2023

BANK SUPERVISION

ANNUAL REPORT

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GOVERNOR'S FOREWORD

During the year ended 31 December 2023, the global economic activity continued to be weighed down by instabilities in the global environment, mainly driven by the prolonged conflict in Ukraine, after-effects of the COVID 19 pandemic, and related supply chain disruptions, as well as tight monetary policy by central banks designed to curb inflationary pressures. Notwithstanding, the global economy is estimated to have grown by 3.2% in 2023 (World Economic Forum, April 2024) on the back of a slow-down in global core inflation. Financial stability risks, however, remained elevated as high interest rates squeezed the repayment capacity of corporate and household borrowers, and induced sovereign debt distress. Emerging market economies and developing countries have thus been navigating a complex landscape of financial and economic challenges characterised by high external borrowing costs, high inflation, debt overhang, volatile commodity markets, and heightened uncertainty about global economic outlook. The global financial system has however shown resilience despite challenging conditions, largely due to robust capital and liquidity buffers.

In 2023, the global banking landscape saw a series of high-profile international bank failures that sent shockwaves through the financial system, bearing testimony to the vulnerabilities that still exist in banking systems. The fallout from these bank collapses underscores the need for stronger oversight, more robust risk monitoring frameworks and collaboration to mitigate the systemic risks within the international banking sector.

The Bank continued to institute bold policy intervention measures to address transitory price and exchange volatilities. The measures went a long way in arresting the instabilities and restoring relative normalcy in price and exchange rate dynamics. These include gold coins and gold backed digital tokens as investment instruments, and tight monetary policy regime, designed to curtail speculative tendencies in the foreign exchange market. The Medium-term Bank Accommodation Facility and the Micro, Small and Medium Enterprises Facility continued to support the productive sectors while the foreign exchange auction system and the willing buyer-willing seller foreign exchange markets remained key sources of foreign exchange to the economy.

The domestic banking sector continued to demonstrate resilience, reflected by adequate capital and liquidity buffers, strong asset quality and sustained profitability. Supportive fiscal and monetary interventions, as well as on-going financial stability enhancements provided an enabling operating landscape for banking institutions.

As banks continue to catalyse growth in a competitive environment, there has been notable business model re-alignments within the banking sector, underpinned by diversification of distribution channels and financial products and services, as well as cost containment measures, demonstrating the strategic flexibility and agility that has increasingly characterised the banking sector. The re-alignments coupled with increased digitisation and the resultant cost efficiencies are expected to meaningfully translate to relatively lower charges for customers.

The acceleration and deepening in the use of technology has significantly altered the financial landscape. Banks have continued to leverage on the technological developments while taking measures to guard against potential threats. As financial institutions continue to navigate the evolving landscape, addressing challenges and embracing a collaborative approach will be essential for sustaining this positive trajectory. The Bank will continue to provide a conducive regulatory and supervisory environment supportive of responsible innovations.

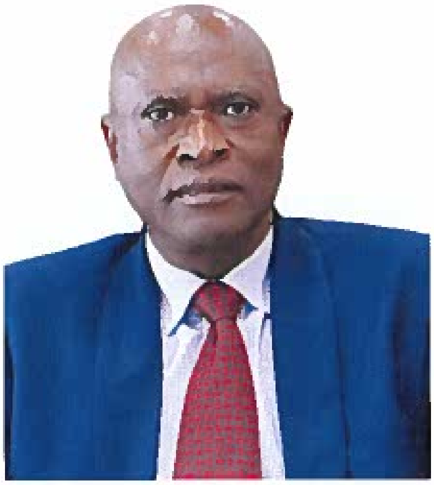
As part of enhancing the Bank's role in building a sustainable financial system, the Bank continued to work closely with banking institutions in fostering sustainable banking practices including the management of climate related risks. The Bank became a member of the Network for the Greening of the Financial System in December 2023.

The Bank remained resolutely focused on its efforts to build an inclusive financial system. During the year, the Bank coordinated various activities as part of implementation of the National Financial Inclusion Strategy II 2022-2026 (NFIS II). In this regard, notable gains were made with respect to increased usage of financial services, which should go a long way in deepening financial inclusion.

I take this opportunity to convey my heartfelt gratitude to all the stakeholders for their unwavering support in contributing to the growth of the economy in a dynamic operating landscape. It is critical that we sustain the momentum and work together to fortify financial stability and promote inclusive, sustainable economic growth.

Dr. J. P. Mangudya
Governor

DIRECTOR'S FOREWORD



The banking sector remained safe and sound. In 2023, the banking sector depicted resilience as reflected by strong asset quality and liquidity, as well as satisfactory capital and earnings, mainly attributable to proactive risk and strategic management responses on the part of banks, coupled with complementary fiscal, monetary, and supervisory interventions.

During the year under review, strong capital buffers reinforced the resilience of the banking system and ensured that the sector continues to support economic growth and development. As at 31 December 2023, a total of 15 out of the 19 operating banking institutions had met the minimum capital requirements. The non-compliant institutions are implementing various initiatives to meet the prescribed regulatory capital level.

Earnings performance in the banking sector remained satisfactory and were mainly driven by non-interest income largely comprising gains on foreign currency denominated assets, and fees and commissions, as well as interest income. While the dominance of non-interest income reflects the structural dynamics in the banking sector, there is need for sustainable revenue generation from banks' core function of financial intermediation.

The quality of the banking sector loan portfolio remained strong as reflected by the average non-performing loans (NPLs) to total loans ratio of 2.09% as at 31 December 2023. The NPL ratio is within the Bank's risk appetite and the international recommended level of 5%. Banking institutions continue to institute robust credit risk management practices.

On aggregate, the banking institutions maintained strong liquidity positions as reflected by the banking sector's average prudential liquidity ratio of 60.33% as at 31 December 2023 against the regulatory requirement of 30%. In addition, the Liquidity Coverage Ratio (LCR) returns which banking institutions commenced to submit with effect 30 June 2023, showed that LCRs for most institutions are well above the minimum requirement of 100%, depicting high liquidity buffers.

As digital transformation gathers momentum and becomes a priority for many banking institutions seeking to remain competitive, banking institutions have been working on ensuring adequate safeguards to limit potential risks stemming from new business practices and technologies. This, coupled with growing cyber threats globally and the increasing reliance on third-party service providers, will require banking institutions to stay resilient and ensure continuity of their critical services. Meanwhile, the Bank will continue to ensure that banking institutions have adequate risk management systems on an on-going basis.

Financial inclusion remains a key priority area that facilitates positive wealth creation and a key driver to sustainable and inclusive economic development. In this regard, and as part of the implementation of the National Financial Inclusion Strategy II (2022-2026), a number of activities were undertaken during the year including financial literacy programs for various groups comprising of schools, women group meetings and gatherings, churches, business forums, and communities in the rural areas.

As part of on-going financial stability enhancements, the Bank issued a Climate Risk Management Guideline to the banking sector in April 2023. The Guideline seeks to strengthen the resilience of the banking system to climate-related risks by promoting the development and implementation of sound climate risk management practices and methodologies. Cognisant of the increasing reliance by regulated institutions on modelling as their operations and activities become more complex and diverse, the Bank issued a Model Risk Management Prudential Standard in July 2023. The Standard provides for sound development, implementation, and rigorous model validation as vital elements of model risk management.

In addition, during the year, the Bank maintained close collaboration with other financial sector regulators underpinned by information sharing under the auspices of the Multi-disciplinary Financial Stability Committee.

The Bank finalised the Framework for Asset Quality Thematic Reviews, as part of on-going enhancement to the risk-based supervision approach. The framework enables the Bank to have a more informed understanding of, and to validate banks' credit risk management practices in line with developments in the operating landscape and best practices.

Throughout the year ended 2023, the sharing of credit information among lending institutions, facilitated by the Credit Registry and the private credit bureaus, remained instrumental in enhancing the efficiency of the credit market, promoting financial inclusion, and ensuring financial sector stability. Financial institutions can now readily access comprehensive credit information from the databases of the Credit Registry and the credit bureaus as part of the credit screening and risk management strategies. The launch of the Collateral Registry in November 2022 was a milestone development which provided borrowing opportunities through the use of movable assets as collateral for loans.

The banking sector continues to make headway in integrating sustainability through the adoption of sustainable banking principles under the Sustainability Standards & Certification Initiative (SSCI) being spearheaded by the European Organization for Sustainable Development (EOSD). The shift towards sustainability is expected to help foster the creation of a sustainable, green, inclusive and climate proofed economy, which is aligned to the country's developmental aspirations.

Robust anti-money laundering, combating financing of terrorism and proliferation of weapons of mass destruction (AML/CFT/CPF) frameworks remain pivotal in fostering financial stability, as well as insulation of financial resources from illicit proceeds generated by criminals. In this context, the Bank conducted various AML/CFT/CPF supervisory activities during 2023, including risk based on-site examinations.

The Bank will continue to realign its supervisory methodologies and techniques in line with developments in the operating landscape and best practice.

I wish to extend my profound appreciation for the invaluable support, cooperation, and commitment by all our stakeholders in the quest to reinforce financial stability. May I take this opportunity to thank fellow regulators for the continued cooperation and collaboration in our collective efforts to build a resilient and robust banking sector. Finally, I would like to appreciate the Bank Supervision staff for their dedication and relentless commitment to duty.

P. T. Madamombe

Director, Bank Supervision

1. ECONOMIC DEVELOPMENTS

Introduction

1.1 The global economy is estimated to have grown by 3.2% in 2023 (World Economic Outlook, April 2024) on the back of receding supply chain shocks and high inflation, which continued to erode the purchasing power of consumers. To reduce inflation, central banks in developed economies raised policy interest rates to restrictive levels, with unintended consequences, including high mortgage costs, debt challenges, tighter credit conditions, and weaker business and residential investments, and subdued economic activity.

1.2 In 2023, in the United States, three regional and specialist banks failed, while in Switzerland, a globally systemic bank was on the verge of failure for the first time since Lehman Brothers. The market had raised concerns about the likelihood of systemic consequences of the bank failures. These were, however, dissipated following the Swiss government's intervention in the takeover of Credit Suisse by UBS. The US banks were effectively resolved without bailing out shareholders and unsecured creditors.

1.3 As a result of the monetary policy tightening, Global inflation fell at a faster rate than expected. The decline also reflected the fading of relative price shocks in energy prices and their associated pass-through effects and an easing in labour market tightness, due to a greater labour supply.

1.4 Africa's average real gross domestic product (GDP) decelerated to an estimated 3.1% in 2023, from 4.1% in 2022 (African Economic Outlook, 2024), due to subdued demand from key export markets, as well as domestic monetary policy tightening to address persistent inflation. Growth in Africa's three largest economies Nigeria, South Africa, and Angola slowed to an average of 1.8% in 2023 (World Bank Global Economic Prospects 2024), holding back the continent's overall growth. Notwithstanding the decline in average growth, Africa maintained its position as the second fastest growing region after Asia.

1.5 In 2024 and 2025, global growth is estimated to remain at 3.2% (World Economic Outlook, 2024) reflecting upgrades for China, the United States, and large emerging market and developing economies (EMDEs). Fiscal policy stance is expected to tighten in several advanced and emerging market and developing economies to rebuild budgetary room to manoeuvre and curb the rising path of debt. On the downside, new commodity price spikes are expected from geopolitical shocks including intensification of the conflict in the Middle East, continued attacks on shipping links in the Red Sea off the coast of Yemen which has prompted the world's biggest shipping companies to suspend passage through the Suez Canal and adopt new and longer shipping routes with increased transit times and transport costs, which will lead to higher costs on consumer goods which could stoke global inflation. The geopolitical shocks leading to higher commodity prices and transportation costs can have a cascading effect on the Zimbabwean banking sector through increased operating costs, which may affect the debt servicing capacity of borrowers.

1.6 In emerging market and developing economies, growth is expected to remain at 4.1% in 2024 and to rise to 4.2% in 2025. Growth in China is projected at 4.6% in 2024 and 4.1% in 2025. The projections are based on a stronger-than-expected growth in 2023 and increased government spending on capacity building against natural disasters. Growth in India is projected to remain strong at 6.5%, reflecting resilience in domestic demand.

1.7 In sub-Saharan Africa, growth is projected to rise from an estimated 3.3% in 2023 to 3.8% in 2024 and 4.1% in 2025, as the negative effects of earlier weather shocks subside, and supply issues gradually improve.

Domestic Economy

1.8 The domestic economy is estimated to have grown by 5.5% in 2023 underpinned by increased agricultural output in tobacco, wheat, and cotton. Growth is, however, expected to slow down in 2024 largely due to drought induced agriculture downturn as a result of the El-Nino phenomenon being forecasted for the 2023/24 summer cropping season. The softening of international commodity prices in the international markets is also expected to contribute to the general economic slowdown with some mining companies already being affected. As the companies institute cost cutting measures including retrenchments, this could lead to reduced income for numerous households, potentially decreasing consumer spending and debt servicing capacity of affected households.

1.9 Despite the expected decline in international commodity prices, mining is expected to grow by 7.6% due to increased output. Tight fiscal and monetary policies are expected to ensure price stability in 2024. The expected slowdown in global economic growth and continued geo-political tensions may pose risks to the attainment of the projected economic growth target.

1.10 The Government is planning to implement the several mitigatory measures to counter the El-Nino effect and ensure that Zimbabwe remains food secure, including distribution of seed varieties appropriate for each ecological region, and maximise utilisation of available irrigable land for the production of strategic crops.

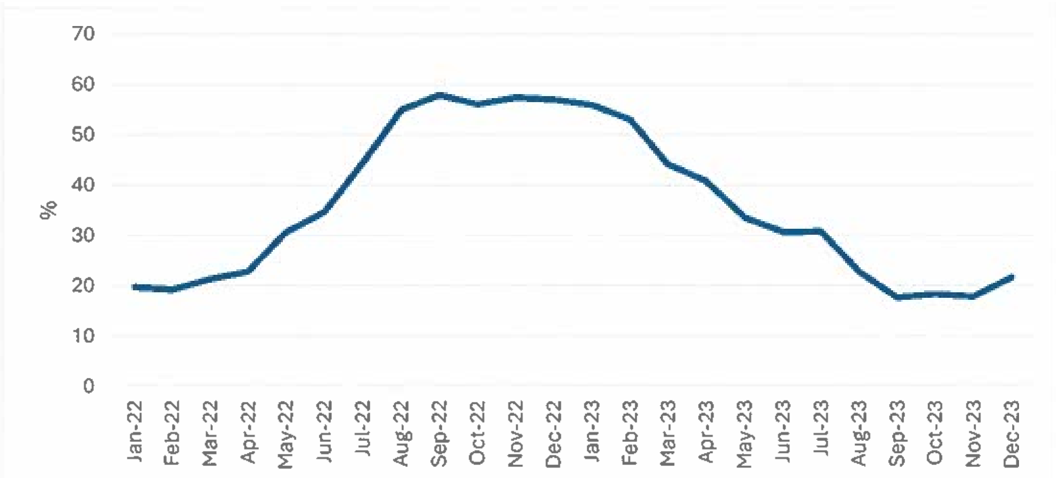
Inflation Developments

1.11 In 2023, the Zimbabwe Statistical Agency (Zimstat) revised the methodology for calculating inflation, switching from arithmetic to geometric indices. This resulted in the release of a rebased Consumer Price Index series as from August 2023.

1.12 Headline inflation maintained a downward trend during the first three quarters of 2023, declining from 55.93% in January 2023 to 17.66% in September 2023 largely attributable to the tight monetary policy stance. Inflation, however, rose in December 2023 to 21.63% partly due to general increases in prices during the festive season.

1.13 The graph below shows the trend in annual inflation from 2022 to the end of 2023.

Figure 1: Annual Inflation (%)



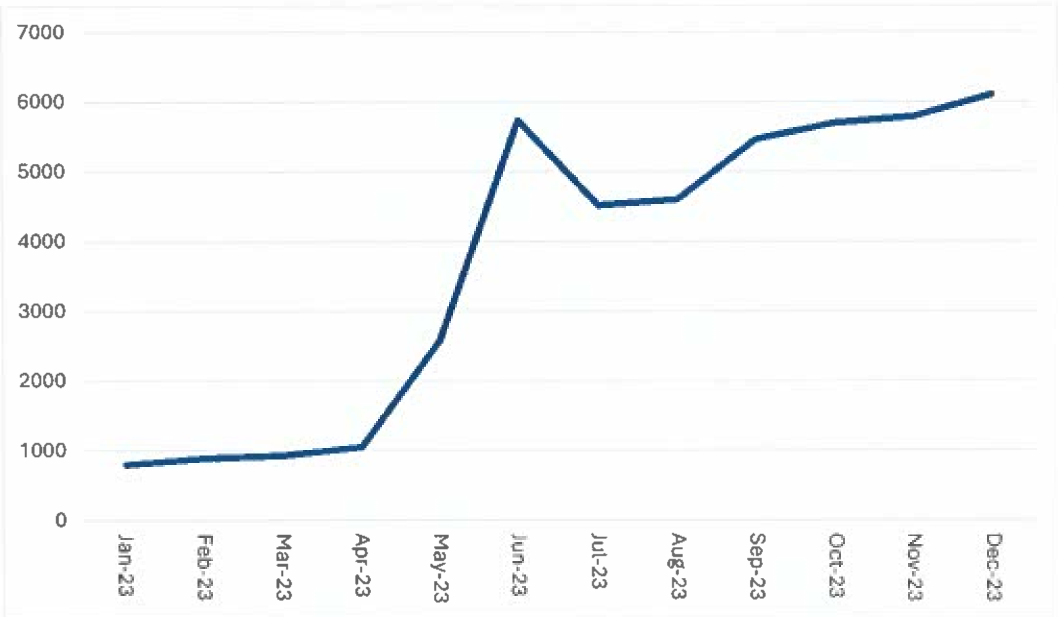
Source: ZIMSTAT (2024)

1.14 Annual inflation is projected to decline to 5% in 2024 due to the adoption of a structured currency.

Exchange Rate Developments

1.15 During the first quarter of 2023, the exchange rate was generally stable largely due to the tight monetary stance of the Bank. However, significant volatility was recorded during the second half of the year with the ZW$/US$ exchange rate depreciating from Z$796.52 in January 2023 to ZW$6,104.72 as at the end of December 2023. The Bank introduced the wholesale foreign exchange auction as part of measures to stabilise the exchange rate. The graph below shows the trend in the Zimbabwe local currency exchange rate against the US dollar from January 2023 to December 2023.

Figure 2: End Period Exchange Rate ZW$/US$



Source: Reserve Bank of Zimbabwe (2024)

1.16 Policy measures implemented by the Bank such as the liberalisation of the foreign exchange market, maintaining a tight monetary policy, and the introduction of a structured currency in 2024, are expected to yield exchange rate stability in the outlook period.

2. SUPERVISORY ACTIVITIES & MAJOR DEVELOPMENTS IN THE BANKING SECTOR

Licensing of Banking & Microfinance Institutions

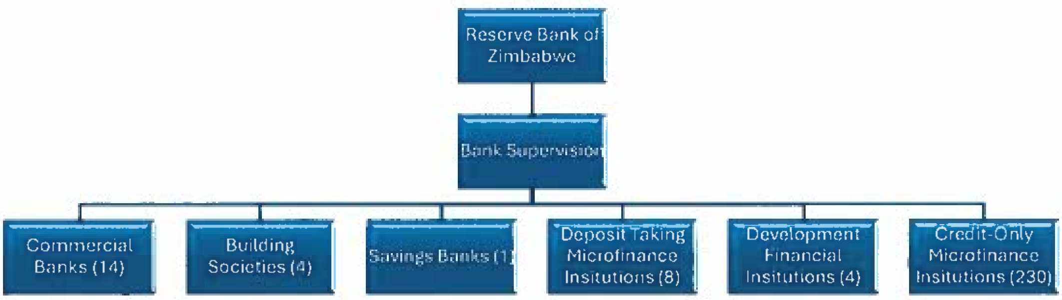
2.1 During the year ended 31 December 2023 the number of operational banking institutions remained unchanged at 19, consisting of 14 commercial banks, four (4) building societies, and one (1) savings bank. During the year ended 31 December 2023, two (2) banking institutions, that were not operational, namely Avis Bank Limited and Tetrad Investment Bank Limited had their licences cancelled.

2.2 Avis Bank Limited was issued with a merchant banking licence on 7 June 2022 and failed to meet the licensing conditions including commencing banking operations within twelve months, as required in terms of the Banking Act (Chapter 24:20).

2.3 The cancellation of Tetrad Investment Bank's licence was at the banking institution's request in terms of section 14 (4) of the Banking Act, following shareholders' resolution to surrender the merchant banking licence for cancellation. Tetrad Investment Bank Limited failed to commence operations following the lifting of Provisional Judicial Management in October 2018. The institution unsuccessfully courted potential investors and failed to put in place requisite infrastructure to facilitate commencement of banking operations.

2.4 The number of development financial institutions, Deposit Taking Microfinance Institutions (DTMFIs) under the purview of the Bank also remained unchanged at four (4) and eight (8), respectively. In addition, there were two hundred and thirty (230). licenced Credit-Only Microfinance Institutions at the end of the review period.

Figure 3: Structure of the Licenced Institutions



On-site Examinations

2.5 The Bank conducts on-site examinations as one of the key supervisory methodologies to evaluate the condition and performance of banking institutions, as well as a basis for adoption of corrective measures and to address supervisory concerns.

2.6 During the year 2023, the Bank conducted six (6) on-site examinations in line with the Annual Supervisory Plan for the year.

2.7 The examined banking institutions were considered to be sound, stable and capable of withstanding business fluctuations. The banking institutions were in substantial compliance with laws and regulations and overall risk management practices were satisfactory relative to their size, complexity, and risk profiles.

Off-site Surveillance

2.8 Off–site surveillance is a critical process of the Bank's risk-based supervision framework whose overarching objective is to ensure continuous supervision and on-going risk assessment of banking institutions.

2.9 The principal off-site surveillance tools used to detect areas of supervisory concern during the period under review include quarterly off-site analysis using CAMELS rating framework, stress testing methodologies and prudential meetings.

2.10 Prudential meetings were held with banking institutions in line with the Risk Based Supervision Framework, to get an insight into their business models and strategies, ICT architecture and operational resilience, financial condition and performance, business prospects, issues of supervisory concern and strategies to address identified weaknesses.

2.11 Off-site surveillance, coupled with on-site examinations ensured effective and proactive supervision of banking institutions on an on-going basis.

Stress Testing

2.12 Stress testing is an important supervisory tool that facilitates evaluation of the resilience of banking institutions to adverse macroeconomic and financial shocks. It subjects bank balance sheets, profitability, liquidity and capital adequacy to shocks based on various adverse but plausible scenarios.

2.13 Stress test results as at 31 December 2023 showed that the banking sector was overall resilient to credit, market and liquidity risks.

Business Conditions

2.14 Promoting access to affordable banking products and services remained at the core of the Bank's market conduct supervision during the year ended 31 December 2023. In this regard, banking institutions are required to maintain a balance between business viability and provision of affordable and accessible products and services in the spirit of promoting financial inclusion and fair market conduct.

2.15 As the banking industry continues to be characterised by an accelerated digital transformation drive, banking institutions are expected to enhance their operational efficiency, which in turn impacts positively on the cost of some banking services. In addition, the increased use of digital tools by banking institutions in offering products and services underscores the need for deliberate efforts in promoting digital financial literacy.

Lending and Deposit Rates

2.16 During the year under review lending rates were 130% per annum, with the medium term rate pegged at 75% per annum in 2023, during the last quarter of 2023, in line with tight monetary policy designed to contain inflation.

2.17 The Bank also adjusted the minimum deposit rate for ZW$ savings from 40% to 30% per annum and the minimum deposit rate for ZW$ time deposits from 80% to 50% per annum in line with declining inflation, during the last quarter of 2023, while at the same time promoting a culture of savings. Minimum deposit interest rate on FCA savings and time deposits remained at 1% and 2.5% per annum, respectively.

Adoption of Sustainable Banking Practice

2.18 In view of the benefits of integrating sustainability into the financial sector, in 2023, the Bank continued to work closely with the sector in the implementation of the sustainability standards under the Sustainability Standards & Certification Initiative (SSCI) being driven by the European Organization for Sustainable Development (EOSD). It is envisaged that sustainability certified institutions will play a catalytic role in the growth and sustainable development of the economy.

2.19 Sustainability in banking practice aims to create long-term value for the banks, their stakeholders, and the broader society, while also mitigating risks and minimizing negative impacts on the environment and social well-being.

2.20 As at 31 December 2023, 14 banking institutions including, and one (1) deposit taking microfinance institution were participating under the Sustainability Standards and Certification Initiative (SSCI) being spearheaded by the European Organisation for Sustainable Development. As part of the implementation requirements to sustainability certification, participating banking institutions are renewing their business operations and product offerings to be sustainability-oriented and have scaled up efforts to build the requisite capacity at management and board level.

2.21 The Bank was accepted into the Network for Greening the Financial System (NGFS)[1], in December 2023. The NGFS is a group of Central Banks and Supervisors working on a voluntary basis to share best practices and contribute to development of environment and climate risk management in the financial sector and to mobilise mainstream finance to support the transition towards a sustainable economy. Membership is expected to complement the activities under SSCI while concomitantly creating a valuable platform to interact with other supervisors across the globe in transitioning to a low carbon economy and strengthening climate and environmental risk management practices.

Strengthening Supervisory Approaches

2.22 As the financial landscape continues to evolve, supervisory approaches must adapt to effectively address emerging challenges and ensure the long-term stability and resilience of the financial sector.

2.23 In 2023, the Bank focused on risk management, embracing technological advancements, fostering international cooperation, establishing proactive regulatory frameworks, and promoting transparent communication among others.

Climate Risk Management

2.24 Cognisant of the physical and transition risks posed by climate and environmental risks, the Bank issued a Climate Risk Management Guideline to the banking sector in April 2023. The Guideline seeks to strengthen the resilience of the banking system to climate-related risks by promoting the development and implementation of sound climate risk management practices and methodologies.

[1] The Network of Central Banks and Supervisors for Greening the Financial System NGFS), launched at the Paris One Planet Summit on 12 December 2017, is a group of Central Banks and Supervisors willing, on a voluntary basis, to share best practices and contribute to the development of environment and climate risk management in the financial sector and to mobilise mainstream finance to support the transition toward a sustainable economy.

2.25 As part of ongoing efforts to operationalise the Climate Risk Management Guideline, the Bank conducted a survey to determine the extent to which financial institutions had put in place requisite policies, governance arrangements and risk management systems. The survey revealed that about 85% of the financial institutions confirmed having assessed the potential impact of climate risk on their balance sheets, while 80% of the institutions indicated that they had developed climate risk management policies. All institutions indicated that they required capacity development including stress testing for climate change.

Supervisory Cooperation

2.26 The Bank continued to foster on-going relationships with other supervisors through participation in supervisory colleges, conduct of joint examinations in 2023 and information sharing.

2.27 Supervisory colleges are important platforms to improving the supervision of cross-border banking institutions by developing a better understanding of a cross-border banking institution's risk profile and vulnerabilities.

2.28 During the year 2023, the Bank participated in three (3) supervisory colleges and took part in three (3) joint examinations. In general, recommendations were made on the need to continue strengthening the banking groups' risk management systems to ensure adequate management of all risks faced by the banking groups' subsidiaries including strengthening of MOUs to include cooperation on emerging risks such as climate risk.

2.29 The Bank through Bank Supervision is part of the Multidisciplinary Financial Stability Committee, constituted by the Bank and other financial sector regulatory agencies namely, Insurance & Pensions Commission of Zimbabwe, Securities & Exchange Commission of Zimbabwe, and the Deposit Protection Corporation.

2.30 The Committee is mandated to facilitate early identification of sources of risk (to stability) and potential vulnerabilities that could threaten financial stability; evaluate the ability of the financial system to absorb shocks should risks identified materialise; and recommend appropriate policy responses for identified risks. The Committee conducted financial stability assessments on a quarterly basis and has been producing annual financial stability reports. The Committee is also in the process of operationalising a Contingency Planning and Systemic Crisis Management Framework, as well as a Macroprudential Policy Framework as part of financial stability enhancements.

Fintech Developments in the Banking Sector

2.31 Financial institutions have embraced financial technology (Fintech) as they strive to enhance their services, improve efficiency, and reach a broader customer base. Mobile payment solutions, digital wallets, and online banking platforms have become integral components of the financial ecosystem, providing convenient and secure transactions for users across the country. By increasing access to financial services Fintech innovations foster economic growth and facilitate financial inclusion, while in the medium to long term, the fintech innovations will reduce transaction costs.

2.32 In 2023, the Bank noted an increase in the adoption of cloud computing, acting as a driver for digital transformation. Cloud computing enables banking institutions to utilize third party vendors or cloud providers for service delivery. This improves agility, connectivity and provides cost effective methods for delivering financial services.

2.33 Fintech innovations, however, often rely on complex technology stacks and large data sets, which come with increases in the exposure to cyber threats, such as data breaches, malware, and hacking attempts, as well as increase the risk of service disruptions or system failures.

2.34 To mitigate against these risks, banks have strengthened their risk management frameworks and enhanced their cybersecurity measures. It will be critical for banks going forward to expedite measures that strengthen vendor oversight and ensure that they collaborate closely with regulators for responsible and sustainable integration of fintech within the banking sector.

2.35 The growing cyber threats globally and the increasing reliance on third-party service providers underscore the need for banking institutions to stay resilient and ensure continuity of their critical services even in the event of severe operational disruptions.

2.36 Institutions that require adoption of cloud computing will be required to put in place adequate safeguards to limit potential risks stemming from new business practices and technologies.

2.37 The Bank remains vigilant and committed to implementing regulatory frameworks and measures to uphold operational resilience and address risks linked to cloud computing technology. Further, the Bank requires that banking institutions take appropriate measures to comply with the relevant laws including the Cyber and Data Protection Act [Chapter 12:07].

2.38 During the year 2023, some banking institutions embarked on establishment of technology innovation centres to enhance their ICT systems and digital channel products. It is envisaged that the fintech ecosystems established by banking institutions will help unlock the full potential of fintech and contribute to enhancing competitiveness in the banking sector.

Model Risk Management

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

2.40 The Prudential Standard provides guidance to banking institutions on adoption of appropriate model risk management practices that are in line with international best practice. The Standard seeks to promote sound development, implementation, and rigorous model validation as vital elements of model risk management. In line with the principle of proportionality, practical application of the Prudential Standard will be commensurate with a banking institution's risk profile, its business activities, complexity and extent of model usage.

Liquidity Coverage Ratio

2.41 As prescribed in the **Prudential Standard No. 01-2022/BSD Liquidity Coverage Ratio**, banking institutions commenced the submission of LCR monthly returns with effect from the month ended 30 June 2023.

2.42 Ongoing analysis of the returns indicates that the majority of the banking institutions' LCRs are well above the minimum requirement of 100%, depicting high liquidity buffers. Monitoring of banking institutions LCR implementation plans in critical areas such as development of requisite policies and procedures, management information systems and governance structures, is also underway.

Domestic Systemically Important Financial Institutions

2.43 In line with the requirements of **Prudential Standard 01-2020/BSD: Framework for Dealing with Domestic Systemically Important Financial Institutions (DSIBs)** issued in 2020. During the year ended 31 December 2023, five (5) banking institutions, namely CBZ Bank, Ecobank, FBC Bank, Stanbic Bank and CABS maintained their status as DSIBs following the 2023 annual assessment. Based on best practice, the DSIBs are required to maintain capital buffers above minimum regulatory capital thresholds, as well as apply stricter stress testing scenarios in their risk management frameworks. The five DSIBs complied with the requirement for additional capital buffers.

Capacity Building Initiatives

2.44 The Bank continues to improve supervisory skills, knowledge, and organizational performance, through training, experiences, motivation and strengthening organizational systems, processes, and roles and responsibilities.

2.45 In 2023, Bank Supervision Division staff participated in several training and development programs in various disciplines organised by the Bank as well as cooperating partners. These included the following:

a) financial development and financial inclusion;
b) central bank risk management;
c) corporate governance for boards and senior management;
d) Basel III and macroprudential surveillance;
e) financial sector surveillance;
f) assessment of systemic risks in the financial sector;
g) crisis preparedness and resolution options;
h) bank restructuring and resolution; and
i) climate stress testing

2.46 The Bank also received technical assistance in various areas including Business Model Analysis; Strengthening the Bank Resolution Framework and Operationalization of the Contingency Planning & Systemic Crisis Management Framework.

AML/CFT Supervision

2.47 Robust anti-money laundering, combating financing of terrorism and proliferation of weapons of mass destruction (AML/CFT/CPF) frameworks are pivotal in fostering financial stability through ensuring economic stability in the country by creating confidence, enhancing investment, promotion of economic growth, as well as insulation of financial resources from illicit proceeds generated by criminals.

2.48 Effective 1 January 2023, the Financial Intelligence Unit (FIU) appointed Bank Supervision Division (BSD) as a Competent Supervisory Authority (CSA), responsible for AML/CFT/CPF supervision of banks and microfinance institutions. A Memorandum of Understanding was entered between FIU and BSD to provide the collaborative working framework between the two parties, including information sharing.

2.49 To ensure effective AML /CFT /CPF supervision, BSD instituted a number of initiatives during the year under review. The initiatives include separation of prudential supervision and AML/CFT/CPF supervision through the establishment of a dedicated Unit focusing on AML /CFT/CPF supervision, crafting of a three-year AML/CFT/CPF strategy (2023-2025) and 2023 Annual Plan, development of AML /CFT /CPF Guideline, staff training, and training of board and senior management of supervised entities.

2.50 The Bank conducted AML/CFT/CPF on-site examinations of three (3) banking institutions to evaluate the level of compliance with the obligations set out in the Money Laundering & Proceeds of Crime Act [Chapter 9:24].

2.51 The examinations determined that the banking institutions were largely compliant with their AML/CFT/CPF obligations, while weaknesses in relation to the compliance programme were noted at one institution. The institution is implementing corrective measures to strengthen its compliance monitoring programme.

2.52 An AML/CFT/CPF Supervision Guideline was developed and is expected to be issued to the market in 2024. The Guideline seeks to assist financial institutions in meeting their obligations as provided for under the money Laundering and Proceeds of Crime Act [Chapter 9:24].

2.53 As part of capacity building staff received various training on AML/CFT/CPF during the review period, including Eastern & Southern Africa Anti-Money Laundering Group (ESAAMLG) Assessor training where two (2) officials were certified as Assessors.

2.54 As a Competent Supervisory Authority, Bank Supervision participated in the AML/CFT/CPF National Risk Assessment (NRA), focusing on the banking and microfinance Sectors. The NRA is a comprehensive exercise conducted by countries to enable them to identify, assess and understand the nature and extent of ML/TF/PF risks it faces, with an objective to come up with effective measures to mitigate the identified risks, in line with section 12A of the MLPC Act and the Financial Action Task Force (FATF) recommendation 1.

2.55 The Unit participated in the African Banking Supervisors AML/CFT/CPF Supervisory College in the last quarter of the year under review. The College was organised by South African Reserve Bank and provided a platform to share information relating to AML /CFT amongst participating countries.

2.56 Going forward, BSD will continue to focus on staff capacity building and development of off-site surveillance tools.

3. CONDITION & PERFORMANCE OF THE BANKING SECTOR

3.1 The banking sector depicted resilience in 2023 against the background of a dynamic operating landscape. The resilience was underpinned by adequate capital and liquidity buffers, satisfactory asset quality on the back of strong risk management systems, and enhanced profitability.

Architecture of the Banking Sector

3.2 The architecture of the banking sector as at 31 December 2023 is indicated below:

Table 1: Architecture of the Banking Sector

Type of Institution	31 Dec 22	31 Dec 23
Commercial Banks	14	14
Building Societies	4	4
Savings Bank	1	1
Total Banking Institutions	**19**	**19**
Credit-only Microfinance Institutions	170	230
Deposit-taking Microfinance Institutions	7	7
Development Finance Institutions (SMEDCO, IDBZ, AFC Land & Development Bank and IDCZ)	4	4
Total	**18**	**260**

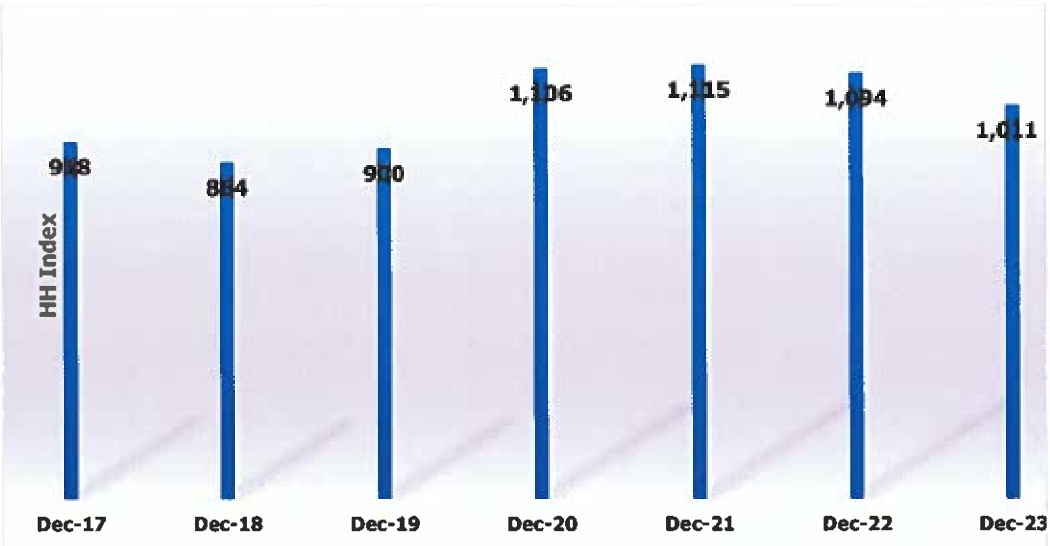
Market Share and Concentration Analysis

3.3 Commercial banks continued to dominate the banking sector in terms of total assets, total deposits, and total loans during the year under review, accounting for 86.74%, 89.58%, and 87.10%, compared to 89.58% 91.15% and 87.66% in 2022, respectively.

3.4 As at 31 December 2023, five (5) banking institutions designated as DISBs accounted for 62.40% (2022:65.40%) of total assets, 65.40% (2022:75.54%) of total deposits and 40.37% (2022:70.09%) of total loans and advances.

3.5 The Herfindahl-Hirschman Index[2] (HHI), a measure of market concentration, declined from 1094 in 2022 to 1011 in 2023, reflecting increased competitiveness in the local banking sector. The figure below shows the trend in the HHI from 2017 to 2023.

Figure 4: Herfindahl-Hirschman Index



3.6 The relatively low concentration in the banking sector potentially benefits customers from competitive pricing and improves product diversification which fosters financial stability.

Banking Sector Capitalisation

3.7 As at 31 December 2023, the banking sector exhibited sufficient capital to absorb losses as evidenced by the reported capital adequacy and tier 1 ratios of 37.21% and 25.64%, respectively. While the high capital adequacy ratios reflect the banking sector's ability to absorb unexpected losses, the high capital ratios also reflect the scope to enhance the levels of financial intermediation.

3.8 Most banking institutions continued to adopt capital preservation strategies during the year under review, including holdings of investment properties. The additional measures that were being employed for capital preservation included investing in or

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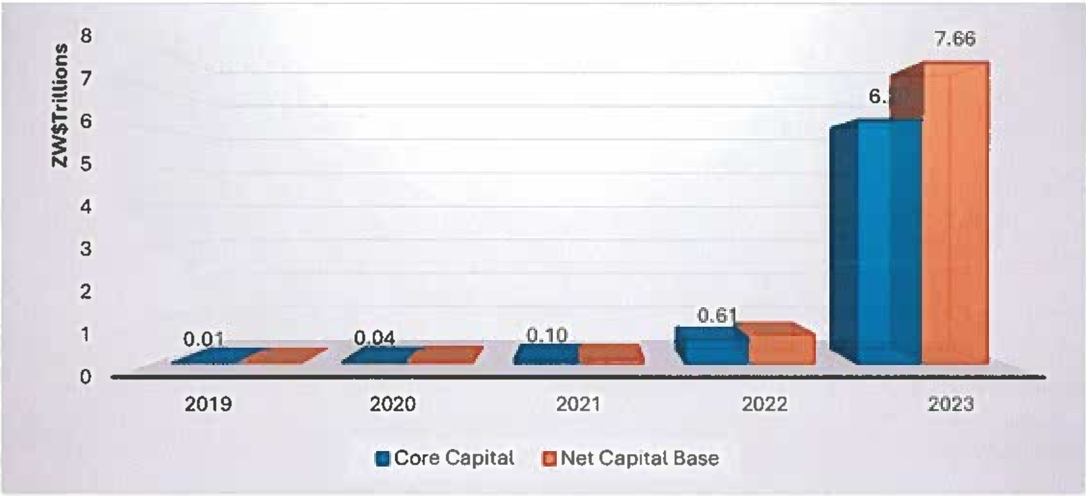
[2] See Appendix 4 for computation of the Herfindahl-Hirschman Index (HHI).

growing foreign currency denominated assets, and investment properties and accumulation of foreign currency.

3.9 The table below shows the minimum regulatory capital adequacy and tier 1 ratios for all the banks.

Figure 5: Banking Sector Capitalisation Levels – (2019 - 2023)



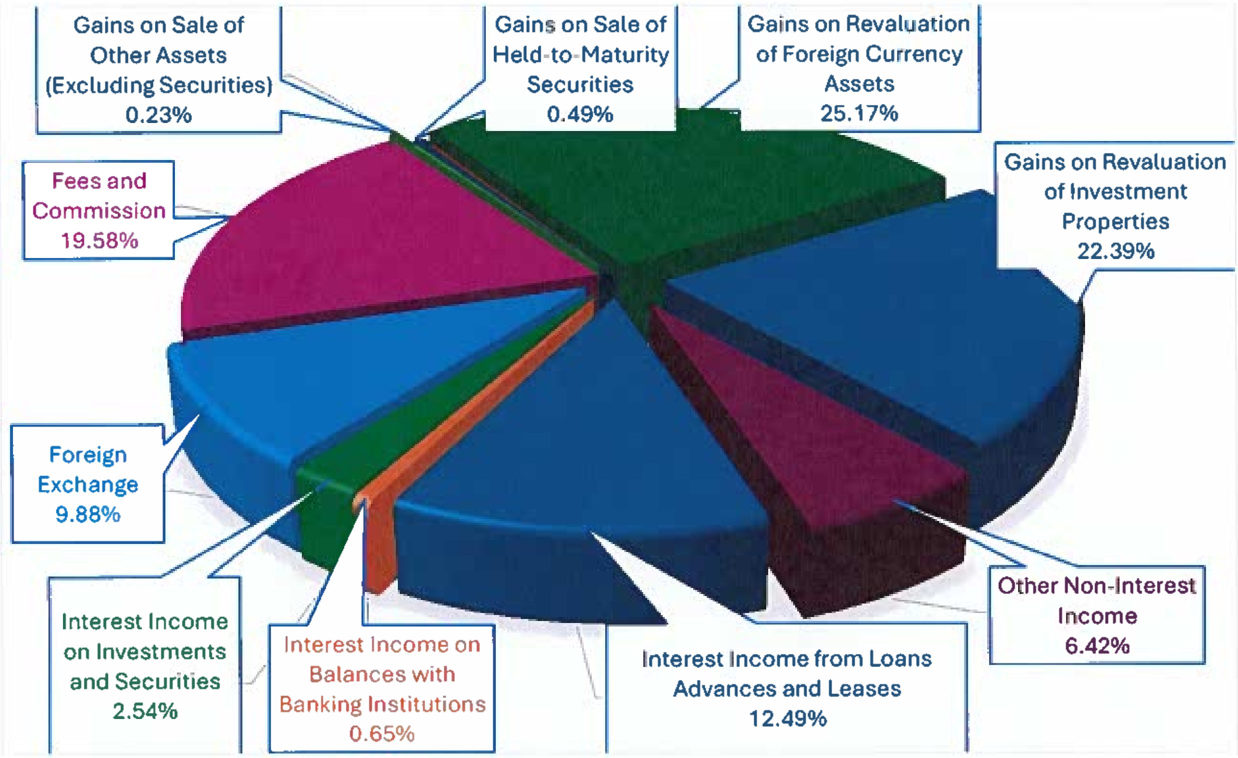
3.10 The banking sector's aggregate core capital increased by 913.85% from ZW$611.11 million to ZW$6.09 trillion during the year ended 31 December 2023. The primary factor contributing to this substantial growth was retained earnings, mainly underpinned by revaluation gains from investment properties and translation gains from foreign currency denominated assets.

Earnings Performance & Profitability

3.11 The banking sector reported positive aggregate profits of ZW$5.77 trillion, a 10.5 times increase for the year ended 31 December 2023, from ZW$503.13 billion reported in the corresponding period in 2022.

3.12 Banking sector profits were mainly driven by non-interest income, which accounted for 84.27% of total income. The income mix for the sector is depicted in the figure below:

Figure 6: Banking Secor Income Mix as at 31 December 2023

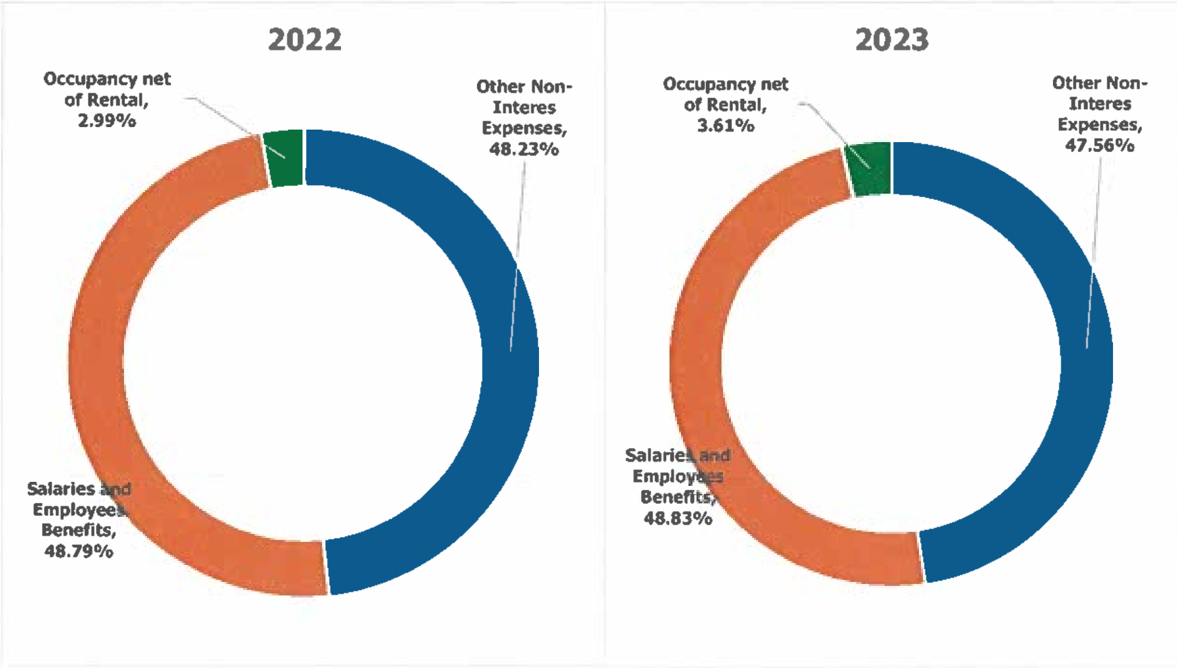


3.13 The key sources of non-interest income, i.e. revaluation gains on investment properties and translation gains of foreign exchange denominated assets, bear testimony to the structural dynamics in the banking sector, underpinned by capital preservation strategies, as well as the dual currency regime.

3.14 Interest income accounted for 15.73% of total banking sector income in 2023 compared to 32.18% in 2022. The relatively low proportion of interest income was partly a reflection of the conservative approach to lending by most banks as part of credit risk management. Interest from loans and advances ($1.31 trillion) constituted 79.66% of total interest income during the period under review.

3.15 Total expenses for the banking sector stood at $3.349 trillion, with interest expenses amounting to $347 billion (10%) and non-interest expenses amounting to $3 trillion (90%) as at 31 December 2023. The breakdown of non-interest expenses for the period under review is indicated in the figure below.

Figure 7: Banking Sector Non-Interest Expenses – 31 December 2022 & 2023

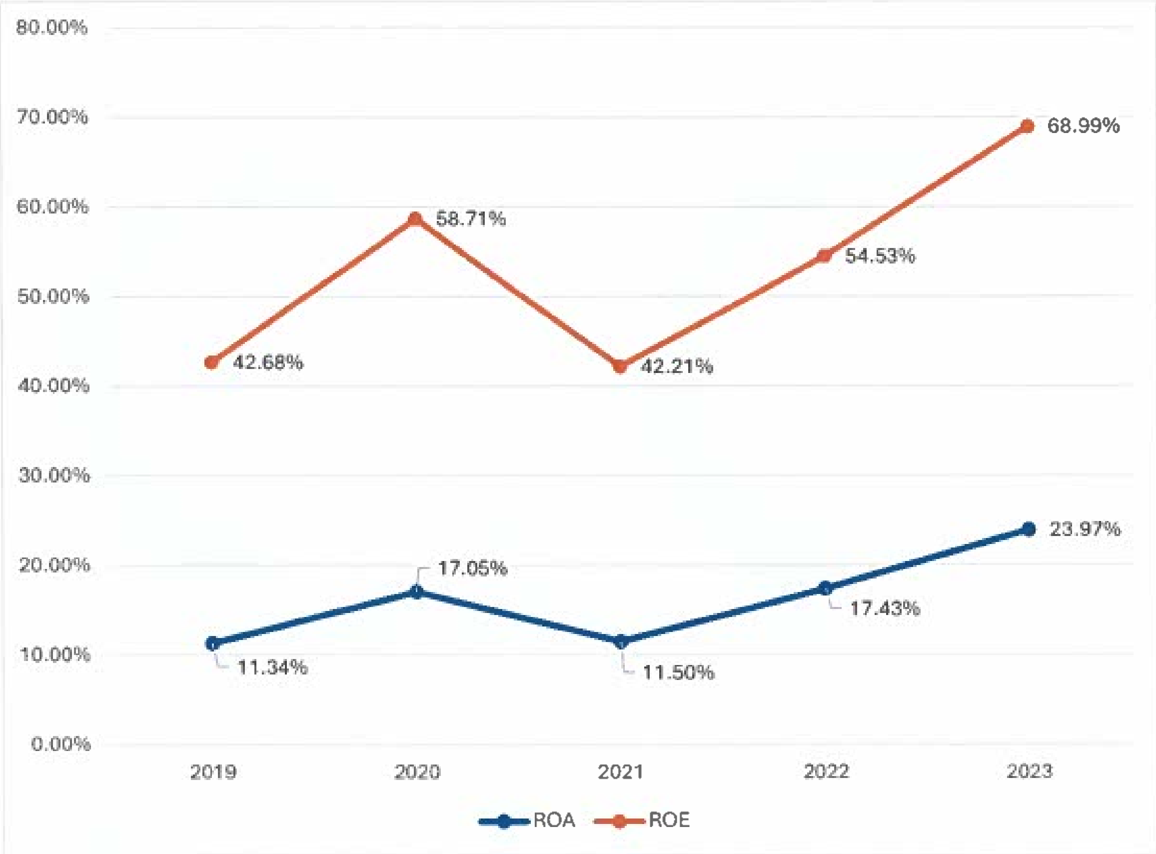


3.16 The cost to income ratio for the banking sector improved to 46.26% as at 31 December 2023 from 53.53% as at 31 December 2022, mainly as a result of various cost containment measures being implemented by banking institutions, such as automation and streamlining of work streams to save on staff costs and increase efficiencies while improving client experience, increased digitalisation to cut infrastructure and distribution costs, improved performance management to improve productivity and installation of solar energy saving on electricity costs.

3.17 There was an improvement in banking sector profitability as measured by the return on assets and return on equity ratios, from 17.43% and 54.53% as at 31 December 2022 to 23.97% and 68.99% as at 31 December 2023, respectively.

3.18 The figure below shows the trend in profitability indicators from 31 December 2019 to 31 December 2023.

Figure 8: Trend in Profitability Indicators



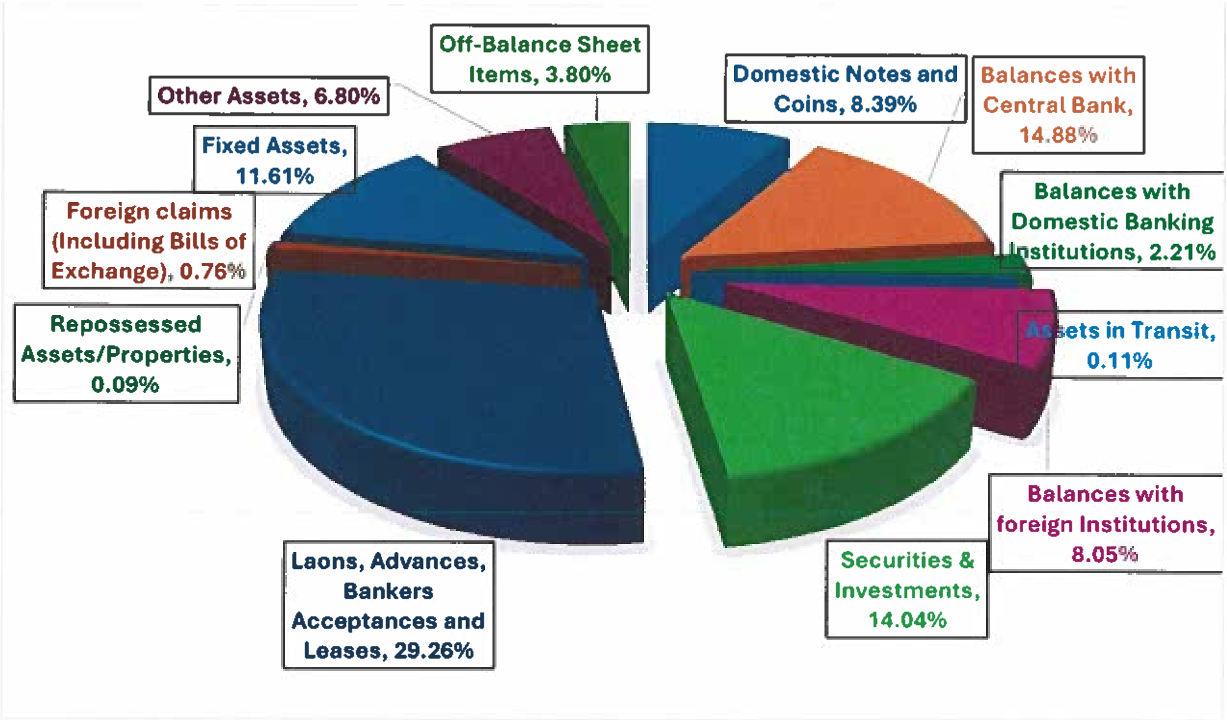
Balance Sheet Structure

Composition of Assets

3.19 Banking sector total assets grew significantly, from $3.81 trillion as at December 2022 to $34.41 trillion during the year ended 31 December 2023, mainly spurred by revaluation gains on investment properties, and translation gains on foreign currency denominated assets.

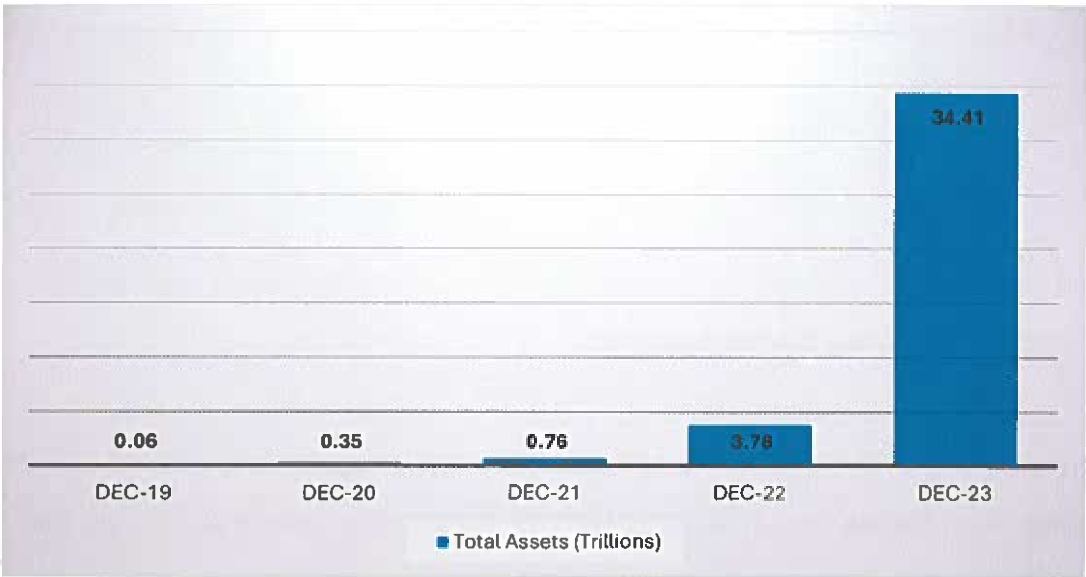
3.20 The figure below shows the banking sector asset mix of the banking sector as at 31 December 2023.

Figure 9: Asset Mix as at 31 December 2023



3.21 The trend in the banking sector assets is presented in the figure below.

Figure 10: Trend in the Banking Sector Assets 2019 to 2023 ($trillions)



3.22 As at 31 December 2023, the top five (5) banking institutions designated as DSIBs accounted for 62.40% of assets against 65.40% in the corresponding period in 2022.

Composition of Liabilities

3.23 There was a significant increase in banking sector's total deposits from $2.32 trillion as at 31 December 2022, to $17.44 trillion as at 31 December 2023, primarily driven by increases in demand and foreign currency deposits, which constituted 74.34% of total deposits.

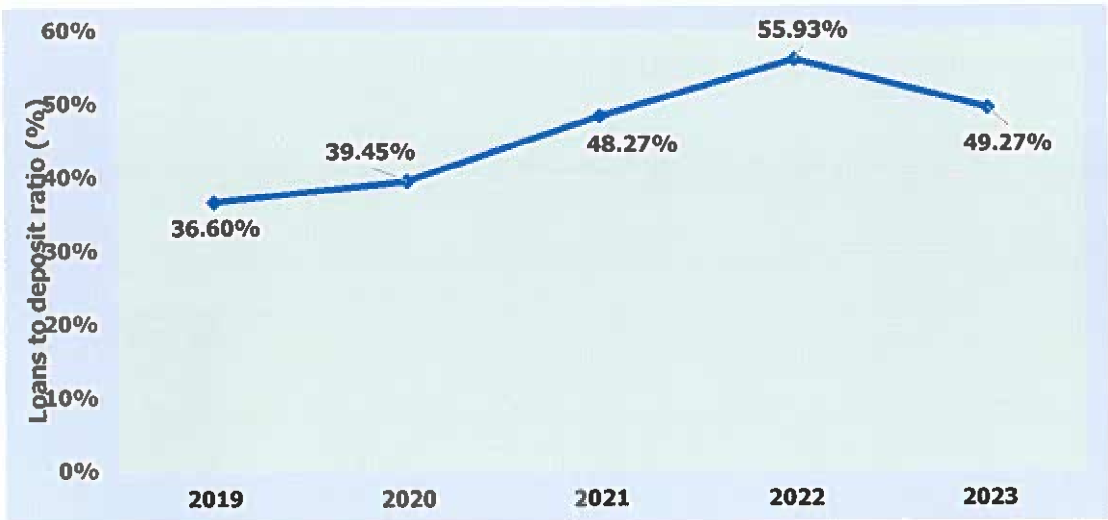
3.24 As at 31 December 2023, the banking sector recorded total liabilities of $20.04 trillion, compared to $3.36 trillion recorded as at 31 December 2022. The growth in total liabilities was attributable to the overall rise in total deposits within the sector.

Financial Intermediation

3.25 The level of financial intermediation as reflected by a loans to deposit ratio of 49.27% was a decline from 55.93% over the year. This reflects the scope for the banking sector to enhance their intermediation role.

3.26 The figure below shows the loans to deposits ratio trend.

Figure 11: Loans to Deposits Ratio Trend December 2019 to December 2023

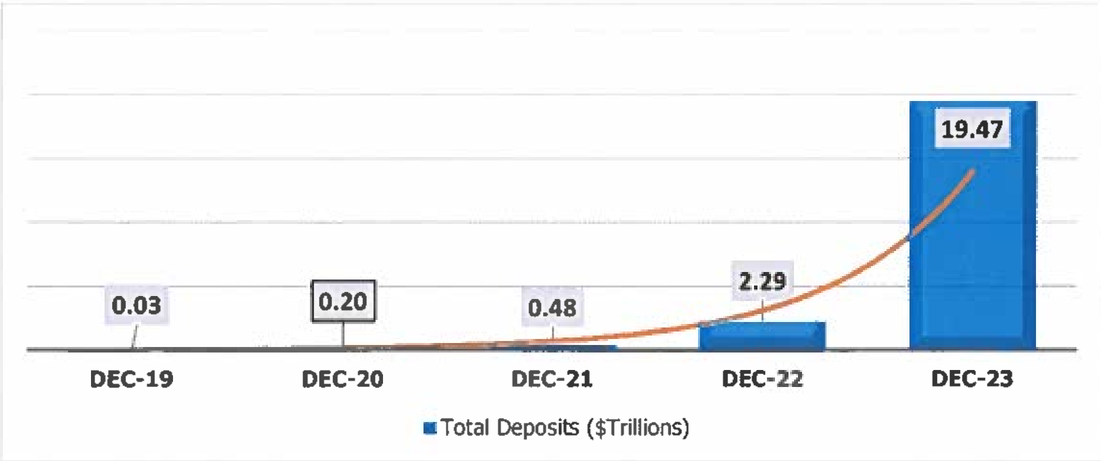


Trend in Banking Sector Deposits

3.27 Total banking sector deposits continued on an upward trajectory from $2.29 trillion reported as at 31 December 2022 to $19.47 trillion as at 31 December 2023, mainly driven by translation of foreign currency denominated deposits on the back of exchange rate movement.

3.28 The figure below shows the trend in the banking sector deposits over the period 31 December 2019 to 31 December 2023.

Figure 12: Trend in Banking Sector Deposits (Trillions)

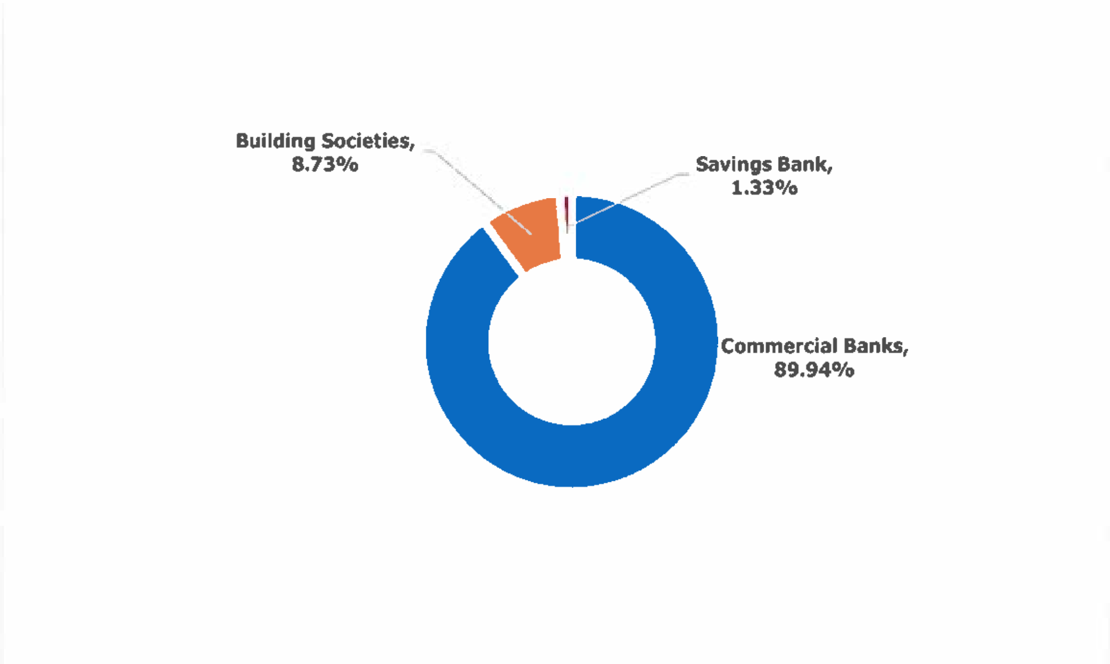


3.29 Total banking sector deposits were largely made up of foreign currency deposits mainly made up of demand deposits as at 31 December 2023, constituting 74.34%.

3.30 As at 31 December 2023, commercial banks had the largest share of deposits constituting 89.58% of the total banking sector deposits, while the building societies sub-sector had 9.12%.

3.31 The figure below shows the distribution of deposits for the banking sector.

Figure 13: Distribution of Deposits of the Banking Sector

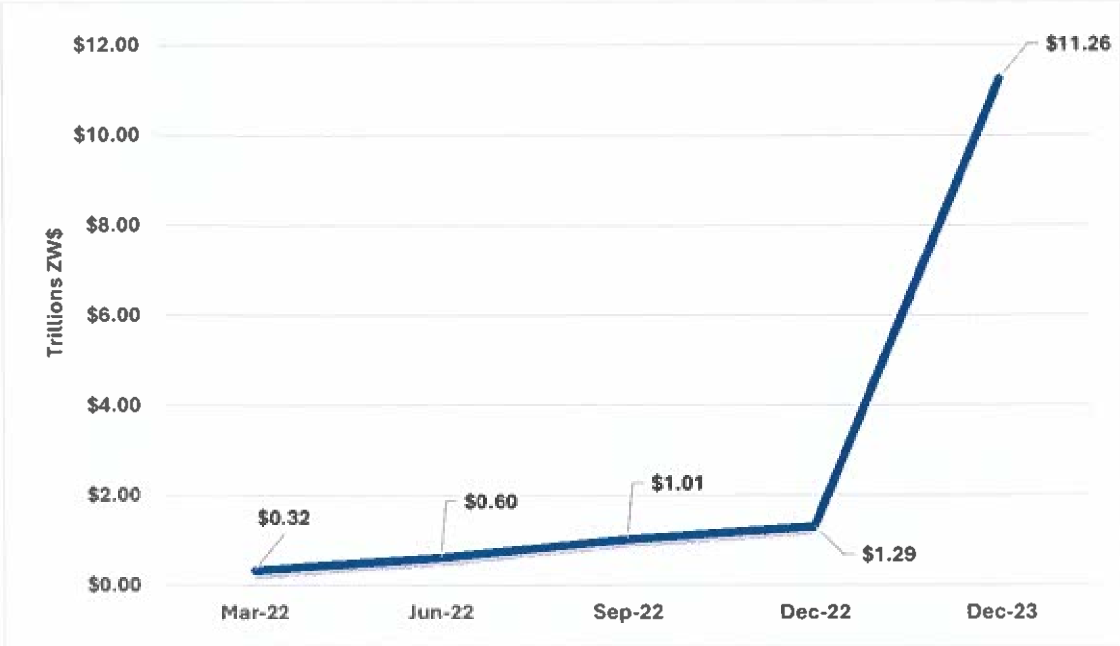


Loans and advances

3.32 Banking sector loans and advances significantly increased nominally from $1.29 trillion, as at 31 December 2022 to $11.26 trillion, as at 31 December 2023.

3.33 The trend is depicted in the diagram below.

Figure 14: Trend in Banking Sector Loans and Advances



3.34 The commercial banking sub-sector accounted for 87.10% of the total banking sector loans and advances.

Loan Concentration

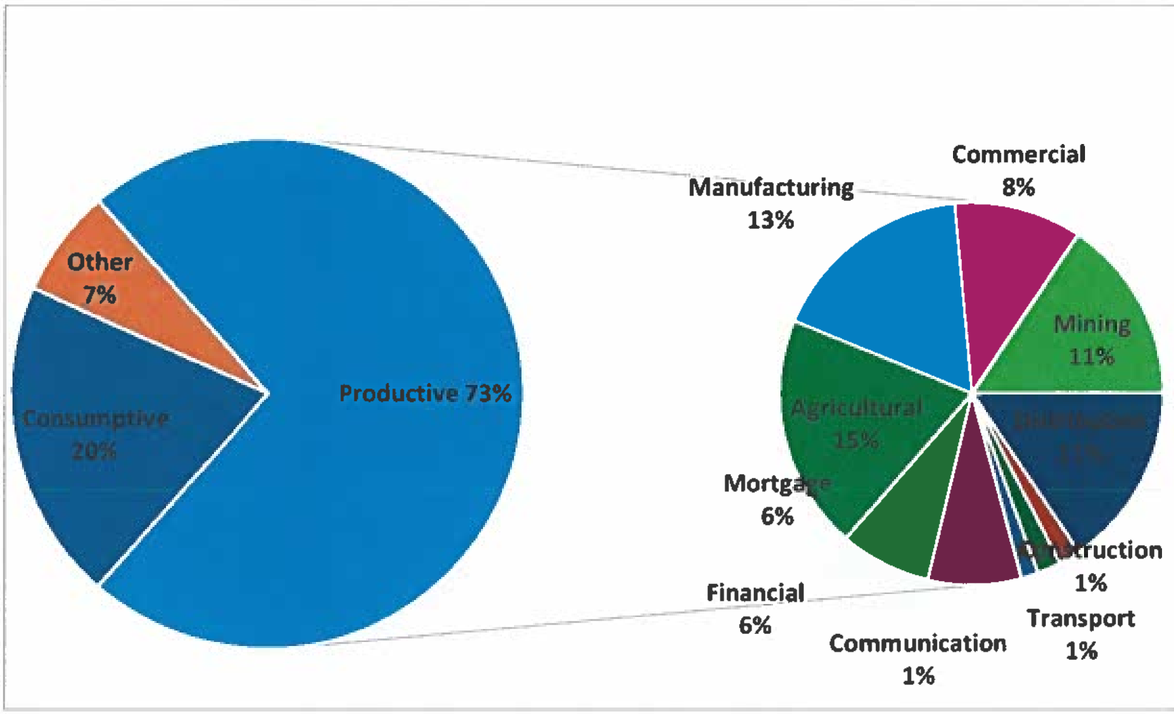
3.35 The top five (5) banking institutions held 68.40% of the total banking sector loans and advances as at 31 December 2022, from 77.09%% as at 31 December 2022.

Sectorial Distribution of Loans and Advances

3.36 Lending to productive sectors of the economy constituted 73.00% of total banking sector loans as at 31 December 2023, a decrease from 78.45% as at 31 December 2022.

3.37 The sectorial distribution for loans and advances is shown in the figure below.

Figure 15: Sectorial distribution – 31 December 2023



Non-Performing Loans (NPLs)

3.38 The banking sector portfolio quality remained satisfactory as reflected by the average non-performing loans (NPLs) to total loans ratio of 2.09% as at 31 December 2023.

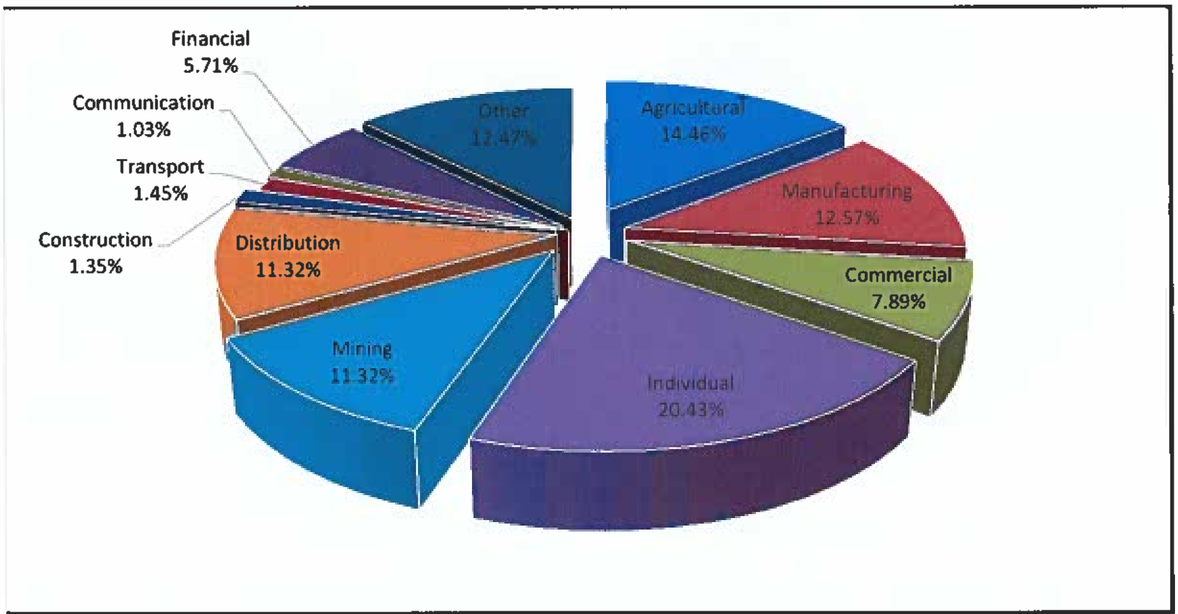
3.39 The trend in the ratio of non-performing loans from 31 December 2019 to 31 December 2023 is indicated in the figure below.

Figure 16: Trend in Non-Performing Loans: 31 Dec 2019– 31 Dec 2023

Sectoral Distribution on NPLs

3.40 As at 31 December 2023, the individuals sector had the largest value of non-performing loans (20.43%) followed by agriculture (14.46%), and manufacturing (12.57%), distribution and mining with 11.32% apiece, as shown below.

Figure 17: Sectoral Distribution of NPLs as at 31 December 2023



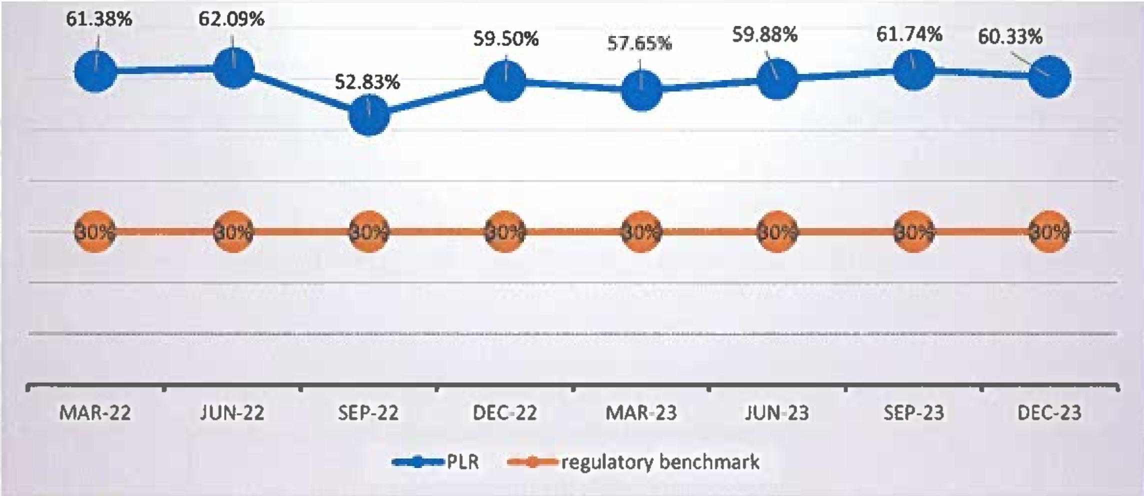
Liquidity and Funds Management

3.41 The upward trajectory in total banking sector deposits continued from \$2.29 trillion to \$19.47 trillion during the year ended 31 December 2023. The growth was mainly driven by translation gains on foreign currency denominated deposits due to exchange rate movements. Foreign currency denominated deposits accounted for 77.09% of total deposits as at 31 December 2023.

3.42 The banking sector's average prudential liquidity ratio was 60.33% as at 31 December 2023 as banking institutions continued to maintain robust liquidity positions on the back conservative lending and significant holdings of treasury bills in banks' asset portfolios.

3.43 The figure below shows the trend in the prudential liquidity ratio from 31 March 2022 to 31 December 2023.

Figure 18: Prudential Liquidity Ratios



4. FINANCIAL INCLUSION

4.1 Financial inclusion remains a key priority area that facilitates economic growth and a key driver to sustainable and inclusive economic development, towards the country's 2030 Vision of an "Upper Middle- Income Economy", 'leaving no one and no place behind'.

National Financial Inclusion Strategy II (NFIS II, 2022-2026) Implementation

4.2 Active engagement of NFIS thematic working groups through meetings was an integral component of the National Financial Inclusion Strategy implementation throughout 2023. Members of the working groups commenced implementation of selected priority initiatives that will continue in 2024, including financial and digital literacy programs, and assistive technology for Persons with Disabilities.

4.3 The foundational pillars for NFIS II (2022-2026) namely, Financial Innovation; Consumer Protection; Financial Literacy/financial capability; Microfinancing, MSME and Entrepreneurship development; and Devolution are expected to underpin the successful implementation of the strategy.

4.4 The expected outcomes of the National Financial Inclusion Strategy II are aligned with the national development goals as articulated under NDS1. The NFIS II will focus on delivering the following key outcomes:

a) **Financial Deepening** through increased uptake and usage of quality customer-centric financial products and innovative distribution channels to meet life cycle financial needs on a sustainable basis; and

b) **Improved livelihoods and financial capability** of the target segments through sustainable usage of financial services, and a combination of knowledge, skills, attitudes and confidence to make sound financial decisions that facilitate security, resiliency, participation in economic activities, and improved quality of life.

Financial Literacy & Consumer Education

4.5 In 2023, financial inclusion stakeholders continued to implement initiatives under the NFIS II. The main strategic vision of the National Financial Inclusion Strategy II is to promote increased usage of financial services. In this regard, focus was primarily on financial literacy with the view to facilitating acquisition of knowledge and skills and attitudes that people need to adopt good money management practices for earning, spending, saving, borrowing and using other financial services that promote responsible financial behaviour and enables consumers to make informed financial decisions.

4.6 The financial literacy activities by the Bank included financial literacy outreaches & roadshows, financial literacy presentations in the churches and schools & tertiary institutions visits.

4.7 In addition, the Bank, in collaboration with key stakeholders, conducted financial literacy programs on various platforms including, schools, women group meetings and gatherings, churches, business forums, and communities in the rural areas.

4.8 Further, the Bank embarked on financial inclusion campaigns and community engagements across the country's provinces through various platforms, as well as sensitisation outreach programs on consumer rights and digital financial services. In addition to financial literacy initiatives by the Bank, financial institutions were urged to adopt the 'finance plus' approach which combines financial products and services with non-financial services such as financial literacy training.

Annual Financial Inclusion Conference

4.9 The Bank successfully held its inaugural Annual Financial Inclusion Conference in December 2023, in Victoria Falls. The conference, which ran under the theme: "Leveraging Innovative Technologies for Financial Inclusion & Sustainability: from Access to Usage" was attended by key stakeholders from government, finmancial services sector, financial sector regulators and development institutions.

4.10 The conference noted the need to upscale financial and digital literacy programs across the country and in all vernacular languages to promote usage of financial products and services. It also underscored the importance of expediting the formalisation of micro, small and medium enterprises (MSMEs) to facilitate access to formal financial services, given that the MSME sector contributes significantly[3] to the country's Gross Domestic Product.

Financial Inclusion Indicators

4.11 Access to credit improved during the year ended 31 December 2023 as indicated by the significant increase in the real value of loans to women from ZW$14.50 billion to ZW$721.43 billion as at 31 December 2023.

4.12 The increase was partly attributed to the rise in the number and value of loans advanced to women in the sugarcane and macadamia agricultural sectors as a result of increased value-chain funding by the financial services sector to the respective agricultural sectors during the 2023 farming season. As at 31 December 2023, loans to women accounted for 7.76% of total banking sector loans, up from 4.16% in the previous year.

4.13 The real value of loans to MSMEs also increased from ZW$14.46 billion to ZW$461.39 billion during the year under review.

4.14 The Table below shows the trend in the movement of the financial inclusion indicators during the review period.

Table 2: Financial Inclusion Indicators

Indicator	Dec 22	March 23	June 2023	Sept 23	Dec 23
Number of Loans to MSMEs	24,987	25,162	93,070	94,670	93,404
Nominal Value of loans to MSMEs (ZW$ Million)	49,714.31	74,604.99	43,385.29	387,133.62	583,745.54
Inflation-adjusted - Value of loans to MSMEs (ZW$ Million)	14,461.92	39,768.12	24,679.00	326,970.96	461,385.98
Average loans to MSMEs as % of total bank loans	4.15	3.87	4.58	3.87	4.96
Number of Loans to Women	177,671	165,459	206,886	200,894	185,326
Nominal Value of Loans to Women (ZW$ Million)	49,854.41	84,043.37	34,507.00	448,389.80	912,752.09
Inflation-adjusted Value of Loans to Women (ZW$ Million)	14,502.68	44,799.24	19,629.00	378,707.60	721,429.09

[3] SMEs contributed between 60% of the national GDP, highlighting their importance as the backbone of these economies.

Indicator	Dec 22	March 23	June 2023	Sept 23	Dec 23
Average loans to women as a % of total bank loans	4.16	4.36	3.64	4.48	7.76
Number of Loans to Youth	65,098	71,429	54,309	65,587	57,216
Nominal Value of Loans to Youth (ZW$ Million)	37,629.77	55,616.63	25,760.00	329,728.37	370,514.03
Inflation-adjusted Value of Loans to Youth (ZW$ Million)	10,946.52	29,646.39	14,653.00	278,486.80	292,850.17
Average loans to the youth as a % of total bank loans	3.14	2.88	2.72	3,29	3.15
Total number of Active Bank Accounts (Million)	7.36	7.23	7.33	8.02	7.69
Number of Low-Cost Bank Accounts (Million)	4.35	3.34	2.35	3.5	3.75

4.15 The Bank will continue to take a collaborative approach to the implementation of NFIS II with the view to empowering all Zimbabweans towards building resilient and sustainable livelihoods through increased uptake and usage of appropriate, affordable, sustainable and quality formal financial services and products.

Credit Infrastructure

4.16 During the year 2023, the sharing of credit information among lending institutions, facilitated by the Credit Registry and the private credit bureaus is expected to contribute to enhancing the efficiency of the credit market, promoting financial inclusion.

Collateral Registry

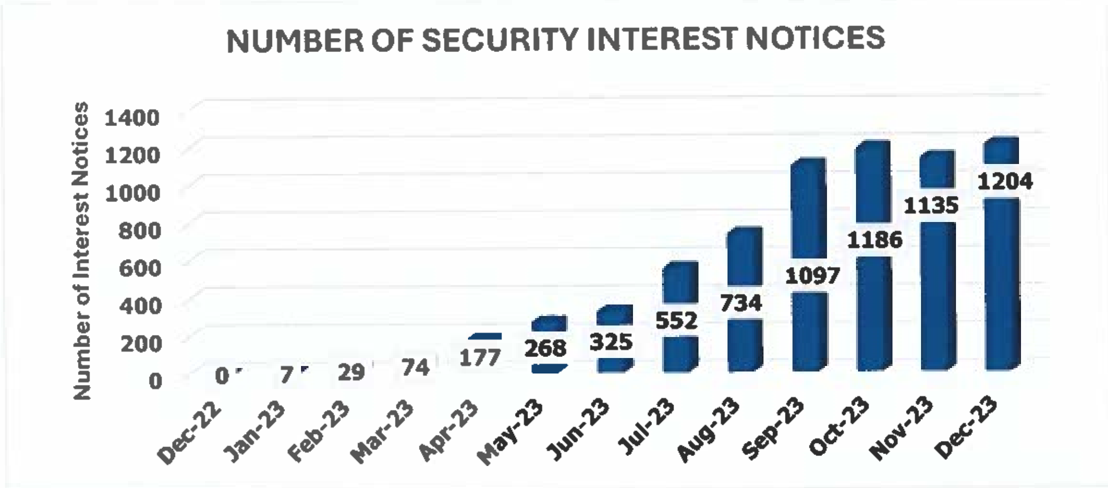
4.17 The establishment of the Collateral Registry in Zimbabwe was a milestone development in the financial inclusion agenda, particularly for small and medium-sized enterprises (SMEs) and farmers. The collateral registry has opened up new avenues for these groups to secure loans and grow their businesses through access to credit on the back of movable assets collateral. The significant increase in registered security interest notices from 12 as at 31 December 2022 to 1204 as at 31 December 2023 highlights the potential of this initiative to significantly contribute to economic development. The

1204 active registered security interests had a corresponding loan amount of ZW$4.59 trillion as at 31 December 2024.

4.18 During the period under review, 57 institutional users including banking institutions, credit only and deposit taking microfinance institutions, contract financiers and law firms had created accounts in the system. The Collateral Registry System recorded 648 searches during the year of which 84 were from the public. About 63% of the searches were conducted by microfinance institutions while 21% were searches by commercial banks.

4.19 Accepted collateral primarily consisted of household goods, private vehicles, trucks and agricultural equipment. It was noted that women pledged 22% of the household goods and 29% of the private vehicles registered in the Collateral Registry system as they leverage movable assets to access loans from banking institutions and microfinance institutions.

4.20 Number of Security Interest registrations have been on an upward trend as shown below.



Credit Registry

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

4.22 As at 31 December 2023, the Credit Registry and the private bureaus collectively held 22.44 million searchable records.

4.23 In terms of age and gender distribution, most borrowings are concentrated in the 31-40-years (38.0%) and 41-50-years (30.78%) age groups, with male borrowers in both categories.

4.24 According to the Credit Registry database, female borrowers exhibited a lower delinquency level of 4.72% whereas to male borrowers were at 5.09%.

5. REGULATORY DEVELOPMENTS

5.1 During the year under review, the Bank continued to monitor and ensure on-going alignment with the legal and regulatory developments domestically and internationally. This chapter summarises the major legal and regulatory developments in the banking sector during the year.

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

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

5.3 The Government of Zimbabwe transferred its shares in a number of companies including People's Own Savings Bank (POSB), Industrial Development Corporation of Zimbabwe and AFC Limited, which are now vested in the Mutapa Investment Fund. The Reserve Bank will continue to supervise the affected banking institutions in terms of **Banking Act [Chapter 24:20]**.

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

Public Entities Corporate Governance Act [Chapter 10:31]

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

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

Update on Institutions Under Liquidation...

5.7 The Deposit Protection Corporation (DPC) remains overall in charge of liquidation processes in terms of section 57 of the Banking Act [Chapter 24:20] under which DPC is appointed as the liquidator of failed banking institutions.

5.8 Five (5) failed banking institutions, namely Interfin Bank Limited, Allied Bank, Afrasia Bank Zimbabwe Limited, Trust Bank of Zimbabwe Limited and Royal Bank of Zimbabwe Limited were all in final liquidation phase.

5.9 Recoveries from liquidations increased significantly, with the total amount recovered in cash, treasury bills, and properties rising from$713 million in September 2023 to $23.4 billion in December 2023. This translated to a recovery rate of 8.67% as at 31 December 2023.

5.10 Total dividends paid out to concurrent creditors of the five (5) failed contributory banking institutions (CBIs) under liquidation were$226 million or 122 cents per dollar. Institutional updates are summarised hereunder.

Interfin Bank Limited (In Final Liquidation)

5.11 As at 31 December 2023, DPC was engaging shareholders to transfer all residual assets to the latter. The shareholders had appointed Grant Thornton Zimbabwe to act on their behalf.

5.12 Further, the DPC reported that it will submit the Final Account and Signed Agreement of Sale to the Master by 28 February 2024.

5.13 Legal processes to transfer assets to shareholders are expected to be concluded by 30 June 2024 once account has been approved.

Allied Bank (In Final Liquidation)

5.14 The final liquidation account was submitted to the Master, who directed that conclusion of the Liquidation be put in abeyance to allow for recovery of funds amounting to about USD1.1 million which were blocked under the Office of Foreign Assets Control (OFAC) regulations. The directive to seek recovery follows the removal of the restrictions related to the US$1.1 million by OFAC.

Afrasia Bank Zimbabwe Limited (In Final Liquidation)

5.15 Final Liquidation Account was approved by the Master on 24 November 2023. Residual cash payment to shareholders of US$348,032 was done on 23 December 2023 as per the Final Liquidation and Distribution account.

5.16 The transfer of the remaining three immovable properties to shareholders is at conveyancing stage. Liquidation will be concluded once transfer of properties to shareholders has been completed. The tentative date for conclusion of the liquidation of Afrasia bank has been deferred to 30 June 2024 in view of the protracted legal processes to transfer the remaining assets to the buyer.

Trust Bank of Zimbabwe Limited (In Final Liquidation)

5.17 The final liquidation & distribution account was approved by the Master on 27 November 2023. The process of payment of final dividends to concurrent creditors was in progress.

5.18 The transfer of residual assets to shareholders is ongoing and is expected to be concluded by 31 March 2024.

Royal Bank of Zimbabwe Limited (In Final Liquidation)

5.19 The DPC reported that the amended third and final Liquidation account was expected to be approved by the Master.

5.20 A total of ZW$4 million would be paid to concurrent creditors, translating to 39 cents per every dollar owed. Further, the payment of dividends to concurrent creditors was reported to be in progress.

5.21 The return of unclaimed funds to Guardian's Fund is expected to be done by 30 August 2024, as well as application for termination of Liquidation.

Cancellation of Licences

5.22 During the year ended 31 December 2023, two (2) banking licences, namely Avis and Tetrad Investment Bank were cancelled.

Tetrad Investment Bank

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

5.24 Tetrad Investment Bank Limited failed to commence operations following the lifting of Provisional Judicial Management in October 2018. The institution unsuccessfully courted potential investors and failed to put in place requisite infrastructure to facilitate commencement of banking operations.

Avis Bank Limited

5.25 Avis Bank Limited, which was issued with a merchant banking licence on 7 June 2022, failed to meet the licensing conditions including commencing banking operations within 12 months, as required in terms of the Banking Act. The licence was cancelled effective 21 November 2023 for failure to meet licensing requirements.

Amalgamations in the Banking Sector

5.26 During the year ended 31 December 2023, two applications for the acquisition of significant interest in banking institutions were approved.

Acquisition of 51% shareholding in ZB Financial Holdings Limited

5.27 During the year, regulatory approval was granted with respect to CBZ Holdings' application for the acquisition of significant interest in ZB Financial Holdings Limited. The transaction is anticipated to be finalised during the year 2024.

Acquisition of Significant Interest & Control in Standard Chartered Bank Zimbabwe Limited by FBC Holdings Limited

5.28 Regulatory approval was granted on 14 November 2023 for acquisition of significant interest in Standard Chartered Bank Zimbabwe by FBC Holdings and for FBC Holdings to be registered as a controlling company for Standard Chartered Bank Zimbabwe.

5.29 The acquisition of Standard Chartered by FBC Holdings Limited is expected to be finalised in 2024. The sale of shareholding in Standard Chartered Bank Zimbabwe by Standard Chartered Bank Plc was in line with the group's strategy to divest from selected countries including Zimbabwe.

Supervisory Action taken for Non-Compliance

5.30 The Bank instituted supervisory action against five (5) banking institutions and four (4) deposit-taking microfinance institutions that were found to be in breach of the **Banking Act [*Chapter 24:20*]** and the **Microfinance Act [Chapter 24:30]**. In some cases, monetary penalties were levied and written warnings were issued for failure to publish 2022 year-end and 2023 half-year financials within the prescribed deadlines and for appointing principal officers without the regulatory approval in breach of the Banking Act.

5.31 The Bank takes great exception to non-compliance with applicable laws and regulations and enforces compliance against non-compliant institutions through a wide range of supervisory actions prescribed under the Banking Act and the Microfinance Act.

6. OUTLOOK

6.1 In 2024, economic growth is expected to be impacted by the effect of the El Nino induced drought and declining mineral commodity prices as a result of the global economic slowdown. The banking sector is, however, expected to remain stable and resilient to shocks emanating from the dynamic operating environment.

6.2 In scale and scope, 2023 experienced the most significant banking stress globally, since the 2008 global financial crisis. The collapse of four global banks (in Europe and United States of America) coupled with significant rises in interest rates, inflation and seismic geopolitical instability have raised questions around the adequacy of prudential and regulatory frameworks.

6.3 The Bank recognises the importance of continuously identifying new and emerging risks for ongoing supervisory effectiveness. In this regard, the Bank will continue to enhance guidelines and prudential standards to ensure that they remain relevant in view of evolving risks, as well as institute regulatory and supervisory reforms aimed at safeguarding financial sector stability.

6.4 The Bank will step up efforts in promoting a more sustainable financial sector through working constructively with banking institutions and other stakeholders to ensure that the transition to a more sustainable, environmentally, and socially responsible financial sector becomes a reality. Skills enhancement and data compilation will constitute some of the specific action items in this regard.

6.5 Financial inclusion remains a key priority area that facilitates positive economic growth and a key driver to sustainable and inclusive economic development, towards the country's 2030 Vision of an "Upper Middle- Income Economy", 'leaving no one and no place behind'. The Bank will continue to promote increased usage of financial services, as part of the strategic vision of the National Financial Inclusion Strategy II.

6.6 With regards Anti-Money Laundering, Combating the Financing of Terrorism and Combating Proliferation Financing (AML/CFT/CPF), the focus for 2024 will be to strengthen requisite supervisory capacity and improve supervisory processes to align with domestic, regional and international developments.

6.7 Spurred by the adoption of technological innovations, the banking sector is expected to continue to implement technologies which enable them to offer their customers more efficient, secure and personalised products and services, whilst also reducing operational costs and risks.

6.8 The Bank will review the regulatory frameworks and standards to keep pace with the evolving risks and opportunities that come with technological innovations in the sector, with a view to avoid regulatory gaps. Further, the cross-border nature of some technological innovations will require enhanced coordination and cooperation with regulators and supervisors in other jurisdictions.

6.9 The Bank will continue to promote and facilitate healthy competition in the banking sector through maintaining an enabling environment for regulated institutions to explore new ways to leverage technology, data and analytics to offer personalised, convenient and secure solutions to their customers.

APPENDICES

APPENDIX 1: FUNCTION AND ORGANIZATION OF BANK SUPERVISION DIVISION

Function of Bank Supervision Division

I. The Reserve Bank of Zimbabwe, in terms of **Section 6 of the Reserve Bank Act [*Chapter 22:15*]**, is mandated to foster the stability and proper function of the Zimbabwean Financial System as well as **supervision of banking institutions**, among others.

Organization of the Bank Supervision Division

II. In a bid to fulfil its mandate to foster and maintain financial stability, Bank Supervision Division is organized into seven (7) departments as illustrated below.

Bank Supervision Organogram

APPENDIX 2: REGISTERED BANKING INSTITUTIONS AS AT 31 DECEMBER 2023

Banking Institution	Address & Website
AFC Commercial Bank	15th Floor, Hurudza House 14-16 Nelson Mandela Avenue Harare Tel: 774429 or 773704/5 or 774554 Fax 774554 www.afcholdings.co.zw
BancABC	1 Endeavour Crescent Mt. Pleasant Business Park Harare Phone: 701636/52; 739089 Fax 727330 www.bancabc.com
First Capital Bank	3 Anchor House 1st Street/Jason Moyo Avenue Harare Phone: 758280/99 or 758324 www.https://www.firstcapitalbank.co.zw/
CBZ Bank	3rd Floor, Union House 60 Kwame Nkrumah Avenue Harare Phone: 749714 or 748050/79 / 759110-6 Fax 758077 www.cbz.co.zw
Ecobank	Sam Levy's Office Park Block A, Piers Road Borrowdale Harare Phone:851642/7 **or** 706036/7 701350/3 **or** 703011/2/4 / 851642 Fax: 794993 www.ecobank.com
FBC Bank Limited	FBC Centre Nelson Mandela Avenue Harare Phone:704462/704481/77 2705 Fax 704995 www.fbc.co.zw
Nedbank Zimbabwe Limited	Old Mutual Centre 3rd Street/Jason Moyo Harare Tel: 701636/52 Fax 727330 www.mbca.co.zw
Metbank Zimbabwe Limited	Metropolitan House 3 Central Avenue Harare Phone: 706091/706128 /701970 Fax 733014 www.metbank.co.zw
NMB Bank Limited	4th Floor, Unity Court Kwame Nkrumah Avenue Harare 759651/9 or 754933/5 or 709122/68 or 709124/09 www.nmbz.co.zw
Stanbic Bank Zimbabwe Limited	Stanbic Centre Samora Machel Avenue Harare Phone: 759471; Fax 772126 www.stanbicbank.co.zw

Banking Institution	Address & Website
Time Bank of Zimbabwe Limited	12th Floor Social Security Centre 58 Julius Nyerere Way/Sam Nujoma Street Harare Telephone: +263 (24)2 708755/6 https://www.timebank.co.zw/
Standard Chartered Bank Zimbabwe Limited	1st Floor, Standard Chartered Bank Building Cnr. Sam Nujoma Street/ Nelson Mandela Avenue Harare Phone: 253801-7 or 252289 Fax 252288 www.stanchart.co.zw
Steward Bank Limited	2nd Floor, 101 Kwame Nkrumah Avenue Harare Tel:79146/791444-8 Fax 791460 www.stewardbank.co.zw
ZB Bank Limited	21 Natal Road Avondale Harare Phone: 08677002001 www.zb.co.zw
Central African Building Society (CABS)	Northridge Park Northend Close, Borrowdale Harare Phone: 883823/59 Fax 883804 www.cabs.co.zw
FBC Building Society	5th Floor, FBC Centre Nelson Mandela Avenue Harare Phone: 783203-9 www.fbc.co.zw
National Building Society	14th Floor, Social Security Centre Cnr Sam Nujoma Street & Julius Nyerere Way, Harare Phone: 700032,35,39,42 www.nbs.co.zw
ZB Building Society	6th Floor, Finsure House Cnr. Kwame Nkrumah / Sam Nujoma Harare Phone: 252978, 252926, 253031, 758275 www.zb.co.zw
POSB	6th Floor, Causeway Building Cnr. Third Street/Central Avenue Harare Phone: 729700-9;737911-9; 735081-8 or 791134 Fax: 749012 www.posb.co.zw

Appendix 3: STATISTICAL TABLES AS AT 31 DECEMBER 2023
Consolidated Statements of Financial Position (2018-2023)

ASSETS	31-Dec-18		31-Dec-19		31-Dec-20		31-Dec-21		31-Dec-22		31-Dec-23	
	ZW$	%	ZW$	%	ZW$	%	ZW$	%	ZW$	%	ZW$	%
Domestic Notes And Coin	113,207,203	0.81%	2,752,823,894.02	4.54%	41,688,460,395.38	11.90%	53,233,105,565.57	6.93%	301,260,702,137	7.90%	2,887,002,061,724.08	8.39%
Balances With Central Bank	2,664,873,060	19.10%	11,792,558,543.01	19.45%	59,163,579,147.70	16.89%	88,453,962,885.74	11.51%	433,559,703,546	11.37%	5,122,074,796,695.02	14.88%
Balances With Domestic Banking Institutions	447,992,188	3.21%	3,106,307,142.28	5.12%	5,949,148,995.37	1.70%	14,026,703,896.13	1.83%	124,851,890,261	3.27%	759,835,816,488.69	2.21%
Assets In Transit	7,507,295	0.05%	10,927,263.27	0.02%	15,502,455.03	0.00%	229,258,707.66	0.03%	1,830,106,345	0.05%	38,830,684,461.92	0.11%
Balances With Foreign Institutions	244,443,091	1.75%	8,563,287,411.86	14.12%	50,391,199,997.94	14.38%	124,653,178,391.26	16.22%	356,427,237,987	9.34%	2,769,537,797,956.09	8.05%
Securities And Investments	4,677,143,008	33.35%	6,893,479,311.98	11.37%	35,153,193,567.35	10.03%	94,414,196,737.97	12.29%	552,877,724,810	14.49%	4,830,399,670,563.36	14.04%
Loans And Advances	3,787,629,183	27.14%	10,618,954,195.76	17.51%	71,307,398,421.19	20.36%	212,197,545,799.71	27.61%	1,213,220,756,854	31.81%	10,070,027,366,813.30	29.26%
Foreign Claims	83,295,559	0.60%	89,502,092.47	0.15%	338,642,289.72	0.10%	898,910,565.98	0.12%	25,457,077,563	0.67%	261,992,310,383.44	0.76%
Repossessed properties / assets	11,088,541	0.08%	1,109,732,204.31	1.83%	883,929,046.35	0.25%	1,174,568,794.80	0.15%	6,785,521,309	0.18%	29,264,000,000.00	0.09%
Fixed Assets	803,354,226	5.76%	8,351,687,666.28	13.77%	38,863,209,035.27	11.09%	70,966,950,013.54	9.23%	425,833,243,223	11.16%	3,994,562,252,660.83	11.61%
Other Assets	561,241,879	4.02%	2,480,287,551.50	4.09%	16,738,473,683.73	4.78%	46,946,575,262.90	6.11%	213,529,919,619	5.60%	2,341,747,307,212.97	6.80%
Total off-Balance Sheet Items	575,318,034	4.12%	4,868,668,402.06	8.03%	29,817,301,313.85	8.51%	61,269,061,832.61	7.97%	158,792,274,422	4.16%	1,306,953,184,156.20	3.80%
Total Assets	13,977,093,267	100%	60,638,215,678.80	100.00%	350,310,038,348.88	100.00%	768,464,018,453.88	100.00%	3,814,426,158,077	100%	34,412,227,249,115.90	100.00%

LIABILITIES	18-Dec		19-Dec		20-Dec		21-Dec		22-Dec		23-Dec	
	ZW$	%	ZW$	%	ZW$	%	ZW$	%	ZW$	%	ZW$	%
Demand Deposits	7,160,191,175	51.23%	19,444,386,261.95	32.07%	86,315,729,565.69	24.64%	213,542,577,621.64	27.79%	826,878,604,164	*21.68%*	4,180,200,240,905.69	12.15%
Savings Deposits	602,681,015	4.31%	1,078,679,318.09	1.78%	5,928,462,544.00	1.69%	6,699,997,439.79	0.87%	15,831,617,997	*0.42%*	141,312,256,105.12	0.41%
Time Deposits/Fixed Deposits	1,400,460,474	10.02%	1,560,767,137.29	2.57%	7,037,574,990.96	2.01%	27,515,965,289.63	3.58%	133,433,383,535	*3.50%*	523,133,831,859.37	1.52%
Foreign Currency Deposits	161,838,828	1.16%	10,459,772,494.92	17.25%	102,786,599,307.14	29.34%	215,142,622,773.70	28.00%	1,302,852,355,765	*34.16%*	14,095,705,371,628.10	40.96%
Negotiable Certificates of Deposit	138,276,847	0.99%	329,054,209.29	0.54%	2,062,829,684.89	0.59%	2,923,977,332.77	0.38%	7,926,083,602	*0.21%*	20,494,982,527.72	0.06%
Balances With Other Banking Institutions	732,950,663	5.24%	1,608,565,276.75	2.65%	4,714,420,124.74	1.35%	10,516,020,974.78	1.37%	36,584,832,486	0.96%	508,641,369,048.72	1.48%
Liabilities in Transit	2,372,822	0.02%	42,218,322.21	0.07%	221,968,711.51	0.06%	656,074,742.49	0.09%	4,447,353,864	0.12%	77,867,422,600.72	0.23%
Foreign Liabilities	537,996,773	3.85%	3,827,130,174.97	6.31%	21,547,532,148.90	6.15%	30,623,451,158.35	3.99%	218,652,752,936	5.73%	2,133,420,712,750.17	6.20%
Securities and other Funding Liabilities	232,630,449	1.66%	342,369,837.63	0.56%	1,116,741,236.46	0.32%	1,857,341,509.87	0.24%	12,090,985,378	0.32%	78,976,591,911.98	0.23%
Capital and Reserves	1,830,726,109	13.10%	10,181,784,348.28	16.79%	55,650,510,091.28	15.89%	123,507,026,757.46	16.07%	755,699,515,916	19.81%	7,610,170,189,918.42	22.11%
Other Liabilities	601,650,079	4.30%	6,894,819,894.30	11.37%	33,110,368,628.80	9.45%	74,209,901,026.44	9.66%	341,236,398,013	8.95%	3,857,425,547,703.04	11.21%
Off-Balance Sheet Items – Liabilities	575,318,034	4.12%	4,868,668,402.06	8.03%	29,817,301,314.02	8.51%	61,269,061,832.61	7.97%	158,792,274,422	4.16%	1,184,878,732,156.20	3.44%
Total Equity & Liabilities	**13,977,093,266**	**100.00%**	**60,638,215,677.75**	**100.00%**	**350,310,038,348.38**	**100.00%**	768,464,018,459.55	100.00%	3,814,426,158,078	100.00%	34,412,227,249,115.20	100.00%

Statements of Comprehensive Income – December 2023 (Commercial Banks)

	AFC	Banc ABC	CBZ	ECOBANK	FBC	FIRST CAPITAL	METBANK	NEDBANK
Interest Income	38,328,586,973.56	31,374,369,132.46	392,195,642,127.51	148,493,363,313.00	161,546,592,187.26	87,183,956,284.54	1,101,120,331.52	57,011,932,749.95
Interest Income from Loans Advances and Leases	35,570,662,493.51	26,444,507,177.84	235,879,060,085.42	138,957,793,562.00	157,566,245,040.14	79,287,704,363.72	1,101,120,331.52	34,282,015,901.16
Interest Income on Balances with Banking Institutions	.00	907,951,536.92	1,383,878,358.95	.00	3,253,410,922.96	671,814,777.82	.00	.00
Interest Income On Investments ans Securities	2,757,924,480.05	4,021,910,417.70	154,932,703,683.14	9,535,569,751.00	726,936,224.16	7,224,437,143.00	.00	22,729,916,848.79
Interest Expense	13,471,857,412.21	15,947,064,134.62	54,773,451,642.89	3,544,652,766.37	71,829,393,265.15	7,264,206,694.00	11,431,700,983.86	7,070,503,840.28
Interest Expense On Deposit Accounts	7,552,894,471.74	2,831,926,495.29	36,540,526,014.88	3,544,652,766.37	8,473,175,403.30	1,378,909,810.00	795,269,538.10	7,071,322,030.44
Interest Expense On Central Bank Loans	1,423,575,252.37	9,534,246.58	.00	.00	9,563,092,695.70	.00	4,695,734,406.20	.00
Interest On Local banks Loans - Interbank Loans	4,495,387,688.10	8,039,075,511.42	.00	.00	9,630,510,013.40	.00	21,326,029.39	.00
Other Interest Expenses	.00	5,066,527,881.33	18,232,925,628.01	.00	44,162,615,152.75	5,885,296,884.00	5,919,371,010.17	-818,190.16
Net Interest Income	24,856,729,561.35	15,427,304,997.84	337,422,190,484.62	144,948,710,546.63	89,717,198,922.11	79,919,749,590.54	-10,330,580,652.34	49,941,428,909.67
Total Provisions For Current Period	6,753,743,242.07	7,801,729,987.94	165,080,461,924.23	87,784,352,641.00	40,896,149,650.16	34,421,643,725.16	497,108,997.30	9,625,534,879.29
Specific Provisions	786,005,830.94	4,583,833,177.48	.00	.00	21,278,114,415.04	27,128,697,567.02	354,005,890.02	274,974,761.36
General Provisions	5,967,737,411.13	3,217,896,810.46	165,080,461,924.23	87,784,352,641.00	19,618,035,235.12	7,292,946,158.14	143,103,107.27	9,350,560,117.93
Net Interest after Provisions	18,102,986,319.28	7,625,575,009.90	172,341,728,560.39	57,164,357,905.63	48,821,049,271.95	45,498,105,865.38	-10,827,689,649.64	40,315,894,030.38
Non - Interest Income	353,016,825,888.37	383,709,804,155.28	1,134,727,533,461.03	537,145,515,670.00	664,993,053,473.28	355,627,628,843.00	623,542,273,563.97	358,870,819,912.07
Foreign Exchange	.00	14,449,204,257.22	66,101,975,666.65	18,898,897,534.41	.00	68,200,440,841.00	.00	29,800,869,583.65
Fees and Commission	121,667,508,309.47	78,580,865,025.78	288,681,411,166.32	80,856,864,665.00	123,182,683,339.61	96,890,141,565.00	6,505,245,313.88	61,279,696,881.22
Other Non Interest Income	231,349,317,578.91	290,679,734,872.28	779,944,146,628.06	437,389,753,470.59	541,810,370,133.67	190,537,046,437.00	617,037,028,250.09	267,790,253,447.20
Non - Interest Expenses	122,694,623,104.21	138,591,426,468.81	445,369,091,557.64	110,357,757,506.00	324,725,489,475.37	142,021,747,100.00	47,533,460,112.32	124,755,966,619.34
Salaries and Employee Benefits	59,840,487,683.04	62,840,760,353.09	207,598,459,806.23	56,400,672,435.00	242,249,541,099.29	63,239,503,755.00	4,944,682,990.69	53,153,545,397.31
Occupancy - Net of Rental	7,278,925,651.33	3,610,009,281.79	.00	636,754,265.20	6,239,997,139.31	4,351,360,170.00	1,097,868,647.87	5,491,316,994.06
Other Non Interest Expenses	55,575,209,769.83	72,140,656,833.93	237,770,631,751.41	53,320,330,805.80	76,235,951,236.77	74,430,883,175.00	41,490,908,473.76	66,111,104,227.97
Net Non - Interest Income	230,322,202,784.17	245,118,377,686.47	689,358,441,903.39	426,787,758,164.00	340,267,563,997.91	213,605,881,743.00	576,008,813,451.65	234,114,853,292.73
Income (Loss) before Taxation	248,425,189,103.45	252,743,952,696.38	861,700,170,463.78	483,952,116,069.63	389,088,613,269.86	259,103,987,608.38	565,181,123,802.01	274,430,747,323.11
Taxation	41,979,386,691.34	53,861,365,412.47	210,152,164,678.80	121,373,757,573.00	95,614,006,559.43	25,482,441,155.00	25,813,873,528.48	13,029,955,306.57
Net Income / (Loss) after Taxation	206,445,802,412.11	198,882,587,283.91	651,548,005,784.99	362,578,358,496.63	293,474,606,710.43	233,621,546,453.38	539,367,250,273.53	261,400,792,016.54
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income / (Loss)	206,445,802,412.11	198,882,587,283.91	651,548,005,784.99	362,578,358,496.63	293,474,606,710.43	233,621,546,453.38	539,367,250,273.53	261,400,792,016.54

	NMB BANK	STANBIC	STANCHART	STEWARD BANK	TIME BANK	ZB BANK	TOTAL (AVERAGE)
Interest Income	78,399,473,577.43	238,402,257,054.21	38,966,181,767.21	29,747,603,448.78	4,784,340.16	124,408,710,170.28	1,427,164,573,457.86
Interest Income from Loans Advances and Leases	70,438,110,177.22	188,891,488,738.42	30,144,006,229.34	17,878,743,180.53	3,928,775.35	104,877,786,183.04	1,121,323,172,239.22
Interest Income on Balances with Banking Institutions	.00	37,562,800,644.37	3,476,771,325.84	10,174,338,865.03	855,564.81	8,118,172,696.08	65,549,994,692.77
Interest Income On Investments ans Securities	7,961,363,400.21	11,947,967,671.42	5,345,404,212.03	1,694,521,403.22	.00	11,412,751,291.16	240,291,406,525.87
Interest Expense	18,073,353,205.34	437,302,417.12	-346,944,080.33	5,121,515,532.85	1,224,068,257.22	42,220,223,277.17	252,062,349,348.74
Interest Expense On Deposit Accounts	5,280,235,264.02	437,302,417.12	-346,944,080.33	5,121,515,532.85	.00	14,515,384,824.41	93,196,170,488.19
Interest Expense On Central Bank Loans	.00	.00	.00	.00	.00	2,343,808,008.00	18,035,744,608.85
Interest On Local banks Loans - Interbank Loans	1,964,932,373.46	.00	.00	.00	.00	10,696,067,441.62	34,847,299,057.39
Other Interest Expenses	10,828,185,567.86	.00	.00	.00	1,224,068,257.22	14,664,963,003.14	105,983,135,194.31
Net Interest Income	60,326,120,372.09	237,964,954,637.09	39,313,125,847.53	24,626,087,915.93	-1,219,283,917.06	82,188,486,893.11	1,175,102,224,109.12
Total Provisions For Current Period	14,961,384,860.46	-27,371,068,978.56	17,694,994,314.85	13,245,222,381.41	6,436,980.80	23,456,695,579.48	394,854,390,185.57
Specific Provisions	3,840,937,378.90	13,380,691,855.12	66,660,317.45	2,267,146,986.05	.00	23,456,695,579.48	97,417,763,758.86
General Provisions	11,120,447,481.56	-40,751,760,833.69	17,628,333,997.40	10,978,075,395.36	6,436,980.80	.00	297,436,626,426.72
Net Interest after Provisions	45,364,735,511.63	265,336,023,615.66	21,618,131,532.69	11,380,865,534.52	-1,225,720,897.86	58,731,791,313.63	780,247,833,923.55
Non - Interest Income	426,001,284,408.34	1,244,070,265,351.55	150,048,935,188.01	352,813,672,742.64	26,931,734,548.75	716,470,790,675.58	7,327,970,137,881.87
Foreign Exchange	14,498,972,370.74	377,327,421,997.15	18,989,297,891.14	104,409,690,008.12	.00	314,059,480,704.98	1,026,736,250,855.05
Fees and Commission	141,689,998,665.98	344,612,584,235.22	129,779,956,659.22	75,938,487,530.86	122,364,064.79	172,175,585,085.10	1,721,963,392,507.44
Other Non Interest Income	269,812,313,371.63	522,130,259,119.18	1,279,680,637.65	172,465,495,203.66	26,809,370,483.96	230,235,724,885.50	4,579,270,494,519.37
Non - Interest Expenses	126,198,758,712.49	368,749,075,709.35	96,321,530,518.79	113,722,608,316.61	1,884,260,324.87	308,105,515,032.73	2,471,031,310,558.52
Salaries and Employee Benefits	61,639,699,895.24	158,193,087,894.13	71,310,397,612.30	48,703,550,221.58	958,021,194.63	123,922,914,735.95	1,214,995,325,073.48
Occupancy - Net of Rental	1,863,505,173.29	12,425,796,837.74	4,274,996,960.36	3,902,031,465.14	389,086,909.55	35,706,329,785.28	87,267,979,280.92
Other Non Interest Expenses	62,695,553,643.96	198,130,190,977.48	20,736,135,946.13	61,117,026,629.89	537,152,220.69	148,476,270,511.50	1,168,768,006,204.12
Net Non - Interest Income	299,802,525,695.85	875,321,189,642.19	53,727,404,669.23	239,091,064,426.03	25,047,474,223.88	408,365,275,642.85	4,856,938,827,323.34
Income (Loss) before Taxation	345,167,261,207.48	1,140,657,213,257.85	75,345,536,201.92	250,471,929,960.55	23,821,753,326.02	467,097,066,956.48	5,637,186,661,246.89
Taxation	21,208,233,182.02	232,802,441,294.77	10,861,657,371.15	38,762,535,649.91	222,007,264.20	-390,990,544.69	890,772,835,122.45
Net Income / (Loss) after Taxation	323,959,028,025.46	907,854,771,963.08	64,483,878,830.77	211,709,394,310.63	23,599,746,061.82	467,488,057,501.18	4,746,413,826,124.45
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00	.00
Net Income / (Loss)	323,959,028,025.46	907,854,771,963.08	64,483,878,830.77	211,709,394,310.63	23,599,746,061.82	467,488,057,501.18	4,746,413,826,124.45

Statements of Comprehensive Income – December 2023 (Building Societies & POSB)

	CABS	FBC BS	NBS	ZB BS	TOTAL (AVERAGE)	POSB	GRAND TOTAL (AVERAGE)
Interest Income	137,359,077,114.94	14,155,637,905.10	21,532,338,769.90	4,248,817,445.68	177,295,871,235.62	39,278,084,618.32	1,643,738,529,311.80
Interest Income from Loans Advances and Leases	123,276,267,964.67	7,294,556,529.93	17,959,283,277.33	3,465,463,761.54	151,995,571,533.47	36,069,806,605.31	1,309,388,550,377.99
Interest Income on Balances with Banking Institutions	.00	2,686,678,275.56	.00	35,698,401.32	2,722,376,676.88	.00	68,272,371,369.65
Interest Income On Investments ans Securities	14,082,809,150.27	4,174,403,099.61	3,573,055,492.57	747,655,282.82	22,577,923,025.27	3,208,278,013.01	266,077,607,564.16
Interest Expense	53,967,540,961.11	17,580,784,321.96	18,112,763,169.43	74,357,853.56	89,735,446,306.06	6,171,486,093.43	347,969,281,748.24
Interest Expense On Deposit Accounts	8,121,079,726.09	8,380,118,494.78	17,676,250,523.47	74,357,853.56	34,251,806,597.90	6,171,486,093.43	133,619,463,179.52
Interest Expense On Central Bank Loans	.00	.00	.00	.00	.00	.00	18,035,744,608.85
Interest On Local banks Loans - Interbank Loans	.00	9,100,002,813.48	436,111,784.21	.00	9,536,114,597.69	.00	44,383,413,655.08
Other Interest Expenses	45,846,461,235.02	100,663,013.70	400,861.76	.00	45,947,525,110.48	.00	151,930,660,304.79
Net Interest Income	83,391,536,153.83	-3,425,146,416.86	3,419,575,600.46	4,174,459,592.12	87,560,424,929.55	33,106,598,524.89	1,295,769,247,563.56
Total Provisions For Current Period	27,266,676,085.20	1,389,302,796.92	6,448,982,247.68	284,375,474.58	35,389,336,604.38	2,316,334,614.86	432,560,061,404.82
Specific Provisions	-2,082,174,272.06	450,564,896.77	.00	284,375,474.58	-1,347,233,900.71	2,316,334,614.86	98,386,864,473.01
General Provisions	29,348,850,357.26	938,737,900.15	6,448,982,247.68	.00	36,736,570,505.09	.00	334,173,196,931.80
							.00
Net Interest after Provisions	56,124,860,068.63	-4,814,449,213.78	-3,029,406,647.22	3,890,084,117.54	52,171,088,325.17	30,790,263,910.03	863,209,186,158.75
Non - Interest Income	761,710,058,156.19	241,471,129,899.97	189,874,343,105.08	113,010,547,514.00	1,306,066,078,675.23	172,155,713,664.24	8,806,191,930,221.34
Foreign Exchange	.00	.00	650,620,009.78	8,623,077,608.53	9,273,697,618.31	.00	1,036,009,948,473.36
Fees and Commission	179,011,023,165.50	15,575,931,068.07	26,678,748,949.29	13,798,266,815.08	235,063,969,997.94	95,567,091,935.29	2,052,594,454,440.68
Other Non Interest Income	582,699,034,990.69	225,895,198,831.90	162,544,974,146.01	90,589,203,090.39	1,061,728,411,058.98	76,588,621,728.95	5,717,587,527,307.31
Non - Interest Expenses	242,546,937,721.94	93,482,371,068.14	64,350,463,901.19	12,824,299,812.57	413,204,072,503.84	117,326,702,405.72	3,001,562,085,468.08
Salaries and Employee Benefits	71,242,485,510.63	85,275,523,440.65	27,393,874,944.62	883,874,284.67	184,795,758,180.57	66,020,334,060.50	1,465,811,417,314.55
Occupancy - Net of Rental	14,296,156,018.20	1,080,875,135.08	4,657,799,899.78	521,233,832.62	20,556,064,885.68	468,638,389.64	108,292,682,556.25
Other Non Interest Expenses	157,008,296,193.11	7,125,972,492.41	32,298,789,056.79	11,419,191,695.28	207,852,249,437.59	50,837,729,955.58	1,427,457,985,597.29
Net Non - Interest Income	519,163,120,434.25	147,988,758,831.83	125,523,879,203.89	100,186,247,701.43	892,862,006,171.40	54,829,011,258.52	5,804,629,844,753.26
Income (Loss) before Taxation	575,287,980,502.88	143,174,309,618.05	122,494,472,556.67	104,076,331,818.97	945,033,094,496.57	85,619,275,168.55	6,667,839,030,912.01
Taxation	.00	.00	6,321,797,891.86	2,818,501,000.00	9,140,298,891.86	.00	899,913,134,014.31
Net Income / (Loss) after Taxation	575,287,980,502.88	143,174,309,618.05	116,172,674,664.81	101,257,830,818.97	935,892,795,604.71	85,619,275,168.55	5,767,925,896,897.70
Extraordinary Items	0.00	0.00	0.00	0.00	.00	-123,802,023.37	-123,802,023.37
Net Income / (Loss)	575,287,980,502.88	143,174,309,618.05	116,172,674,664.81	101,257,830,818.97	935,892,795,604.71	85,743,077,191.92	5,768,049,698,921.07

COMPOSITION OF STATEMENTS OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2023 (COMMERCIAL BANKS)

	AFC	FIRST CAPITAL	BANC ABC	CBZ	ECOBANK	FBC	METBANK	NEDBANK
ASSETS	ZW$	ZW$	ZW$	ZW$	ZW$	ZW$	ZW$	ZW$
DOMESTIC NOTES AND COIN	36,610,574,066	140,780,600,173	54,764,564,072	523,011,735,854	322,413,209,442	137,579,694,259	369,083,541	101,193,474,267
BALANCES WITH CENTRAL BANK	53,654,431,081	261,157,702,183	127,351,829,542	988,124,052,341	1,001,323,583,240	672,807,869,405	24,615,978,070	157,500,090,795
BALANCES WITH DOMESTIC BANKING INSTITUTIONS	50,485,175,204	27,905,013,487	34,235,759,727	70,114,727,709	99,081,556,361	254,091,279,411	12,294,202	-
ASSETS IN TRANSIT	-	-	2,152,850	-	-	-	-	-
BALANCES WITH FOREIGN INSTITUTIONS	16,644,798,143	79,729,993,448	141,399,607,569	111,355,671,561	140,647,514,633	277,124,790,747	21,097,128,409	260,211,630,658
SECURITIES AND INVESTMENTS	84,843,115,826	302,668,529,737	168,219,709,242	2,222,307,046,066	434,518,311,705	112,403,936,179	-	104,180,221,488
LOANS, ADVANCES, BANKERS ACCEPTANCES AND LEASES	247,764,702,702	569,314,909,102	166,823,875,791	1,776,481,891,029	1,155,697,846,842	821,668,805,713	3,401,523,894	440,372,599,097
FOREIGN CLAIMS (INCLUDING BILLS OF EXCHANGE)	1,196,299,929	-	-	158,323,610,815	-	-	-	-
REPOSSESSED PROPERTIES / ASSETS	-	-	-	-	-	27,100,000,000	-	-
FIXED ASSETS	53,130,114,840	239,234,424,049	230,504,505,513	600,554,255,462	73,816,360,219	60,338,911,785	600,083,535,573	74,534,991,107
BSD - BS OTHER ASSETS	181,569,451,945	65,085,406,358	119,724,979,355	110,625,146,207	58,519,721,546	270,032,792,312	138,925,663,519	39,309,698,713
TOTAL ON-BALANCE SHEET ASSETS	725,898,663,735	1,685,876,578,537	1,043,026,983,662	6,560,898,137,045	3,286,018,103,987	2,633,148,079,810	788,505,207,208	1,177,302,706,124
OFF-BALANCE SHEET ITEMS	1,057,030,433	83,987,846,889	100,330,528,277	12,186,146,058	297,612,522,810	79,763,906,821	306,751,875,094	7,556,707,021
TOTAL ASSETS	726,955,694,168	1,769,864,425,425	1,143,357,511,939	6,573,084,283,103	3,583,630,626,797	2,712,911,986,631	1,095,257,082,303	1,184,859,413,145
	-							
EQUITY AND LIABILITIES	-							
TOTAL DEPOSITS	411,581,872,191	797,208,835,826	522,556,264,055	5,053,269,125,307	2,428,218,827,773	1,119,750,057,146	65,361,114,476	760,893,875,104
DEMAND DEPOSITS	93,381,895,533	136,481,198,699	122,505,697,577	870,872,774,775	554,793,695,796	118,988,647,894	11,555,625,606	126,430,671,635
SAVINGS DEPOSITS	3,673,663,102	64,650,877	8,052,173,439	27,119,838,269	1,037,570,345	67,754,242,757	23,643,007	2,922,394,434
TIME DEPOSITS/FIXED DEPOSITS	123,640,403,798	5,359,526,704	743,397,291	18,354,420,903	777,535,274	179,651,610	17,052,782,651	13,274,007,959
FOREIGN CURRENCY DEPOSITS	190,885,909,758	655,303,459,545	391,254,995,748	4,136,922,091,360	1,871,610,026,357	932,827,514,885	36,729,063,213	618,266,801,077
NEGOTIABLE CERTIFICATES OF DEPOSIT	-	-	-	-	-	-	-	-
BALANCES WITH OTHER BANKING INSTITUTIONS	1,500,000	138,733,831,343	27,915,732,133	11,169,163,838	240,380	9,821,424,851	-	1,185,842,181
LIABILITIES IN TRANSIT	-	-	-	-	-	-	-	-
FOREIGN LIABILITIES	-	17,563,355,314	63,724,719,560	245,543,930,066	-	648,809,917,928	-	2,052,532,603
SECURITIES AND OTHER FUNDING LIABILITIES	6,212,585,149	29,713,314	213,666,146	-	-	12,400,000	30,028,844,850	-
CAPITAL AND RESERVES	249,634,205,913	495,880,169,399	302,722,210,762	943,191,616,757	414,226,500,376	349,724,511,142	637,828,429,631	336,488,117,576
OTHER LIABILITIES	58,468,500,483	236,460,673,341	125,894,391,007	307,724,301,077	443,572,535,458	505,029,768,744	55,286,818,251	76,682,338,660
TOTAL ON-BALANCE LIABILITIES	725,898,663,735	1,685,876,578,537	1,043,026,983,662	6,560,898,137,045	3,286,018,103,987	2,633,148,079,810	788,505,207,208	1,177,302,706,124
OFF-BALANCE SHEET ITEMS - LIABILITIES	1,057,030,433	83,987,846,889	100,330,528,277	12,186,146,058	297,612,522,810	79,763,906,821	306,751,875,094	7,556,707,021
TOTAL EQUITY AND LIABILITIES	726,955,694,167	1,769,864,425,425	1,143,357,511,939	6,573,084,283,103	3,583,630,626,797	2,712,911,986,631	1,095,257,082,303	1,184,859,413,144

ASSETS	NMB BANK ZW$	STANBIC ZW$	STANCHART ZW$	STEWARD BANK ZW$	TIME BANK ZW$	ZB BANK ZW$	TOTAL (AVERAGE) ZW$
DOMESTIC NOTES AND COIN	143,837,286,344	716,223,057,014	121,884,651,136	30,653,739,950	49,235,629	210,063,791,878	2,539,434,697,625
BALANCES WITH CENTRAL BANK	183,863,824,814	674,503,245,519	271,967,743,097	165,313,647,750	-	150,399,925,119	4,732,583,922,956
BALANCES WITH DOMESTIC BANKING INSTITUTIONS	12,500,000,000	-	-	11,046,188,576	959,996,218	89,557,183,477	649,989,174,372
ASSETS IN TRANSIT	-	-	-	-	-	38,828,531,612	38,830,684,462
BALANCES WITH FOREIGN INSTITUTIONS	83,952,619,433	1,025,338,670,556	193,647,814,284	32,583,101,427	68,434,581	40,510,097,489	2,424,311,872,937
SECURITIES AND INVESTMENTS	159,732,761,214	43,593,513,997	5,784,190,607	121,190,131,087	-	421,958,124,616	4,181,399,591,763
LOANS, ADVANCES, BANKERS ACCEPTANCES AND LEASES	440,581,256,804	1,911,549,231,994	114,642,005,842	199,271,142,460	1,044,498,659	830,747,426,769	8,679,361,716,699
FOREIGN CLAIMS (INCLUDING BILLS OF EXCHANGE)	-	-	-	-	-	102,472,399,639	261,992,310,383
REPOSSESSED PROPERTIES / ASSETS	-	-	-	-	-	-	27,100,000,000
FIXED ASSETS	245,800,996,089	796,497,395,364	155,198,395,776	87,581,323,859	10,758,978	36,458,756,252	3,253,744,724,865
BSD - BS OTHER ASSETS	55,416,051,335	247,632,850,727	44,651,280,659	288,603,643,884	46,133,541,516	87,316,096,517	1,753,546,324,593
TOTAL ON-BALANCE SHEET ASSETS	1,325,684,796,032	5,415,337,965,172	907,776,081,401	936,242,918,991	48,266,465,582	2,008,312,333,367	28,542,295,020,655
OFF-BALANCE SHEET ITEMS	18,446,294,437	150,584,104,844	83,980,337,561	151,819,336	122,094,452,000	42,449,612,577	1,306,953,184,156
TOTAL ASSETS	1,344,131,090,470	5,565,922,070,016	991,756,418,962	936,394,738,327	170,360,917,582	2,050,761,945,944	29,849,248,204,811
EQUITY AND LIABILITIES							
TOTAL DEPOSITS	555,325,597,240	3,196,997,075,917	691,504,086,983	500,646,189,694	-	950,585,511,178	17,053,898,432,890
DEMAND DEPOSITS	163,433,850,338	853,137,561,802	193,200,777,239	188,493,050,840	-	206,192,684,860	3,639,468,132,594
SAVINGS DEPOSITS	1,046,639,399	10,487,377,572	3,562,496,270	262,075,397	-	89,433,202	126,096,198,070
TIME DEPOSITS/FIXED DEPOSITS	7,472,180,172	2,350,928,773	6,565,653	45,054,907,538	-	23,780,681,845	258,046,990,171
FOREIGN CURRENCY DEPOSITS	383,372,927,330	2,331,021,207,770	494,734,247,821	266,836,155,919	-	720,522,711,271	13,030,287,112,055
NEGOTIABLE CERTIFICATES OF DEPOSIT	-	-	-	-	-	-	-
BALANCES WITH OTHER BANKING INSTITUTIONS	-	-	-	-	-	198,945,084,258	387,772,818,985
LIABILITIES IN TRANSIT	-	-	-	-	-	77,867,422,601	77,867,422,601
FOREIGN LIABILITIES	235,378,573,716	118,590,154,940	-	-	135,545,909,176	103,647,142,451	1,570,856,235,753
SECURITIES AND OTHER FUNDING LIABILITIES	31,747,369,121	-	-	-	5,226,432,479	-	73,471,011,058
CAPITAL AND RESERVES	362,807,582,445	1,045,226,322,650	150,137,798,981	299,120,354,730	26,834,232,724	525,323,399,252	6,139,145,452,337
OTHER LIABILITIES	140,425,673,510	1,054,524,411,665	66,134,195,436	136,476,374,567	2,734,343,203	151,943,773,628	3,361,358,099,031
TOTAL ON-BALANCE LIABILITIES	1,325,684,796,032	5,415,337,965,172	907,776,081,401	936,242,918,991	170,340,917,582	2,008,312,333,368	28,664,369,472,655
OFF-BALANCE SHEET ITEMS - LIABILITIES	18,446,294,437	150,584,104,844	83,980,337,561	151,819,336	20,000,000	42,449,612,577	1,184,878,732,156
TOTAL EQUITY AND LIABILITIES	1,344,131,090,470	5,565,922,070,016	991,756,418,962	936,394,738,327	170,360,917,582	2,050,761,945,945	29,849,248,204,811

COMPOSITION OF STATEMENTS OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2023 (BUIDLING SOCIETIES & POSB)

	CABS	FBC BS	NBS	ZB BS	TOTAL (AVERAGE)	POSB	GRAND TOTAL / AVERAGE
ASSETS	ZW$	ZW$	ZW$	ZW$	ZW$	ZW$	ZW$
DOMESTIC NOTES AND COIN	233,799,992,223	6,682,443,955	10,766,945,481	1,123,100,743	252,372,482,401	95,194,881,698	2,887,002,061,724
BALANCES WITH CENTRAL BANK	294,645,368,310	10,979,919,645	51,352,110,051	6,408,624,906	363,386,022,911	26,104,850,828	5,122,074,796,695
BALANCES WITH DOMESTIC BANKING INSTITUTIONS	2,022,168,931	59,909,654,293	37,279,540,066	8,265,384,240	107,476,747,530	2,369,894,586	759,835,816,489
ASSETS IN TRANSIT	-	-	-	-	-	-	38,830,684,462
BALANCES WITH FOREIGN INSTITUTIONS	334,026,875,997	-	11,199,049,022	-	345,225,925,019	-	2,769,537,797,956
SECURITIES AND INVESTMENTS	426,031,420,993	29,274,322,251	61,980,995,964	41,186,584,581	558,473,323,790	90,526,755,011	4,830,399,670,563
LOANS, ADVANCES, BANKERS ACCEPTANCES AND LEASES	1,008,792,610,391	77,957,975,581	175,377,852,546	16,075,015,452	1,278,203,453,971	112,462,196,144	10,070,027,366,813
FOREIGN CLAIMS (INCLUDING BILLS OF EXCHANGE)	-	-	-	-	-	-	261,992,310,383
REPOSSESSED PROPERTIES / ASSETS	2,164,000,000	-	-	-	2,164,000,000	-	29,264,000,000
FIXED ASSETS	453,979,234,980	30,969,559,229	111,814,777,852	63,265,365,990	660,028,938,051	80,788,589,745	3,994,562,252,661
BSD - BS OTHER ASSETS	281,037,498,870	232,208,911,123	14,400,230,046	14,648,790,244	542,295,430,284	45,905,552,336	2,341,747,307,213
TOTAL ON-BALANCE SHEET ASSETS	3,036,499,170,695	447,982,786,077	474,171,501,029	150,972,866,156	4,109,626,323,957	453,352,720,348	33,105,274,064,960
OFF-BALANCE SHEET ITEMS	-	-	-	-	-	-	1,306,953,184,156
TOTAL ASSETS	3,036,499,170,695	447,982,786,077	474,171,501,029	150,972,866,156	4,109,626,323,957	453,352,720,348	34,412,227,249,116
EQUITY AND LIABILITIES							
TOTAL DEPOSITS	1,270,742,333,685	113,046,339,001	240,323,069,460	31,012,773,997	1,655,124,516,143	251,823,733,993	18,960,846,683,026
DEMAND DEPOSITS	411,727,893,878	-	45,651,076,049	8,404,403,273	465,783,373,200	74,948,735,111	4,180,200,240,906
SAVINGS DEPOSITS	7,893,158,936	7,019,826,150	188,254,781	1,234,278	15,102,474,145	113,583,890	141,312,256,105
TIME DEPOSITS/FIXED DEPOSITS	150,376,554,841	3,818,383,604	110,608,040,046	16,607,024	264,819,585,515	267,256,173	523,133,831,859
FOREIGN CURRENCY DEPOSITS	700,744,726,030	88,528,618,560	83,875,698,584	22,590,529,422	895,739,572,596	169,678,686,977	14,095,705,371,628
NEGOTIABLE CERTIFICATES OF DEPOSIT	-	13,679,510,687	-	-	13,679,510,687	6,815,471,841	20,494,982,528
BALANCES WITH OTHER BANKING INSTITUTIONS	79,497,077,052	32,918,890,400	5,300,000,000	3,152,582,612	120,868,550,064	-	508,641,369,049
LIABILITIES IN TRANSIT	-	-	-	-	-	-	77,867,422,601
FOREIGN LIABILITIES	562,564,476,997	-	-	-	562,564,476,997	-	2,133,420,712,750
SECURITIES AND OTHER FUNDING LIABILITIES	-	-	5,580,854	-	5,580,854	5,500,000,000	78,976,591,912
CAPITAL AND RESERVES	879,463,329,183	185,755,332,355	129,948,557,645	112,908,160,448	1,308,075,379,631	162,949,357,950	7,610,170,189,918
OTHER LIABILITIES	244,231,953,777	116,262,224,321	98,594,293,069	3,899,349,099	462,987,820,267	33,079,628,405	3,857,425,547,703
TOTAL ON-BALANCE LIABILITIES	3,036,499,170,694	447,982,786,077	474,171,501,029	150,972,866,156	4,109,626,323,956	453,352,720,348	33,227,348,516,959
OFF-BALANCE SHEET ITEMS - LIABILITIES	-	-	-	-	-	-	1,184,878,732,156
TOTAL EQUITY AND LIABILITIES	3,036,499,170,694	447,982,786,077	474,171,501,029	150,972,866,156	4,109,626,323,956	453,352,720,348	34,412,227,249,115

APPENDIX 4: HERFINDAHL-HIRSCHMAN INDEX

The Herfindahl-Hirschman Index (HHI) is a measure of market concentration and is commonly used to assess the competitiveness of an industry. It is calculated by summing the squares of the market shares of all firms within the industry, with market shares expressed as percentages.

$$HHI = s_1^2 + s_2^2 + \cdots + s_n^2 = \sum_{i=1}^{n} s_i^2$$

Where s_i is a banking institution's share of total banking sector assets.

HHI below 1 500 reflects low concentration, between 1 500 and 2 500 points to moderate concentration, while HHI greater than 2 500 points to high concentration.