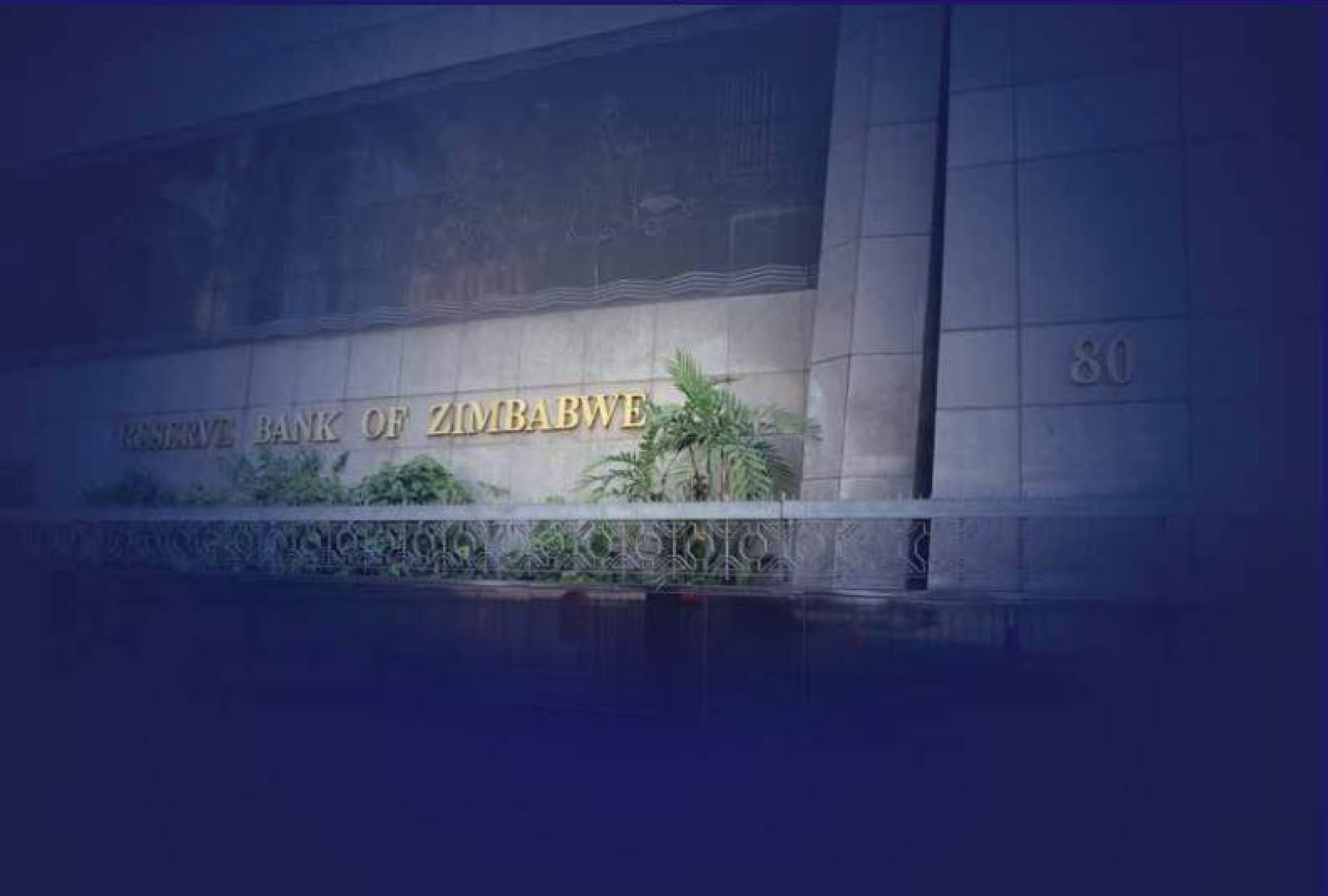
Audited Financial Statements

for the Year Ended 31 December 2022



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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 2022 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. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

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 accounting policies are prepared on the basis of International Financial Reporting Standards (IFRS) as a guide, except as 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 International Financial Reporting standards (IFRS).

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. K. Mlambo*	Deputy Governor (Executive)
Dr. I. Matshe*	Deputy Governor (Executive)
Mr. I.E. Manikai	Independent Non-Executive Director
Prof. J.T. 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 Economic Development Representative

**Dr. K. Mlambo's second and final term of office ended on 30 June 2022 and was replaced by Dr. I. Matshe who was appointed Deputy Governor effective 1 October 2022.*

3.2 BOARD COMMITEES

The Board has three committees that help it to discharge its mandate. The committees have clearly defined terms of reference setting out their roles, responsibilities and reporting procedures. All the three committees were fully constituted during 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 assists the Board of Directors in fulfilling its oversight responsibilities in relation to the Bank's financial reporting, internal control systems including internal audit, information systems and external audit function.

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, 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 Economic Development Representative
Prof. J.T. 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. I.E. Manikai	Chairman, Independent Non-Executive Director
Mrs. M. Dzumbunu	Deputy Board Chairman, Independent Non-Executive Director
Dr. K. Mlambo*	Deputy Governor (Executive)
Dr. I. Matshe*	Deputy Governor (Executive)
Prof. L. Majele-Sibanda	Independent Non-Executive Director

*Dr. K. Mlambo retired from the Bank on the 30th of June 2022 and was replaced by Dr. I. Matshe on his appointment on 1 October 2022.

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
Prof. L. Majele- Sibanda	Interim Chairman, Independent Non-Executive Director
Dr. J.T. Chipika	Deputy Governor (Executive)
Dr. K. Mlambo*	Deputy Governor (Executive)
Dr. I. Matshe*	Deputy Governor (Executive)
Dr. C.M.Fundanga	Independent Non-Executive Director
Mr. C. Mphambela	Non-Executive Director, Ministry of Finance and Economic Development Representative

**Dr. Mlambo retired from the Bank on the 30th of June 2022 and was replaced by Dr. Matshe on his appointment on 1 October 2022.*

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 2022:

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. K. Mlambo*	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.C. Jinya	Independent Non-Executive Member
Prof. D. Makina	Independent Non-Executive Member
Mr. P.E. Gwanyanya	Independent Non-Executive Member

**Dr. Mlambo retired from the Bank on the 30th of June 2022 and was replaced by Dr. Matshe on his appointment on 1 October 2022.*

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 surplus of **ZW$8 billion** (2021 surplus: **ZW$17 billion)** as indicated below:

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
Deficit from Bank operations	(118,776,316)	(95,871,698)	(87,121,631)	(21,426,275)
Reversal of financial assets impairment	-	240,734	-	70,030
Monetary gain	127,136,880	112,987,184	-	-
Surplus/(deficit) for the year	**8,360,564**	**17,356,220**	**(87,121,631)**	**(21,356,245)**

The Bank reported a deficit of ZW$119 billion before monetary gain of ZW$127 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 started issuing debt instruments towards assumption of foreign liabilities in the Bank's financial statements in accordance with the Finance Act No 7 of 2021 provisions. These reduce exchange losses and interest expenses that were a huge burden on the Bank's financial statements. On the other hand, the Bank earned interest on loans advanced to financial institutions and commissions from various services it offered.

7. **INFLATION DEVELOPMENTS**

Year-on-year, headline inflation averaged 193.4% in 2022, up from an average of 98.55% in 2021. It rose from 60.61% in January 2022 and reached a peak of 285.01% in August 2022, before decelerating, to end the year 2022 at 243.80%. The sustained deceleration in annual inflation began in September 2022, following the tightening of monetary policy by the Bank, coupled with the value for money principle adopted by government which curtailed speculative pricing by its suppliers of goods and services. The tight monetary policy stance helped anchor inflation and exchange rate expectations, resulting in the downward trend in inflation and the parallel exchange rate premium.

8. FOREIGN EXCHANGE MARKET

The Foreign Exchange Auction System continued in operation during the year, with the exchange rate opening in January 2022 at US$1: ZW$108.67 and closing the year at US$1: ZW$671.45.

The Bank further liberalised the foreign exchange market on the 4th of April 2022 by allowing banks to conduct foreign exchange transactions under an arrangement agreed upon between banks and the Bank. This arrangement meant that individuals with free funds and entities/corporates holding foreign exchange in their foreign currency accounts (after meeting the statutory surrender requirements) would be free to sell foreign currency to banks on a willing-buyer willing-seller basis. The limit banks could sell to entities was set at US$100,000 per week per entity. This arrangement relieved pressure on the auction system and the interbank market rate closed the year at US$1: ZW$684.33. The interbank foreign exchange rate is the official exchange rate in Zimbabwe.

9. FOREIGN EXCHANGE FACILITIES

The Bank mobilized US$800 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 2022. The amount accessed in 2022, represented a decrease of about 56% from funds accessed by the Bank in 2021 largely reflecting improved export performance in excess of US$11 billion.

The foreign exchange facilities were essential in providing liquidity to the economy through the auction system 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 arranged against statutory export receivables from high value commodities that include minerals. The foreign exchange facilities contributed to the upward growth in capacity utilization in industry and commerce from 45.5% in 2021 to 63% in 2022. (Source: Zimbabwe National Chamber of Commerce's State of the Industry and Commerce Survey for 2022).

10. INVESTMENTS AND DIVIDENDS

Afreximbank

The Bank acquired additional 3 237 shares in Afreximbank during the year. Afreximbank has been consistent in paying dividends and the Bank received US$6.6 million dividend in 2022 for the year ended 31 December 2021.

Other Investments

In addition to the Afreximbank dividend, ZIMSWITCH, Homelink and ECGC declared and remitted dividends during the year amounting to a total of ZW$499 million. The Bank made additional capital injections in Fidelity Gold Refinery and ECGC to the tune of ZW$1.6 billion and ZW$125 million respectively.

11. BANK POLICY RATES

The Bank Policy Rate closed the year at 200% (2021: 60%) per annum whilst the rate for the Medium-term Bank Accommodation Facility (MBA) was pegged at 100% (2021: 40%) per annum.

12. LOANS AND ADVANCES TO GOVERNMENT AND TO STATUTORY BODIES

Loans and advances to Government and Statutory Bodies were ZW$77 billion (2021: ZW$55 billion) as at end of year 2022. These balances mainly emanated from legacy foreign payments made on behalf of Government, which the Government was yet to fully reimburse the Bank at year end.

13. LIQUIDITY MANAGEMENT

The Bank was holding ZW$96 billion (2021: ZW$68 billion) (refer to notes to the financial statements no. 25 & 28) worth of statutory reserves as at 31 December 2022. The statutory reserve ratios were maintained at 2021 levels for demand/call deposits at 10% whilst for savings and time deposits was at 2.5% throughout the year. During the year, the Bank introduced statutory reserve requirements for foreign currency deposits at rates of 5% for call deposits and 2.5% for time and savings deposits. At year end, the Bank held US$66 million worth of foreign currency statutory reserves. .

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

The Bank introduced Mosi-oa-Tunya gold coins into the market as an alternative instrument product that enables investors to store value. The coins are available for sale to the public using local currency and prescribed foreign currencies. The coins are denominated in 1 (one), ½ (half), ¼ (quarter) and 1/10 (a tenth) of an ounce. Holders are free to sell back the coins to the Bank after the vesting period which is currently set at 180 days from the date of initial purchase. From July to year end, 24 368 pieces of various denominations totalling 17 628 ounces had been sold for a value of ZW$19 billion.

15. BLOCKED FUNDS

The Government through the Finance Act no.7 of 2021 assumed blocked funds ("any liability payable in foreign currency that was incurred by any of the entities specified in the Act before the 22nd of February 2019, and in respect of which such foreign currency could not be repatriated from Zimbabwe") during the dollarization era. Non-interest-bearing foreign exchange bonds amounting to US$1.2 billion were issued in 2022 to expunge some of the blocked funds and loans in the Bank's financial statements.

16. COVID-19 PANDEMIC

The World Health Organization (WHO) continued to be on high alert in case of COVID-19 spikes across the world whilst encouraging Governments to vaccinate their populations. The Bank encouraged all its employees to take advantage of the vaccination program rolled out by the Government through the Ministry of Health and Child Welfare. Like most countries, Zimbabwe continued to ease Covid-19 travel restrictions during the year from the previous years' restrictive measures.

17. 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. The Bank received royalties amounting to US$12.3 million in the last quarter of 2022.

18. BASIS OF FUNDING

The Bank is ordinarily a 'not for profit' organisation and a creature of statute that has inherent powers to function even with negative equity. The Bank therefore, prepared these financial statements on a going concern basis. The Government has taken measures to assist the Bank to build foreign reserves through SI 189 Presidential Powers (Temporary Measures) (Amendment of Reserve Bank of Zimbabwe Act and Finance Act) Regulations, 2022 issued on the 4th of November 2022. Collection of royalties in kind/cash will enhance building of national reserves (the Bank will collect mining royalties in respect of gold, diamonds, and other specified minerals).

The Government started issuing debt instruments towards assumption of foreign liabilities in the Bank's financial statements in line with the Finance Act No 7 of 2021 provisions. This reduced exchange losses and interest expenses that were a huge burden on the Bank's financial statements.

The Government of Zimbabwe through its Ministry of Finance and Economic Development undertakes to provide the Bank with financial assistance as provided for by statute and 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 and when they fall due in the ordinary course of business.

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements, which appear on pages 22 to 90 were approved by the Board of Directors on 29 March 2023. 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, 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: 26 May 2023

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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 Reserve Bank of Zimbabwe (the Bank), set out on pages 22 to 90, which comprise the inflation adjusted statement of financial position as at 31 December 2022, and the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and inflation adjusted statement of cash flows for the year then ended, and notes to the financial statements, comprising significant 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 2022 are prepared, in all material respects, 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].

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**, investment securities and receivables

Refer to accounting policy note 3.9.1.5 (impairment) and critical judgements and key sources of estimation in applying the Bank's accounting policies note 6.3 (impairment of loans and advances), note 11 (investment securities), note 12 (receivables) note 13 (loans and advances to government and other 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 of ZW$ 78 billion (note 13), other loans and advances of ZW$ 131 billion (note 14), investment securities of ZW$ 94 billion (note 11) and receivables of ZW$ 176 billion (note 12), inflation adjusted. The Bank uses an Expected Credit Loss (ECL) model to determine the allowance for loans and advances, receivables and investment securities. • The Bank's ECL model includes certain judgements and assumptions such as: ✓ the credit risk grade allocated to the loan advances categories (stage 1 to stage 3); ✓ the probability 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, investment securities and receivables and the level of judgement applied in determining the ECL, the expected credit loss allowance on loans and advances, investment securities and receivables was considered a key audit matter.	Our procedures included the following: • Engaging our Financial Risk Management (FRM) specialists to evaluate the appropriateness of the Bank's IFRS 9 ECL model by using our own independent models to recompute the ECL and reviewing the reasonability of the methodology updates within the Bank's IFRS 9 ECL model since prior year; • In addition, the FRM specialists performed the following : ✓ For a sample of loans and advances, receivables and investment securities re-computing the probability of default using our independent model; ✓ Assessing the reasonableness of management's assumptions in the determination of the PD and LGDs for stage 1 and stage 2 loans, receivables and investment securities by comparing against industry practices. ✓ Assessing the professional competence and capabilities, independence and objectivity of the specialist engaged by management in the calculation of the ECL. ✓ Assessing and testing 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 aligned with their accounting policy which is based on IFRS 9, *Financial Instruments* ("IFRS 9"); ✓ Using available external and independent information regarding macro-economic factors to challenge management's judgements and assumptions in determining expected credit losses; ✓ Assessing the completeness, accuracy and validity of data and inputs used by FRM during the development and application of the ECL model; ✓ For a sample of loans and advances, we evaluated the appropriateness of the credit risk grade through the performance of credit reviews and an analysis of the financial performance of selected entities; ✓ For a sample of receivables, assessing the performance of the borrower in line with the contractual terms such as repayment of principal and interest; and ✓ Assessing the adequacy of the Bank's disclosures in respect of ECL based on the guidelines of IFRS 7, *Financial Instruments* ("IFRS 7") disclosures as a guideline.

b. **Valuation of owner- occupied property and investment property**

Refer to accounting policy note 3.5 (property, plant and equipment) and note 3.6 (investment property) and critical judgements and key sources of estimation in applying the Bank's accounting policies note 6.1 (propert 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) 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 owner occupied properties (land and buildings) that are measured at fair value in accordance with IAS 16 - *Property, Plant and Equipment* (IAS 16). The Bank also holds investment property which is measured at fair value in accordance with IAS 40 - *Investment Property* (IAS 40). • As at reporting date the Bank had land and buildings amounting to ZW$ 50 billion, inflation adjusted and investment properties amounting to ZW$ 7 billion, inflation adjusted. • Investment property and land and buildings are subject to variability in values. The fair values of the Bank's investment and office properties are classified as level 3 in the fair value hierarchy based on using the guidelines of IFRS 13, *Fair Value Measurement* (IFRS 13) , 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 makes it increasingly difficult to determine the fair values. • Land and residential properties were valued using comparable evidence which takes into account prices for recent sales and properties on offer, adjusted for location, size and quality. • Determination of the fair value of investment properties and land and buildings is subject to significant judgment and estimation uncertainty and represents a material balance which requires involvement of a qualified professional independent expert. The valuation of the Bank's owner-occupied properties and the investment properties was considered a key audit matter.	Our procedures included the following: • Assessing the professional competence and capabilities, independence and objectivity of the external valuers engaged by the directors to value the properties. • Engaging own professional independent property valuer to reperform valuations on a sample basis and compare with valuations as determined by the directors' valuation specialists. • Evaluating the professional competence and capabilities, independence and objectivity of our own engaged professional independent property valuer. • Our engaged independent professional property valuers evaluated whether the valuation methodologies used by the directors' valuers remained appropriate, based on their knowledge of the industry and the requirements of IFRS 13 ; • Engaging own professional independent property valuer to reperform valuations on a sample basis and using industry benchmarks, to compare valuation inputs of rentals, capitalization rates, and market comparables with the inputs determined by the directors' valuation specialists; • Assessing the adequacy of the disclosures in the inflation adjusted financial statements in respect of the valuation of owner-occupied and investment properties based on the guidelines of IAS 16, IAS 40 and IFRS 13.

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.

KPMG

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$ 3,1 trillion, in the form of accumulated exchange losses which are to be funded by the Government of Zimbabwe 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 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 exchange losses receivable from the Government to the Bank's inflation adjusted financial statements.	Our procedures included the following: • Engaging our Information Technology Audit specialists to test the accuracy of the calculation of exchange losses or gains by the Bank's core banking system that resulted in the recorded exchange losses receivable; • 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 and Economic Development 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).

d. Valuation of unquoted financial investments and other assets

Refer to accounting policy note 3.9 (financial instruments) and note 3.10 (fair value measurement) and critical judgements and key sources of estimation in applying the Bank's accounting policies note 6.4 (investment in subsidiaries and unquoted shares), note 10 (gold and foreign assets), note 15 (other investments) and note 35 (fair value measurement) to the inflation adjusted financial statements.

Key audit matter	How the matter was addressed
• The Bank holds unlisted (unquoted) foreign financial investments amounting to ZW$ 202 billion, included in the gold and foreign assets financial statement caption and other investments amounting to ZW$ 8 billion inflation adjusted which are carried at fair value. • Unlisted foreign financial investments and other investments are shares are not listed on a registered stock exchange therefore the prices are not quoted in any active market and are classified as level 3 financial instruments, based on using the guidelines of IFRS 13, in the fair value hierarchy. • Where a market price is not available, the fair value of the unlisted investments are determined using a market approach based on price earnings ("PE") multiples, or a net asset value technique, as primary valuation methods. Where PE valuation techniques are used, the multiples are market related based on management's judgement of comparable entities with similar businesses and then adjusted for country and size discounts to determine an adjusted PE multiple.	Our audit procedures included the following: • We engaged our own valuation specialist who assisted with: ✓ Evaluating and challenging the appropriateness of the methodologies applied through comparison with market best practices; ✓ Evaluating and challenging assumptions such as comparable entities, country and size discounts, used in the valuation of the unlisted foreign financial investments and other investments through independently computing the fair value using our own independent inputs and considering macro-economic factors. This included: o Calculating a range for the expected minimum and maximum values for the PE multiple method through identification of a number of comparable entities and using

Key audit matter	How the matter was addressed
• We identified assessing the fair value of the unlisted investments as a key audit matter because valuation methodologies and inputs used by management include significant unobservable inputs resulting in significant judgement being applied by management.	company specific risk assumptions; and o Performing an independent assessment of the methods used to test the reasonableness of the primary valuation. ✓ Assessing whether the disclosures in the inflation adjusted financial statements appropriately reflected the Bank's exposure to financial instrument valuation risk based on the guidelines of IFRS 13.

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 information included in the document titled "Reserve Bank of Zimbabwe Audited Financial Statements for the year ended 31 December 2022", including the unaudited financial information in the inflation adjusted financial statements titled "Historical Cost" but does not include the inflation adjusted financial statements and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the "Reserve Bank of Zimbabwe 2022 Annual Report", which is expected to be made available to us after that date.

Our opinion on the inflation adjusted financial statements does not cover the other information and we do not and will 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 on the other information that we have obtained prior to the date of this auditors' report, 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 of the inflation adjusted financial statements in accordance with the Bank's stated accounting policies described in note 2 to the inflation adjusted financial statements and the manner required by 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.

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
Chartered Accountant (Z)
Registered Auditor
PAAB Practicing Certificate Number 0437

16 May 2023

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 2022

	NOTES	AUDITED INFLATION ADJUSTED 2022 ZW$ 000	AUDITED INFLATION ADJUSTED 2021 ZW$ 000	UNAUDITED HISTORICAL COST* 2022 ZW$ 000	UNAUDITED HISTORICAL COST* 2021 ZW$ 000
Interest income	7.1	13,142,266	9,438,814	9,904,194	2,229,427
Commission income	7.2	10,975,598	4,499,638	7,810,160	1,160,346
Interest and commission expense	7.3	(110,389,583)	(99,356,147)	(78,234,693)	(22,752,826)
Net interest and commission expense		**(86,271,719)**	**(85,417,695)**	**(60,520,339)**	**(19,363,053)**
Other income	7.4	18,450,064	13,370,172	15,916,384	3,307,680
Net interest and commission expense after other income		**(67,821,655)**	**(72,047,523)**	**(44,603,955)**	**(16,055,373)**
Operating costs	7.5	(32,305,634)	(22,332,819)	(23,868,650)	(4,937,066)
Expected credit losses		(18,649,027)	(1,491,356)	(18,649,027)	(433,836)
Deficit for the year before reversal of financial assets impairment and monetary gain		**(118,776,316)**	**(95,871,698)**	**(87,121,632)**	**(21,426,275)**
Reversal of financial assets impairment	8	-	240,734	-	70,030
Monetary gain		127,136,880	112,987,184	-	-
Surplus/(deficit) for the year		**8,360,564**	**17,356,220**	**(87,121,632)**	**(21,356,245)**
Other comprehensive income					
Fair value gain on investments	21	32,834,702	6,896,178	43,684,531	2,006,103
Revaluation gain on properties	20	8,583,092	13,657,152	38,184,729	7,147,157
Total comprehensive income for the year		**41,417,794**	**20,553,330**	**81,869,260**	**9,153,260**
Total surplus/(deficit) for the year		**49,778,358**	**37,909,550**	**(5,252,372)**	**(12,202,985)**

*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 2022

	NOTES	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
		2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
Assets					
Cash and bank balances	9	402,632,541	318,085,077	402,632,541	92,531,182
Gold and foreign assets	10	211,710,217	70,156,384	211,710,217	20,408,543
Investment securities	11	91,730,599	19,266,534	91,730,599	5,604,649
Receivables	12	3,539,500,339	2,185,522,883	3,539,318,401	635,740,166
Loans and advances to government	13	76,530,017	55,139,783	76,530,017	16,040,203
Other loans and advances	14	115,126,672	82,951,299	115,126,672	24,130,594
Other investments	15	7,745,008	7,424,274	7,745,008	2,159,727
Investments in subsidiaries	16	21,945,806	20,189,122	1,281,500	681,501
Investment property	17	7,389,200	5,295,344	7,389,200	1,540,420
Property, plant and equipment	18	50,605,615	43,071,972	50,339,582	12,241,030
Total Assets		**4,524,916,014**	**2,807,102,671**	**4,503,803,737**	**811,078,015**
Equity and Liabilities					
Capital and reserves					
Share capital	19	307,924	307,924	2,000	2,000
Share premium	19	15,088,265	15,088,265	98,000	98,000
Revaluation reserve (buildings)	20	57,570,793	48,987,701	50,312,033	12,127,304
Mark to market (investments)	21	52,975,475	20,140,773	46,587,413	2,902,882
General reserve fund	22	-	-	-	-
Accumulated deficit	23	(131,767,965)	(140,128,529)	(123,937,231)	(36,815,599)
Deficit attributable to equity Shareholder		**(5,825,508)**	**(55,603,866)**	**(26,937,785)**	**(21,685,413)**
Liabilities					
Notes and coins in circulation	24	7,571,843	17,710,878	7,571,843	5,152,107
Deposit accounts	25	207,810,689	118,149,994	207,810,689	34,369,920
Payables	26	9,446,350	1,604,058	9,446,350	466,622
Term deposits	27	345,634,157	181,648,099	345,634,157	52,841,565
Foreign liabilities	28	3,034,573,154	2,011,664,510	3,034,573,154	585,194,679
International Monetary Fund	29	925,705,329	531,928,998	925,705,329	154,738,535
Total liabilities		**4,530,741,522**	**2,862,706,537**	**4,530,741,522**	**832,763,428**
Total equity and liabilities		**4,524,916,014**	**2,807,102,671**	**4,503,803,737**	**811,078,015**

RESERVE BANK OF ZIMBABWE
INFLATION ADJUSTED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

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 General Counsel and Corporate Affairs

Date: 26 May 2023

RESERVE BANK OF ZIMBABWE
INFLATION ADJUSTED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share Capital	Share Premium	Revaluation Reserve	Mark to Market Reserve	General Reserve Fund	Accumulated Deficit	Total
	ZW$	ZW$	ZW$	ZW$	ZW$	ZW$	ZW$
Balance as at 1 January 2021	307,924	15,088,265	35,330,549	13,244,595	-	(157,484,749)	(93,513,416)
Surplus of the year	-	-	-	-	-	17,356,220	17,356,220
Revaluation gain on properties	-	-	13,657,152	-	-	-	13,657,152
Fair value gains on investments	-	-	-	6,896,178	-	-	6,896,178
Balance at 31 December 2021	**307,924**	**15,088,265**	**48,987,701**	**20,140,773**	-	**(140,128,529)**	**(55,603,866)**
Surplus for the year	-	-	-	-	-	8,360,564	8,360,564
Fair value gains on investments	-	-	-	32,834,702	-	-	32,834,702
Revaluation gain on properties	-	-	8,583,092	-	-	-	8,583,092
Balance at 31 December 2022	**307,924**	**15,088,265**	**57,570,793**	**52,975,475**	-	**(131,767,965)**	**(5,825,508)**

RESERVE BANK OF ZIMBABWE
STATEMENT OF CHANGES IN EQUITY - UNAUDITED HISTORICAL COST

For the year ended 31 December 2022

	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 2021	**2,000**	**98,000**	**4,980,147**	**896,779**	-	**(15,459,354)**	**(9,482,428)**
Surplus of the year	-	-	-	-	-	(21,356,245)	(21,356,245)
Fair value gains on investments	-	-	-	2,006,103	-	-	2,006,103
Revaluation gain on properties	-	-	7,147,157	-	-	-	7,147,157
Balance at 31 December 2021	**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)**

RESERVE BANK OF ZIMBABWE
INFLATION ADJUSTED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	NOTES	2022 ZW$ 000	2021 ZW$ 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flows			
Surplus for the year		8,360,564	17,356,220
Adjustment for items not affecting operating cash flows			
-Depreciation	7.5	2,146,100	1,632,670
-Fair value gain in investment property	7.4	(5,848,780)	(2,933,688)
-Expected credit losses		18,649,027	1,491,356
-Loss/(Profit) on disposal of property, plant and equipment		25,268	(21,748)
-Reversal of financial assets impairment	8	-	(240,735)
-Other accrued interest income		(19,019,818)	(18,365,347)
-Interest expense	7.3	110,389,583	99,356,147
-Monetary gain		(127,136,880)	(112,987,184)
		(12,434,936)	**(14,712,309)**
Interest and commission paid			
-Interest and commission paid		(50,309,235)	(43,879,888)
Operating cash flows before movements in working capital		**(62,744,171)**	**(58,592,197)**
Movements in working capital			
Increase in receivables		(199,045,539)	(66,729,632)
Increase in deposit accounts		360,011,510	178,348,420
Increase in payables		77,093,691	363,187,627
Increase/(decrease) in advances		89,003,956	(6,719,663)
Net cash flows from working capital movements		**327,063,618**	**468,086,752**
Net cash inflow from operating activities		**264,319,447**	**409,494,555**

RESERVE BANK OF ZIMBABWE
INFLATION ADJUSTED STATEMENT OF CASH FLOWS – (continued)

For the year ended 31 December 2022

	NOTES	2022 ZWS 000	2021 ZWS 000
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Activities			
Purchase of shares and investment securities		(63,309,774)	(32,160,081)
Proceeds from disposal of property, plant and equipment	37.2	5,953	18,772
Purchase of property, plant and equipment	37.1	(1,471,256)	(824,133)
Dividend & Interest received		7,384,455	4,086,650
Net cash from Investing Activities		**(57,390,622)**	**28,878,792**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in liabilities		129,197,021	64,308,956
Decrease in legacy debt		(43,717,622)	(148,410,277)
Net cash from Financing Activities		**85,479,399**	**(84,101,321)**
(Decrease)/increase in cash and cash equivalents due to revaluation and monetary adjustments		(207,860,760)	7,343,459
INCREASE IN CASH AND CASH EQUIVALENTS		**84,547,464**	**303,857,902**
Cash and cash equivalents at beginning of the year		**318,085,077**	**14,227,174**
-Balances with foreign banks		309,483,612	10,394,861
-Foreign currency		2,912,510	3,826,086
-Committed funds		5,688,954	6,228
Cash and cash equivalents at end of the year		**402,632,541**	**318,085,077**
-Balances with foreign banks		386,100,037	309,483,612
-Foreign currency		16,531,320	2,912,510
-Committed funds		1,184	5,688,954

RESERVE BANK OF ZIMBABWE
STATEMENT OF CASH FLOWS - UNAUDITED HISTORICAL COST

For the year ended 31 December 2022

	NOTES	2022 ZWS 000	2021 ZWS 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flows			
Deficit for the year		(87,121,631)	(21,356,245)
Adjustment for items not affecting operating cash flows			
-Depreciation	7.5	379,341	154,076
-Fair value gain in investment property	7.4	(5,848,780)	(853,412)
-Expected credit losses		18,649,027	433,836
-Loss/(Profit) on disposal of property, plant and equipment		25,287	(4,997)
-Reversal of financial assets impairment	8	-	(70,030)
-Other accrued interest receivable		(15,174,112)	(4,305,845)
-Interest expense	7.3	78,234,693	22,752,826
		(10,856,175)	**(3,249,791)**
Interest and commission paid			
-Interest and commission paid		(47,939,563)	(10,442,381)
Operating cash flows before movements in working capital		**(58,795,738)**	**(13,692,172)**
Movements in working capital			
Increase in receivables		(199,045,539)	(19,411,699)
Increase in deposit accounts		360,011,511	51,881,686
Increase in payables		77,093,691	105,651,547
Decrease/(Increase) in advances		89,003,956	(1,954,755)
Net cash flows from working capital movements		**327,063,619**	**136,166,779**
Net cash inflow from operating activities		**268,267,881**	**122,474,607**

RESERVE BANK OF ZIMBABWE
STATEMENT OF CASH FLOWS – UNAUDITED HISTORICAL COST (continued)

For the year ended 31 December 2022

	NOTES	2022 ZW$ 000	2021 ZW$ 000
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Activities			
Purchase of shares and investment securities		(52,177,646)	(8,958,432)
Proceeds from disposal of property, plant and equipment	37.2	5,813	4,207
Purchase of property, plant and equipment	37.1	(1,188,358)	(198,153)
Dividend & Interest received		7,152,653	1,102,889
Net cash from Investing Activities		**(46,207,538)**	**(8,049,489)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in liabilities		129,197,021	18,707,523
Decrease in legacy debt		(43,717,622)	(43,172,658)
Net cash from Financing Activities		**85,479,399**	**(24,465,135)**
Increase/(Decrease) in cash and cash equivalents due to revaluation		2,561,618	(3,622)
INCREASE IN CASH AND CASH EQUIVALENTS		**310,101,360**	**89,956,361**
Cash and cash equivalents at beginning of the year		**92,531,181**	**2,574,821**
-Balances with foreign banks		90,029,010	1,881,253
-Foreign currency		847,251	692,441
-Committed funds		1,654,920	1,127
Cash and cash equivalents at end of the year		**402,632,541**	**92,531,182**
-Balances with foreign banks		386,100,037	90,029,010
-Foreign currency		16,531,320	847,251
-Committed funds		1,184	1,654,921

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 International Financial Reporting Standards (IFRS) 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 the 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 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.

The Bank adopted the Zimbabwe Consumer Price Index (CPI) as the general price index to restate balances and transactions. The restatement factors are derived from dividing the December 2022 CPI by the relevant month's CPI as shown below:

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

MONTH	CPI	CONVERSION FACTOR
December 2021	3,977.5	3.4375
January 2022	4,189.97	3.2632
February 2022	4,483.06	3.0499
March 2022	4,766.1	2.8688
April 2022	5,507.11	2.4828
May 2022	6,662.17	2.0523
June 2022	8,707.35	1.5703
July 2022	10,932.83	1.2506
August 2022	12,286.26	1.1129
September 2022	12,713.12	1.0755
October 2022	13,113.95	1.0426
November 2022	13,349.42	1.0242
December 2022	13,672.91	1.0000

All comparative figures have been restated to reflect the change in the CPI from the start of the reporting period, 1 January 2022 to 31 December 2022. Assets and liabilities carried at fair value as at 31 December 2022 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. Those purchased after 1 January 2018, are restated using the change in CPI index at the transaction date. Share Capital and Premium have been restated using CPI 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. The financial statements are prepared on the basis of policies prepared using International Financial Reporting Standards (IFRS) 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. The Board has resolved a phased approach to consolidation, starting in 2021 where the Bank Subsidiaries were consolidated on their own.

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 per section 34 of the Reserve Bank of Zimbabwe Act [Chapter 22:15] which states that all exchange losses and gains from Gold and Foreign denominated assets are borne by the Bank 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 losses and gains on foreign assets", which are reserves. The Bank holds foreign liabilities on behalf of Government and these revalue on movement of exchange rates. Government has however resolved to assume these liabilities through Finance Act No 7 of 2021.

The Bank is required to pay to 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 however 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 and the reported amounts of 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 SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue 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. Facility fees are recognised using the effective interest rate of the average life of the underlying asset. Due to the short-term nature of the loans and advances, the facility fees have been amortised equally over the term of the loan as an estimation of the effective interest rate.

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2.1 Foreign currency translation

These financial statements are expressed in Zimbabwe Dollars (ZW$). Transactions in currencies other than the ZW$ are recorded at the spot exchange rate on the transaction date. 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. Also, Government assumed these foreign liabilities through Finance Act No 7 of 2021 hence the treatment of all exchange losses or gains 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. The fund is a defined contribution fund, 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 SIGNIFICANT 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 appraisal 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 three years in accordance with the 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.

A decrease in carrying amount of a revalued asset is charged as an expense to the extent that it exceeds the balance, if any, held in revaluation reserve relating to a previous revaluation of that asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment (continued)

Depreciation on revalued buildings is charged to profit or loss. 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:

Machinery 4 Years	**Buildings** 16 - 44 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 SIGNIFICANT 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3.9.1.1 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 using the effective interest method less impairments. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 using the effective interest method, less, impairment. The effective 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.

3.9.1.5 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 effective 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9.1.5 Impairment (continued)

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.

3.9.2 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 effective 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 effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the EIR. The effective 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3.9.3 Offsetting financial instruments

The Bank offsets financial assets and financial liabilities and reports the net balance in the statement of financial position where there is a legally enforceable right to set off. This holds where there is an intention to settle on a net basis or to realize the financial assets and settle the financial liability simultaneously, where the maturity date for the financial assets and liabilities are the same and the financial assets and liabilities are denominated in the same currency.

3.9.4 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, expire or are surrendered. The Bank derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expired.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.
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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 various 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.

4. 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. Classification of Liabilities as Current or Non-current (Amendments to IAS 1) Contracts effective from 1 January 2024.
ii. IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts effective from 1 January 2023.
iii. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) effective from 1 January 2023.
iv. Definition of Accounting Estimates (Amendments to IAS 8) effective from 1 January 2023.
v. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) effective from 1 January 2024.

5. STANDARDS APPLIED FOR THE FIRST TIME

There are no standards applied for the first time.

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 and 2022 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 ZW$5.8 billion (2021: ZW$2.9 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.

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 2022.

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 effective 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 Provision for legal disputes

The Bank's legacy legal issues continued during the year. The Directors do not believe that there will be an outflow of resources from the Bank arising from these cases other than already accounted for, except from the cost of defending the cases. Consequently, no additional provision has been made for these cases.

7. INCOME AND EXPENDITURE	AUDITED INFLATION ADJUSTED 2022 ZW$ 000	AUDITED INFLATION ADJUSTED 2021 ZW$ 000	UNAUDITED HISTORICAL COST 2022 ZW$ 000	UNAUDITED HISTORICAL COST 2021 ZW$ 000
7.1 Interest income comprises:				
- Interest on Treasury Bills (foreign and local Treasury Bills)	1,075,360	1,893,683	705,954	426,622
- Interest on local and foreign bank balances	468,614	30,830	400,791	7,815
- Interest on Government loans & advances	2,933,232	1,664,193	2,165,165	393,774
- Interest on advances to financial institutions and other	8,665,060	5,850,108	6,632,284	1,401,216
	13,142,266	**9,438,814**	**9,904,194**	**2,229,427**
Interest earning assets as at 31 December 2022 were ZW$71.8 billion (2021: ZW$61.5 billion). (See note 33.1.2) The average interest rate on assets was 55% per annum (2021: 14.73%).				
7.2 Commission earned (RTGS)	**10,975,598**	**4,499,638**	**7,810,160**	**1,160,346**
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	**(110,389,583)**	**(99,356,147)**	**(78,234,693)**	**(22,752,826)**
Interest and commission expense consists of interest on savings bonds, loans and borrowings. Interest bearing liabilities as at 31 December 2022 were ZW$1.7 trillion (2021: ZW$795 billion) (See note 33.1.2). The average interest rate on liabilities was 6.08% (2021:7.02%)				
7.4 Other income comprises:				
Dividends from shares	4,872,755	2,674,503	4,567,608	628,132
Licensing fees	165,025	467,964	79,836	132,469
Fair value gains on investment property	5,848,780	2,933,688	5,848,780	853,412
Fees received and other income	7,183,746	7,086,719	5,138,322	1,645,932
Profit on disposal of PPE	832	21,748	787	4,997
Rental Income (refer note 17)	378,926	185,550	281,051	42,738
	18,450,064	**13,370,172**	**15,916,384**	**3,307,680**

7. INCOME AND EXPENDITURE (continued)	AUDITED INFLATION ADJUSTED 2022 ZW$ 000	AUDITED INFLATION ADJUSTED 2021 ZW$ 000	UNAUDITED HISTORICAL COST 2022 ZW$ 000	UNAUDITED HISTORICAL COST 2021 ZW$ 000
7.5 Operating expenses	**(32,305,634)**	**(22,332,819)**	**(23,868,650)**	**(4,937,066)**
Included in operating expenses are:				
Auditors' remuneration	190,929	111,646	111,749	25,588
Advertising Expenses	1,032,456	747,365	643,477	169,459
Computer software licences	719,000	852,261	487,900	197,194
Depreciation of PPE	2,146,100	1,632,670	379,341	154,076
Repairs, maintenance and Bank vehicle expenses	562,441	636,403	400,026	149,974
Utility bills and telecommunication	1,115,415	745,869	862,731	174,074
Travel	1,684,360	191,200	1,387,839	48,848
External printing	55,892	2,549,058	47,306	488,926
Courier services	109,842	962,558	40,249	209,825
Employee benefits	**20,779,490**	**11,355,781**	**16,527,943**	**2,706,003**
-Salaries	14,309,704	7,987,477	11,476,892	1,926,789
-Staff bonuses	1,078,482	483,590	853,985	111,455
-Medical expenses	1,187,430	636,944	874,400	148,659
-Pension & NSSA contributions	1,298,842	842,065	961,743	199,560
-Other expenses	2,905,032	1,405,705	2,360,923	319,540
Directors' fees	180,405	119,535	154,150	29,253
8. REVERSAL OF FINANCIAL ASSETS IMPAIRMENT				
Change in allowance for doubtful debts (Gvt)	-	240,734	-	70,030
9. CASH AND BANK BALANCES				
Nostro accounts balances	386,100,036	309,483,612	386,100,036	90,029,010
Bank balances/cash at hand	16,531,321	2,912,510	16,531,321	847,251
Committed Funds	1,184	5,688,955	1,184	1,654,921
	402,632,541	**318,085,077**	**402,632,541**	**92,531,182**

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).

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
10. GOLD AND FOREIGN ASSETS				
Gold	8,203,264	776,116	8,203,264	225,773
Foreign investments	201,605,954	67,999,452	201,605,954	19,781,090
	209,809,218	**68,775,568**	**209,809,218**	**20,006,863**
Encumbered assets	**1,900,999**	**1,380,816**	**1,900,999**	**401,680**
South African Treasury Bills (Investment securities)	1,900,999	1,380,816	1,900,999	401,680
	211,710,217	**70,156,384**	**211,710,217**	**20,408,543**
Foreign investments reconciliation				
Opening balance	67,999,452	51,285,612	19,781,090	9,281,625
Share purchases	27,620,459	19,770,953	17,589,603	5,754,294
Share disposals	-	(44,427)	-	(12,924)
Fair value adjustment	105,986,043	(3,022,686)	164,235,261	4,758,095
Balance at year end	**201,605,954**	**67,999,452**	**201,605,954**	**19,781,090**

Foreign investments are shares in African Export-Import Bank (Afreximbank) and the SWIFT payment platform. The Bank acquired additional 3 237 shares in Afreximbank and closed the year at 6.57% shareholding. The Bank's Afreximbank investment valuation used key inputs such as risk-free rates, country risk premium, credit spread and beta.

The South African Treasury Bills (SATBs) of ZAR46 million (2021: ZAR59 million) are investments securities at the South African Reserve Bank. These Treasury Bills were pledged as security for an overdraft facility at the South African Reserve Bank. The movement in this investment is due to maturities and exchange rate fluctuations.

	AUDITED INFLATION ADJUSTED 2022 ZW$ 000	AUDITED INFLATION ADJUSTED 2021 ZW$ 000	UNAUDITED HISTORICAL COST 2022 ZW$ 000	UNAUDITED HISTORICAL COST 2021 ZW$ 000
11. INVESTMENT SECURITIES – Zimbabwe Treasury Bills				
Gross	93,911,679	19,682,648	93,911,679	5,725,697
Expected Credit Losses	(2,181,080)	(416,114)	(2,181,080)	(121,048)
Balance at year end	**91,730,599**	**19,266,534**	**91,730,599**	**5,604,649**
12. RECEIVABLES				
Exchange losses	3,121,311,518	2,024,215,715	3,121,311,518	588,845,834
Receivables	176,205,684	45,822,769	176,205,684	13,329,877
Prepayments	44,649,250	1,448,354	44,467,312	391,286
Expected credit losses	(351,905)	(343,692)	(351,905)	(99,980)
Export Incentives	3,611,566	12,415,114	3,611,566	3,611,566
Government IMF drawdown and interest	194,074,226	101,964,623	194,074,226	29,661,583
Balance at year end	**3,539,500,339**	**2,185,522,883**	**3,539,318,401**	**635,740,166**

The bulk of the receivables are exchange losses most of which are unrealised and are accounted for in terms of Section 34 of the RBZ Act [Chapter 22:15]. Section 34 of the RBZ Act [Chapter 22:15] states that all exchange losses and gains from gold and foreign denominated assets are borne by the Bank 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 RBZ Act [Chapter 22:15]. Government assumed most liabilities in the Bank's books through the Finance Act no. 7 of 2021. It is on this basis that all the exchange losses and gains are treated in these financial statements as recoverable from or payable to the Government respectively.

According to the RBZ Act [Chapter 22:15], any payment of the realised exchange gains to the Government shall be made in accordance with arrangements approved by the Ministry of Finance and Economic Development. In the same light, any realised exchange losses receivable from Government of Zimbabwe and any payment by the Government of Zimbabwe on the receivable balance shall be upon request by the Bank. The exchange losses account does not accrue any interest.

Export incentives are prior years' residual subsidies receivable from Government, and they do not accrue interest. Government IMF drawdown is made up of a cumulative SDR766 million (2021: SDR529 million) withdrawn by Government from IMF SDR allocation. 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	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
13. LOANS AND ADVANCES TO GOVERNMENT AND STATUTORY BODIES				
Loans and advances (legacy debt)	58,466	200,984	58,466	58,466
Government loans	78,070,761	56,495,455	78,070,761	16,434,569
Expected credit losses (note 33.4)	(1,599,210)	(1,556,656)	(1,599,210)	(452,832)
Balance	**76,530,017**	**55,139,783**	**76,530,017**	**16,040,203**

Loans and advances to Government were ZW$77 billion (2021: ZW$55 billion) at year-end. This was mainly emanating from foreign payments made on behalf of Government, which the Government was yet to fully reimburse the Bank.

14. OTHER LOANS AND ADVANCES

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
Advances				
-Interbank advances	19,283,367	15,168,030	19,283,367	4,412,391
-Loans to subsidiaries	58,367,942	41,761,648	58,367,942	12,148,494
Private sector loans				
-Advances	53,465,812	28,770,926	53,465,811	8,369,484
-Fertilizer debtors (legacy)	704	2,420	704	704
Expected credit losses	(15,991,152)	(2,751,725)	(15,991,152)	(800,479)
	115,126,672	**82,951,299**	**115,126,672**	**24,130,594**
Movement in expected credit losses of other loans and advances				
Balance at the beginning of the year	(2,751,725)	(2,303,301)	(800,479)	(670,032)
Expected credit losses adjustment	(13,239,427)	(448,424)	(15,190,673)	(130,447)
Balance at the end of the year	**(15,991,152)**	**(2,751,725)**	**(15,991,152)**	**(800,479)**

Interbank and other advances
Interbank advances consist of MBA 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 MBA facility interest rates are published in the Monetary Policy Statement whilst the other terms are negotiated per facility.

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
15. OTHER INVESTMENTS				
Opening balance	**7,424,274**	**3,181,057**	**2,159,727**	**925,372**
IDBZ	2,119,427	3,181,057	616,543	925,372
ZIMSWITCH	5,304,847	-	1,543,184	-
Current Year Movements				
Rights Issue - IDBZ	-	755,608	-	219,807
Fair value gain/(loss) - IDBZ	2,760,155	(1,817,238)	2,760,155	(528,636)
New Investment - ZIMSWITCH	-	2,189,090	-	636,808
Fair value gain - ZIMSWITCH	2,825,127	3,115,757	2,825,126	906,376
Effect of IAS 29	(5,264,548)	-	-	-
Closing Balance	**7,745,008**	**7,424,274**	**7,745,008**	**2,159,727**
IDBZ	3,376,698	2,119,427	3,376,698	616,543
ZIMSWITCH	4,368,310	5,304,847	4,368,310	1,543,184

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 15.69% 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 2022. 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

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
		2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
	Shareholding				
FGR and PMCZ	100%	4,194,714	2,563,094	516,648	16,648
Aurex (Private) Limited	100%	2,552,670	2,552,670	16,580	16,580
Homelink (Private) Limited	100%	7,430,067	7,430,067	598,630	598,630
Export Credit Guarantee Corporation	100%	2,335,422	2,210,358	114,355	14,356
Zimbabwe Asset Management Corporation	100%	5,432,933	5,432,933	35,287	35,287
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%	-	-	-	-
		21,945,806	**20,189,122**	**1,281,500**	**681,501**

All of the above subsidiaries are incorporated in Zimbabwe.

17. INVESTMENT PROPERTY

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
Opening balance	5,295,344	3,796,054	1,540,420	687,008
Fair value adjustment	5,848,780	2,933,688	5,848,780	853,412
Monetary loss	(3,754,924)	(1,434,398)	-	-
Closing balance	**7,389,200**	**5,295,344**	**7,389,200**	**1,540,420**

EPG Global was engaged to revalue the Bank's investment property as at 31 December 2022. 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	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
Rental income	378,926	185,542	281,051	42,738
Direct operating expenses from rental Income	(21,236)	(12,640)	(15,147)	(3,153)
	357,690	**172,902**	**265,904**	**39,585**

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 2022:

Up to 1 Year undiscounted	2 to 5 Years	More than 5 Years
ZW$481,633,734	-	-

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	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
Decrease by 50%	3,694,600	2,647,673	3,694,600	770,210
Increase by 50%	11,083,800	7,943,019	11,083,800	2,310,630

18. PROPERTY, PLANT AND EQUIPMENT: AUDITED INFLATION ADJUSTED

	Land ZW$ 000	Buildings ZW$ 000	Furniture, equipment and machinery ZW$ 000	Motor vehicles ZW$ 000	Total ZW$ 000
Cost/Revaluation					
At 1 January 2021	145,968	27,631,642	3,612,427	2,892,032	34,282,069
Additions	-	-	212,733	253,903	466,636
Disposals		-	(2,005)	(44,584)	(46,589)
Revaluation	46,995	13,610,158	-	-	13,657,153
Cost/Valuation					
At 31 December 2021	**192,963**	**41,241,800**	**3,823,155**	**3,101,351**	**48,359,269**
Additions	-	-	278,546	122,643	401,189
Disposals	-	(92,815)	(6,011)	(219,119)	(317,945)
Revaluation	97,737	8,485,355	-	-	8,583,092
At 31 December 2022	**290,700**	**49,634,340**	**4,095,690**	**3,004,875**	**57,025,605**
Accumulated Depreciation					
At 1 January 2021	-	14,614	2,355,575	1,986,940	4,357,129
Charge for the year	-	653,404	664,413	314,853	1,632,670
Disposals	-	-	(800)	(33,684)	(34,484)
Reversal on revaluation	-	(668,018)	-	-	(668,018)
At 31 December 2021	-	-	**3,019,188**	**2,268,109**	**5,287,297**
Charge for the year	-	986,565	703,950	455,585	2,146,100
Disposals	-	(3,094)	(823)	(26,019)	(29,936)
Reversal on revaluation	-	(983,471)	-	-	(983,471)
At 31 December 2022	-	-	**3,722,315**	**2,697,675**	**6,419,990**
Net Book Values					
At 31 December 2022	**290,700**	**49,634,340**	**373,375**	**307,200**	**50,605,615**
At 31 December 2021	**192,963**	**41,241,800**	**803,967**	**833,242**	**43,071,972**

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 2021	26,417	4,999,064	92,166	37,419	5,155,066
Additions	-	-	54,211	66,251	120,462
Disposals	-	-	(181)	(438)	(619)
Revaluation	29,716	6,998,206	-	-	7,027,922
At 31 December 2021	**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**
Accumulated Depreciation					
At 1 January 2021	-	958	17,795	8,575	27,328
Charge for the year	-	118,275	25,425	10,375	154,075
Disposals	-	-	(37)	(332)	(369)
Reversal on revaluation	-	(119,233)	-	-	(119,233)
At 31 December 2021	-	-	**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**
Net Book Values					
At 31 December 2022	**290,700**	**49,634,340**	**261,887**	**152,655**	**50,339,582**
At 31 December 2021	**56,133**	**11,997,270**	**103,013**	**84,614**	**12,241,030**

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
19. SHARE CAPITAL				
Authorised				
2 million shares of $1 each	307,924	307,924	2,000	2,000
Issued				
2 million shares of $1 each	307,924	307,924	2,000	2,000
Reserves				
Share premium	15,088,265	15,088,265	98,000	98,000

The Bank's authorised capital is US$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

	AUDITED INFLATION ADJUSTED 2022 ZW$ 000	2021 ZW$ 000	UNAUDITED HISTORICAL COST 2022 ZW$ 000	2021 ZW$ 000
Opening Balance	48,987,701	35,330,549	12,127,304	4,980,147
Fair value gain on buildings	8,583,092	13,657,152	38,184,729	7,147,157
Closing balance	**57,570,793**	**48,987,701**	**50,312,033**	**12,127,304**

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
21. MARK TO MARKET RESERVE				
Opening balance	20,140,773	13,244,595	2,902,882	896,779
Fair value gain on equity investments	32,834,702	6,896,178	43,684,531	2,006,103
Balance at the end of the year	**52,975,475**	**20,140,773**	**46,587,413**	**2,902,882**
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 bad and doubtful debts, depreciation, staff costs and any such items as are usually provided by financial institutions, shall ultimately be paid to the Government of Zimbabwe.

	2022	2021	2022	2021
23. ACCUMULATED DEFICIT				
Opening Balance	(140,128,529)	(157,484,749)	(36,815,599)	(15,459,354)
Surplus/(Deficit) for the year	8,360,564	17,356,220	(87,121,632)	(21,356,245)
Closing balance	**(131,767,965)**	**(140,128,529)**	**(123,937,231)**	**(36,815,599)**
24 NOTES AND COINS IN CIRCULATION				
Notes	7,472,198	17,368,114	7,472,198	5,052,397
Coins	99,645	342,764	99,645	99,710
	7,571,843	**17,710,878**	**7,571,843**	**5,152,107**

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
		2022	2021	2022	2021
		ZW$	ZW$	ZW$	ZW$
		000	000	000	000
25	**DEPOSIT ACCOUNTS**				
	Local Financial institutions				
	-Bankers RTGS	1,506,721	9,103,986	1,506,721	3,629,661
	-Statutory reserves	51,070,482	68,001,848	51,070,482	19,781,788
	-Government	132,424,543	23,845,173	132,424,543	5,254,541
	-Other	19,697,692	17,123,751	19,697,692	3,378,922
	-Short term local deposits	3,111,251	75,236	3,111,251	2,325,008
		207,810,689	**118,149,994**	**207,810,689**	**34,369,920**
26	**PAYABLES**				
	Local Payables	9,446,350	1,604,058	9,446,350	466,622
		9,446,350	**1,604,058**	**9,446,350**	**466,622**
26.1	**LEAVE PAY LIABILITY RECONCILIATION**				
	Opening balance 1 January	633,885	291,507	184,403	55,758
	Net provisions accrued	815,197	342,378	1,264,679	128,645
	Closing balance 31 December	**1,449,082**	**633,885**	**1,449,082**	**184,403**
	The leave pay liability is included in the payables balance at year end.				
27.	**TERM DEPOSITS**				
	Short term deposits	231,223,025	169,881,391	231,223,025	49,418,621
	Savings Bonds	114,332,371	11,748,444	114,332,371	3,417,631
	Other	78,761	18,264	78,761	5,313
		345,634,157	**181,648,099**	**345,634,157**	**52,841,565**

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
28. FOREIGN LIABILITIES				
Blocked Funds	800,314,020	1,134,782,694	800,314,020	330,655,836
Aggregated foreign loans	1,866,426,303	533,024,225	1,866,426,303	154,510,418
Savings Bonds	28,578,311	156,335,184	28,578,311	45,478,020
Short term foreign deposits	236,782,979	74,911,478	236,782,979	21,791,804
Payables and other	99,187,199	110,679,164	99,187,199	32,196,649
Interest accrued	3,284,342	1,931,765	3,284,342	561,952
	3,034,573,154	**2,011,664,510**	**3,034,573,154**	**585,194,679**

Foreign liabilities are facilities and lines of credit from regional and international institutions which the Government secured through the Bank for importation of electricity, fuel, raw materials for industries and medical supplies. The Bank also secured US$ facilities from local institutions during the year which are included in the foreign liabilities balance at year end. Section 7(n) of the RBZ Act [Chapter 22:15] mandates the Bank to 'borrow foreign currency on behalf of the State'. All the offshore borrowings were arranged against statutory export receivables from high value commodities that include minerals. The foreign exchange facilities contributed to the upward growth in capacity utilization in industry and commerce from 45.5% in 2021 to 63% in 2022. (Source: Zimbabwe National Chamber of Commerce's State of the Industry and Commerce Survey for 2022)

The Government through the Finance Act no.7 of 2021 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. As at 31 December 2022, outstanding blocked funds balance was US$1.2 billion.

South African Reserve Bank (SARB) overdraft (ZAR8.8 million) is included in foreign loans. The facility is secured by encumbered assets in the form of South African Treasury Bills worth ZAR46 million as at 31 December 2022 held at the South African Reserve Bank. This arrangement has been in place for many years.

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
29. INTERNATIONAL MONETARY FUND FACILITIES				
Cumulative SDR allocations	925,326,251	531,190,819	925,326,251	154,523,798
IMF No.1 and 2	379,078	738,179	379,078	214,737
	925,705,329	**531,928,998**	**925,705,329**	**154,738,535**

The equivalent SDRs owed to the IMF were as follows:

	2022 SDR	2021 SDR
Cumulative SDR allocations	**1,016,017,051**	**1,016,017,051**

The exchange rate applied, ZW$/SDR 910.7389 (2021 ZW$/SDR 152.0878).

30 CONTINGENT LIABILITIES AND COMMITMENTS

30.1 The Bank had contingent liabilities of ZW$14.3 billion (2021: ZW$7.6 billion) as at 31 December 2022. There was a pending legal case amounting to ZW$13 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 2022, guarantees/letters of intent which amounted to ZW$205 billion (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	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
Authorised and contracted:	2,186,488	259,947	2,186,488	75,621
Authorised and uncontracted:	676,217	122,234	676,217	35,559
	2,862,705	**382,181**	**2,862,705**	**111,180**

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 fund, 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$1.1 billion (2021: ZW$761 million) towards this plan and the cost is included in the 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 payments policies. The Bank is not exposed to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

32.2 National Social Security Authority (NSSA) scheme

The 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$192.7 million (2021: ZW$81 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	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
32.4 Contributions recognized as an expense during the year				
Fintrust Pension Fund	1,106,149	760,788	816,947	180,563
National Social Security Authority Scheme	192,693	81,277	144,796	18,997
	1,298,842	**842,065**	**961,743**	**199,560**

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.

33.1 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. The majority 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. RISK MANAGEMENT (continued)

33.1.2 Interest Earning Assets and Liabilities (continued)

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
		2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
Financial assets	**Average Interest**				
Zimbabwe Treasury Bills	6.89%	5,456,176	19,682,648	5,456,176	5,725,697
Interbank advances	103.99%	9,115,047	13,130,323	9,115,047	4,412,391
Loans to subsidiaries	55.72%	7,937,016	6,274,389	7,937,016	1,825,224
Loans and advances other	53.13%	49,320,170	22,389,465	49,320,170	6,513,112
		71,828,409	**61,476,825**	**71,828,409**	**18,476,424**
Financial Liabilities					
Foreign liabilities - loans	7.65%	1,607,478,041	783,272,122	1,607,478,041	227,860,981
Savings Bonds	4.5%	49,110,952	11,748,106	49,110,952	3,417,631
		1,656,588,993	**795,020,228**	**1,656,588,993**	**231,278,612**

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 B 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).

33.2.2 Investments in Infrastructure Development Bank (IDBZ)

The Net Asset valuation model 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 2022			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	897,724	684.334	614,342,759	615.90	568,242,274	752.767	694,518,642
Foreign Liabilities	4,434,345	684.334	3,034,573,154	615.90	2,731,113,086	752.767	3,338,028,582

33. RISK MANAGEMENT (continued)

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 2022 ZW$ 000	31 Dec 2021 ZW$ 000	31 Dec 2022 ZW$ 000	31 Dec 2021 ZW$ 000
Receivables & other loans and advances	16,259,847	2,828,294	16,259,847	822,753
Government and Statutory bodies	3,863,501	2,239,891	3,863,501	651,586
	20,123,348	**5,068,185**	**20,123,348**	**1,474,339**

ECLs for Government and Statutory Bodies are for loans & advances to Government and investment securities. Macro-economic indicators (Gross Domestic Product, inflation, current account balance and foreign direct investment) were used in the calculation of ECLs.

The increase in credit losses is mainly due to increased lending to various institutions. Most of 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 2022.

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. From a central bank perspective, this does not apply. 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. RISK MANAGEMENT (continued)

33.4.1 Credit Risk Analysis -AUDITED INFLATION ADJUSTED

Credit Risk Analysis 2022	Neither Past Due/nor impaired ZW$ 000	Past due not impaired ZW$ 000	Past due and impaired ZW$ 000	Total ZW$ 000
Gold and foreign assets	1,900,999	-	-	1,900,999
Receivables	3,496,387,751	42,843,893	268,695	3,539,500,339
Investment securities	91,730,599	-	-	91,730,599
Government loans and advances	72,666,517	-	3,863,500	76,530,017
Other loans and advances	99,135,520	-	15,991,152	115,126,672
Total non-derivative assets	**3,761,821,386**	**42,843,893**	**20,123,347**	**3,824,788,626**
Credit Risk Analysis 2021				
Gold and foreign assets	1,380,816	-	-	1,380,816
Receivables	2,185,170,116	276,198	76,569	2,185,522,883
Investment securities	19,266,534	-	-	19,266,534
Government loans and advances	52,899,890	-	2,239,893	55,139,783
Other loans and advances	80,199,574	-	2,751,725	82,951,299
Total non-derivative assets	**2,338,916,930**	**276,198**	**5,068,187**	**2,344,261,315**

33. RISK MANAGEMENT (continued)

33.4.1 Credit Risk Analysis - UNAUDITED HISTORICAL COST

Credit Risk Analysis 2022	Neither Past Due/nor impaired ZW$ 000	Past due not impaired ZW$ 000	Past due and impaired ZW$ 000	Total ZW$ 000
Gold and foreign assets	1,900,999	-	-	1,900,999
Receivables	3,496,205,813	42,843,893	268,695	3,539,318,401
Investment securities	91,730,599	-	-	91,730,599
Government loans and advances	72,666,517	-	3,863,500	76,530,017
Other loans and advances	99,135,520	-	15,991,152	115,126,672
Total non-derivative assets	**3,761,639,448**	**42,843,893**	**20,123,347**	**3,824,606,688**
Credit Risk Analysis 2021				
Gold and foreign assets	401,680	-	-	401,680
Receivables	635,637,546	80,346	22,274	635,740,166
Investment securities	5,604,649	-	-	5,604,649
Government loans and advances	15,388,617	-	651,586	16,040,203
Other loans and advances	23,330,115	-	800,479	24,130,594
Total non-derivative assets	**680,362,607**	**80,346**	**1,474,339**	**681,917,292**

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$800 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 2022. 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 (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	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	-	247,427,724	727,528	4,401,515	3,286,943,568	3,539,500,339
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**	**267,199,411**	**288,104,973**	**143,139,609**	**3,327,950,583**	**4,437,230,385**
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	3,034,573,154
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**	**4,530,741,523**
Net exposure	**(1,048,004,640)**	**(5,025,244)**	**72,707,555**	**(1,452,521,963)**	**2,339,333,152**	**(93,511,138)**

33.5 Liquidity risk continued - AUDITED INFLATION ADJUSTED

33.5.1 Maturity Analysis (2021)	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	318,085,077	-	-	-	-	318,085,077
Gold and foreign assets	776,116	-	67,999,451	-	1,380,816	70,156,383
Investment securities	-	142,953	379,870	9,583,949	9,159,762	19,266,534
Receivables	-	178,106,443	423,647	2,421,876	2,004,570,917	2,185,522,883
Loans and advances to Government	-	-	-	55,139,783	-	55,139,783
Loans and advances	-	239,773	59,728,459	5,789,352	2,025,685	65,757,584
Interbank advances	-	4,843,672	9,757,114	567,243	-	15,168,030
Total assets held for managing liquidity risk	**318,861,193**	**183,332,841**	**138,288,541**	**73,502,203**	**2,017,137,180**	**2,731,121,958**
Non-derivative liabilities						
Notes and coins in circulation	17,710,878	-	-	-	-	17,710,878
Deposit accounts	118,149,994	-	-	-	-	118,149,994
Payables	1,604,058	-	-	-	-	1,604,058
Term deposits		181,253,638	373,623	20,837	-	181,648,098
Foreign liabilities	247,303,455	148,906,187	238,009,267	197,079,160	1,180,366,441	2,011,664,510
International Monetary Fund facilities	738,179	-	-	-	531,190,818	531,928,998
Total non-derivative liabilities	**385,506,564**	**330,159,825**	**238,382,890**	**197,099,997**	**1,711,557,259**	**2,862,706,535**
Net exposure	**(66,645,371)**	**(146,826,984)**	**(100,094,349)**	**(123,597,794)**	**305,579,921**	**(131,584,578)**

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**	**4,530,741,523**
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 - UNAUDITED HISTORICAL COST

33.5.1 Maturity Analysis (2021)	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	92,531,182	-	-	-	-	92,531,182
Gold and foreign assets	225,773		19,781,090	-	401,680	20,408,543
Investment securities	-	41,585	110,505	2,787,978	2,665,581	5,604,649
Receivables	-	51,781,254	123,239	704,525	583,131,148	635,740,166
Loans and advances to Government	-	-	-	16,040,203	-	16,040,203
Loans and advances	-	69,750	17,375,052	1,684,128	589,273	19,718,203
Interbank advances	-	1,409,028	2,838,352	165,011	-	4,412,391
Total assets held for managing liquidity risk	**92,756,955**	**53,301,617**	**40,228,238**	**21,381,845**	**586,787,682**	**794,456,337**
Non-derivative liabilities						
Notes and coins in circulation	5,152,107	-	-	-	-	5,152,107
Deposit accounts	34,369,920	-	-	-	-	34,369,920
Payables	466,622	-	-	-	-	466,622
Term deposits	-	52,726,816	108,688	6,061	-	52,841,565
Foreign liabilities	71,940,756	43,316,919	69,237,070	57,330,472	343,369,462	585,194,679
International Monetary Fund facilities	214,737	-	-	-	154,523,798	154,738,535
Total non-derivative liabilities	**112,144,142**	**96,043,735**	**69,345,758**	**57,336,533**	**497,893,260**	**832,763,428**
Net exposure	**(19,387,187)**	**(42,742,118)**	**(29,117,520)**	**(36,153,442)**	**89,092,176**	**(38,308,091)**

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	-	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	-	74,265,727	76,530,017
Total	**6,613,185**	**3,722,097,615**	**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	3,034,573,154	-	3,034,573,154
International Monetary Fund facilities	-	925,705,329	925,705,329
Total	**3,042,144,998**	**1,488,596,525**	**4,530,741,523**

The security tendered on the loans and advances is in the form of Zimbabwe Treasury Bills worth ZW$0.4 billion and properties worth ZW$6.2 billion.

33.5 Liquidity risk (continued) - AUDITED INFLATION ADJUSTED

33.5.2 Secured and unsecured Loans and Advances (2021)

	Secured value ZW$ 000	Unsecured value ZW$ 000	Total carrying Amount ZW$ 000
Financial Assets			
Receivables	-	2,185,522,883	2,185,522,883
Loans and advances	4,930,625	78,020,674	82,951,299
Loans and advances to Government	-	55,139,783	55,139,783
Total	**4,930,625**	**2,318,683,340**	**2,323,613,965**
Secured and Unsecured Financial Liabilities			
Term deposits	-	181,648,098	181,648,098
Notes and coins in circulation	17,710,878	-	17,710,878
Deposit accounts	-	118,149,994	118,149,994
Payables	-	1,604,058	1,604,058
Foreign Liabilities	2,011,664,509	-	2,011,664,509
International Monetary Fund facilities	-	531,928,998	531,928,998
Total	**2,029,375,387**	**833,331,148**	**2,862,706,535**

The security tendered on loans and advances is in the form of Zimbabwe Treasury Bills worth ZW$4.9 billion.

33.5 Liquidity risk (continued) – UNAUDITED HISTORICAL COST

33.5.2 Secured and unsecured Loans and Advances (2022)

	Secured Value 2022 ZW$ 000	Unsecured value 2022 ZW$ 000	Total carrying Amount 2022 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	3,034,573,154	-	3,034,573,154
International Monetary Fund facilities	-	925,705,329	925,705,329
Total	**3,042,144,998**	**1,488,596,525**	**4,530,741,523**

The security tendered on the loans and advances is in the form of Zimbabwe Treasury Bills worth ZW$0.4 billion and properties worth ZW$6.2 billion.

33.5 Liquidity risk (continued) – UNAUDITED HISTORICAL COST

33.5.2 Secured and unsecured Loans and Advances (2021)

	Secured Value 2021 ZW$ 000	Unsecured value 2021 ZW$ 000	Total carrying Amount 2021 ZW$ 000
Financial Assets			
Receivables	-	635,740,166	635,740,166
Loans and advances		22,696,272	24,130,594
Loans and advances to Government	-	16,040,203	16,040,203
Total	**1,434,322**	**674,476,641**	**675,910,963**
Secured and Unsecured Financial Liabilities			
Term deposits	-	52,841,565	52,841,565
Notes and coins in circulation	5,152,107	-	5,152,107
Deposit accounts	-	34,369,920	34,369,920
Payables	-	466,622	466,622
Foreign Liabilities	585,194,679	-	585,194,679
International Monetary Fund facilities	-	154,738,535	154,738,535
Total	**590,346,786**	**242,416,642**	**832,763,428**

The security tendered on loans and advances assets is in the form of Zimbabwe Treasury Bills worth ZW$3 billion.

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 2022.

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
Share Capital	307,924	307,924	2,000	2,000
Share Premium	15,088,265	15,088,265	98,000	98,000
Revaluation Reserve	57,570,793	48,987,701	50,312,033	12,127,304
Mark to Market	52,975,475	20,140,773	46,587,413	2,902,882
General Reserve Fund	-	-	-	-
Accumulated (deficit)/surplus	(131,767,965)	(140,128,529)	(123,937,231)	(36,815,599)
Total	**(5,825,508)**	**(55,603,866)**	**(26,937,785)**	**(21,685,413)**

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 Economic Development.

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 2022 - 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 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)

Quantitative disclosures fair value measurement hierarchy for assets as at December 2021 - AUDITED INFLATION ADJUSTED

	Date of valuation	Total ZWS 000	Level 1 Quoted prices in active markets ZWS 000	Level 2 Fair value measuring using Significant observable inputs ZWS 000	Level 3 Significant unobservable inputs ZWS 000
Assets measured at fair value					
Investment properties	31 December 2021	5,295,344	-	-	5,295,344
FVTOCI financial investments					
Unquoted equity shares	31 December 2021	7,424,274	-	-	7,424,274
Revalued property					
Land and buildings	31 December 2021	8,705,187	-	-	8,705,187
Other Assets					
Gold and foreign assets	31 December 2021	70,156,384	1,380,816	-	68,775,568

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

Quantitative disclosures fair value measurement hierarchy for assets as at December 2021. - 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 2021	1,540,420	-	-	1,540,420
FVTOCI financial investments					
Unquoted equity shares	31 December 2021	2,159,727	-	-	2,159,727
Revalued property					
Land and buildings	31 December 2021	12,053,403	-	-	12,053,403
Other Assets					
Gold and foreign assets	31 December 2021	20,408,543	627,453	-	19,781,090

35. FAIR VALUE MEASUREMENT (continued)

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).

Description of valuation techniques used and key inputs to valuation of properties 2021

	Valuation Technique	Significant unobservable inputs	Range
Investment properties	Direct Comparison and Income capitalisation.	Capitalisation rate	6.8-7%
		Estimated rental value per sqm per month.	ZW$350- ZW$5,500
Office properties	Direct Comparison and Income capitalisation.	Capitalisation rate	8-18%
		Estimated rental value per sqm per month.	ZW$1,100- ZW$9,000
Land	Market Value	The market value was determined through analysis of property data, comparable evidence and trends.	Sale trends usually higher
			(7%-13.5% 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
			(7%-13.5% of the asking price).

35. FAIR VALUE MEASUREMENT (continued)

Description of methods used in the valuation of unlisted investments

Investment	Valuation method	Methods to test reasonableness	Valuation inputs
Afreximbank	Price Earnings Multiple Valuation Method (P/E)	Economic Valuation Method (EVA), Calculated Intangible Valuation Method (CIV) and Net Assets Valuation Method (NAV).	P/E Multiples High - 11,9 Low - 9,7
ZIMSWITCH	Price Earnings Multiple Valuation Method (P/E)	Earnings Yield (EY), Net Assets Valuation Method (NAV) and Discounted Cash Flow (DCF).	P/E Multiples High – 8,8 Low - 5,9
IDBZ	Net Asset Valuation Method (NAV)	Earnings Yield (EY), Price Earnings Multiple Valuation Method (P/E) and Discounted Cash Flow (DCF).	NAV

Valuation Assumptions

Investment	Valuation assumptions
Afreximbank	A 10% upward and downward adjustment was applied to the adjusted comparable multiple to determine the valuation range; all comparator multiples were converted to the equivalent multiple for pan-African focused companies operating in United States Dollars; and a liquidity discount of 16.5% was applied to account for the illiquid nature of Afreximbank's Class A shares.
ZIMSWITCH	A 20% upward and downward adjustment to the multiple was applied to determine the valuation range; a liquidity discount of 16.5% was applied based on the PwC 2019 valuation methodology survey and a company specific risk adjustment of 20% to both the EV and P/E multiples to cater for differences in the potential adverse impact on revenues as the volume of cash transactions increases and the decline in volumes as customers avoid transacting in local currency particularly via the formal banking platforms.

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	
		2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
Subsidiary	**Transaction Type**				
FGR	Loan	57,039,813	40,660,442	57,039,813	11,828,152
Homelink	Loan	1,328,129	1,101,207	1,328,129	320,342
TOTAL		**58,367,942**	**41,761,649**	**58,367,942**	**12,148,494**

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 2022 amounted to ZW$18.6 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 2022 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	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
Short term senior management benefits	452,788	426,716	347,221	96,196
Non-executive Directors	144,608	97,160	122,958	23,153
Senior managers loans (balances)	309,445	4,713	309,445	1,371
Total	**906,841**	**528,589**	**779,624**	**120,720**

37. NOTES TO THE STATEMENT OF CASH FLOWS

Property, plant and equipment

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
37.1 Additions	**2022**	**2021**	**2022**	**2021**
Property, plant and equipment	**ZW$**	**ZW$**	**ZW$**	**ZW$**
Additions as per PPE note (note 18)	401,189	466,636	325,054	120,462
Add assets purchased not yet delivered	1,070,067	357,497	863,304	77,691
Balance as per Statement of Cash flow	**1,471,256**	**824,133**	**1,188,358**	**198,153**
37.2 Disposals				
Property, plant and equipment				
Disposals as per PPE note (note 18)	317,945	46,589	34,524	619
Less accumulated depreciation	(29,936)	(34,484)	(2,637)	(368)
	288,009	12,105	31,887	251
Adjustments	(256,788)	(15,081)	(787)	(1,041)
Profit on disposal / (loss)	(25,268)	21,748	(25,287)	4,997
Balance as per Statement of Cash flow	**5,953**	**18,772**	**5,813**	**4,207**

38. EVENTS AFTER REPORTING PERIOD

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

i. The Bank exercised its rights and acquired additional shares in IDBZ for an amount of ZW$503 million to maintain its 15.69 % shareholding.

ii. The unbundling of Fidelity Gold Refinery into two entities namely Fidelity Gold Refinery (Pvt) Ltd and Printing & Minting Company of Zimbabwe (Pvt) Ltd was concluded in January 2023. The Bank injected working capital amounting to ZW$250 million into PMCZ.

iii. ZAMCO's winding down operations are in progress. All staff had their contracts terminated except for a few members from finance department who are working on the final processes.

iv. Monetary Policy Statement and Monetary Policy Committee resolutions highlights: -

   a) The Bank policy rate was reduced from 200% to 150% in February and was further reduced to 140% per annum effective 1 April 2023. This was done to align with inflation developments.
   b) The lending rate on the Medium-term Bank Accommodation (MBA) Facility for the productive sectors, including individuals and MSMEs, was reduced from 100% to 75% per annum in February 2023 and further down to 70% per annum effective 1 April 2023.
   c) Introduction of gold-backed digital tokens with effect from 8 May 2023. The digital tokens which are fully backed by gold at the Bank were introduced to complement the physical gold coins which were introduced in July 2022. The tokens have a vesting period of 180 days

v. 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.

39. BASIS OF FUNDING

The Bank is ordinarily a 'not for profit' organisation and a creature of statute that has inherent powers to function even with negative equity. The Bank therefore, prepared these financial statements on a going concern basis. The Government has taken measures to assist the Bank to build foreign reserves through SI 189 Presidential Powers (Temporary Measures) (Amendment of Reserve Bank of Zimbabwe Act and Finance Act) Regulations, 2022 issued on the 4th of November 2022. Collection of royalties in kind/cash will enhance building of national reserves (the Bank will collect mining royalties in respect of gold, diamonds, and other specified minerals).

The Government started issuing debt instruments towards assumption of foreign liabilities in the Bank's financial statements in line with the Finance Act No 7 of 2021 provisions. This reduced exchange losses and interest expenses that were a huge burden on the Bank's financial statements.

The Government of Zimbabwe through its Ministry of Finance and Economic Development undertakes to provide the Bank with financial assistance as provided for by statute and 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 and when they fall due in the ordinary course of business.

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