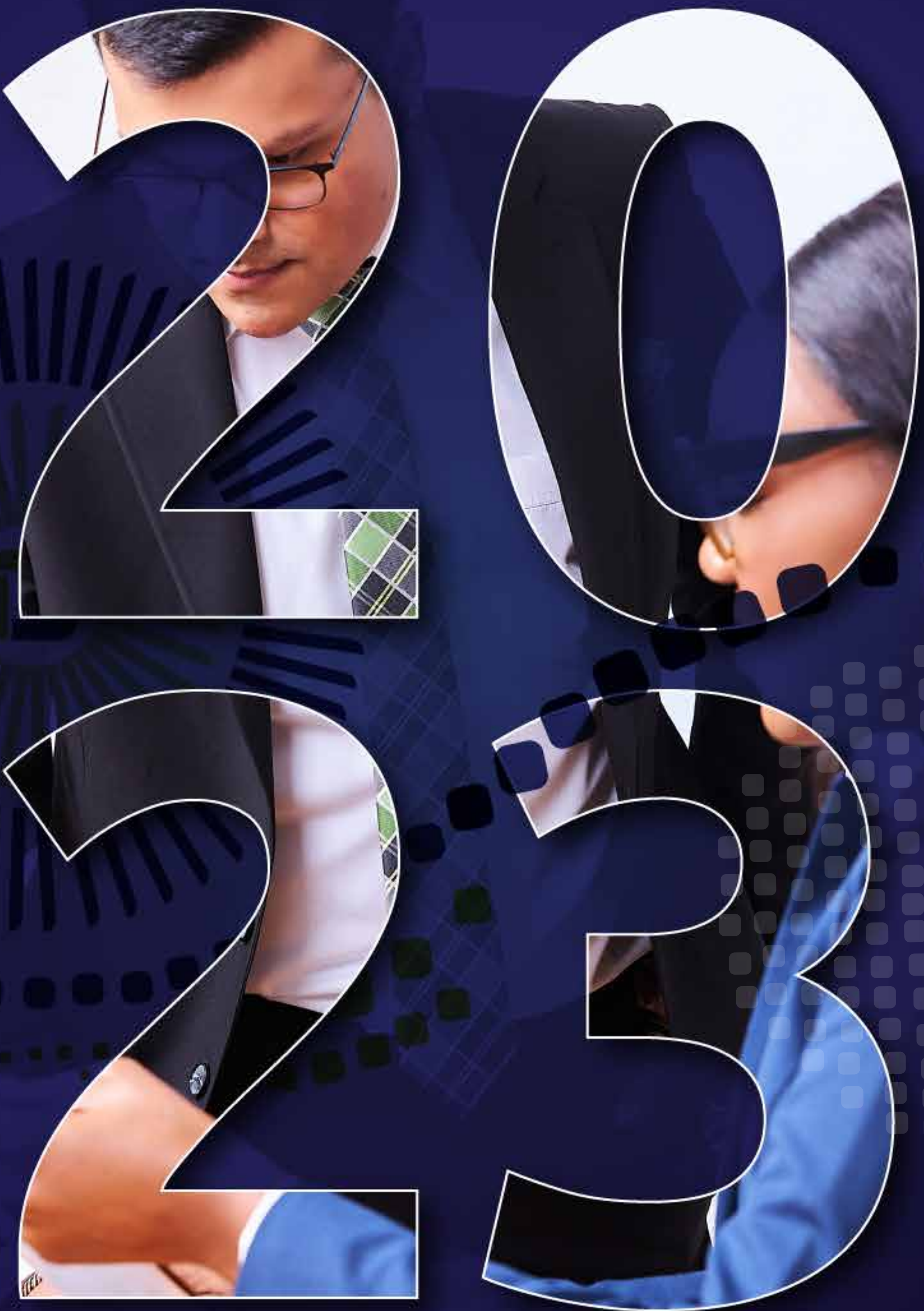
First Capital
BANK



ANNUAL REPORT

Corporate Information

FIRST CAPITAL BANK LIMITED

Registered Office
Cnr Jason Moyo Ave./First Street
P.O Box 1279
Harare

Company Registration Number:
148/81

Date of Incorporation:
11 February 1981

Company Secretary:
Sarudzai Binha

Auditors:
Deloitte & Touche
West Block
Borrowdale Office Park
Borrowdale Road
Borrowdale
P O Box 267
Harare Zimbabwe
Tel: +263 (0) 867 700 0261
Web address: www.deloitte.com

Transfer Secretaries:
Corpserve (Private) Limited
2nd Floor, ZB Centre,
Kwame Nkrumah Ave
Harare
email: corpserve@escrowgroup.org

Board of Directors:
Patrick Devenish (Chairman)
Tapera Mushoriwa (Chief Executive Officer)
Fanuel Kapanje (Chief Finance Officer)
Hitesh Anadkat
Tembiwe Moyo
Rufaro Acquilina Chinamo
Kevin Terry
Kiritkumar Naik
Sara Nyaradzo Moyo
Mahendra Gursahani

Contact details
Phone: +263 8677 007335 or +263 242 758280-9
Other general lines
+263 8677 007336
+263 242 250579
+263 772 192865
+263 772 192868
+263 772 192869
+263 772 192872
+263 772 192874

Email: customer-service@firstcapitalbank.co.zw

You may also reach us through our 24-hour call centre on any of the following numbers:
Econet toll free-08080093-6

Web address: www.firstcapitalbank.co.zw

Contents

Notice to shareholders

Notice of annual general meeting

Notice is hereby given that the Forty-Third Annual General Meeting of Shareholders of First Capital Bank Limited will be held virtually at https://escrowagm.com/eagmZim/Login.aspx on Wednesday the 12th of June 2024, at 1500 hours for the purpose of transacting the following business:-

ORDINARY BUSINESS

Shareholders will be requested to consider and if deemed fit to pass the following ordinary resolutions, with or without amendment: -

1. Financial Statements and Statutory Reports
To receive, consider and adopt the Financial Statements and Report of the Directors and Auditors for the financial year ended 31 December 2023.

2. Dividend
To confirm the payment of an interim dividend of US0.14 cents per share in September 2023 and a final dividend of US0.22 cents per share in May 2024, giving a total dividend of US0.36 cents per share for the financial year ended 31 December 2023.

3. Directorate

3.1 To approve the re-election of a director. Mr P. Devenish retires as a director of the Company, in terms of Article 102 of the Articles of Association. Being eligible in terms of Article 104 of the Articles of Association, Mr P. Devenish offers himself for re-election.

3.2 To approve the re-election of a director. Mr. M. Gursahani retires as a director of the Company, in terms of Article 102 of the Articles of Association. Being eligible in terms of Article 104 of the Articles of Association, Mr. M. Gursahani offers himself for re-election.

3.3 To approve the re-election of a director. Mr. K. Terry retires as a director of the Company, in terms of Article 102 of the Articles of Association. Being eligible in terms of Article 104 of the Articles of Association, Mr. K. Terry offers himself for re-election.

4. Directors' Remuneration
To approve directors' fees and remuneration for the year ended 31 December 2023.

5. Auditors' fees and Appointment of New Auditors

5.1 To approve the remuneration of the outgoing auditors, Messrs Deloitte & Touche Chartered Accountants for the year ended 31 December 2023.

5.2 To appoint new Auditors of the Company, Messrs Ernst & Young Chartered Accountants (Zimbabwe) until the conclusion of the next Annual General Meeting

(Note – In terms of Section 41(4) of the Banking Act (Chapter 24.20) "a banking institution shall not appoint the same person or partnership as its auditor in Zimbabwe for a continuous period of more than five years in any eight-year period". Messrs Deloitte and Touche completed their five-year cycle in 2023. This requirement is also in compliance with Section 191(11) of the Companies and Other Business Entities Act (Chapter 24:31) and Section 69(6) of the VFEX listing requirements)

SPECIAL BUSINESS

To consider, and if deemed appropriate, to pass with or without amendment, the following Special Resolution:

6. Amendment to Article 101.7 of the Articles of Association
That the article be repealed and substituted by the following:

The office of Director shall be vacated if the Director attains the age of 75 years.

Notes

In terms of the Companies and Other Business Entities Act (Chapter 24.31), a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company. Proxy forms must be lodged at the registered office of the company or at the registered office of the Company's Transfer Secretaries, Corpserve 2nd Floor, ZB Centre, Kwame Nkrumah Ave, or emailed to corpserve@escrowgroup.org not less than 48 hours before the time appointed for the meeting.

Meeting details

1. Members are hereby advised to contact our Transfer Secretaries Corpserve on +263772289768 and +263772493606 or corpserve@escrowgroup.org for assistance with any matter regarding the online eAGM processes.

Audited Financial Statements and Annual Report

The electronic copies of the Company's 2023 Annual Report, the financial statements and the Directors and Independent Auditors reports for the year ended 31 December 2023 are available on the Company's website www.firstcapital bank.co.zw

By Order of the Board

Sarudzai Binha
Company Secretary
21 May 2024

Barclay House
Cnr. First Street / Jason Moyo Avenue
Harare

Profiles of Retiring Directors

Patrick Devenish – Independent Non-Executive Chairman

Patrick Devenish is the former Chief Executive Officer of TSL Limited. He holds an Executive MBA from the Graduate School of Business, University of Cape Town. He has worked in the tobacco sales industry for more than 20 years, having started his career as an auctioneer. Over the years, he has become a specialist in business strategy and operations from his experience in leading organisations such as Tobacco Sales Floor, Seedco Limited, AICO Africa Limited and Plexus Cotton Limited. He also chairs the boards of Tobacco Industry and Marketing Board (TIMB), Royal Harare Golf Club and is a Trustee of Harare Sports Club.

Mr Mahendra Gursahani - Non-Executive Director

Mahendra Gursahani is a qualified Chartered Accountant, a holder of a Bachelor of Commerce degree and an accomplished career banker. Previously, he was the Chief Operating Officer of Noor Bank, responsible for the Bank's strategic direction, Operations, IT, Finance, Transformation and Customer Experience. Prior to Noor Bank, he was the CEO of Standard Chartered Bank Malaysia, where he was responsible for governance and management of the bank's franchise in the country. He has also held a number of senior positions in Standard Chartered and has worked at leading International and Financial and Accounting firms including American Express Bank and Arthur Andersen. Mahendra sits on the boards of First Merchant Bank Capital Holdings Plc and First Capital Bank Zambia.

Kevin Terry – Independent Non-Executive Director

Kevin Terry holds a Bachelor of Laws Degree from the University of Zimbabwe. He has a wealth of knowledge and experience in banking gained from his extensive career in the financial services sector with the Old Mutual Group. Currently, he chairs the Boards of St Georges College, Childline Zimbabwe Society, Mangwana Opportunities (Private) Limited and EFT Services (Private) Limited. Kevin is also an Arbitrator with the Commercial Arbitration Centre of Zimbabwe.

Shareholder Statistics

Top 20 shareholders

Names	Shares	Percentage
AFCARME ZIMBABWE HOLDINGS (PVT) LTD	1,134,268,206	52.5%
1912 EMPLOYEE SHARE OWNERSHIP TRUST	322,998,026	14.9%
OLD MUTUAL LIFE ASS CO ZIM LTD	87,605,828	4.1%
STANBIC NOMINEES (PVT) LTD	83,210,292	3.9%
BARCLAYS ZIMBABWE NOMINEES P/L	52,853,670	2.4%
SCB NOMINEES 033667800001	40,018,711	1.9%
AMAVAL INVESTMENTS (PVT) LTD	37,929,816	1.8%
HITESH ANADKAT	36,068,751	1.7%
DINKRAIN INVESTMENTS	31,269,440	1.4%
PUBLIC SERVICE COMMISS PF-ABC	22,487,106	1.0%
LHG MALTA HOLDINGS LIMITED	21,586,094	1.0%
NSSA STAFF PENSION FUND - ABC	18,464,490	0.9%
RUMBIDZAI DAHWA	15,028,345	0.7%
HIPPO VALLEY ESTATES PF-IMARA	11,079,406	0.5%
DANCHEN INVESTMENTS	10,932,348	0.5%
TIRENT INVESTMENTS (PVT) LTD	9,997,300	0.5%
AVENELL INVESTMENTS (PVT) LTD	9,803,832	0.5%
COMM AND ALLIED INDUSTRIES PF	8,509,454	0.4%
MUNDELL FAMILY TRUST	7,937,816	0.4%
NATIONAL FOODS P F-IMARA	6,160,560	0.3%
Selected Shares	**1,968,209,491**	**91.1%**
Non - Selected Shares	192,656,438	8.9%
Issued Shares	**2,160,865,929**	**100%**

Analysis of shareholding for the year ended 31 December 2023

Analysis by volume	Shares	Shares %	Shareholders	Shareholders %
1-5000	8,855,636	0.41	5,700	62.04
5001-10000	6,792,307	0.31	989	10.77
10001-25000	21,964,169	1.02	1,320	14.37
25001-50000	22,982,769	1.06	694	7.55
50001-100000	11,962,232	0.55	176	1.92
100001-200000	16,206,172	0.75	115	1.25
200001-500000	23,926,251	1.11	76	0.83
500001-1000000	22,623,457	1.05	33	0.36
1000001 and Above	2,025,552,936	93.74	84	0.91
Totals	**2,160,865,929**	**100.00**	**9,187**	**100.00**

Analysis by industry

FIRST CAPITAL BANK LIMITED: ANALYSIS BY INDUSTRY AS AT : 31-December-2023

Industry	Shares	Shares %	Shareholders	Shareholders %
Financial services- majority shareholder	1,134,268,206	52.5%	1	0%
Employee share ownership trust	322,998,026	14.9%	1	0%
Pension Funds	206,930,212	9.6%	137	2%
Insurance companies	52,934,670	2.4%	12	0%
Individuals	116,254,656	5.4%	7,639	84%
Nominee companies	118,359,483	5.5%	244	3%
Financial organisations	72,249	0.0%	11	0%
Other	209,048,427	9.7%	1,034	11%
Totals	**2,160,865,929**	**100%**	**9,079**	**100%**

About this report

This is the year-end report of First Capital Bank Limited (Zimbabwe) to its stakeholders. It is intended to give a balanced and accurate assessment of the bank's performance in the financial year under review.

Scope of the report

The report covers the performance of First Capital Bank Limited (Zimbabwe) for the financial year ending 31 December 2023. Where applicable and relevant, information after this date and up to the date of Board approval has been included. The report encompasses all of the Bank's activities, which comprise consumer banking, corporate and investment banking, and treasury activities, as well as the provision of other products and services such as digital payment platforms, money transfer services, bill payments and cash management services.

Reporting principles

The content of this report has been informed by the International Integrated Reporting Framework developed by the International Accounting Standards Board and the International Sustainability Standards Board (ISSB). The framework was recently adopted and recommended by the World Bank for corporate reporting to support the creation of open and transparent financial systems. First Capital Bank Limited adopted the use of this framework in reporting its financial performance and the preparation of the annual report.

Forward-looking statements

All forward-looking statements are based on beliefs and assumptions relative to information currently available to First Capital Bank Limited's management. There can be no assurance that such statements will be accurate and actual results and future events could differ materially from those anticipated in such statements. For purposes of this report, the words 'believe', 'anticipate', 'estimate', 'expect', 'intend', and similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to certain risks, uncertainties, and assumptions. These risks include, but are not limited to, general market conditions, our ability to manage growth, performance, and changes in the regulatory environment, among others. First Capital Bank Limited (Zimbabwe) undertakes no obligation to update forward-looking statements to reflect subsequently occurring events or circumstances or to reflect unanticipated events or developments.

Materiality

The report content focuses on matters that materially impact our ability to create and sustain value over the short, medium, and long term. First Capital Bank Limited (Zimbabwe) applies integrated thinking and a pragmatic approach in defining material matters, which forms an integral part of our strategic planning activities. Our determination of materiality in integrated reporting is based on the guidelines of the International Standards on Auditing (ISAs) and International Financial Reporting Standards (IFRSs).

Our Belief Journey

Who we are

First Capital Bank Limited (Zimbabwe) is a customer-centric bank with deep roots in the country. It is part of a banking Group with a solid track record of excellence across the Southern African region. The Bank delivers value to a wide customer base in Zimbabwe through an extensive branch and service centre network and robust digital platforms. It offers a comprehensive product range, while acting responsibly to serve the community and manage risk. With a robust capital position and strong performance, the Bank aims to deliver sustainable returns for investors and shared value to stakeholders.

Our History

01 — 1912
The Bank first opened for business in Zimbabwe in 1912, operating as Barclays Bank of Zimbabwe.

02 — 1991
Listed on the Zimbabwe Stock Exchange with 30%shareholding being offered to the public.

03 — 2001
Bank acquired joint interest in Makasa Sun (Private) Limited, a leisure and tourism asset.

04 — 2017
FMBCapital Holdings PLC, a Mauritius registered entity listed on the Malawi Stock Exchange, acquired a controlling interest in the business.

05 — 2019
The Bank fully rebrands to First Capital Bank.

06 — 2023
The Bank listed on the Victoria Falls Stock Exchange.

First Capital Bank Limited first opened its doors as Barclays Bank in the Southern City of Bulawayo, in then Rhodesia in 1912. Its first branch along Main Street has since been designated a national historic building to memorialise the economic journey travelled by the country.

Over the years, the branch network expanded to reach as far as Chipinge, which is nestled in the mountains of Manicaland Province near the Mozambique border, in efforts to support industry and commerce.

In 1993, the Bank was second to introduce Automated Teller Machines in branches and service centers. At the time, this new technology provided an evolutionary service experience to customers.

The Bank's heritage has strongly evidenced a commitment to supporting economic growth through the many partnerships and business deals that have significantly made a difference.

In 2017, following a strategic divestiture decision by Barclays Bank Plc on its African business, Barclays Bank Zimbabwe Limited was sold to FMBcapital Holdings PLC, a Mauritius registered entity listed on the Malawi Stock Exchange, which acquired a controlling interest in the business. This led to the change of name and rebranding that then ensued. FMBcapital Holdings PLC, also known as First Capital Bank Limited, has operations in Botswana, Malawi, Mozambique, Zambia, and Zimbabwe.

In 2019, the Bank participated in a US$15 million revolving multi-product trade finance facility with Trade and Development Bank (TDB) to support enterprise operations. Thereafter, an opportunity to support the Zimbabwe Electricity Distribution and Transmission Company (ZEDTC) came in 2021. This was through a syndicated US$110 million facility led by Afreximbank in which the Bank together with its sister entity in Botswana contributed US$10million to support infrustructure development for the local power utility company.

The Bank's contribution to agriculture has been increasing annually with funding solutions having impacted positively on multiple players within the agro chain.

The Bank operates one of the biggest and oldest commercial banking networks in Zimbabwe with 26 branches and service centres in major cities and towns that continue to provide Zimbabweans with first-class financial solutions. Our base is solid with more than 480,000 accounts. We remain committed to serving our customers and generations to come. In 2023, we became the first bank to list on the Victoria Falls Stock Exchange, in our quest to broaden horizons for our customers.

We are the bank for businesses, for today and the future, committed to sustainable financing in all our operations.

Our Purpose

We find simpler ways of doing things	We value time and deliver quickly	We have a shared responsibility for our business	We are open and honest but respectful	Our service is our pride	Our integrity and reputation are our wealth

We exist as a business to service our customers' financial needs to enable them to achieve their extraordinary.

Our Company Structure

First Capital Bank Limited (Zimbabwe) provides retail, corporate, and investment banking services in Zimbabwe. The company operates through three divisions and holds strategic investments as follows:

First Capital Bank Limited

Divisions:
- Corporate & Investment Banking
- Retail Banking
- Treasury

Strategic investments:
- Thulile Investments (Pvt) Limited **100%**
- Makasa (Pvt) Limited **50%**
- FCB Capital **100%**

Corporate and Investment Banking

Our deeply rooted expertise in navigating the diverse sectors of Zimbabwe's economy makes First Capital Bank the leading bank for business support and development. Our dedicated Corporate Banking Centre develops tailored solutions to meet the demands of each unique enterprise that banks with us. Our Relationship Managers and Corporate Bankers are embedded in the business of each client that they serve. This strategy sharpens their knowledge of a range of business sectors, allowing them to understand the unique needs of each client and to deliver the support it requires. This segment also includes the provision of banking services and products to small-to-medium enterprises.

Consumer Banking

This segment is a testament to our capacity to meet the demands of key segments of the market. Our offerings include current accounts, savings accounts, investments, credit cards, loans and mortgages, and more. Our relationship managers anticipate and respond to customer needs quickly. Our Premier Banking Alliances offer benefits designed for different lifestyles, offering solutions for Zimbabweans living abroad and giving students a head-start on their career journey.

Treasury

Our Treasury department leans on the financial markets expertise of our team members to craft working solutions for our corporate clients. Fixed and Call deposit accounts are also available to customers seeking short term investment opportunities.

Thulile Investments (Private) Limited

First Capital Bank Limited (Zimbabwe) owns 100% in Thulile (Private) Limited, a company that owns a piece of land measuring 18 786 sqm. In 2023, First Capital Bank broke ground on the site of our new head office, demonstrating our long-term commitment to Zimbabwe's future.

Makasa Sun (Private) Limited

First Capital Bank Limited (Zimbabwe) owns 50% investment in Makasa Sun (Private) Limited. The other 50% is owned by First Capital Bank Pension Fund. Makasa Sun (Private) Limited owns a hotel located in the tourist resort town of Victoria Falls.

FCB Capital (Private) Limited

FCB Capital is a private limited company wholly owned by First Capital Bank Limited (Zimbabwe). The company's primary focus is to accelerate industrialisation through the mobilisation of financing solutions for targeted productive sector companies in the form of Debt Instruments, Fixed Equity and Mezzanine Finance Structures. The company did not have any transactions in the year 2023.

Our Products

First Capital Bank offers a comprehensive range of products and services meeting the banking needs of corporate, commercial and personal clients:

First Capital Bank Limited

Corporate and Investment Banking	Consumer Banking	Treasury
• Large Corporates • Business Banking • SME's • Agric • NGO's	• Standard Banking • Prestige Banking • Premier Banking • Youth Banking • Diaspora Banking	• Institutional Investors • Corporates • Asset Managers • Non-Banking Financial Institutions • Individuals

Corporate and Investment Banking

- Corporate Accounts -Current, Investment, Foreign Currency, Charity
- International Banking
- Correspondent banking
- Commodity Finance
- Import and export finance
- Exchange control and advisory services
- Clean documentary collections
- Documentary letters of credit
- Investment Banking – Off-balance sheet debt instruments (debentures, bills, and bonds); Equity placements and Foreign lines of credit facilities.
- Lending facilities- Working Capital finance, CAPEX Loans, Loyalty lending, Vehicle Asset Financing, Overdrafts
- Payments -Bill, Tax, RTGS/EFT, Vendor Payments, and Payroll Processing.
- Receivable Management -Cash Management, Point of Sale, and Disbursement/Collection Solutions
- Digital banking- Infini-pay, Host-to-host and Internet banking
- Cards – Corporate Debit Cards

Consumer Banking

- **Current Account**

Our current account is designed to make our customers' daily banking requirements convenient. FCA and ZWL accounts are available for the customers' choice. Customers have 24-hour access to their accounts, allowing them to make transactions, such as paying regular bills and paying insurance premiums. It has the added advantage of a VISA debit card and internet banking.

- **Ignition Account** Designed specifically for students aged 18 and over, our Ignition Account comes with a range of features to help qualifying customers manage their finances conveniently. These include access to digital banking services (Internet Banking, Mobile Banking). Students can transact with no fixed fees, discounted monthly maintenance, and a free debit card.

- **Diaspora** First Capital Bank offers a banking solution for clients living abroad. We offer convenient banking for transactions in Zimbabwe and excellent service which all adds up to great value for money. Wherever our customers are based in the world, they can continue to bank in Zimbabwe as if they had never left.

- **The Bonus Savings Account** Our Bonus Savings Account offers competitive interest rates, enabling customers to save their hard-earned cash effectively. Customers may withdraw funds over the counter or transfer funds to another account within First Capital Bank.

- **Personal Banking**

Premier and Prestige banking proposition, Saving account, Diaspora banking and Youth banking.

- **Borrowing**

Personal loans, school fees loans and overdrafts.

- **Money transfer services**

RIA, Hello Paisa and Western Union.

- **Insurance**

Motor vehicle, Home, Travel, Funeral and Hospital cash back.

- **Cards and Point of Sale services**

Visa Classic, Visa Platinum, Visa Secure and POS Solutions

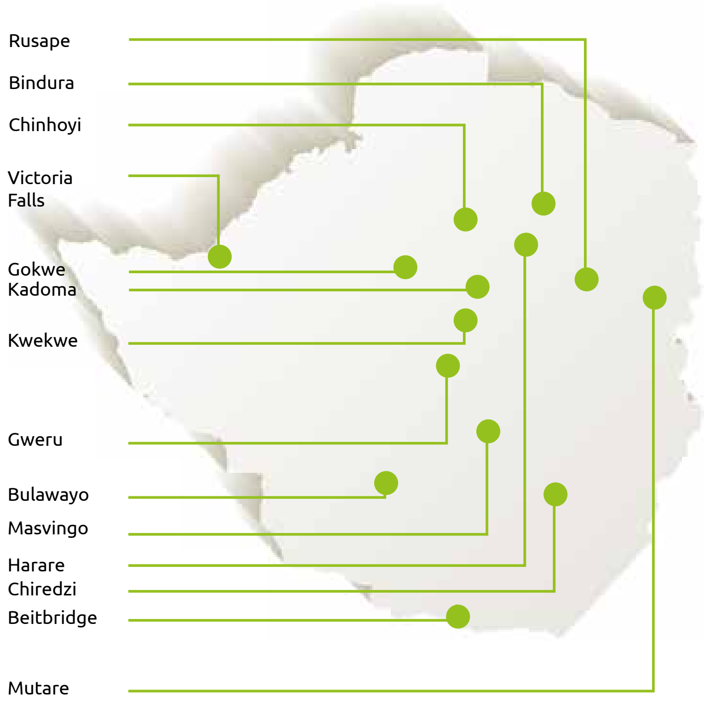
Our Regional Footprint

First Capital Bank Limited (Zimbabwe) is a proud member of FMBcapital Holdings Plc, the Mauritius-based holding company of the FMBcapital Group. We are part of a Group that serves the cross-border banking needs of businesses operating in five SADC countries in the sub-Saharan region.

FMBcapital Holdings Plc is listed on the Malawi Stock Exchange and has banking and finance operations in Botswana, Malawi, Mozambique, Zambia and Zimbabwe.

As part of a regional Group, First Capital Bank Zimbabwe is ideally positioned to facilitate seamless cross-border trade and offer customers unique trade finance solutions across the region.

Our Zimbabwe footprint



First Capital Bank Limited (Zimbabwe) operates a network of 26 branches and 26 ATMs. Our branches are strategically located to ensure our customers have easy access to banking services. We aim to expand our network going forward, with each location carefully selected based on our survey of market demand.

We have demonstrable agility in responding to the unique needs of customer segments in the market. This is reflected in our seasonal branches in Karoi and Rusape, which serve the thriving farming communities in these areas, as well as a dedicated branch that serves the distinct requirements of Non-Profit Organisations.

Prestige Banking

Our Prestige Banking Suite provides customers with a premium banking experience. Each customer is assigned a dedicated Prestige Banker, specially trained to proactively introduce them to the wide range of services available from First Capital Bank, tailored to meet their unique needs. Customers have exclusive access to our Prestige Banking Centres, which feature extended opening hours for added convenience. With Prestige Banking, customers benefit from a comprehensive range of services, including insurance, investment services, and personal finance management. Our loans are customized to meet various needs, such as purchasing a house or covering school fees. For efficient and secure transactions, we offer current accounts with easy access through our extensive ATM network and branches, as well as savings accounts that reward customers for saving.

Premier Banking

First Capital Premier Banking meets the high expectations of our customers by providing uniquely crafted products and services. Premier Banking customers benefit from carefully selected alliances that enhance their banking experience. Our Premier Relationship Managers are specially trained to assess the needs of our customers and guide them through their banking requirements. Our Alliance Programmes provide exclusive experiences and access to excellent benefits from our partners, tailored to suit the lifestyle of each customer. Premier Banking customers receive a platinum debit card that provides maximum value and convenience both in Zimbabwe and when travelling abroad.

Diaspora Banking

First Capital Bank Limited (Zimbabwe) provides a comprehensive banking solution for clients residing abroad. We offer hassle-free banking services for transactions in Zimbabwe, coupled with exceptional customer service. Regardless of where our customers are located, they can continue to enjoy seamless banking services in Zimbabwe, just as they would if they were local residents.

Our Digital Platforms

Our physical locations are supported by robust digital platforms. Realising that a large part of our customers' work and social life is now online, we are building a digital bank by deploying technology that makes transactions easier and more secure. With our digital platforms, customers can bank anywhere, at any time, and be assured of security and efficiency. Customers can access their accounts through our modern Internet Banking platforms, SMS, and our revamped First Capital Bank Application, which is available on Android and iOS. We have social media channels that are specially built to be responsive to customer requests, wherever they may be.

Our Contact Centre

Our Bank's 24-hour Contact Centre provides unparalleled dedication to customer service. With round-the-clock availability, highly trained staff, swift resolution times, and personalised assistance, we ensure seamless banking experiences at any hour, setting the gold standard for reliability and support.

Our sustainable finance framework

First Capital Bank Limited (Zimbabwe) integrates its Environmental, Social and Governance (ESG) framework into its enterprise risk management (ERM) framework. ESG is not just an add-on, but is a central pillar of our business strategy. Through responsible banking, we enhance our social licence to operate, comply with regulations, while actively contributing to our country's ambitions for inclusive and sustainable growth under the national economic blueprint, NDS1.

Our Policies

We understand that our operations, along with those of our clients, can impact the environment, communities, and stakeholders. We are therefore guided by robust policies to mitigate such risks. Our Environmental and Social Management System (ESMS) underscores our strategic commitment to managing Environmental and Social (E&S) risks, making it an integral part of our Risk Management practices. Managing E&S risks is vital to our sustainable development initiative and credit risk assessment process. Our ESMS adheres to internationally accepted environmental and social risk management practices.

To reflect our commitment to global standards, the Bank in 2023 began the process of joining the Sustainability Standards Certification Initiative (SSCI), supported by the European Organisation for Sustainability Development.

Stakeholder Management

Stakeholder engagement is central to our sustainable business strategy. We maintain transparent and constructive dialogues with regulators, the investment community, clients, and local interest groups. Through ongoing engagement, we support our clients and suppliers in meeting ESG standards. Internally, we invest in building our staff's capacity to identify emerging ESG risks.

Our Environment

In 2023, our journey to a green future gained pace, with the number of branches switching to green energy as their primary energy source increased from two to nine. Further rollout is expected in 2024, as we assess our power usage carefully to increase energy efficiency and move closer to our ambitions to reduce our carbon footprint.

Through the deployment of technology in our internal communications systems, we are reducing the use of paper in our offices.

During the year, we broke ground on our new 5-Star Green-rated Head Office. The building incorporates innovative eco-friendly designs and climate-smart building materials.

Our social impact

Our social programmes are deliberately designed to align with our business strategy. The United Nations' 2030 Agenda for Sustainable Development and the 17 associated Sustainable Development Goals (SDGs) provide a compass for our ESG strategy, which balances three key elements of sustainable development: economic, social and environmental.

Our philosophy is that a business cannot grow sustainably if it does not grow together with the community that it serves.

Supporting financial inclusion

First Capital Bank Limited (Zimbabwe) takes active steps to support the national vision of financial inclusion. During the year, we extended our partnership with Junior Achievers Zimbabwe, facilitating a job shadowing mentorship session for high school students. The job shadowing sessions provided work readiness skills whilst the "Train the Trainer" program enlightened the students on good money management. Through our mentorship programmes, we are building bridges of access for the next generation of our country's bankers. A total of 11,236 students were exposed to these programmes in 2023.

Extending support to emerging business

First Capital Bank Limited (Zimbabwe) deepened its position as the preferred partner for growing businesses, by developing targeted banking products and supporting activities to promote Small to Medium Enterprises. We recognise that small businesses are the largest employers in the country and contribute significantly to the GDP. To support their growth, they need a bank that understands them and their requirements. Through the Hustlepreneurs initiative, the Bank provides a platform for entrepreneurs to showcase their enterprises and gain access to skills and potential partnerships. Since its launch in 2017, the platform has provided training to a network of over 22,000 women-led SMEs who are leading vibrant businesses.

How we manage risk

First Capital Bank Limited places risk management at the core of its business strategy and corporate governance systems. The bank's risk management objectives are to identify material risks, optimise risk/return decisions, ensure business growth plans are adequately supported, manage risk profiles under adverse business conditions, and assist executives in improving the control and coordination of risk-taking across the business.

Each staff member, across the business, takes ownership of risk management system and is made aware of their responsibilities in implementing the strategy. The bank's risk management process is a structured, practical set of three steps – Evaluate, Respond, and Monitor (the E-R-M process). This enables management to identify and assess risks, determine the appropriate risk response, and monitor the effectiveness of the risk response and any changes to the risk profile.

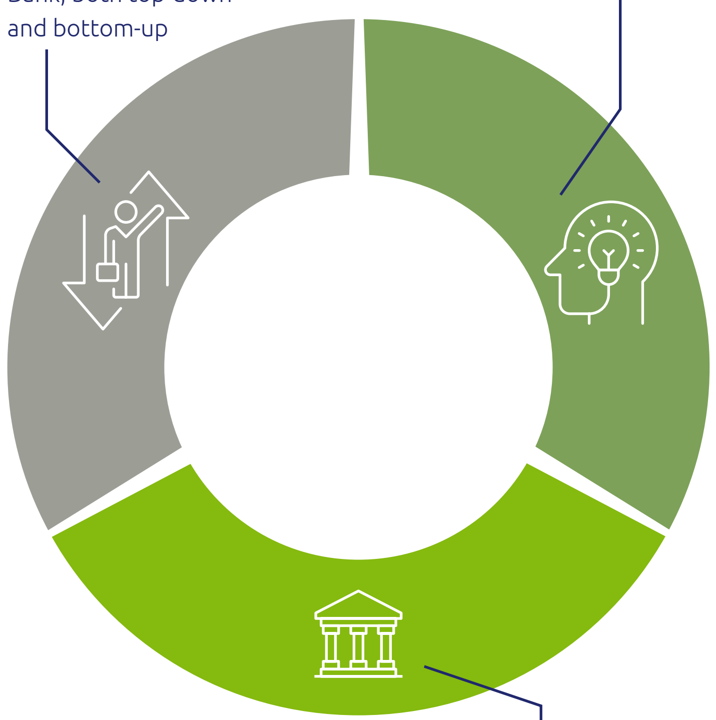
Our risk management processes are nimble, allowing us to respond to emerging trends with prudence and efficiency.

We identify the top risks that pose a potential threat to the execution of our business strategy and assessed these risks based on the impact and severity of the risk event should it materialise.
In anticipating risk, we do not rely on secondary information, but deploy our risk experts on the ground to have a hands-on appreciation of the businesses we partner with.

Our three-step risk management process:

Can be applied to every objective at every level in the Bank, both top-down and bottom-up

Is embedded into the business decision-making process



Guides our response to changes in the external or internal environment in which existing activities are conducted.

Our Risk Appetite

Risk appetite is defined as the level of risk that the Bank is willing to accept in fulfilling its business objectives. Risk Appetite is underpinned by our policy clearly stating the general principles for the First Capital Bank Limited's risk-taking, to raise risk awareness of these principles across the Bank, and to guide the staff on acceptable behaviour.

A Risk Appetite Statement is implemented through the Bank's operational policies and procedures, monitoring metrics, limit system and internal controls. The Risk Appetite Statement is embedded in the Bank's core processes and affects the operations of the Bank holistically. It is reviewed annually and is recommended to the Board for approval.

A Bank that listens

At First Capital Bank Limited, the success of our banking products and services is rooted in our eagerness to listen to our customers. We serve discerning clients, who are constantly giving us feedback on how we serve them. This feedback influences how we develop our products, helping us deploy services that are relevant to our customers' lives and businesses.

Our enhanced digital platforms do not only facilitate efficient transactions for our clients. They also serve as a useful listening tool, providing real-time insights into how our customers interact with our banking products, and what they need the most. In 2024, we are conducting a customer satisfaction survey and brand audits to more systematically gain insights into client sentiment around our services.

The technologies and services we develop reflect our client-first culture. While technology continues to refine how we do banking, personal service remains critical to how our clients interact with us. Our strength lies in our ability to seamlessly bridge technology and human interaction, in a way that builds lasting relationships with our clients.

We train our staff to always put the client first, through internal training programmes available to all our team members across multiple roles.

How we engage our customers:

Our Branches	Building Relationships	24-Hour Contact Centre	Social Media Channels	Website
Each branch is strategically located to meet customer needs	Our relationship managers are specially trained to respond to clients	Our Contact centre is available round the clock	Responsive social media channels	Secure website that delivers seamless service

Our people

Strong workforce

Future Leader: Graduate trainees and interns

Development: Learning Platform for skills building

First Capital Bank Limited believes that its people are the key to its success. We create an environment where our people can realise their best potential, taking ownership of the Bank's growth and strategy. To sustain this, we have cultivated a high-performance and competitive environment that rewards performance fairly. The Bank's recruitment process is designed to identify talent that will fit with its values.

During the year, the bank continued to revamp its people policies to meet the shifting demands of the modern workplace. One of the key changes was on the Future Leader programme, which is the bank's graduate trainee and internship programme. The enhanced programme will include high-quality assessment so that the Bank gets the best out of the large pool of talent available in the market. Over the last year, we enrolled 10 graduate trainees and 18 interns. First Capital Bank Limited has a staff complement of 537 including temporary staff and interns.

As our clients' needs change rapidly, it is essential that our people are equipped to meet the pressing needs of our customers. In 2024, the bank will introduce a new learning platform. The learning management system will determine the learning needs of each team member, through an online portal that provides easily accessible learning materials to all staff.

Our mentorship programmes are developing the next generation of bankers, through a deliberate strategy to expose them to all aspects of modern enterprise. The Bank's approach to diversity, equity, and inclusion is informed by a desire to make sure that customers feel represented by those who serve them.

Our awards

The continuing focus on customer service, sustainability and robust corporate governance was recognised in the market with the following awards in 2023:

Best VFEX Listed Company of the Year Award at the Business Weekly Capital Markets Awards.

The award demonstrates confidence from the investor community in First Capital Bank. In 2023, we made history as the first bank to list on VFEX, broadening access to global capital markets for our stakeholders. Following our listing, a Memorandum of Understanding was signed with VFEX to promote the bourse. These efforts will help to deepen Zimbabwe's capital markets and support the country's efforts to attract new investment.

Best Governance Practices Award, Chartered Governance and Accountancy Institute in Zimbabwe (CGAIZ) annual Excellence in Corporate Governance Awards

The award, received from the leading professionals in the governance and accountancy field, confirms our commitment to prudent business practices and excellence in sustainability. In judging the awards, adjudicators considered the levels of disclosures on corporate governance practices, shareholder disclosures as well as information on sustainability.

Best Campaign in Finance and Insurance, Institute of Public Relations and Communication Zimbabwe (IPRCZ)

In 2023, First Capital Bank ran multiple consumer promotions, all designed to reward our customers for their sterling support. This award showcases our dedication to innovation in effectively communicating with customers and showcasing the quality and value of our financial solutions.

Our Community Reach

Financial literacy:
11,013
young people reached

Global Money Week:
20
schools benefit

Climate adaptation:
3,000
young farmers impacted

Inclusion:
22,000+
women-led businesses boosted

We aim to be a 'Better Corporate Citizen' that contributes meaningfully to positively transforming host communities. Through our strategic partnership with like-minded institutions, we engage in activities that ignite long-term community sustainability.

Sustaining banking's future

We recognise our role in securing our country's banking future. We achieved this through programmes that encourage more talented young people to enter banking. One such programme is the Junior Achievement Job Shadow programme, which has run for a decade and entered a new phase in 2023. During the programme, high school A-Level students had an opportunity to receive work readiness training by spending a day shadowing bank colleagues in departments aligned with their career interests. Through this programme, the students received valuable insights and career guidance. The programme reached a total of 223 students. Most encouraging was that the majority of these, 127, were female.

Training for financial inclusion

We widened our contribution to the national strategic goal of deepening financial inclusion. Part of our activities in this regard was the Train the Trainer programme, which provides financial literacy guidance to students, equipping them with practical skills on how to manage money, and setting them on a path to a secure future. During Global Money Week, held under the theme "Plan your Money, plant your future", the Bank reached out to students in over 20 schools in Harare, Bulawayo, Kwekwe, Gweru and Masvingo, hosting financial literacy workshops covering savings culture, budgeting, money management amongst other life skills. In total, our financial literacy programmes reached 11,013 students, with the majority from economically disadvantaged communities.

Investing in new talent

First Capital Bank Limited has successfully positioned itself as a market leader in supporting young talent across various facets, from economic spheres to social activities. Our interventions in this regard include over a decade of support for sustainable farming projects for young farmers aged 18-35 years, through a fruitful partnership with the Zimbabwe Farmers Union. The programme continued to assist young farmers in adapting to more climate-smart and sustainable farming, ensuring the viability of farming projects run by over 3,000 student farmers.

Furthering our commitment to investing in the future, we sponsored the 2023 First Capital Bank Zimbabwe Junior Open Golf Tournament. This was the second year running that the Bank supported the event. The 2023 edition brought 49 boys and 12 girls from South Africa, China, Botswana, Kenya, Ghana, Malawi, Sierra Leone and Zimbabwe.

We anticipate extending similar support for emerging talent in the future.

Financial Inclusion

We cemented our position as the preferred bank for growing enterprises when we hosted the l Hustle Expo for Female Hustlepreneurs. This initiative gives SMEs a platform to showcase their enterprises, giving them access to skills and potential partnerships. Since its launch in 2017, the platform has provided training to a network of over 22,000 women-led SMEs who are leading vibrant businesses. Our SME Expo at the Zimbabwe International Trade Fair provided financial literacy classes to entrepreneurs, further deepening our resolve to remain the most trusted partner for businesses across all segments.

Our Business Strategy

Creative enterprise support

Partnerships for growth

Enhancing the customer experience

First Capital Bank Limited's success in 2024 will be driven by our strength in building partnerships that deliver focused financing to our clients, providing sustainable growth for our clients and our stakeholders. Our solid capital position provides a solid base from which to launch new growth strategies.

Creative enterprise support

The success of the European Investment Bank facility, secured in 2022, encouraged us to widen our engagement with other international financiers for similar lines of credit. Drawdowns on this facility accelerated during the year. In 2023, we secured additional financing from the African Export-Import Bank to fund clients in the critical import and export sectors. Similar support is anticipated from the African Development Bank and the Trade and Development Bank in 2024.

In 2024, we will continue to carve out opportunities for creative credit, especially in the field of green financing. Green shoots were witnessed in the agro-export sector in 2023, and the Bank has a strategy in place to widen its involvement across this sector's value chains in 2024. Beyond lending, our advisory services will have a larger role in guiding clients in navigating changing market trends.

Partnerships for growth

Our partnerships, underpinned by our strong capital base and diverse skills, put us in a strong position to take advantage of opportunities arising in the market. By harnessing synergies with like-minded partners, we will develop a new range of creative products and services to meet shifting market needs.

These products will include new payment solutions, money transfer channels, and an expansion of our corporate banking offerings.

Enhancing the customer experience

In 2024, we will review our customer experience to upgrade our service proposition to clients.

In 2023, we upgraded our core banking system and reviewed our top banking processes. These steps enhanced the capacity of our platforms to handle larger transaction volumes, and enhance security, while improving stability to further increase customer satisfaction.

Keeping pace: Our Product Strategy

Accounts | Transactions | Service centres | Lending

In 2023, leveraging our robust balance sheet and capital base, we drove innovation and aggressively expanded our business. Our product and service rollout kept pace with evolving market trends, ensuring that we remain competitive and relevant to our clients. In 2024, we are poised to further accelerate customer acquisition. Market assessment is key to our strategy as we identify and exploit opportunities. We forge well-considered partnerships to offer tailored propositions to various market segments.

Accounts
We capitalised on opportunities in the growing informal economy and promoted accounts targeting emerging businesses. Through our SME Banking proposition, we provide unique solutions to help SMEs advance in their growth journey. Specialised accounts, such as the Nostro Group Savings account, support groups that come together for a common purpose, such as stokvels. The Sole Trader account is designed for individuals operating their own businesses without being registered as an operating legal entity. We introduced seasonal accounts for clients whose bank accounts are only active for particular periods of the year.

Our offerings align with national goals for financial inclusion.

Transactions
Our transaction platforms were upgraded in 2023, providing user-friendly digital solutions that meet our customers' expectations. The Banking App was revamped, reflecting our approach to digital platforms, which is to design tools that our customers find easy to use and which meet their transacting needs. We responded to market trends by enhancing our platforms so that they can seamlessly handle payments in multiple currencies.

Service centres
A new Service Centre was launched at Machipisa in Highfields, Harare, under an all-services-included model that we plan to extend to other targeted locations across Zimbabwe going forward.

Lending
Understanding the needs of our corporate clients, we expanded our funding to the productive sector, relying on our strategic alliances to deepen sustainable financing. We responded to market requirements by broadening our payroll lending to more clients, providing efficient access to loans for employees. This was a key value driver for the business. We deployed our agents to various parts of the country to acquire new business and gauge customer requirements. Such interactions are key in making sure that our lending products deliver the best value for clients.

Looking ahead to 2024, our strategy remains steadfast: listen to our customers, understand their needs, and respond with tailored products and services that meet their banking requirements.

Our Service Commitment

Culture and Governance | Product Design | Clear Communication | Suitable Advice | Performance and Standards | Claims, Complaints and Changes

First Capital Bank Limited, we are committed to delivering exceptional service to our customers. We pledge to provide timely, reliable, and innovative banking solutions that meet and exceed our customers' expectations. We strive to understand their needs and tailor our financial solutions to suit their individual requirements. We are dedicated to maintaining the highest standards of professionalism, integrity, and customer care in all our interactions. With a focus on continuous improvement, we promise to evolve with our customers' changing needs and remain a trusted partner in their financial journey.

Treating Customers Fairly
First Capital Bank Limited is deeply committed to upholding the Reserve Bank of Zimbabwe's Treating Customers Fairly (TCF) framework. This framework is based on a set of outcomes-driven principles, which prioritise the delivery of clearly defined fairness outcomes for customers by financial institutions. To ensure that TCF principles are embedded in our culture and processes, we implement staff training programmes and continually update our customer support systems.

1. Culture and Governance
Our clients can have confidence that they are dealing with an institution that prioritises fair treatment of customers. When a colleague joins the Bank, they are put thorough training on our culture, products, and services. We maintain consistent customer engagement throughout the banking relationship through the efforts of personal bankers, account executives, branch and relationship managers. Our clients and customers are at the centre of everything we do.

2. Product Design
Products and services are meticulously tailored to cater to specific customer groups, identified and targeted with precision. Each offering undergoes a rigorous New Product Approval process, considering target market needs, pricing, and other essential factors. Informed by research and insights, our Business Intelligence unit analyses Big Data and market trends to drive product development. For example, we have pioneered braille account opening procedures for visually impaired customers, validating our commitment to inclusivity and innovation.

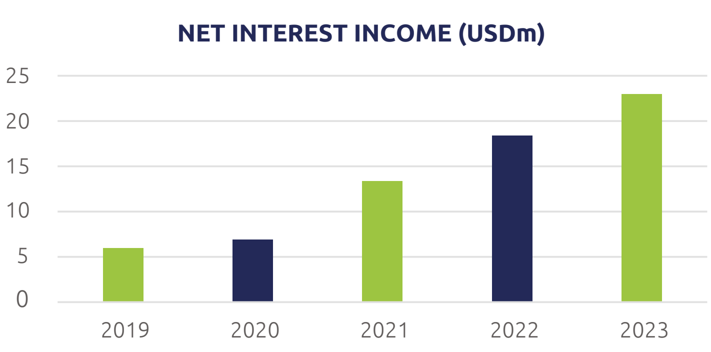
3. Clear Communication
We prioritise transparent communication with our clients throughout every stage of their journey, from initial contact to contract completion. Our two-way communication approach ensures that vital information is conveyed effectively, while also gathering valuable feedback. We maintain regular touchpoints through various channels, including engagements, newsletters, and onsite visits, to keep clients updated on general matters and important regulatory changes. We maintain a responsive presence on major social media platforms to provide timely information, address inquiries, and assist our diaspora clientele. Our Contact Centre operates 24/7, offering real-time support to customers worldwide, reflecting our unwavering commitment to exceptional service.

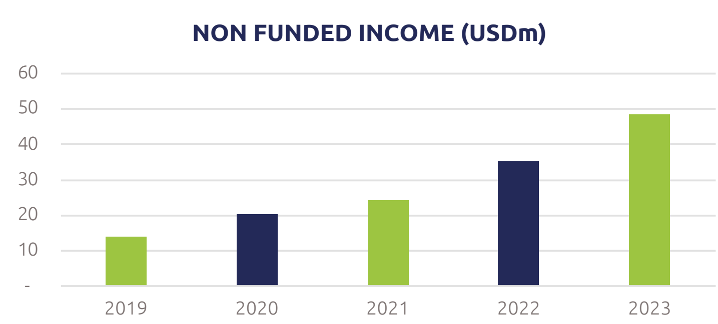
4. Suitable Advice
Our team of experts is trained to provide suitable advice to our clients, taking into account their individual circumstances. We strive to offer a well-rounded outcome. If additional support is needed, our cross-functional team is always available to assist.

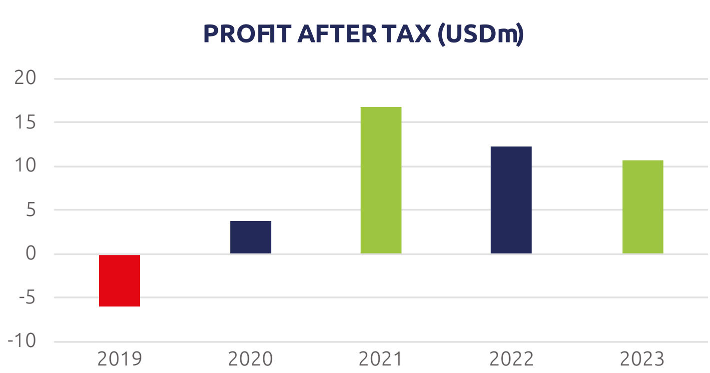
5. Performance and Standards
We ensure that our products and services meet customer expectations by continuously developing and maintaining them based on customer feedback. We provide customer education through various platforms and maintain quality assurance through mystery shopping and focus groups.

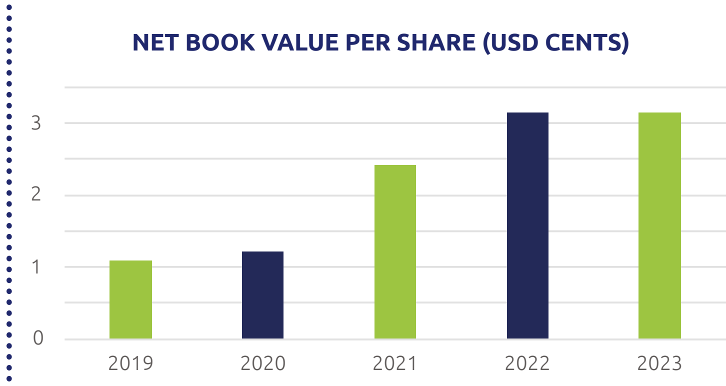
6. Claims, Complaints and Changes
We prioritise customer satisfaction by removing any barriers to changing products, switching providers, submitting claims, or making complaints. The duration of each customer relationship is entirely up to them. We offer various platforms for customer feedback, including a 24-hour Contact Centre, in-branch services, social media, online channels, email, and telephone, all guided by our comprehensive complaints handling policy.

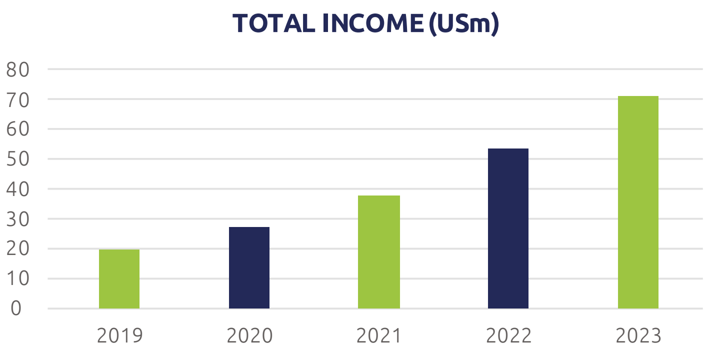
Five year performance 2023

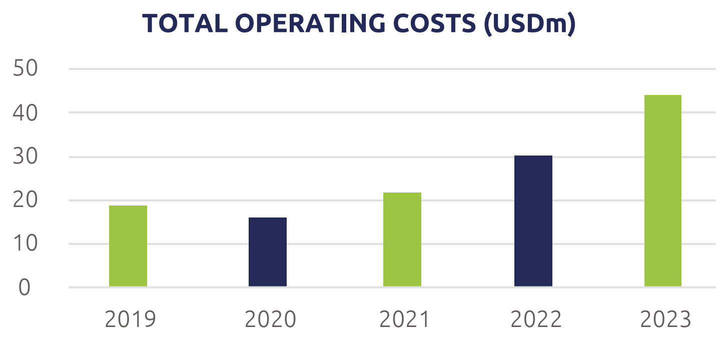


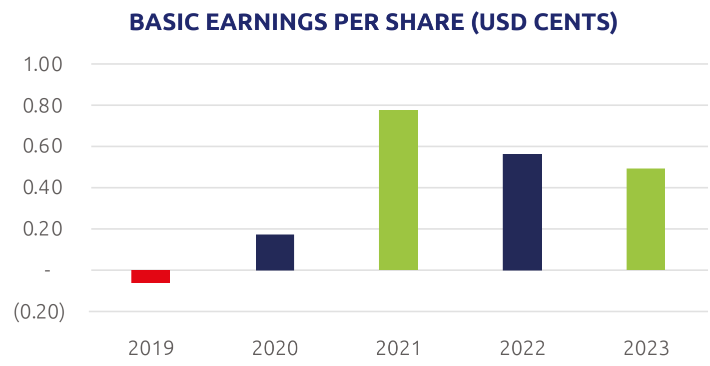


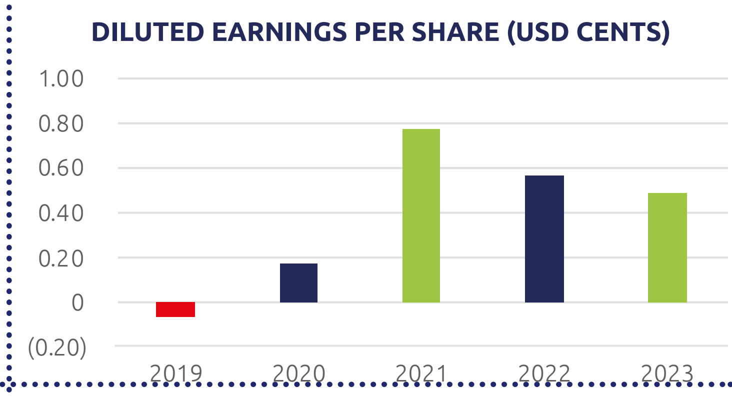


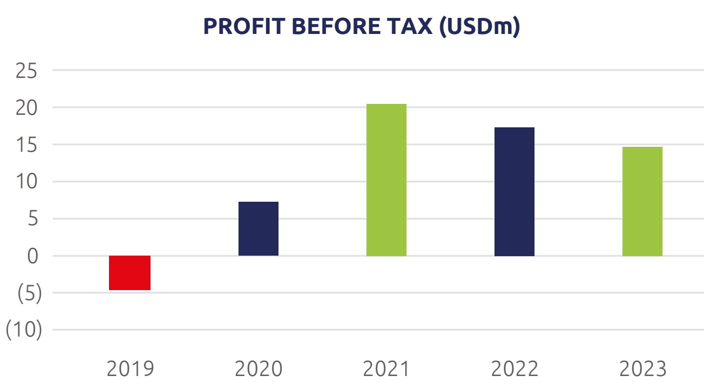


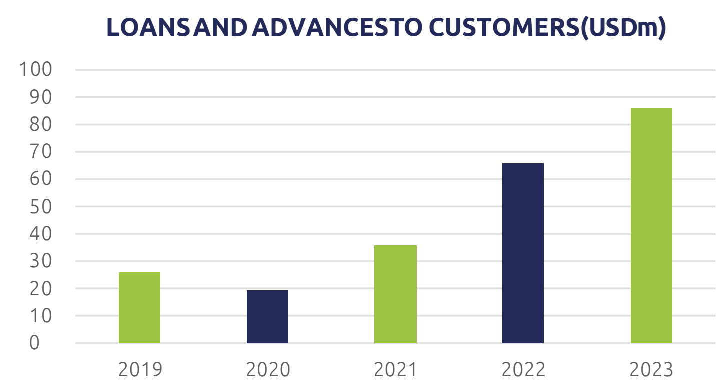


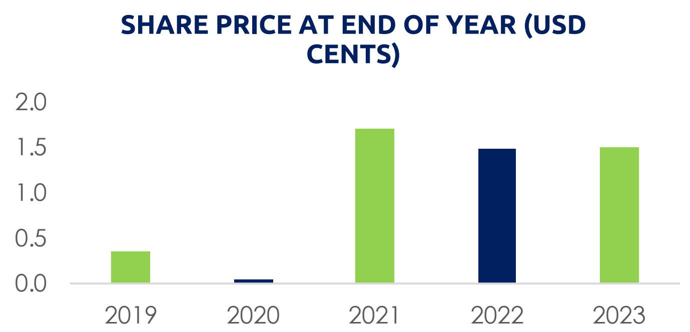


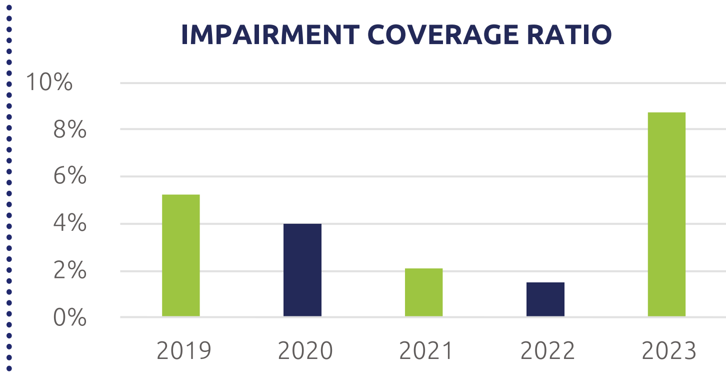


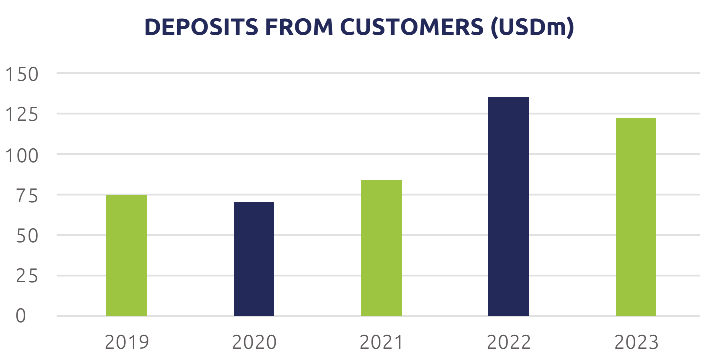


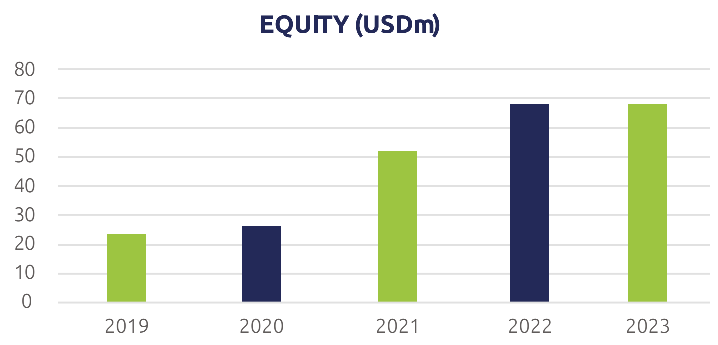


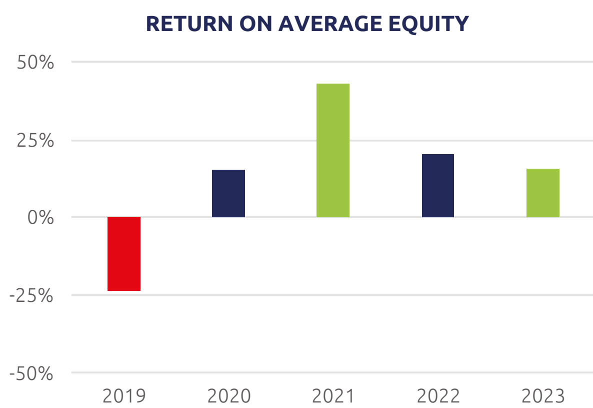


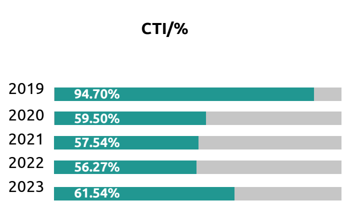


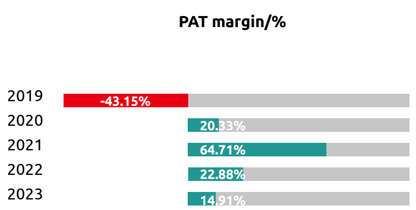


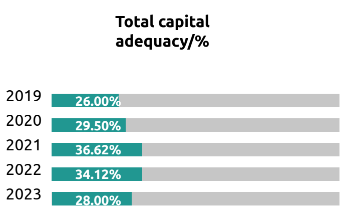


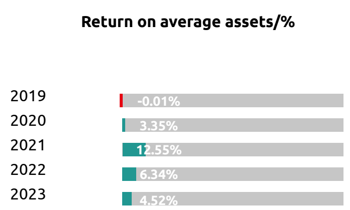


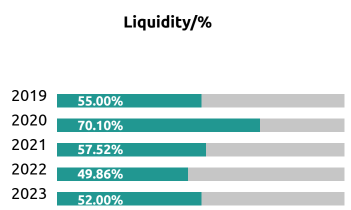


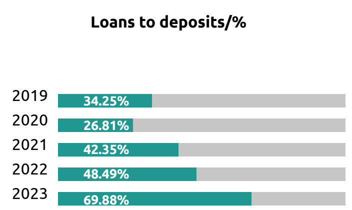












Our Economic Impact

Lines of credit

Our sustainable support to key industries

First Capital Bank Limited broadened its contribution to the growth of the economy in 2023, by delivering custom-made support that targeted the most impactful and sustainable sectors of the economy. In 2024, our strategy will be driven by our growing desire to support sectors leading in the energy transition, climate-friendly agricultural production, and business growth.

Lines of credit

In 2023, we accelerated drawdowns on the EUR12.5 million line of credit secured from the European Investment Bank (EIB) in 2022. The fund was almost fully allocated by end of the year. This facility provided essential financing to medium-sized enterprises in the productive sectors.

Additionally, in 2023, we secured a US$20 million line of credit from the African Export-Import Bank (Afreximbank), specifically targeting trade. Close to half of the facility was drawn down, reflecting the strong demand for such instruments in the Zimbabwean market. Leveraging our Group's presence in key trade partner countries, we are facilitating seamless cross-border transactions for Zimbabwean imports and exports.

Looking ahead to 2024, we expect our collaborations with global financial institutions to yield more such beneficial facilities. Among these is a US$15 million trade finance line of credit with the African Development Bank, whose processing is advanced. The Bank is also advanced in steps to secure a US$10 million export finance facility with the Trade and Development Bank, which will have a positive impact on supporting trade.

Our sustainable support to key industries

Our loan book remained resiliant in 2023 in the wake of increasing economic headwinds. Our intervention had a special focus on segments that promote sustainability and climate resilience. Agriculture, a bedrock of the Zimbabwean economy, accounted for a significant part of our credit portfolio during the year.

By identifying productive sectors with the strongest potential, we participated in the recovery of Zimbabwe's horticulture sector through creative financing of key projects across the value chain. During the year, First Capital Bank participated in the issuance of US$5 million commercial paper for Zimgold Oil Industries. This reflected our support for the productive sector, and the market response made evident the need for further structured financing in the market.

In 2023, we also advanced products designed for small to medium enterprises, many of them led by women and young people, promoting the national vision of sustainability, shared growth, and financial inclusion.

The macroeconomic landscape

The world economy grew by
2.6%

Africa's GDP fell to an estimated
3.2%

Zimbabwe's economy is estimated to have grown by
5.5%

Mining	Agriculture	Tourism	Manufacturing	Trade
+4.8%	+11%	+12%	+2.2%	+22%

Global growth in 2023 was slowed down by a range of factors, including the impact of geopolitical tensions, the slowdown in China, and the ongoing effects of tight monetary policies across the world to rein in inflation. The world economy grew by 2.6% in 2023 and is projected to grow by only 2.4% in 2024, according to the World Bank.

In Africa, the momentum for growth has also slowed, against the backdrop of global uncertainties. According to the African Development Bank, Africa's GDP fell to an estimated 3.2% in 2023, from 4.1% in 2022. The continent's economies however remain resilient, with growth in 2024 projected to rise to 3.8%. In Southern Africa, GDP growth was estimated at 1.6% in 2023, whilst projected growth for 2024 is 2.6%. The sluggish performance of the region reflects stagnation in South Africa, the region's largest economy.

Zimbabwe

Zimbabwe's economy is estimated to have grown by 5.5% in 2023, from 6.5% in 2022. In 2023, growth was underpinned by an improvement in agriculture output, especially in tobacco, wheat, and cotton.

However, economic growth is expected to slow down to 3.5% in 2024. This is mostly because of the impact of the El Nino phenomenon on the 2023/2024 summer cropping season, as well as reduced earnings from mining caused by a sharp decline in global commodity prices.

Mining

The sector grew by 4.8% in 2023, down from a robust growth of 10.5% in 2022. The industry suffered the effects of declining metal prices and global inflation, as well as domestic pressures.

Gold deliveries in 2023 reached 30 tonnes, lower than the record 35 tonnes recorded in 2022. The decline was attributable to power shortages and currency depreciation during the year.

Agriculture

Improved rainfall in the 2022/2023 season resulted in an 11% growth in agriculture, a recovery from the previous season, which was affected by erratic rainfall. As a result, maize output in 2023 was estimated at 2.3 million tonnes, a 58% jump from the previous season.

However, the outlook for 2024 is that agriculture will shrink by 4.9%, as a result of poor rainfall. According to Government of Zimbabwe forecasts, the maize harvest will fall by at least 50% in the 2023/2024 season. Increasingly hostile climatic conditions demonstrate opportunities for increasing our interventions in financing climate resilience in agriculture.

Tourism

Global tourism continued to recover from the impact of the COVID-19 shutdowns. As a result, Zimbabwe's tourism sector is estimated to have grown strongly by 12% in 2023, with expected further growth of 6.9% in 2024. An increase in tourist arrivals was supported by increased air traffic into the country, as well as enhanced Zimbabwe destination marketing. Tourism receipts in 2023 increased by 18% to US$724 million, up from US$615 million in 2022.

Manufacturing

Zimbabwe's manufacturing sector grew by 2.2% in 2023, up from 1.6% in 2022. Growth in this sector remains stunted due to the impact of power cuts, constrained liquidity, and rising costs. Capacity utilisation in industry was static at 56.8% in 2023, reflecting the impact of economic trends on growth. In 2024, manufacturing will come under increased pressure due to the anticipated reduced supply of inputs from the agriculture sector, which is the largest supplier to Zimbabwean industries.

Energy

The commissioning of two new plants at the Hwange Power Station added a combined 600MW to the national grid in the second half of the year. This eased the power shortages experienced in H1. However, electricity demand continued to exceed supply, forcing the power utility to continue intermittent load shedding. Power demand increased mostly due to new and expanded mining operations, as well as agriculture. During the year, power tariffs to industry were increased by over 40% in US dollars, increasing production costs.

With increased demand, opportunities exist for enhanced support to green energy projects.

Trade

Zimbabwe's exports reached $7.2 billion in 2023, up from $6.6 billion in 2022. Commodities, mainly minerals, dominated the country's exports. The volume of manufactured exports increased by 22%, reflecting the opportunities for financing diversification in the economy.

Inflation

In 2023, the Government of Zimbabwe transitioned to a new method of calculating inflation. Calculations moved from a blended inflation rate of local currency and the USD to a geometric aggregation model. As a result of these changes, inflation closed 2023 at 26.52%, compared to the restated 56% at the end of 2022. To control inflation, authorities introduced a range of measures. These included a tight liquidity regime, as well as the introduction of new instruments, such as the gold-backed digital currency. Official projections are that inflation will ease to just above 10% by the end of the year, reflecting tight monetary and fiscal policies which are expected to continue. However, the inflation pressures are projected to increase due to the impact of the drought, increased imports, and further exchange rate depreciation.

Exchange rate

The Zimbabwe dollar closed 2023 at ZWL$6104 against the US dollar, having ended December 2022 at ZWL$687.3. As a consequence of local currency liquidity shortages throughout the year, US dollar usage increased across the economy. This, in turn, increased US dollar lending in the banking sector.

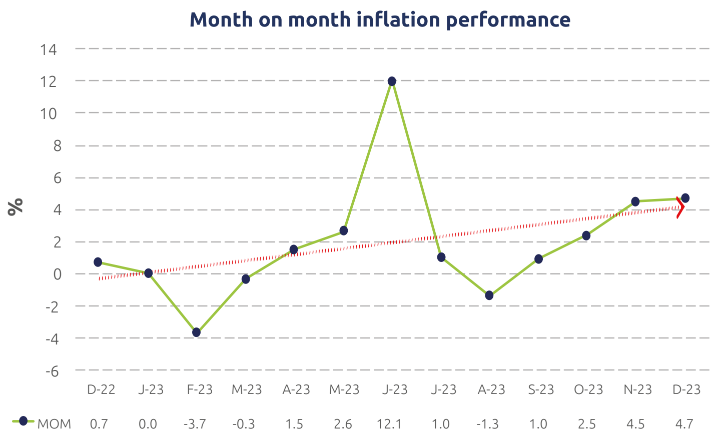
In June 2023, the Reserve Bank of Zimbabwe introduced sales of foreign currency to banks through a wholesale auction system, at a market-determined exchange rate, for onward sales to bank customers. The existing two auctions were merged into one, with daily limits imposed. The changes brought a measure of stability to the exchange rate, but this proved temporary as the premiums between the official and parallel market rates widened markedly towards the end of 2023.

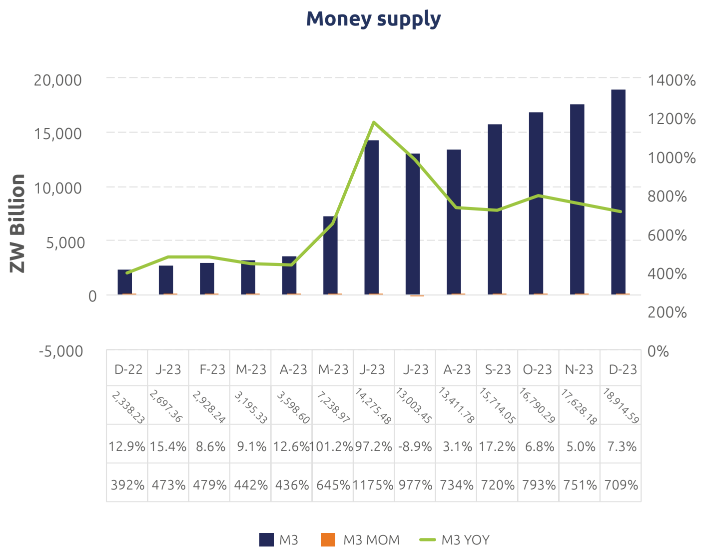
Outlook

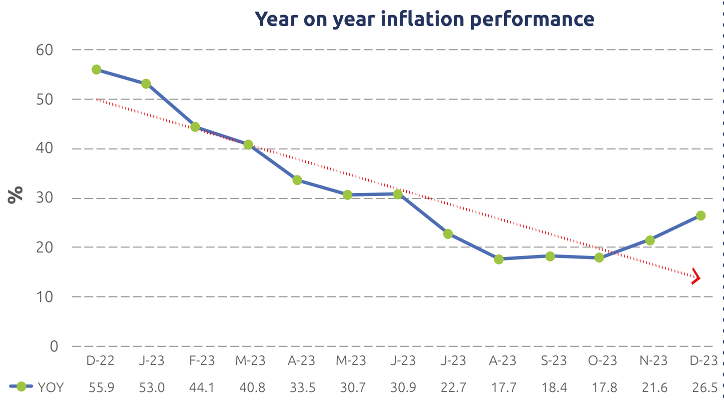
In 2024, economic prospects will be determined by depressed agricultural output, weaker inflows of foreign currency, exchange rate volatility, as well as the impact of government measures to boost tax earnings. A consequence of lower agricultural output will be higher food prices, which were already elevated due to high inflation influenced mostly by currency depreciation. Weak global commodity prices will result in depressed activity in the mining sector, including delays to planned expansion projects. Low rainfall could depress electricity supply as water allocation for hydropower generation is curtailed.

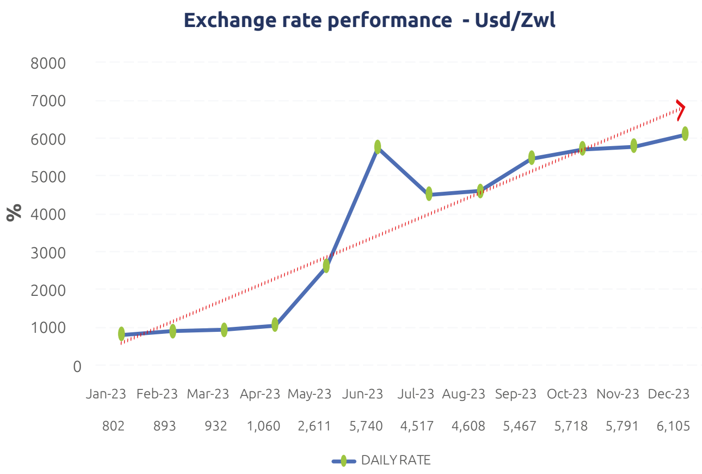
Despite this outlook, Zimbabwe's economy is expected to continue to show resilience, providing opportunities for financing in critical areas. The power challenges come with new opportunities to extend support to clients transitioning to green energy solutions. We continue to assess further opportunities in areas that promote sustainable agriculture and export-led growth.

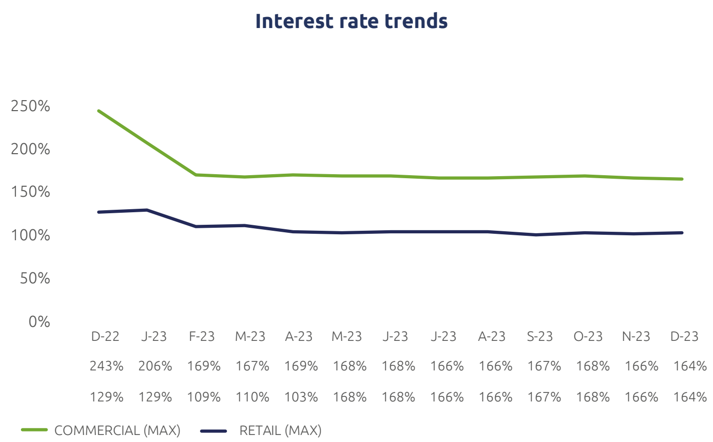
The macroeconomic view

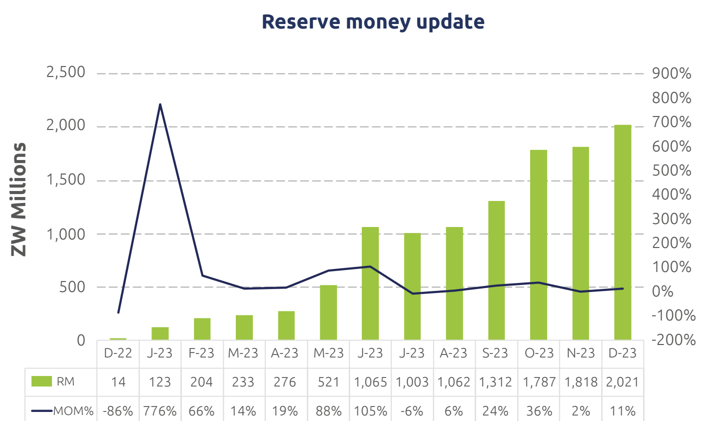












Chairman's Statement

Operating environment

The global economy remained weak, saddled with the continuation of inflationary pressures and rising interest rates in the wake of increasing geo-political tensions. Suppressed global demand elicited tighter monetary and fiscal policies in advanced economies. In the January 2024 edition of the World Economic Outlook report, the International Monetary Fund estimates the global economy to have grown by 3.1% in 2023, a reduction from the 3.5% achieved in 2022. Global inflation is estimated to have declined from an annual average of 8.7% in 2022 to 6.8% in 2023 with a further improvement projected in 2024 to 5.8% grounded on the easing of supply side issues and continuation of restrictive monetary measures. Broadly, these inflation projections still remain above long-term averages recorded during the pre-COVID era with similar trends having been observed also in developing countries.

Against the backdrop of sustained headwinds, the local economy is estimated to have grown by 5.5% in 2023 slower than the 6.5% achieved in 2022. A fragile currency management framework saw the Zimbabwean dollar depreciating by 788% during the year to close at ZW$6,104 against the US dollar, creating a pass-through effect on local currency inflation. Measured on a currency weighted basis, year-on year blended inflation closed 2023 at 26.52% compared to a restated 56% at the end of 2022.

Change in functional currency

Post the listing on the Victoria Falls Stock Exchange (VFEX) on the 19th of May 2023, the Bank adopted the United States Dollar (USD) as its functional and reporting currency effective from 1 January 2023. This is expected to simplify the results and make them more understandable to stakeholders. The change in currency was tested against, and satisfied, the requirements of IAS21: The effects of changes in foreign exchange rates.

Earnings performance

The Bank's consolidated adjusted profit after tax for the year ended 31 December 2023 amounted to USD15.4m, 26% higher than USD12.2m posted in the corresponding prior year period. At this level of fundamental performance, adjustment is made on the IFRS profits to exclude once-off adjustments arising from the technical mechanics of transitioning from reporting in the local currency, ZWL, to USD. This adjusted earnings level translates to an adjusted earnings per share of US$0.71 cents for the period which is 26% higher than US$0.57 cents for the prior year. This performance was underpinned by an increase in the customer base, growth in the loan book, and exchange gains.

Capitalization and liquidity

The Bank's core capital increased by 3% from USD50.9m as of 31 December 2022 to USD52.5m as at 31 December 2023. This level is above the regulatory minimum of US$30m with a comfortable margin of safety being maintained. The Bank's capital adequacy ratio remained strong, closing the period at 28% which is well above the regulatory minimum of 12%. With a liquid assets ratio of 52%, the Bank carried a comfortable buffer above the regulatory minimum of 30% representing capacity to underwrite more business.

Dividends

The Board has declared a final dividend of US0.22 cents per share. This brings the total dividend for the year ended 31 December 2023 to US0.36 cents per share.

Outlook

Looking ahead, growth prospects for the Zimbabwean economy for 2024 are expected to be subdued on account of the El-Nino weather phenomenon and its impact on the 2023/2024 summer cropping season, as well as reduced earnings from mining as a result of low levels of global commodity prices. The rapid devaluation of the Zimbabwean dollar experienced at the start of 2024 creates added pressure on economic performance and underlines the challenge for monetary authorities to find a lasting solution to engender market confidence.

Our commitment

As a growing Bank, to consolidate our commitment to Zimbabwe, we have firmly established our roots and commenced the construction of a Head Office that is inspired by the desire to project our contribution to environmental stewardship. Our listing on the Victoria Falls Stock Exchange further consolidates our commitment and positions the Bank strategically to attract high quality funding and make a lasting contribution to the growth of the economy.

Appreciation

We continue to grow our business based on the collaborative efforts of all our valued stakeholders. I would like to extend my sincere gratitude to our customers for their trust and belief in our business ethos and the values that are at the core of our operations. Their resolute support encourages us to do more.

To my fellow directors, management, and staff, I am inspired by our continued efforts to collaborate and grow our business as we provide solutions to address the needs of our customers.

Thank you.

Patrick Devenish

19 April 2024

Chief Executive Officer's Report

In the second half of the year the rate depreciated by

6%

The Bank's total deposits turned out at

US$123.2m

Loans to customers increased by

30%

The Bank posted a consolidated adjusted profit after tax of

USD15,4m

Operating expenses increased by

55%

Tapera Mushoriwa
(Chief Executive Officer)

Further to the listing on the Victoria falls Stock Exchange, the Bank's performance is presented in United States Dollars (USD) following a change in functional currency effected from 1 January 2023. The change of functional currency has been applied prospectively with comparative figures being translated from the reported inflation adjusted numbers using the closing rates applicable for those prior year periods.

Due to the change in functional currency certain technical accounting valuation adjustments that have been included in the Statement of Profit & Loss and Other Comprehensive Income represent an adjustment to reduce the fair values of assets from those achieved by the simple application of the official exchange rate to those values determined through the application of valuation principles using USD inputs applicable at the time of reporting the 2022 financial results. These are technical accounting adjustments and do not represent a fundamental change in the underlying USD valuations.

A view on the adjusted outturn excluding the impact of the 'day-one adjustments' related to the change in functional currency is as follows:

	Audited		Historical unaudited	
	2023 USD000	**2022 USD000**	**2023 ZWL000**	**2022 ZWL000**
Profit after tax as reported	10,620	12,212	274,639,555	21,417,061
Day 1 adjustment :				
Investment in Joint venture	3,689	-	-	-
Investment properties	1,079	-	-	-
Adjusted profit after tax	**15,388**	**12,212**	**274,639,555**	**21,417,061**
Other comprehensive (loss)/ income as reported	(4,604)	8,456	200,870,693	15,450,379
Day 1 adjustment :			-	-
Property plant & equipment	4,414	-	-	-
Investment securities	1,405	-	-	-
Adjusted other comprehensive income	**1,215**	**8,456**	**200,870,693**	**15,450,379**
Total comprehensive (loss)/ income as reported				
Day 1 adjustment :				
Investment in Joint venture	3,689	-	-	-
Investment properties	1,079	-	-	-
Property plant & equipment	4,414	-	-	-
Investment securities	1,405	-	-	-
Adjusted total comprehensive income	**16,603**	**20,668**	**475,510,248**	**36,867,440**
Impact on earnings per share			-	-
Earnings per share as reported (cents)	0.49	0.57	12,710	991
Adjusted earnings per share (cents)	**0.71**	**0.57**	**12,710**	**991**

The commentary below is based on the adjusted financial performance.

Business performance

The first half of the year exhibited increased volatility in the exchange rate with depreciation of 735% by June 2023. In the second half of the year the rate depreciated by 6% as the authorities maintained a tight monetary policy throughout the period to counteract resurgent inflationary pressure on the Zimbabwean Dollar (ZWL). These included the introduction of gold coins and gold-backed digital tokens, and more aggressive application of non-negotiable certificates of deposits on daily excess funds bringing relative exchange rate and price stability. Overall, liquidity supply during the second half remained challenging across all currencies, constraining asset expansion in the financial sector.

The Bank's total deposits turned out at US$123.2m on 31 December 2023 which is 9% lower than US$136.1m as of 31 December 2022. The reduction was largely driven by the loss of value on ZWL denominated deposits following a 788% depreciation of the ZWL over the period. ZWL deposits constituted 13% of total deposits at 31 December 2023 compared to 22% at 31 December 2022. USD denominated deposits increased by 6% during the period under review.

Loans to customers increased by 30% over the same period to close at USD86.1m, compared to USD65.9m as of 31 December 2022, with 92% of business having been underwritten in USD as at 31 December 2023.

The Bank posted a consolidated adjusted profit after tax of USD15,4m for the year 2023. This was supported by a 33% increase in total income over the period from USD53.4m in 2022 to USD71.2m for the year ended 31 December 2023. This growth was driven by an improvement in the underlying business, driven by growth of the customer base, increase in loans and advances, and an increasing proportion of US$ transactions. Active management of the currency positions also resulted in exchange gains.

Operating expenses increased by 55% from US$30m in 2022 to USD46.7m in the year under review. This resulted in the cost to income ratio moving from 56% in 2022 to 66% in 2023. The Bank continues to actively pursue cost optimisation strategies to manage the overall cost base.

The loan loss ratio increased from 2% in 2022 to 5% in 2023 with exposures exhibiting increased credit risk being largely within the agriculture portfolio. Whilst the overall default risk increased, this was within the Bank's appetite.

The adjusted total comprehensive income for the period amounted to USD16.6m for the year ended 31 December 2023 which is 20% lower than the USD20.7m reported in 2022. This was driven by higher fair value gains on the investment property portfolio in 2022 with the translated gains under ZWL being higher than gains recognized under 2023 USD stable currency reporting.

Lines of credit

The EUR12.5 million European Investment Bank (EIB) line of credit was 81% drawn down during the period under review providing significant capital funding relief to medium-sized corporate customers. A further USD20 million line of credit has been mobilized with the African Export-Import Bank (Afreximbank) with USD6m already drawn down as at 31 December 2023.

The Bank continues to engage various financiers for additional lines of credit with African Development Bank and Trade Development Bank at varying stages.

Our service delivery transformation

We continue to unlock the extensive capabilities of our core banking system to realise value for our stakeholders. Our aim is to reduce cost-to-serve and also bring transactional convenience through continuous innovations and smart partnerships with global brands. Our approach began with the enhancements of existing platforms to significantly improve the service experience and bring more relevant options. This included initiatives such as USSD upgrade, ZIMRA on mobile, USD POS acquiring, USD denominated bill payments, security enhancement through FCB secure, Zinara licensing in-branch and strategic alliances with global brands such as Emirates.

New products such as Sole trader account, low-cost accounts, Host-to-Host (a seamless payments platform for corporates), USD Individual and Group savings were also introduced.

Our people

Our people drive our business.

Our profile continues to be raised with consistent efforts in capacity building through a robust up-skilling framework on pertinent focal areas. We continue to impact the youth through our Internship programmes and, in the year under review, more than 30 interns and graduate trainees were able to access unique learning opportunities through our diverse training interventions.

Employee relations remained cordial throughout the year.

Our Environmental Sustainability Governance (ESG) Framework

We hold the strong belief that the communities we serve are a natural extension of our business. We therefore take every practical opportunity to give back to these communities and make their lives better.

Some notable interventions by the Bank in the year under review include the following:

- We held our first-ever Hustle Expo to the bridge the trade gap within our hustlepreneur network of over 20 000 women in business, a further addition to the monthly enterprise touchpoints.
- Collaborative efforts with Junior Achievement Zimbabwe towards participation in the annual Global Money Week and Job Shadow exercise, with over 11 200 students across the country being impacted through financial literacy training.
- Associate volunteerism remains a key pillar of our community investment, we held a Make a Difference week to allow knowledge transfer from our skilled workforce.

A total of 17 projects and 2584 beneficiaries from schools, orphanages and hospitals were impacted.

Looking ahead

We are a growing Bank and will continue to pursue strategies that will deliver an improved quality of service to our customers whilst generating value and growth for all stakeholders. We are shaping our operating model for long-term sustainability whilst we impact all critical sectors of the economy and will endeavour to remain relevant in all our chosen markets.

Appreciation

I appreciate the trust that our customers continue to place in us as their chosen financial partner. You remain our inspiration in our growth journey, and we will continue to pursue relevant solutions to serve you better. Thank you for your patronage.

Our Board continues to be our anchor of strength and I am very grateful for their support and counsel.

Our skilled and committed staff have consistently worked towards creating a legacy we can be proud of. I would like to extend my gratitude for their achievement of these good results and their resilience in these challenging times.

Tapera Mushoriwa

19 April 2024

Corporate Governance Report

The Board of directors of First Capital Bank Limited ("the Board/ First Capital Bank") is committed to and recognizes the importance of strong governance practices. The Board understands that a comprehensive corporate governance framework is vital in supporting executive management in its execution of strategy and in driving long term sustainable performance. In order to achieve good governance, the Board subscribes to principles of international best practice in corporate governance as guided by, among others, the Banking Act [Chapter 24:20], the Companies and other Business Entities Act [Chapter 24:31], the Reserve Bank of Zimbabwe Corporate Governance Guideline No.1 of 2004, the Securities and Exchange (Victoria Falls Stock Exchange Listings Requirements) Rules, 2020, and the Zimbabwe National Code on Corporate Governance.

The Board continuously reviews its internal governance standards and practices, to ensure that it modifies and aligns them with local and international corporate governance requirements as appropriate. As part of its continuing efforts to achieve good governance, the Board promotes the observance of the highest standards of corporate governance in First Capital Bank and ensures that this is supported by the right culture, values and behaviors from the top down. First Capital Bank is committed to the principles of fairness, accountability, responsibility and transparency. To this end, the Board is accountable to its shareholders and all its stakeholders including the Bank's employees, customers, suppliers, regulatory authorities, and the community from which it operates through transparent and accurate disclosures.

Board responsibilities

The Board is responsible for setting the strategic direction of the Bank as well as determining the way in which specific governance matters are approached and addressed, approving policies and plans that give effect to the strategy, overseeing and monitoring the implementation of strategy by management and ensuring accountability through among other means adequate reporting and disclosures. The Board is guided by the Board Charter in the execution of its mandate. The roles of the Board Chairman and that of the Chief Executive Officer are separate and clearly defined. The Board ensures a division of responsibilities at all times to achieve a balance of authority and power so that no one individual has unfettered decision making powers.

Board Chairman and non-executive directors

The Board of directors is led by an independent, non-executive Chairman, whose primary duties include providing leadership of the Board and managing the business of the Board through setting its agenda, taking full account of issues and concerns of the Board, establishing and developing an effective working relationship with the Executive directors, driving improvements in the performance of the Board and its committees, assisting in the identification and recruitment of talent to the Board, managing performance appraisals for directors including oversight of the annual Board effectiveness review and proactively managing regulatory relationships in conjunction with management. In addition, the non-executive directors proactively engage with the Bank's management to challenge and improve strategy implementation, counsel, and support to management and to test and challenge the implementation of controls, processes and policies which enable risk to be effectively assessed and managed.

The Chairman works together with the non-executive directors to ensure that there are effective checks and balances between executive management and the Board. The majority of the Board members are independent non-executive directors who provide the necessary independence for the effective discharge of the Board's duties and compliance with regulatory requirements.

Executive directors

The executive management team is led by the Chief Executive Officer. Management's role is to function as trustees of the shareholder's capital. Their main responsibilities include reporting to the Board on implementation of strategy, effectiveness of risk management and control systems, business and financial performance, preparation of financial statements and on an ongoing basis, keeping the Board fully informed of any material developments affecting the business.

Directors' remuneration

The Board Human Resources and Nominations Committee sets the remuneration policy and approves the remuneration of the executive directors and other senior executives as well as that of the non-executive directors. The remuneration package of executive directors includes a basic salary and a performance bonus which is paid based on the performance of the company as well as that of the individual.

Board diversity

The First Capital Bank Board recognises the importance of diversity and inclusion in its decision making processes. The Board is made up of six independent non-executive directors, two non-executive directors and two executive directors. Three members of the Board (30%) are female. The Board members have an array of experience in commercial and retail banking, accounting, legal, corporate finance, marketing, business administration, economics, human resources management and executive management.

Access to information

Openness and transparency are key enablers for the Board to discharge its mandate fully and effectively. The non-executive directors have unrestricted access to all relevant records and information of the Bank as well as to management. Further, the Board is empowered to seek any professional advice or opinion it may require to allow for the proper discharge of its duties.

Share dealings / Insider trading.

The directors, management and staff of First Capital Bank are prohibited from dealing in the company's shares whether directly or indirectly, during "closed periods" which are the periods that are a month before the end of the interim or full year reporting period until the time of the publication of the interim or full year results.

Further, directors, management and staff are prohibited from dealing in the company's shares whenever the company is going through certain corporate actions or when they are in possession of non-public information that has the potential of impacting the share price of the company.

Communication with stakeholders

First Capital Bank communicates with its stakeholders through various platforms including the Annual General Meeting, analyst briefings, town halls, press announcements of interim and full year financial results, notices to shareholders and stakeholders and annual reporting to shareholders and stakeholders. The Board and management of First Capital Bank also actively engages regulatory authorities including the Reserve Bank of Zimbabwe, the Victoria Falls Stock Exchange, and the Deposit Protection Corporation.

Internal Audit

First Capital Bank Internal Audit is an independent control function which supports the business by assessing how effectively risks are being controlled and managed. It works closely with the business helping drive improvements in risk management. This is done through reviewing how the business undertakes its processes as well as reviewing systems used by the business. The internal audit function reports its findings to management and guides them in making positive changes to business processes, systems and the control environment. The Internal Audit function also monitors progress to ensure management effectively remediates any internal control weaknesses identified as quickly as possible.

The First Capital Bank Head of Internal Audit reports directly to the Chairman of the Board Audit Committee and administratively to the Chief Executive Officer.

Declaration of interest

The Board of First Capital Bank believes in the observance of ethical business values from the top to the bottom. To this end, the Board has in place a policy that manages conflict of interest including situational and transactional conflict. Directors disclose their interests on joining the Board and at every meeting of the directors they disclose any additional interests and confirm or update their declarations of interest accordingly.

Ethics

In an endeavor to instill a culture of sound business ethics, all employees and directors are requested to attest to an Anti- Bribery and Corruption declaration which essentially seeks to ensure that our directors, management and staff observe the highest standards of integrity in all their dealings and at all times. The Bank has a zero tolerance policy to bribery and corruption. In addition, the business has a whistle-blowing facility managed by Deloitte& Touche through which employees can raise any concerns they may have anonymously.

Director induction and development

Board conformance and performance is enhanced through continuous learning. As part of its learning program, the Board has in place a comprehensive induction plan for on-boarding new directors. Further, as part of continuing director development, Board members attend director training programs.

Board activities

The Board of directors held six Board meetings in the year 2023 and one strategy review meeting. Each Board Committee held at least one quarterly meeting. The areas of focus included the setting of strategic direction, the review of strategy and business operations, business response to the macroeconomic dynamics in light of the exchange rate and interest rate movements, credit sanctioning as per approved limits, review of internal controls and financial reports, review of the quality of the loan book, review and oversight of the Bank's risk management processes and oversight of the recruitment, remuneration and performance reviews of senior management. A table detailing director's attendance of meetings during 2023 is shown in the last part of this report.

Board and director evaluation

The Board conducts an annual evaluation process which assesses the performance and effectiveness of individual directors, the Board Chairman, Committees and overall performance of the Board. The process was facilitated by an external party to allow for objectivity. The evaluation process involves directors completing evaluation questionnaires and having one on one meetings with the facilitator. The results of the evaluation are collated, a report is produced and feedback provided to the Board. The Board also submits the evaluation report to the Reserve Bank of Zimbabwe.

Board committees

The Board has delegated some of its duties and responsibilities to sub-committees to ensure the efficient discharge of the Board's mandate. The ultimate responsibility of running the Bank however still remains with the Board. The subcommittees of the Board are regulated by terms of reference which are reviewed every year or as and when necessary. The Committees meet at least once every quarter and are all chaired by Independent non-executive directors as detailed below.

Audit Committee

The primary functions of the Committee are to oversee the financial management discipline of the Bank, review the Bank's accounting policies, the contents of the financial reports, disclosure controls and procedures, management's approach to internal controls, the adequacy and scope of the external and internal audit functions, compliance with regulatory and financial reporting requirements, oversee the relationship with the Bank's external auditors, as well as providing assurance to the Board that management's control assurance processes are being implemented and are complete and effective. At each meeting, the Committee reviews reported and noted weaknesses in controls and any deficiencies in systems and the remediation plans to address them. The Committee also monitors the ethical conduct of the Bank, its executives and senior officers and advises the Board as to whether the Bank is complying with the aims and objectives for which it has been established. During the period under review, there were no material losses as a result of internal control breakdowns.

The committee is wholly comprised of independent non-executive directors. The members of the Committee as at 31 December 2023 were:-

A. Chinamo (Chairperson)
T. Moyo
K. Terry

Board Credit Committee

The Board Credit Committee is tasked with the overall review of the Bank's lending policies. At each meeting, the Committee deliberates and considers loan applications beyond the discretionary limits of management. It ensures that there are effective procedures and resources to identify and manage irregular or problem credit facilities, minimize credit loss and maximize recoveries. It also directs, monitors, reviews and considers all issues that may materially impact on the present and future quality of the Bank's credit risk management.

The Committee comprises three non-executive directors. The members of the Committee as at 31 December 2023 were: -

K. Terry (Chairperson)
H. Anadkat
K. Naik

Loans Review Committee

This Committee has the overall responsibility for the complete review of the quality of the Bank's loan portfolio to ensure that the lending function conforms to sound lending policies and keeps the Board and management adequately informed on noted risks. It assists the Board with discharging its responsibility to review the quality of the Bank's loan portfolio. At every meeting, it reviews the quality of the loan portfolio with a view to ensuring compliance with the banking laws and regulations and all other applicable laws as well as internal policies.

The Committee comprises three non-executive directors. The members of the Committee as at 31 December 2023 were: -

T. Moyo (Chairperson)
A. Chinamo
S.N. Moyo

Human Resources and Nominations Committee

The Human Resources and Nominations Committee assists the Board in the review of critical personnel issues as well as acting as a Remuneration and Terminal Benefits Committee. The Committee reviews and approves overall recommendations on employee remuneration as well as approving managerial appointments. The Committee ensures that the remuneration of directors is in line with the nature and size of the operations of the Bank as well as the Banks performance. In addition, the Committee also considers nominations to the Board and succession planning for the Board.

The Committee comprises three non-executive directors. The members of the Committee as at 31 December 2023 were: -

K. Naik (Chairperson)
P. Devenish
H. Anadkat

Board Risk Committee

The Board Risk Committee is charged with the responsibility to oversee the Bank's overall enterprise risk environment under three broad areas of Operational Risk, Credit Risk Management and Market Risk. These are controlled and managed independently from risk-taking functions and other committees of the Bank. The committee is responsible for the policies and procedures designed to monitor, evaluate and respond to risk trends and risk levels across the Bank ensuring that they are kept within acceptable levels.

The Committee comprises three non-executive directors. As at 31 December 2023 members of the committee were: -

S. N. Moyo (Chairperson)

A. Chinamo

M. Gursahani

Board IT Committee

The Board IT Committee is a committee of the Board, established to have strategic oversight and governance of the Company's strategic investment in IT, as well as data protection, cyber security, and information management.

The Committee comprises three non-executive directors. As at 31 December 2023, the Committee was made up of the following members:-

K. Terry (Chairperson)

T. Moyo

M. Gursahani

In addition to the Board Committees, management operates through a number of committees including the Executive Committee, the Country Management Committee and the Assets and Liabilities Committee. The Committees terms of reference are as below.

Executive Committee (EXCO)

The Executive Committee receives its authority from the Board of First Capital Bank Limited. The Chief Executive Officer and the Executive Committee are responsible for managing and overseeing all aspects of the bank's operations and functions, developing the strategy of the Bank and delivery of the annual business plan. The Executive Committee assists the Chief Executive Officer to manage the Bank, to guide and control the overall direction of the business of the Bank and acts as a medium of communication and co-ordination between business units and the Board. The Committee delegated work and authority to management committees including but not limited to the Country Management Committee, Asset and Liability Management Committee, Enterprise Risk Management Committee, Management Credit Committee and other specialized Committees. The Committee comprises of executive directors and senior management.

Country Management Committee (CMC)

The Country Management Committee is the operational management forum responsible for the delivery of the Bank's operational plans including implementation of operational plans, annual budgeting, and periodic review of strategic plans, as well as identification and management of key risks. The Committee shall be responsible for providing direction and oversight on operations across the business. The Committee assists the Chief Executive Officer in delivering the business mandate and in designing and assuring the adequacy and effectiveness of internal controls. The Committee derives its mandate from the Executive Committee. The Committee comprises of executive directors and senior management.

Assets and Liabilities Committee (ALCO)

ALCO is tasked with ensuring the achievement of sustainable and stable profits within a framework of acceptable financial risks and controls. The Committee ensures maximization of the value that can be generated from active management of the Bank's balance sheet and financial risk within agreed risk parameters. It manages the funding and investment of the Bank's balance sheet, liquidity and cash flow, as well as exposure of the Bank to interest rate, exchange rate, market and other related risks. It ensures that the Bank adopts the most appropriate strategy in terms of the mix of assets and liabilities given its expectation of the future and potential consequences of interest rate movements, liquidity constraints foreign exchange exposure and capital adequacy. It also ensures that strategies conform to the Bank's risk appetite and level of exposure as determined by the Enterprise Risk Management Committee. The Committee comprises executive directors and heads of functions key to the proper discharge of the Committee's responsibilities.

Board and Committees attendance 2023

Main Board

Name	Total Meetings	Present	Absent
P. Devenish	6	6	Nil
T. Moyo	6	5	1
S. Moyo	6	5	1
H. Anadkat	6	6	Nil
K. Terry	6	5	1
K. Naik	6	5	1
A. Chinamo	6	5	1
M Gursahani	6	5	1
T. Mushoriwa*	6	2	N/A
C McSharry*	6	5	N/A
F. Kapanje	6	6	Nil

*Mr C. McSharry resigned from the Board in September 2023 and Mr T. Mushoriwa was appointed to the Board in September 2023.

Audit committee

Name	Total Meetings	Present	Absent
A. Chinamo	4	4	Nil
T. Moyo	4	4	Nil
K. Terry	4	4	Nil

Human resources & nominations committee

Name	Total Meetings	Present	Absent
K. Naik	4	4	Nil
P. Devenish	4	3	1
H. Anadkat	4	4	Nil

Loans review committee

Name	Total Meetings	Present	Absent
T. Moyo	5	5	Nil
A Chinamo	5	5	Nil
S.N. Moyo	5	5	Nil

Risk committee

Name	Total Meetings	Present	Absent
S.N. Moyo	4	4	Nil
A. Chinamo	4	4	Nil
M. Gursahani	4	4	Nil

IT Committee

Name	Total Meetings	Present	Absent
K. Terry	5	5	Nil
T. Moyo	5	5	Nil
M Gursahani	5	5	Nil

Credit Committee

Name	Total Meetings	Present	Absent
K. Terry	5	5	Nil
H. Anadkat	5	5	Nil
K Naik	5	5	Nil

Directors' shareholding

The following is a schedule of the directors' shareholdings in the Bank as at 31 December 2023.

P. Devenish	Nil
S. N. Moyo	Nil
T. Moyo	Nil
H. Anadkat *	36 068 751 (direct interest)
K. Terry	111951 (direct interest)
A. Chinamo	Nil
K. Naik	25 000 (direct interest)
T. Mushoriwa	Nil
F. Kapanje	Nil
M. Gursahani	Nil

*Mr Hitesh Anadkat also holds an indirect interest in Afcarme Holdings Zimbabwe (Private) Limited, which in turn holds the majority shareholding in the Bank.

Annual financial statements

The directors are responsible for the preparation and integrity of the financial results and related financial information contained in this report. The financial statements, which for the basis of these financial results, are prepared in accordance with International Financial Reporting Standards and the Banking Act (Chapter 24:20) and they incorporate full and responsible disclosure to ensure that the information contained therein is both relevant and reliable. These audited results have been prepared under the supervision of Chief Finance Officer, Fanuel Kapanje CA (Z) PAAB Registered Accountant No. 2295.

Compliance

The Board is of the view that the Bank complied with the applicable laws and regulations throughout the reporting period.

The Board comprises a carefully selected team that offers the necessary diversity of skills, experience, and outlook to ensure accountability and drive strategic thinking.

By Order of the Board

Sarudzai Binha

Company Secretary

19 April 2024

Board of Directors

Patrick Devenish
Chairman

Tapera Mushoriwa
Chief Executive Officer

Fanuel Kapanje
Chief Finance Officer

Hitesh Anadkat
Non-Executive Director

Sara Nyaradzo Moyo
Independent
Non-Executive Director

Kevin Terry
Independent
Non-Executive Director

Acquilina Chinamo
Independent
Non-Executive Director

Tembiwe Moyo
Independent
Non-Executive Director

Kiritkumar Naik
Independent
Non-Executive Director

Mahendra Gursahani
Non-Executive Director

Patrick Devenish Independent Non-Executive Independent Chairman

Patrick is the former Chief Executive Officer of TSL Limited. He holds an Executive MBA from the Graduate School of Business, University of Cape Town. He has worked in the tobacco sales industry for more than 20 years, having started his career as an auctioneer. Over the years, he has become a specialist in business strategy and operations from his experience in leading organisations such as Tobacco Sales Floor, Seedco Limited, AICO Africa Limited and Plexus Cotton Limited. He also chairs the boards of Tobacco Industry and Marketing Board (TIMB), Royal Harare Golf Club and is a Trustee of Harare Sports Club.

Tapera Mushoriwa Managing Director

Tapera Mushoriwa is the Chief Executive Officer of First Capital Bank Limited, a position he assumed in September 2023. He brings years of extensive local and international banking expertise as well as a proven track record in financial markets and fintechs. He has held executive leadership roles at Cassava Fintech International, Steward Bank, Standard Chartered and most recently Managing Director of National Building Society. Underpinning his vast professional experience is a BSc Hons in Computer Science, Master of Business Administration [MBA] with the University of Gloucester UK.

Hitesh Anadkat Non-Executive Director

Hitesh Anadkat holds an MBA from Cornell University and a BSc Economics (Hons) from the University of London. Before returning to Malawi to establish First Capital Bank (originally FMB Malawi), he worked in Corporate Finance in the USA specializing in mergers, acquisitions and valuations. He holds directorships in five commercial banks (part of FMBCapital Holdings Group) and in other sectors of the Malawi economy.

Sara Nyaradzo Moyo Independent Non-Executive Director

Sara Nyaradzo Moyo is an IP Attorney and the Senior Partner of Honey & Blanckenberg. She is a member of a number of local and international business and professional organisations and a contributor to the Kluwer Manual on Intellectual Property and to the LBR Art Law Review.

Tembiwe Moyo Independent Non-Executive Director

Tembiwe Moyo is the former Chief Executive Officer of Beitbridge Bulawayo Railway (Private) Limited. She is an Accountant and Chartered Secretary by profession, and she holds a Master of Business Administration (Nottingham Trent University, UK). She is an Associate member of the Chartered Institute of Administrators and Secretaries (ACIS). She is the Chairperson and Trustee of the Women in Agri-business in Sub-Sahara Africa Alliance (WASAA), a director and immediate past President of the Southern Africa Railways Association (SARA), a shareholder representative of the NLPI Limited Group and a platinum member of PROWEB. Tembiwe is also a Trustee of the Zimbabwe Ladies Golf Union (ZLGU) and an independent non-executive director of NICOZ Diamond Insurance Company and has sat on other boards before.

Kevin Terry Independent Non-Executive Director

Kevin Terry holds a Bachelor of Laws Degree from the University of Zimbabwe. He has a wealth of knowledge and experience in banking gained from his extensive career in the financial services sector with the Old Mutual Group. Currently, he chairs the Boards of St Georges College, Childline Zimbabwe Society, Mangwana Opportunities (Private) Limited and EFT Services (Private) Limited. Kevin is also an Arbitrator with the Commercial Arbitration Centre of Zimbabwe.

Acquilina Chinamo Non-Executive Director

Acquilina Chinamo is a qualified Chartered Accountant, who also holds a postgraduate diploma in applied accountancy from the University of Zimbabwe. She has more than 20 years working experience and has extensive exposure in leadership, people management and financial engineering. She is currently the Group Finance Director at Ariston Holdings Limited and has previously served as a non-executive director on the board of a commercial bank as well as manufacturing and agricultural companies.

Kiritkumar Naik Non-Executive Director

Kiritkumar Naik is the Managing Director of Rank Zimbabwe, a conglomerate in the stationery and plastics industry which also has an extensive real estate and equity portfolio. He holds an advanced diploma in Mechanical Engineering from City & Guilds Institute, London. He is a renowned entrepreneur with vast business leadership experience gained from the various directorships he has held in several corporate entities including TSL Limited, ART Corporation and Nicoz Diamond.

Mahendra Gursahani Non-Executive Director

Mahendra Gursahani is a qualified Chartered Accountant, a holder of a Bachelor of Commerce degree and an accomplished career banker. Previously, he was the Chief Operating Officer of Noor Bank, responsible for the Bank's strategic direction, Operations, IT, Finance, Transformation and Customer Experience. Prior to Noor Bank, he was the CEO of Standard Chartered Bank Malaysia, where he was responsible for governance and management of the bank's franchise in the country. He has also held a number of senior positions in Standard Chartered and has worked at leading International and Financial and Accounting firms including American Express Bank and Arthur Andersen. Mahendra sits on the boards of First Merchant Bank Capital Holdings Plc and First Capital Bank Zambia.

Fanuel Kapanje Executive Director

Fanuel Kapanje was appointed Chief Finance Officer of First Capital Bank with effect from 2 December 2021. Prior to this, he was the Group Finance Director at ZB Financial Holdings Limited, a Zimbabwe Stock Exchange listed financial conglomerate. Fanuel is a Deloitte & Touche trained Chartered Accountant with vast experience in banking and finance spanning over a period of 23 years. He holds accounting degrees from the University of Zimbabwe and University of South Africa and a Master of Business Administration from Henley Business School. He has served in various capacities as a board member for several public interest entities in Zimbabwe.

Directors' Report

The Directors of the Group are pleased to submit their report to shareholders for the financial year ended 31 December 2023.

Share capital

The authorised share capital of the Group remained unchanged at 5 000 000 000 with a nominal value of ZWL0.01 per each share. Issued and fully paid-up shares as at 31 December 2023 amounted to 2 160 865 929 (2022: 2 160 865 929).

No share options were exercised under the share option scheme by members of staff. A reconciliation of options to acquire shares granted under the share option scheme managed by the Directors as at the end of the year under review is as follows:

Shares allocated to management under share option scheme	2023	2022
Balance at beginning of year	**30,613,397**	**30,253,397**
Forfeited share options	1,550,000	1,220,000
Granted share options	(1,090,000)	(860,000)
Balance at end of year	**31,073,397**	**30,613,397**

Financial Results

Following the listing on the Victoria Falls Stock Exchange (VFEX) by the Bank, the Group adopted the United States Dollar (USD) as its functional and reporting currency in order to present its financial statements in a currency that is indicative of the primary economic environment . The change in functional currency was tested against and satisfied the requirements of IAS 21: The Effects of changes in foreign Exchange Rates.

The Group posted a profit for the year 2023 amounting to USD10.6 million compared to a profit of USD12.2 million in 2022. The total comprehensive income amounted to USD6 million in 2023 having decreased from USD20.7 million in 2022 due to the day one losses incurred on the bank's property portifolio and equity investments.

Total assets as at 31 December 2023 amounted to USD235.9 million, having increased from USD233.9 million as at 31 December 2022.

The Group's total equity remained largely flat at USD68 million. Core capital was USD52.5 million which was above the minimum requirement of USD30 million.

Capital ratios achieved as at year end were as follows:

	2023	2022
Tier 1 Capital Ratio	21%	27%
Tier 1 & 2 Capital Ratio	28%	39%
Total Capital Adequacy Ratio	28%	38%

Dividends

The Directors declared dividends for the year totaling USD7.8m, with USD3m having been paid as an interim dividend whilst USD4.8m will be paid as a final dividend.

Directorate

Appointments and resignations

The following board changes took place during the year 2023: Mr Tapera Mushoriwa was appointed to the board with effect from 4 September 2023. Mr Ciaran McSharry resigned from the board with effect from 30 September 2023.

Director rotation

Article 103 of the Bank's Articles of Association provides for the retirement of directors by rotation as required by section 66(3) of the Zimbabwe Stock Exchange Listing Rules, 2019. Subject to meeting eligibility criteria, including compliance with the fact that the period of continued service on the Board does not exceed ten (10) years as required by Section 11 of the Banking Amendment Act, 2015, a retiring director can offer himself/herself for re-election.

Mrs. Tembiwe Moyo, Mrs Acquilina Chinamo and Mr Hitesh Anadkat were re-elected to the Board by the shareholders at the Annual General Meeting of 4 May 2023, having been eligible, and after offering themselves for such re-election.

Mr Patrick Devenish, Mr Mahendra Gursahani and Mr Kevin Terry retire at the forthcoming Annual General Meeting. Being eligible, they all offer themselves for re-election.

Directors' remuneration

Details of the directors' remuneration are contained in note 9.1.3 and 9.2.3 to the Financial Statements

Going concern

The Directors have no reason to believe that the Group will not be a going concern in the period ahead. Going concern assessment was performed by review of the economic conditions under which the Group is expected to perform over the next 12 months, its ability to adapt its strategy, business and operating models to the projected macro environment, financial forecasts and business underwriting capacity. The Group has sufficient capital, human and physical resources as well as sources of sustainable deposits which are well diversified and is therefore able to address short-term stress factors within reasonable parameters.

The Group's financial statements as at 31 December 2023 have therefore been prepared on the going-concern assumption.

Auditors

Shareholders will be requested to consider the remuneration of Messers. Deloitte & Touche (Zimbabwe) for their services with respect to the year ended 31 December 2023. Auditors remuneration is contained in note 9.1.3 and 9.2.3.

By Order of the Board

....	....	....
P Devenish	**T Mushoriwa**	**S Binha**
(Chairman)	(Chief Executive Officer)	(Company Secretary)

HARARE
19 April 2024

BOARD OF DIRECTORS
As at 31 December 2023 the following were the Directors of the Group:

Name	Designation	Date Of Appointment
P. Devenish	Independent Non - Executive Chairman	26 April 2018
S. N. Moyo (Mrs)	Independent Non - Executive Director	07 March 2016
T. Moyo (Mrs)	Independent Non - Executive Director	07 March 2016
H. Anadkat	Non - Executive Director	18 October 2017
M. Gursahani	Non - Executive Director	11 January 2021
K. Terry	Independent Non - Executive Director	16 October 2019
K. Naik	Independent Non-Executive Director	03 February 2020
A. Chinamo (Mrs)	Independent Non-Executive Director	28 May 2020
T. Mushoriwa	Chief Executive Officer	04 September 2023
F. Kapanje	Chief Finance Officer	02 December 2021

Directors' Statement of Reponsibility

The Directors are responsible for overseeing the preparation, integrity and objectivity of the consolidated annual financial statements and ensure that they fairly present the state of the affairs of the Group at the end of the financial year, the financial performance and cash flows for the reporting period, and other information contained in this report.

To enable the Directors to meet these responsibilities:

- All directors and employees endeavour to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach;
- The Board sets standards and management implements systems of internal control, accounting and technology aimed at providing reasonable assurance that both assets on and off the statement of financial position are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties;
- The Board and management identify all key areas of risk across the Group and endeavour to mitigate or minimise these risks by ensuring that appropriate infrastructure, controls, systems and discipline are applied and managed within predetermined procedures and constraints;
- The internal audit function reports directly to First Capital Bank Limited's Audit Committee Chairperson and it operates unimpeded and independently from operational management, appraises, evaluates and, when necessary, recommends improvements to the systems of internal control and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business; and
- The internal auditors play an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of their knowledge and belief, based on the above, the Directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures occurred during the year under review.

The Group consistently adopts appropriate and recognised accounting policies and these are supported by reasonable and prudent judgements and estimates on a consistent basis.The preparation and presentation of the annual financial statements of First Capital Bank Limited (Zimbabwe) and all the information contained herein is the responsibility of the directors. The information contained in these financial statements has been prepared on the going concern basis and in accordance with provisions of the Companies and Other Business Entities Act [Chapter 24:31] as applicable to a financial institution registered in terms of the Banking Act [Chapter 24:20] as read with the Banking Amendment Act No. 12 of 2015. These financial statements have also been prepared in accordance with International Financial Reporting Standards.

Approval of the annual financial statements
The Directors' report on page 40 and the annual financial statements of the Group which appear on pages 49-111 were approved by the Board of Directors on the 19th of April 2024.

It is the responsibility of the independent auditors to report on the fair presentation of annual financial statements. The auditors' report to the shareholders of the Group is set out on pages 43-47 of this report.

P Devenish
(Chairman)

T Mushoriwa
(Chief Executive Officer)

S Binha
(Company Secretary)

Preparation of annual financial statements
These annual financial statements have been prepared under the supervision of the Chief Finance Officer, Fanuel Kapanje CA (Z) PAAB Registered Accountant No.2295 and have been audited in terms of Section 188 of the Companies and the Other Business Act (Chapter 24:31).

F Kapanje
(Chief Finance Officer)

Auditor's Report

Deloitte.

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Harare
Zimbabwe

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Registered Auditors
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INDEPENDENT AUDITOR'S REPORT
To the shareholders of First Capital Bank Limited

Report on the audit of the consolidated and separate financial statements Opinion

We have audited the consolidated and separate financial statements of First Capital Bank Limited and its subsidiaries (the Group and Bank) set out on pages 49 to 111, which comprise the consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, the notes to the consolidated and separate financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of First Capital Bank Limited as at 31 December 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies Act of 2019 and in the manner required by the Banking Act (Chapter 24:20).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the Group and Bank in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of consolidated and separate Financial Statements in Zimbabwe.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

MAKING AN IMPACT THAT MATTERS since 1845

Key audit matter	How the matter was addressed in the audit
1.Determination of expected credit losses on financial assets	**To respond to the risk, we performed audit procedures which included:**
As disclosed in note 36.3.1 the expected credit losses (ECL) reflected in the statement of financial position as at 31 December 2023 are determined in accordance with International Financial Reporting Standard 9, "Financial Instruments" (IFRS 9), amounts to US$ 4 777 000.	• Obtained an understanding of the business process around the impairment of financial assets and tested the design and implementation of relevant controls.
This was considered a key audit matter as the determination of the ECL requires significant judgements, including:	• Obtained an understanding of and evaluated the appropriateness of the Bank's staging criteria and determined the compliance of this criteria for compliance with IFRS 9.
• The interpretation and application of the requirements of IFRS 9.	• Evaluated the competence, objectivity and independence of specialists that we engaged.
• Models used to determine provisions are complex and might not have taken into account all relevant factors such as macroeconomic data for forecasts and the data used for historical analysis might not be accurate.	• Tested the completeness and accuracy of loans and advances used in the ECL calculations.
• The estimation of the key components of the expected credit loss ("ECL") provisions involves significant judgement in determination of probability of default (PD), loss given default (LGD) and exposure at default (EAD).	• Reviewed the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages.
• The current economic environment is very volatile which further heightens the risk of incorporating inaccurate forward- looking information. In addition, the increased liquidity constraints may have impacted the financial position of companies and individuals which needs to be incorporated in the determination of the expected credit losses.	• Tested the accuracy and completeness of the collaterals held by the Bank and used in the calculation of the Loss Given Default.
• The judgements and estimates used in the determination of the ECL have been detailed as per note 3 of the financial statements.	• Tested the appropriateness of the rate used to determine the forced sale value of each collateral with reference to the applicable guidance from the central bank and the Bank's history with such collaterals. With the assistance of an auditor's specialist: • Reviewed the Bank's impairment model for compliance with IFRS 9 and performed an independent assessment on the appropriateness of the model given the environment that the Bank operates in. • Reviewed the key data sources and assumptions for data used in the Expected Credit Loss model used by the Bank to determine impairment provisions. • Tested the appropriateness of determining Exposure at Default (EAD) and probability of default. • Reviewed the calculation of the LGD. • Assessed whether forward looking information has been incorporated into the Bank's ECL computations for all financial assets subject to impairment in terms of IFRS 9 and whether it is appropriate considering the current economic environment. • Evaluated the impact of any findings identified on the expected credit loss provision. The expected credit loss was found to be appropriate in terms of the relevant accounting standards and management's estimates and judgements were deemed to be appropriate.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "First Capital Bank Limited Annual Financial Statements for the year ended 31 December 2023, which includes the Directors' Report, the Directors' Statement of Responsibility and the unaudited historic Zimbabwe Dollar amounts, which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies Act of 2019 and in the manner required by the Banking Act (Chapter 24:20) and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

In fulfilment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows:

Section 193(1)(a)

The separate financial statements of the Bank and the consolidated financial statements of the group are properly drawn up in accordance with the Act and give a true and fair view of the state of the Bank's affairs as at 31 December 2023.

Section 193(1)(b)

The separate financial statements of the Bank are properly drawn up so as to disclose the state of the Bank's affairs at the 31st of December 2023 for its financial year ended on that date, so far as is required by the provisions of this Act applicable to the class of Bank concerned.

Section 193(2)

We have no matters to report in respect of this section of the Act.

Deloitte & Touche

Deloitte & Touche
Per: Lawrence Nyajeka Registered Auditor
PAAB Practice Certificate Number: 0598
Zimbabwe

19 April 2024

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2023

	Notes	Audited		Historical unaudited ***	
		2023	**2022**	**2023**	**2022**
		USD000	**USD000**	**ZWL000**	**ZWL000**
Interest income	4	24,677	19,350	87,183,956	9,542,159
Interest expense	5	(1,703)	(957)	(7,264,207)	(421,814)
Net interest income		**22,974**	**18,393**	**79,919,749**	**9,120,345**
Net fee and commission income	6	25,579	17,739	95,988,242	8,671,394
Net trading and foreign exchange income	7	24,265	16,764	185,401,297	7,382,014
Net investment and other income	8	643	1,096	2,046,635	642,251
Fair value loss on investment property	21	(2,225)	(612)	25,722,522	2,770,874
Total non interest income		**48,262**	**34,987**	**309,158,696**	**19,466,533**
Total income		**71,236**	**53,380**	**389,078,445**	**28,586,878**
Impairment losses on financial assets	11	(4,638)	(995)	(34,421,644)	(683,745)
Net operating income		**66,598**	**52,385**	**354,656,801**	**27,903,133**
Operating expenses	9	(46,699)	(30,038)	(159,687,207)	(14,157,772)
Net monetary loss	10	-	(9,418)	-	-
Share of (loss) / gain from joint venture	25	(5,273)	4,424	115,107,786	10,395,324
Profit before tax		**14,626**	**17,354**	**310,077,380**	**24,140,685**
Taxation	12	(4,006)	(5,142)	(35,437,825)	(2,723,624)
Profit for the year		**10,620**	**12,212**	**274,639,555**	**21,417,061**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
(Loss) / gain on revaluations	19				
Deferred tax income/(charge)		(2,641)	9,121	202,767,951	15,178,042
(Loss)/ gain on financial assets at fair value through other comprehensive income		546	(811)	(33,656,405)	(2,314,979)
Deferred tax charge		(1,184)	399	33,096,554	2,909,808
Items that will be reclassified subsequently to profit or loss:		(1,168)	(58)	(1,937,732)	(170,809)
Loss on financial assets at fair value through other comprehensive income					-
Deferred tax		(157)	(195)	600,325	(151,683)
Net (loss)/gain on other comprehensive income		**(4,604)**	**8,456**	**200,870,693**	**15,450,379**
Total comprehensive income		**6,016**	**20,668**	**475,510,248**	**36,867,440**
Earnings per share					
Basic (cents per share)	13	0.49	0.57	12,710	991
Diluted (cents per share)	13	0.49	0.56	12,682	990

Separate Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2023

	Notes	Audited		Historical unaudited ***	
		2023	**2022**	**2023**	**2022**
		USD000	**USD000**	**ZWL000**	**ZWL000**
Interest income	4	24,677	19,350	87,183,956	9,542,159
Interest expense	5	(1,703)	(957)	(7,264,207)	(421,814)
Net interest income		**22,974**	**18,393**	**79,919,749**	**9,120,345**
Net fee and commission income	6	25,579	17,739	95,990,208	8,671,473
Net trading and foreign exchange income	7	24,264	13,761	141,381,921	6,045,730
Net investment and other income	8	643	1,096	2,046,635	642,251
Fair value loss on investment property	21	(2,225)	(612)	25,722,522	2,770,874
Total non interest income		**48,261**	**31,984**	**265,141,286**	**18,130,328**
Total income		**71,235**	**50,377**	**345,061,035**	**27,250,673**
Impairment losses on financial assets	11	(4,638)	(995)	(34,421,644)	(683,745)
Net operating income		**66,597**	**49,382**	**310,639,391**	**26,566,928**
Operating expenses	9	(46,680)	(30,034)	(159,587,808)	(14,155,962)
Net monetary loss	10	-	(8,137)	-	-
Share of (loss) /profit from joint venture	25	(5,273)	4,424	115,107,786	10,395,324
Profit before tax		**14,644**	**15,635**	**266,159,369**	**22,806,290**
Taxation	12	(4,011)	(4,245)	(35,462,883)	(2,393,761)
Profit for the year		**10,633**	**11,390**	**230,696,486**	**20,412,529**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
(Loss)/gain on revaluations	19	(1,979)	8,459	179,947,951	13,358,042
Deferred tax income/(charge)		376	(235)	(27,780,255)	(1,865,075)
(Loss)/gain on financial assets at fair value through other comprehensive income		(1,848)	1,941	102,039,605	6,067,560
Deferred tax charge		(1,035)	(913)	(15,726,342)	(802,360)
Items that will be reclassified subsequently to profit or loss:					
Loss on financial assets at fair value through other comprehensive income		(158)	(194)	600,325	(151,683)
Net (loss)/gain on other comprehensive income		**(4,644)**	**9,058**	**239,081,284**	**16,606,484**
Total comprehensive income		**5,989**	**20,448**	**469,777,770**	**37,019,013**
Earnings per share					
Basic (cents per share)	13	0.49	0.53	10,676	945
Diluted (cents per share)	13	0.49	0.53	10,653	943

***Refer to note 2.4.2

Consolidated Statement of Financial Position
as at 31 December 2023

	Notes	Audited 2023 USD000	Audited 2022 USD000	Historical unaudited *** 2023 ZWL000	Historical unaudited *** 2022 ZWL000
Assets					
Cash and bank balances	15	70,877	78,002	432,740,926	53,609,309
Current tax asset	33	248	1,560	1,867,451	1,072,374
Non-current assets held for sale	24	2,217	-	19,956,522	-
Loans and receivables from banks	16	6,465	328	39,467,073	225,622
Loans and advances to customers	17	86,062	65,973	525,386,237	45,342,180
Other assets	18	11,694	11,661	53,392,090	7,722,810
Investment securities	15	13,168	19,243	91,635,947	13,225,558
Investment properties	21	1,494	5,936	9,846,000	4,080,000
Investment in joint venture	25	14,340	19,613	128,587,235	13,479,449
Intangible assets	22	612	988	5,899	8,941
Property and equipment	19	24,938	27,377	224,424,893	18,814,882
Right of use assets	26.1	3,828	3,262	7,657,632	1,042,315
Total assets		**235,943**	**233,943**	**1,534,967,905**	**158,623,440**
Liabilities					
Deposits from customers	28	123,152	136,063	751,814,663	93,514,048
Employee benefit accruals	29	1,839	1,697	13,130,118	1,166,032
Balances due to group companies	39.5	1,198	69	7,311,571	47,628
Balances due to banks	27	24,416	1,165	149,053,520	800,769
Other liabilities	30	6,185	17,729	36,619,631	12,183,437
Deferred tax liabilities	32	8,323	6,662	56,892,511	3,834,865
Lease liabilities	26.2	2,822	2,653	17,229,708	1,823,304
Total liabilities		**167,935**	**166,038**	**1,032,051,722**	**113,370,083**
Equity					
Capital and reserves					
Share capital	34.1	58	58	216	216
Share premium	34.2	6,360	6,360	24,160	24,160
Non - distributable reserve	34.3	2,076	2,076	7,785	7,785
Fair value through other comprehensive income reserve	34.4	2,018	4,527	35,361,054	3,601,907
Property revaluation reserve	34.5	14,687	16,782	184,195,343	15,083,797
General reserve	34.6	1,155	185	6,048,727	126,981
Share - based payment reserve	34.7	336	335	12,489	5,010
Retained earnings		41,318	37,582	277,266,409	26,403,501
Total equity		**68,008**	**67,905**	**502,916,183**	**45,253,357**
Total equity and liabilities		**235,943**	**233,943**	**1,534,967,905**	**158,623,440**

***Refer to note 2.4.2

P Devenish
(Chairman)

T Mushoriwa
(Chief Executive Officer)

S Binha
(Company Secretary)

Separate Statement of Financial Position
as at 31 December 2023

	Notes	Audited 2023 USD000	Audited 2022 USD000	Historical unaudited *** 2023 ZWL000	Historical unaudited *** 2022 ZWL000
Assets					
Cash and bank balances	14	70,877	78,002	432,740,926	53,609,309
Current tax asset	33	243	1,560	1,842,393	1,072,374
Non-current assets held for sale	24	2,217	-	19,956,522	-
Loans and receivables from banks	16	6,465	328	39,467,073	225,622
Loans and advances to customers	17	86,062	65,973	525,386,237	45,342,180
Other assets	18	9,564	11,629	42,005,298	7,700,524
Investment securities	15	13,168	19,243	91,635,947	13,225,558
Investment properties	21	1,494	5,936	9,846,000	4,080,000
Investment in joint venture	25	14,340	19,613	128,587,235	13,479,449
Intangible assets	22	612	988	5,899	8,941
Property and equipment	19	22,136	23,913	199,224,893	16,434,882
Right of use assets	26.1	3,828	3,262	7,657,632	1,042,315
Investment in subsidiaries	23	11,800	8,463	80,595,942	5,816,418
Total assets		**242,806**	**238,910**	**1,578,951,997**	**162,037,572**
Liabilities					
Deposits from customers	28	130,097	141,026	794,206,097	96,925,095
Employee benefit accruals	29	1,839	1,697	13,130,118	1,166,032
Balances due to group companies	39.5	1,198	69	7,311,571	47,628
Balances due to banks	27	24,416	1,165	149,053,520	800,769
Other liabilities	30	6,085	17,727	36,028,947	12,183,164
Deferred tax liabilities	32	8,130	6,431	64,656,756	3,686,649
Lease liabilities	26.2	2,822	2,653	17,229,708	1,823,304
Total liabilities		**174,587**	**170,768**	**1,081,616,717**	**116,632,641**
Equity					
Capital and reserves					
Share capital	34.1	58	58	216	216
Share premium	34.2	6,360	6,360	24,160	24,160
Non - distributable reserve	34.3	2,076	2,076	7,785	7,785
Fair value through other comprehensive income reserve	34.4	3,122	6,163	93,225,246	6,311,658
Property revaluation reserve	34.5	14,601	16,203	165,697,847	13,530,151
General reserve	34.6	1,155	185	6,048,727	126,981
Share - based payment reserve	34.7	336	335	12,489	5,010
Retained earnings		40,511	36,762	232,318,810	25,398,970
Total equity		**68,219**	**68,142**	**497,335,280**	**45,404,931**
Total equity and liabilities		**242,806**	**238,910**	**1,578,951,997**	**162,037,572**

***Refer to note 2.4.2

P Devenish
(Chairman)

T Mushoriwa
(Chief Executive Officer)

S Binha
(Company Secretary)

Consolidated Statement of Changes in Equity
for the year ended 31 December 2023

Audited	Share capital USD000	Share premium USD000	Non-distributable reserve USD000	Fair value through other comprehensive income USD000	Property revaluation reserve USD000	General reserve USD000	Share-based payment reserve USD000	Retained earnings USD000	Total equity USD000
Balance at 1 January 2023	**58**	**6,360**	**2,076**	**4,527**	**16,782**	**185**	**335**	**37,582**	**67,905**
Profit for the year	-	-	-	-	-	-	-	10,620	10,620
Other comprehensive income for the year	-	-	-	(2,509)	(2,095)	-	-	-	(4,604)
Total comprehensive income for the year	**-**	**-**	**-**	**(2,509)**	**(2,095)**	**-**	**-**	**10,620**	**6,016**
Recognition of share - based payments	-	-	-	-	-	-	1	-	1
Regulatory impairment allowances	-	-	-	-	-	970	-	(970)	-
Dividends paid	-	-	-	-	-	-	-	(5,914)	(5,914)
Balance at 31 December 2023	**58**	**6,360**	**2,076**	**2,018**	**14,687**	**1,155**	**336**	**41,318**	**68,008**

	Share capital USD000	Share premium USD000	Non-distributable reserve USD000	Fair value through other comprehensive income USD000	Property revaluation reserve USD000	General reserve USD000	Share-based payment reserve USD000	Retained earnings USD000	Total equity USD000
Balance at 1 January 2022	**58**	**6,360**	**2,076**	**4,806**	**8,473**	**-**	**335**	**30,063**	**52,171**
Profit for the year	-	-	-	-	-	-	-	12,212	12,212
Other comprehensive income for the year	-	-	-	147	8,309	-	-	-	8,456
Total comprehensive income for the year	**-**	**-**	**-**	**147**	**8,309**	**-**	**-**	**12,212**	**20,668**
Recognition of share - based payments	-	-	-	-	-	-	5	-	5
Issue of ordinary shares under share-based payment plans	-	-	-	-	-	-	(5)	-	(5)
Impairment of fair value through other comprehensive	-	-	-	(426)	-	-	-	-	(426)
Regulatory impairment allowances	-	-	-	-	-	185	-	(185)	-
Dividends paid	-	-	-	-	-	-	-	(4,508)	(4,508)
Balance at 31 December 2022	**58**	**6,360**	**2,076**	**4,527**	**16,782**	**185**	**335**	**37,582**	**67,905**

Consolidated Statement of Changes in Equity
for the year ended 31 December 2023

Historical unaudited***	Share capital ZWL000	Share premium ZWL000	Non-distributable reserve ZWL000	Fair value through other comprehensive income ZWL000	Property revaluation reserve ZWL000	General reserve ZWL000	Share-based payment reserve ZWL000	Retained earnings ZWL000	Total equity ZWL000
Balance at 1 January 2023	**216**	**24,160**	**7,785**	**3,601,907**	**15,083,797**	**126,981**	**26,403,501**	**45,253,357**	**45,253,357**
Profit for the year	-	-	-	-	-	-	-	270,881,495	270,881,495
Other comprehensive income for the year	-	-	-	35,637,422	169,006,386	-	-	-	204,643,808
Total comprehensive income for the year	**-**	**-**	**-**	**35,637,422**	**169,006,386**	**-**	**-**	**270,881,495**	**475,525,303**
Recognition of share-based payments	-	-	-	-	-	-	7,479	-	7,479
Regulatory impairment allowances	-	-	-	-	-	5,921,746	-	(5,921,746)	-
Dividend paid	-	-	-	-	-	-	-	(17,854,901)	(17,854,901)
Balance at 31 December 2023	**216**	**24,160**	**7,785**	**39,239,329**	**184,090,183**	**6,048,727**	**12,489**	**273,508,349**	**502,931,238**

	Share capital ZWL000	Share premium ZWL000	Non-distributable reserve ZWL000	Fair value through other comprehensive income ZWL000	Property revaluation reserve ZWL000	General Reserve ZWL000	Share-based payment reserve ZWL000	Retained earnings ZWL000	Total equity ZWL000
Balance at 1 January 2022	**216**	**24,085**	**7,785**	**1,014,591**	**2,220,734**	**-**	**2,274**	**6,902,434**	**10,172,119**
Profit for the year	-	-	-	-	-	-	-	21,417,061	21,417,061
Other comprehensive income for the year	-	-	-	2,587,316	12,863,063	-	-	-	15,450,379
Total comprehensive income for the year	**-**	**-**	**-**	**2,587,316**	**12,863,063**		**-**	**21,417,061**	**36,867,440**
recognition of share-based payments	-	-	-	-	-	-	2,768	-	2,768
Issue of ordinary shares under share-based payment plans	-	75	-	-	-	-	(32)	-	43
Regulatory impairment allowances	-	-	-	-	-	126,981	-	(126,981)	-
Dividend paid	-	-	-	-	-	-	-	(1,789,013)	(1,789,013)
Balance at 31 December 2022	**216**	**24,160**	**7,785**	**3,601,907**	**15,083,797**	**126,981**	**5,010**	**26,403,501**	**45,253,357**

***Refer to note 2.4.2

Separate Statement of Changes in Equity
for the year ended 31 December 2023

Audited	Share capital USD000	Share premium USD000	Non-distributable reserve USD000	Fair value through other comprehensive income USD000	Property revaluation reserve USD000	General reserve USD000	Share-based payment reserve USD000	Retained earnings USD000	Total equity USD000
Balance at 1 January 2023	**58**	**6,360**	**2,076**	**6,163**	**16,203**	**185**	**335**	**36,762**	**68,142**
Profit for the year	-	-	-	-	-	-	-	10,633	10,633
Other comprehensive income for the year	-	-	-	(3,041)	(1,603)	-	-	-	(4,644)
Total comprehensive income for the year	**-**	**-**	**-**	**(3,041)**	**(1,603)**	**-**	**-**	**10,633**	**5,989**
Recognition of share - based payments	-	-	-	-	-	-	1	-	1
Regulatory impairment allowances	-	-	-	-	-	970	-	(970)	-
Dividends paid	-	-	-	-	-	-	-	(5,914)	(5,914)
Balance at 31 December 2023	**58**	**6,360**	**2,076**	**3,122**	**14,601**	**1,155**	**336**	**40,511**	**68,219**

	Share capital USD000	Share premium USD000	Non-distributable reserve USD000	Fair value through other comprehensive income USD000	Property revaluation reserve USD000	General reserve USD000	Share-based payment reserve USD000	Retained earnings USD000	Total equity USD000
Balance at 1 January 2022	**58**	**6,360**	**2,076**	**5,329**	**7,980**	**-**	**335**	**30,063**	**52,201**
Profit for the year	-	-	-	-	-	-	-	11,391	11,391
Other comprehensive income for the year	-	-	-	834	8,223	-	-	-	9,057
Total comprehensive income for the year	**-**	**-**	**-**	**834**	**8,223**	**-**	**-**	**11,391**	**20,448**
Recognition of share - based payments	-	-	-	-	-	-	5	-	5
Issue of ordinary shares under share-based payment plans	-	-	-	-	-	-	(5)	-	(5)
Regulatory impairment allowances	-	-	-	-	-	185	-	(185)	-
Dividends paid	-	-	-	-	-		-	(4,507)	(4,507)
Balance at 31 December 2022	**58**	**6,360**	**2,076**	**6,163**	**16,203**	**185**	**335**	**36,762**	**68,142**

Historical unaudited ***	Share capital ZWL000	Share premium ZWL000	Non-distributable reserve ZWL000	Fair value through other comprehensive income ZWL000	Property revaluation reserve ZWL000	General reserve ZWL000	Share-based payment reserve ZWL000	Retained earnings ZWL000	Total equity ZWL000
Balance at 1 January 2023	**216**	**24,160**	**7,785**	**6,311,658**	**13,530,151**	**126,981**	**5,010**	**25,398,970**	**45,404,931**
Profit for the year	-	-	-	-	-	-	-	230,696,487	230,696,487
Other comprehensive income for the year	-	-	-	86,913,588	152,167,696	-	-	-	239,081,284
Total comprehensive income for the year	**-**	**-**	**-**	**86,913,588**	**152,167,696**	**-**	**-**	**230,696,487**	**469,777,771**
Recognition of share - based payments	-	-	-	-	-	-	7,479	-	7,479
Regulatory impairment allowances	-	-	-	-	-	5,921,746	-	(5,921,746)	-
Dividends paid	-	-	-	-	-	-	-	(17,854,901)	(17,854,901)
Balance at 31 December 2023	**216**	**24,160**	**7,785**	**93,225,246**	**165,697,847**	**6,048,727**	**12,489**	**232,318,810**	**497,335,280**

	Share capital ZWL000	Share premium ZWL000	Non-distributable reserve ZWL000	Fair value through other comprehensive income ZWL000	Property revaluation reserve ZWL000	General reserve ZWL000	Share-based payment reserve ZWL000	Retained earnings ZWL000	Total equity ZWL000
Balance at 1 January 2022	**216**	**24,085**	**7,785**	**1,198,141**	**2,037,184**	**-**	**2,274**	**6,902,434**	**10,172,119**
Profit for the year	-	-	-	-	-	-	-	20,412,529	20,412,529
Other comprehensive income for the year	-	-	-	5,113,517	11,492,967	-	-	-	16,606,484
Total comprehensive income for the year	**-**	**-**	**-**	**5,113,517**	**11,492,967**	**-**	**-**	**20,412,529**	**37,019,013**
Recognition of share - based payments	-	-	-	-	-	-	2,768	-	2,768
Issue of ordinary shares under share-based payment plans	-	75	-	-	-	-	(32)	-	43
Regulatory impairment allowances	-	-	-	-	-	126,981	-	(126,981)	-
Dividends paid	-	-	-	-	-		-	(1,789,012)	(1,789,012)
Balance at 31 December 2022	**216**	**24,160**	**7,785**	**6,311,658**	**13,530,151**	**126,981**	**5,010**	**25,398,970**	**45,404,931**

***Refer to note 2.4.2

Consolidated Statement of Cash Flows
for the year ended 31 December 2023

		Audited		Historical unaudited ***	
	Notes	2023 USD000	Restated 2022 USD000	2023 ZWL000	Restated 2022 ZWL000
Cash flows from operating activities					
Profit before tax		**14,626**	**17,354**	**310,077,380**	**24,140,685**
Adjustments:					
Depreciation of property, equipment and right of use asset impairment	9.1.2	3,870	1,254	7,889,681	922,800
Software amortisation	9.1.2	376	317	3,041	3,041
Impairment loss on financial assets	11	4,638	995	34,421,644	684,090
Loss arising from change in valuation of treasury bills	9.2.3	2,864	-	17,485,985	-
Unrealised profit from foreign currency position**		(12,565)	(10,728)	(107,052,523)	(3,128,128)
Share of profit/(loss) from joint venture	25	5,273	(4,424)	(115,107,786)	(10,395,324)
Fair value loss on investment property	21	2,225	612	(25,722,522)	(2,770,874)
Dividend income	8	(382)	(423)	(921,957)	(206,569)
Loss on disposal of property and equipment	20	63	8	155,586	4,752
Interest on investment securities	4	(2,842)	(1,118)	(7,224,437)	(510,879)
Amortisation of staff loan benefits		12	883	(608,056)	(2,588)
Interest on lease liabilities	26.2	389	269	1,583,195	139,574
Interest accrued on deposits *		1,314	688	5,681,012	421,814
Net monetary loss		-	9,418	-	-
Share based payment expense		1	5	7,479	2,767
Interest income accrued on loans, promisory notes and bank balances *		(24,677)	(19,350)	(87,183,956)	(9,542,159)
Cash flow from operating activities		**(4,815)**	**(4,240)**	**33,483,766**	**(236,998)**
Increase in loans and advances to customers*		(45,878)	(30,083)	(479,097,452)	(38,126,520)
(Increase)/decrease in other assets**		(14,722)	2,311	(45,116,843)	(35,271,112)
Increase in deposits from customers**		35,599	60,585	659,451,222	78,781,729
Increase in other liabilities**		4,039	15,417	56,793,889	11,546,778
Corporate income tax paid	33	(3,769)	(5,641)	(19,760,798)	(3,195,019)
Interest received on loans, promisory notes and bank balances *		22,497	15,980	82,122,850	8,824,387
Interest paid on deposits*		(1,022)	(661)	(6,551,137)	(2,086,812)
Net cash (used in)/generated from operating activities		**(8,071)**	**53,668**	**281,325,497**	**20,236,432**
Cash flows from investing activities					
Purchase of property, equipment and intangible assets	19	(2,577)	(1,553)	(8,797,362)	(888,715)
Proceeds from sale of property and equipment	20	135	119	448,523	113,301
Purchase of gold-backed digital tokens	15	(4,320)	-	(20,558,083)	-
Dividends received		382	423	921,957	206,569
Interest received from investment securities		599	774	3,202,126	275,639
Purchase of investment securities		(11,404)	(24,596)	(28,341,330)	(11,179,681)
Proceeds from sale and maturities of investment securities		8,907	9,867	23,818,250	4,022,196
Net cash used in investing activities		**(8,278)**	**(14,966)**	**(29,305,919)**	**(7,450,691)**
Cash flows from financing activities					
Proceeds from issue of shares under a share based payment plan		-	-	-	45
Increase in balances due to banks		22,968	-	148,252,751	-
Dividend paid		(5,914)	(4,508)	(17,854,901)	(1,789,013)
Lease liabilities payments	26	(642)	(624)	(3,920,732)	(332,490)
Net cash generated from/(used in) financing activities		**16,412**	**(5,132)**	**126,477,118**	**(2,121,458)**
Net increase in cash and cash equivalents		**63**	**33,570**	**378,496,695**	**10,664,283**
Cash and cash equivalents at the beginning of the year		78,002	45,513	53,609,309	9,099,463
Exchange (loss)/gain on foreign cash balances**		(7,188)	(1,081)	634,922	33,845,563
Cash and cash equivalents at the end of the year		**70,877**	**78,002**	**432,740,926**	**53,609,309**

*Prior year numbers were restated to disclose seperately interest received, paid and accrued. Refer to note 14.1 for further details.
**Prior year numbers were restated to disclose seperately effects of exchange rate movement. Refer to note 14.1 for further details.
***Refer to note 2.4.2

Separate Statement of Cash Flows
for the year ended 31 December 2023

		Audited		Historical unaudited ***	
	Notes	2023 USD000	Restated 2022 USD000	2023 ZWL000	Restated 2022 ZWL
Cash flows from operating activities					
Profit before tax		**14,644**	**15,635**	**266,159,370**	**22,806,290**
Adjustments:					
Depreciation of property, equipment and right of use asset impairment	9.2.2	3,870	1,254	7,889,681	922,800
Software amortisation	9.2.2	376	317	3,041	3,041
Impairment loss on financial assets	11	4,638	995	34,421,644	684,090
Loss arising from change in valuation of treasury bills	9.2.3	2,864	-	17,485,985	-
Unrealised profit from foreign currency position**		(12,565)	(10,728)	(107,052,523)	(3,128,128)
Share of profit /(loss) from joint venture	25	5,273	(4,424)	(115,107,786)	(10,395,324)
Fair value loss on investment property	21	2,225	612	(25,722,522)	(2,770,874)
Dividend income	8	(382)	(423)	(921,957)	(206,569)
Loss on disposal of property and equipment	20	63	8	155,586	4,752
Interest on investment securities	4	(2,842)	(1,118)	(7,224,437)	(510,879)
Amortisation of staff loan benefits		12	883	(608,056)	(2,588)
Interest on lease liabilities	26.2	389	269	1,583,195	139,574
Interest accrued on deposits *		1,314	688	5,681,012	421,814
Net monetary loss		-	8,136	-	-
Share based payment expense		1	5	7,479	2,767
Interest income accrued on loans, promisory notes and bank balances *		(24,677)	(19,350)	(87,183,956)	(9,542,159)
Cash flow from operating activities		**(4,797)**	**(7,241)**	**(10,434,244)**	**(1,571,393)**
Increase in loans and advances to customers*		(45,878)	(30,083)	(479,097,452)	(38,126,520)
(Increase)/decrease in other assets**		(13,219)	4,468	(33,752,334)	(35,134,703)
Increase in deposits from customers**		37,581	65,593	698,431,608	82,192,777
Increase in other liabilities**		4,536	15,373	56,203,476	11,432,380
Corporate income tax paid	33	(3,769)	(5,641)	(19,760,798)	(3,195,019)
Interest received on loans, promisory notes and bank balances *		22,497	15,980	82,122,850	8,824,387
Interest paid on deposits*		(1,022)	(661)	(6,551,137)	(2,086,812)
Net cash (used in)/ generated from operating activities		**(4,071)**	**57,788**	**287,161,969**	**22,335,097**
Cash flows from investing activities					
Purchase of property, equipment and intangible assets	19	(2,577)	(1,553)	(8,797,362)	(888,715)
Proceeds from sale of property and equipment	20	135	119	448,523	113,301
Purchase of gold-backed digital tokens	15	(4,320)	-	(20,558,083)	-
Investment in subsidiary	23	(4,000)	(4,121)	(5,836,473)	(2,098,666)
Dividends received		382	423	921,957	206,569
Interest received from investment securities		599	774	3,202,126	275,639
Purchase of investment securities		(11,404)	(24,596)	(28,341,330)	(11,179,681)
Proceeds from sale and maturities of investment securities		8,907	9,867	23,818,250	4,022,196
Net cash used in investing activities		**(12,278)**	**(19,087)**	**(35,142,392)**	**(9,549,357)**
Cash flows from financing activities					
Proceeds from issue of shares under a share based payment plan		-	-	-	45
Increase in balances due to banks		22,968	-	148,252,751	-
Dividend paid		(5,914)	(4,507)	(17,854,901)	(1,789,012)
Lease liabilities payments	26	(642)	(624)	(3,920,732)	(332,490)
Net cash generated from/(used in) financing activities		**16,412**	**(5,131)**	**126,477,118**	**(2,121,457)**
Net increase in cash and cash equivalents		**63**	**33,570**	**378,496,695**	**10,664,283**
Cash and cash equivalents at the beginning of the year		78,002	45,513	53,609,309	9,099,463
Exchange (loss)/gain on foreign cash balances**		(7,188)	(1,081)	634,922	33,845,563
Cash and cash equivalents at the end of the year		**70,877**	**78,002**	**432,740,926**	**53,609,309**

*Prior year numbers were restated to disclose seperately interest received, paid and accrued. Refer to note 14.1 for further details.
**Prior year numbers were restated to disclose seperately effects of exchange rate movement.Refer to note 14.1 for further details.
***Refer to note 2.4.2

1 General information and statement of compliance

1.1 General information

First Capital Bank Limited ("the Bank") provides retail, corporate and investment banking services in Zimbabwe. The Bank which is incorporated and domiciled in Zimbabwe is a registered commercial bank under the Zimbabwe Banking Act Chapter (24:20). The ultimate parent company is FMBcapital Holdings PLC which is incorporated in Mauritius. The Bank is listed on the Victoria Falls Stock Exchange and is registered under registration number 148/1981.

1.2 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS"), in a manner required by the Companies and Other Business Entities Act, (Chapter 24:31), the Zimbabwe Banking Act (Chapter 24:20) and the Banking Amendment Act of 2015.

2 Accounting policies

The accounting policies applied in the preparation of these consolidated and separate financial statements are consistent with the most recent financial statements for the year ended 31 December 2022 except for the change in functional currency as stated in note 2.4.

2.1 Basis of preparation

The consolidated and separate financial results have been prepared and presented on the basis that they reflect the information necessary to be fair in accordance with IFRS standards as well as the requirements of the Companies Act (Chapter 24.03) and the Banking Act (Chapter 24.20).

2.2 Basis of measurement

The consolidated and separate financial statements for the period are measured on historical cost basis except for the following:
i) Fair value through OCI equity investments and debt instruments measured at fair value
ii) Fair value through profit and loss debt instruments for trading measured at fair value
iii) Investment property measured at fair value
iv) Property and equipment measured at fair value using the revaluation method
v) Investment in joint venture, the underlying investment property is measured at fair value

The consolidated and separate annual financial statements have been prepared on the basis of accounting policies applicable to a going concern entity.

2.3 Basis of consolidation

The consolidated annual financial statements comprise the financial statements of the Bank and its subsidiary. Both companies in the Group have a 31 December year end. Inter-group transactions, balances, income and expenses were eliminated on consolidation.

The Bank owns 100% in Thulile (Private) Limited, a company that owns a piece of land measuring 18 786 sqm. The property is currently not leased out and construction of First Capital Bank head office is in progress on the land. The Bank therefore prepares consolidated financial statements per IFRS 10 Consolidated Financial Statements requirements. Investment in subsidiary and equity of the subsidiary are eliminated when consolidating. No goodwill or gain on bargain purchase arose on acquisition of Thulile (Private) Limited .

2.4 Functional and presentation currency

2.4.1 Change in functional currency

The consolidated and separate financial statements are presented in United States Dollars (USD), the functional and presentation currency of the Group.The Group changed its functional currency from Zimbabwe Dollars (ZWL) to United States Dollars (USD) with effect from 1 January 2023.

"The Bank migrated its listing to the Victoria Falls Stock Exchange (VFEX) during the period under review. Being established in an Offshore Financial Services Centre, the primary currency for trading on the VFEX is the United States Dollar. Consequently, it is expected that future funding for the Bank in the form of equity or listed debt instruments will be generated in United States Dollars. In that context, financial reporting in United States Dollars provides targeted users of financial statements information that presents the performance of the bank and the status of its balance sheet in a more understandable manner with fewer complexity than existed under inflation adjusted results in Zimbabwean dollars.

Other factors evaluated to support the change in functional currency from ZWL to USD include:
a) the USD has become the dominant currency on the Bank's balance sheet, constituting more than 80% of both financial assets and financial liabilities;
b) more than 60% of revenue earned is denominated in USD;
c) the USD is the currency that mainly influences the Bank's labour, technology and other costs incurred in the provision of services; and
d) Zimbabwe is a multi-currency -currency environment in which the operation of USD on the market is widely recognised with some government liabilities being settled in USD.

Based on the above, the Directors concluded that conditions under IAS 21 ""The Effects of Changes in Foreign Exchange Rates"" for a change in functional currency were met during the period under review.

2 Accounting policies (continued)

2.4.2 Impact of change in functional currency

IAS 21 requires the effect of change in functional currency to be accounted for prospectively. The most recent reported IAS 29 "Financial Reporting in Hyperinflationery Economies" financial results were translated using the closing rate as at 31 December 2022. As a result of exchange rate discrepancies between the ZWL and the USD on different markets the translated values of assets carried at valuation on 31 December 2022 yielded USD values that were materially different from the actual USD values provided by independent valuers, thus distorting the opening balances in USD. As a result of this distortion, the Directors assessed the extent of overstatement of assets and effected a day one adjustment on the balance sheet to recognise this anomaly.

The effects of these adjustments are summarised below:

Impact on property and equipment

Asset	IAS 29 ZWL Value @ 31 December 2023 ZWL000	USD Equivalent* USD000	Reduction in property and equipment USD000	Reduction in Deferred Tax USD000	Reduction in other comprehensive income USD000
Land and Buildings	12,808,100	18,636	(3,640)	(900)	(2,740)
Motor Vehicles	2,419,649	3,521	(674)	-	(674)
Equipment	2,080,957	3,028	(580)	-	(580)
Furniture and Fittings	455,601	663	(127)	-	(127)
Computers	1,050,575	1,529	(293)	-	(293)
Total	**18,814,882**	**27,377**	**(5,314)**	**(900)**	**(4,414)**

Impact on joint venture and investment property

Asset	IAS 29 ZWL Value @ 31 December 2022 ZWL000	USD Equivalent* USD000	Reduction in Joint venture and investment property USD000	Reduction in Deferred Tax USD000	Reduction in current year profits
Investment in Joint Venture	13,479,693	19,613	(3,689)	-	(3,689)
Investment Property	4,079,715	5,936	(1,136)	(57)	(1,079)
Total	**17,559,408**	**25,549**	**(4,825)**	**(57)**	**(4,768)**

Impact on investment securities

Asset	IAS 29 ZWL Value @ 31 December 2022 ZWL000	USD Equivalent* USD000	Reduction in investment securities USD000	Reduction in Deferred Tax USD000	Reduction in other comprehensive income USD000
Investment in Zimswitch shares	**3,760,645**	**5,472**	**(1,479)**	**(74)**	**(1,405)**

* Converted at the 31 December 2022 rate of 687.28

The ZWL numbers are supplementary information and have not been audited. This supplementary information does not fully comply with IAS 21 "The effects of Changes in Foreign Exchange Rates."

2.5 Conversion of foreign currency transactions and balances at interbank exchange rates.

The Group used the interbank exchange rates prevailing at the dates of transactions to convert transactions in currencies other than the Group's functional currency. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the date.

2.6 Material estimates and judgements

Estimates, judgements and assumptions made by management which would have significant effects on the audited consolidated and separate financial statements are on the following areas:
a) Determination of the functional currency
b) Measurement of the expected credit losses on financial assets
c) Fair value computations on securities, investment properties, property and equipment
d) Useful lives of property and equipment; and
e) Computation of tax liabilities

2 Accounting policies (continued)

2.7 Adoption of new and revised accounting standards

During the current year, the Group has adopted all of the new and revised standards and interpretations issued by the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretation Committee (IFRIC) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2023. Further details of major new and revised accounting are in note 43.

The accounting policies applied in the consolidated and separate financial statements are consistent with the accounting policies in the most recent financial statements for the year ended 31 December 2023.

The principal accounting policies are set out below:

2.8 Revenue recognition

i) Net fee and commission income

The Group applies IFRS 15 – Revenue from contracts with customers. Net fee and commission income is calculated by subtracting fee and commission charges from fee and commission income. Fee and commission income from customer banking transactions relates to revenue earned for the rendering of services and is recognised net of any trade discounts , volume rebates and amounts received on behalf of third parties, such as sales taxes, goods and service taxes, and value added taxes. When the Group is acting as an agent, amounts collected on behalf of the principal are not income. Only net commission retained by the Group is, in this case, recognised as income. Examples of services rendered are: customer accounts maintenance, cash transactions, foreign payments, card transactions, inter-Group transfers, letters of credit facilities and internet banking transactions. The Group provide system platforms for customers to process these transactions and fee income is collected from each of the service provided.

Under IFRS 15 -Revenue from contracts with customers, entities are required to recognise revenue in a manner which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Fees and commission income earned in respect of services rendered are recognised at a point in time or over time depending on the type of service rendered.

ii) Net trading income

In accordance with IFRS 9 Financial Instruments, gains or losses on assets or liabilities reported in the trading portfolio which are measured at fair value are included in the profit or loss component of the statement of comprehensive income under gains and losses from Banking and trading activities. Interest and dividends arising from long and short positions and funding costs relating to trading activities are also included under gains and losses from Grouping and trading activities.

Income arises from both the sale and purchase of trading positions, margins which are achieved through market making and customer business and from changes in fair value caused by movements in interest and exchange rates, equity prices and other market variables.

Own credit gains/losses arise from the fair valuation of financial liabilities designated at fair value through the profit or loss component of the statement of comprehensive income.

iii) Net interest income

Interest income on loans and advances at amortised cost, debt instruments at fair value through other comprehensive income, and interest expense on financial liabilities held at amortised cost, are calculated using the effective interest method which allocates interest, direct and incremental fees and costs, over the expected lives of the assets and liabilities.

Net interest income also includes other interest income and other charges which are not recognised based on the effective interest method.

IFRS 9 requires interest income to be calculated on stage 1 or stage 2 financial assets by multiplying effective interest rate (EIR) by the gross carrying amount of such assets. In addition IFRS 9 requires interest income to be recognised on Stage 3 assets based on the net carrying amount (gross loan less expected credit loss allowance). To achieve this requirement the Group first suspends the recognition of contractual interest and then adjusts by applying effective interest rate on the net carrying amount of the financial assets.

2.9 Leasing

As lessor

The Group entered into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

As a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; and

- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) every quarter.

2 Accounting policies (continued)

2.9 Leasing (Continued)

As a lessee (Continued)

• The lease payments change due to changes in payment terms, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

• A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right of use asset

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The right of use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 to determine whether a right of use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group applied practical expedience on lease and non-lease components where for all contracts that contain a lease component and one or more additional lease or non-lease components, the Group aggregates the consideration. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.10 Employee benefits

Defined contribution schemes:

The Group recognises contributions due to defined contribution plans as an expense as and when the services are rendered by employees that entitle them to such contributions. Any contributions unpaid at the reporting date are therefore included as a liability.

Defined benefit schemes:

The Group has a defined benefit liability which relates to pensioners whose lifetime annuities were guaranteed by the Group's Pension Fund, of which the Group is the sponsor.

The Group recognises its obligation (determined using the projected unit credit method) to members of the scheme at the period end, less the fair value of the scheme assets. Scheme assets are stated at fair value as at the reporting period end.

Costs arising from regular pension cost, interest on net defined benefit liability or asset, past service cost settlements or contributions to the plan are recognised in profit or loss.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses and the effect of the asset ceiling (if applicable) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Adjustments recorded in other comprehensive income are not recycled. However, the Group may transfer those amounts recognised in other comprehensive income within equity.

Interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Gains and losses on curtailments are recognised when the curtailment occurs, which may be when a demonstrable commitment to a reduction in benefits, or reduction in eligible employees, occurs. The gain or loss comprises any change in the present value of the obligation and the fair value of the assets. Where a scheme's assets exceed its obligation, an asset is recognised to the extent that it does not exceed the present value of future contribution holidays or refunds of contributions.

The Group faces a number of actuarial risks such as;

Investment risk - Actual returns maybe less than what is anticipated which may result in less assets to cover the benefits therefore the Group will have to fund the shortfall.

Longevity risk - pensioners may live longer than expected resulting in an increase in pension liability.

Measurement risk- the liability is measured using various assumptions including discount rate and inflation. These variables may fluctuate than anticipated.

Regulatory risk - pension liabilities are measured based on current rules, however there be may changes to the rules resulting from the regulatory changes.

Staff costs

Short-term employee benefits, including salaries, accrued performance costs, salary deductions and taxes are recognised over the reporting period in which the employees provide the services to which the payments relate. Performance costs are recognised to the extent that the Group has a present obligation to its employees that can be measured reliably and are recognised on an undiscounted basis over the period of service that employees are required to work to qualify for the services.

Fair value loss from staff loans relating to the differential between staff loans interest rates and market rate is expensed over the life of the loan.

2 Accounting policies (continued)

2.11 Share-based payments

The Group operates a local equity-settled share-based payment plan.

Employee services settled in equity instruments

The cost of the employee services received in respect of the shares or share options granted is recognised in profit or loss over the period that employees provide services, generally the period in which the award is granted or notified and the vesting date of the shares or options. The overall cost of the award is calculated using the number of shares and options expected to vest and the fair value of the shares or options at the date of grant.

The number of shares and options expected to vest takes into account the likelihood that performance and service conditions included in the terms of the awards will be met. Failure to meet the non-vesting condition is treated as a cancellation, resulting in an acceleration of recognition of the cost of the employee services.

The fair value of shares is the market price ruling on the grant date, in some cases adjusted to reflect restrictions on transferability. The fair value of options granted is determined using option pricing models to estimate the numbers of shares likely to vest. These take into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Market conditions that must be met in order for the award to vest are also reflected in the fair value of the award, as are any other non-vesting conditions.

2.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Income tax payable on taxable profits is recognised as an expense for the year in which the profits arise.

Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offsetting against taxable profits arising in the current or prior reporting period.

Provisions are recognised for pending tax audit issues based on estimates of whether additional taxes will be due after taking into account legal advice, progress made in the discussions or negotiations with tax authorities and previous tax precedents.

Where the outcome of such matters is different from the amounts provided, the amounts will affect current period only.

Deferred taxation

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax not recognised in profit or loss

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.13 Property and equipment

Property and equipment are shown at fair value based on periodic valuation done every year by external independent valuers, less subsequent accumulated depreciation and impairment for buildings. Where there are significant changes in fair value, revaluation is done annually. Revaluation gains are credited to revaluation reserve whilst losses reduce previously recognised gains to the extend of credits in the revaluation reserve. Any losses above previous revaluation credits are charged to profit or loss. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. Historical cost includes costs that are directly attributable to the acquisition of the items.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Revaluation reserves for disposed property will be reclassified from revaluation reserve to retained income at the point of de-recognition.

For an estimate of useful lives refer to note 3 - Judgements and Estimates xii - (Useful lives and residual values).

2.14 Investment in subsidiary

In 2021, the Group acquired 100% shareholding in Thulile (Private) Limited which owns a piece of land measuring 18786 square metres. The subsidiary also holds cash and raw materials to be consumed in the construction of First Capital Bank head office. The Group consolidates this subsidiary presenting consolidated financial statements per IFRS10 requirements. Equity of the subsidiary is eliminated when consolidating.

2 Accounting policies (continued)

2.15 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.16 Investment in joint venture

A joint venture is a contractual arrangement whereby two or more parties (venturers) undertake an economic activity that is subject to joint control through a company, partnership or other entity. Joint control exists only when the strategic, financial and operating decisions relating to the activity require unanimous consent of the venturers.

The performance results, assets and liabilities of a jointly controlled entity are incorporated in these financial statements using the equity method of accounting. The investment in a jointly controlled entity is carried in the balance sheet at cost, plus post-acquisition changes in the Group`s share of net assets in the entity, less distributions received and less any impairment in the value of the investment. The Group`s profit or loss statement reflects the Group`s share of profit after tax of the jointly controlled entity.

The Group assesses investments in jointly controlled entities for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Where the carrying amount exceeds the recoverable amount, the investment is written down to its recoverable amount.

The Group ceases to use the equity method of accounting on the date from which it no longer has joint control or significant influence over the joint venture, or when the interest becomes held for sale.

2.17 Intangible assets – Computer Software

Intangible assets include acquired core banking, switch and other software and licences which are accounted for in accordance with IAS 38: Intangible Assets. The asset which is controlled by the entity must be separately identifiable, reliably measured and should be probable that future economic benefits will arise from the asset.

Implementation costs are capitalised only if they can be measured reliably and the asset will bring future economic benefits.Other implementation expenditure not meeting this definition will be expensed.

Intangible assets are stated at cost less accumulated amortisation and any provision for impairment. The assets are amortised over their useful lives in a manner that reflects the pattern in which they contribute to future cash-flows.

2.17.1 Impairment of intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless if it relates to an asset accounted for under revaluation model where the impairment will be accounted for in equity as a revaluation decrease up to the extent of previous revaluation surpluses.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss or in equity for the assets which are accounted for under the revaluation model.

2.18 Provisions, contingent liabilities and undrawn commitments Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the statement of financial position but are disclosed unless the outflow of economic resources is remote.

At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) and the amount initially recognised less cumulative amortisation recognised in accordance with IFRS 15.

Undrawn commitments

Under IFRS 9, the provision for impairment for undrawn commitments is provided for depending on the nature of the product. Depending on the product any undrawn commitment will be included in Exposure At Default (EAD). For revolving commitment the EAD includes the current drawn balance plus any further amount that is expected to be drawn up by the time of default, should it occur.

2 Accounting policies (continued)
2.19 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are capitalised to the initial carrying amount of the financial asset/liability, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets then the instrument should be recognised at the fair value derived from such observable market data.

2.19.1 Financial assets and financial liabilities

Financial assets mapping table vs. accounting policies

The following table shows the classification of financial assets, the business model and the subsequent measurement.

Financial instrument	Business model	IFRS 9 classification	IFRS9 subsequent measurement
Loans and advances to customers	Hold to collect contractual cash-flows (note 2.16 (i))	Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Staff loans are measured at market interest rates and fair value loss is expensed as staff costs.
Loans and receivable from banks (held for investment purposes)	Hold to collect contractual cash-flows (note 2.16 (i))	Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange on derecognition is recognised in profit or loss.
Investment securities-debt (held for liquidity purposes)	Hold to collect contractual cash-flows and sell(note 2.16 (ii))	Financial assets at fair value through Other Comprehensive Income (OCI)	These assets are subsequently measured at fair value. Interest income impairment is recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Investment securities-equity	Other business model	Financial assets at fair value through Other Comprehensive Income	These assets are subsequently measured at fair value.
Derivative financial instruments	Other	Financial assets at fair value through profit and loss	The asset is subsequently measured at fair value
Legacy Treasury bills	Other	Financial assets at armotised cost	The asset is subsequently measured at armotised cost

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

i) Amortised cost;
ii) Fair Value Through Other Comprehensive Income (FVOCI) – debt investments;
iii) Fair Value Through Other Comprehensive Income – equity investments or;
iv) Fair value through profit or loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The categories of financial assets and business models are explained as follows:

i) Hold to collect contractual cash-flows - financial assets held at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

a) It is held within a business model whose objective is solely to hold assets to collect contractual cash flows; and
b) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

- These assets are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Interest income of loans and debt instruments in stage 1 and stage 2 is recognised on the outstanding loan balance based on original effective interest rate. When loans are in stage 3 interest income is recognised only on the expected recoverable balance.

The financial assets in this category include the loans and advances, debt instruments held for investment and Group balances.

2 Accounting policies (continued)
2.19.1 Financial assets and financial liabilities (Continued)

ii) Hold to collect contractual cash-flows and sell - financial assets at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

a) It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
b) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

These assets include debt instruments held for liquidity management.

iii) Other business models - equity investments at fair value through OCI

On initial recognition of an equity investment that is not held for trading, the Group irrevocably elects to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. These assets include equity investments.

iv) Hold to sell - financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. They are held for selling and profit making. The assets are subsequently measured at fair value. Gains and losses are recognised in profit or loss. These assets include debt instruments held for selling and derivatives.

Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.

- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.

- Significant extension of the loan term when the borrower is not in financial difficulty.

- Significant change in the interest rate.

- Change in the currency the loan is denominated in.

Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan if the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new ' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on de-recognition.

If the terms are not substantially different, the renegotiation or modification does not result in de-recognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Modified loans are assessed for significant increase in credit risk, if there is a significant increase in credit risk the loan will be downgraded to stage 2 and lifetime impairment will be calculated.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses (ECLs) associated with its debt instrument assets, loans and advances carried at amortised cost and FVOCI and with the exposure arising from loan commitments, Group balances and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date.

Subsequent increases or decreases in impairment will be recorded in the statement of comprehensive income.

Expected credit loss measurement

ECLs are measured on either a 12 month or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether the asset is considered credit impaired.

ECLs are a probability-weighted discounted product of Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the portfolio.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Groups exposed to credit risk.

The Group uses a portfolio based approach to calculation of ECLs. The portfolios are segmented into retail and corporate and further by product.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full without recourse by the Group to actions such as realising security (if any is held) or the financial asset is more than 90 days past due.

2 Accounting policies (continued)

2.19.1 Expected credit loss measurement (Continued)

IFRS 9 outlines a three stage model for impairment based on changes in credit quality since initial recognition. The loss allowance is measured on either of the following basis:

i) 12 - month ECLs (Stage 1 - no significant increase in credit risk)

These are ECLs on financials instruments not credit impaired on initial recognition and they are in the performing grade. These are a portion of lifetime ECLs that result from possible default events within the 12 months after the reporting date. The ECLs are measured on the assets with the following grading:

- Corporate loans with regulatory grades from 1 – 3
- Retail loans graded in bucket 0 and bucket 1 (bucket 0 no missed instalment, bucket 1 instalment overdue but less than 30 days)
- Debt securities, loans to Groups and Group balances which are performing grade

- These are a product of 12 month PD, 12 month LGD and EAD

ii) Lifetime ECLs (Stage 2 – significant increase in credit risk)

These are ECLs that result from all possible default events over the expected life of a financial instrument.
These ECLs are measured on assets with significant increase in credit risk since initial recognition.

- Corporate loans with regulatory grades from grade 4 to grade 7
- Retail loans in bucket 2 to 3 (bucket 2 is 30 days to 60 days past due, bucket 3 is 60 days to 89 days past due)
- Debt securities, loans to Groups and Group balances classified from grade 4 - 7 or standard monitoring grade
- These are a product of lifetime PD, lifetime LGD and EAD

iii) Lifetime ECLs (Stage 3 – default)

These ECLs are measured on all credit impaired/ in default credit exposures.

- These are corporates in regulatory grade 8 - 10 and retail loans in bucket 4, and debt securities, loans to banks, bank balances in default
- All exposures which are 90 days past due
- These are a product of default PD, lifetime LGD and EAD

Note 37.5 provides more detail of how the expected credit loss allowance is measured.

Significant increase in credit risk (SICR)

When determining whether the credit risk of a financial asset has increased significantly since initial recollection and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort this includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment including forward looking information, refer to note 37.3 (d) for examples of significant increase in credit risk.

Following impairment, interest income continues to be recognised at the original effective interest rate on the restated carrying amount, representing the unwind of the discount of the expected cash flows, including the principal due on non-accrual loans.

Uncollectable loans are written off against the related allowance for loan impairment on completion of the Group's internal processes and all recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the profit or loss component of the statement of comprehensive income.

Benchmarking ECL

Corporate exposures

The ECL for all financial instruments portfolios is determined from an impairment model. However due to lack of enough historical information on corporate portfolio defaults from which PD and LGD are derived, a judgemental benchmarking is used parallel to the corporate model output. The higher of benchmarking ECL and the model output is considered as the final ECL stock.

Treasury

ECL for treasury exposures is based on benchmarked PDs and LGDs due to lack of historical data.

Retail

ECL for retail exposures are totally based on model output with no benchmarking comparative since enough historical default data was available when designing the calculation model.

De-recognition of financial assets

Full de-recognition only occurs when the rights to receive cash flows from the asset have been discharged, cancelled or have expired, or the Group transfers both its contractual right to receive cash flows from the financial assets (or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment) and substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk. When an asset is transferred, in some circumstances, the Group may retain an interest in it (continuing involvement) requiring the Group to repurchase it in certain circumstances for other than its fair value on that date.

Financial liabilities

All financial liabilities are held or measured at amortised cost with the exception of derivative liabilities. The Group did not elect to irrevocably designate financial liabilities as measured at fair value through profit or loss as permitted by IFRS 9.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified (taking into account both quantitative and qualitative factors), such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss component of the statement of comprehensive income. Where the terms of an existing liability are not substantially modified, the liability is not derecognised. Costs incurred on such transactions are treated as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.19.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary share capital

Proceeds are included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when paid or declared by the Board.

2 Accounting policies (continued)

2.19.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- The amount of impairment allowance measured in accordance with IFRS 9; and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies of IFRS 15.

Any increase in the liability relating to guarantees is recognised in profit or loss. Any liability remaining is credited to profit or loss when the guarantee is discharged, cancelled or expires.

2.19.4 Loan commitments

The Group enters into commitments to lend to its customers subject to certain conditions. Such loan commitments are made either for a fixed period, or are cancellable by the Group subject to notice conditions. Provision is made for undrawn loan commitments to be provided at below-market interest rates and for similar facilities, if it is probable that the facility will be drawn and result in recognition of an asset at an amount less than the amount advanced.

2.19.5 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

2.20 Offsetting

In accordance with IAS 32 Financial Instruments: Presentation, the Group reports financial assets and financial liabilities on a net basis on the statement of financial position only if there is a current legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.21 Cash and cash equivalents

For the purposes of the statement of cash flows, cash comprises cash on hand and demand deposits with banks . Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less.

2.22 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Group and the number of basic weighted average number of ordinary shares excluding treasury shares held in employee benefit trusts or held for trading. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effects of all dilutive potential ordinary shares held.

2.23 Segment reporting

Management has determined the operating segments based on the reports reviewed by the Country Management Committee (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance. All operating segments used by the Group meet the definition of a reportable segment under IFRS 8 Operating Segments. The Country Management Committee assesses the performance of the operating segments monthly based on a measure of profit or loss. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and legal expenses. The measure also excludes the effects of equity-settled share-based payments and unrealised gains or losses on financial instruments.
The Group has three broad business segments:

1. Retail Banking - focuses on individual customers with product offering that incorporates direct debit facilities, current and savings accounts, investment savings products, safe custody, debit cards, consumer loans and mortgages.

2. Treasury- focuses on management of the overall Bank operating asset balances and balance sheet structure. Main products include financial instruments and foreign currency trading.

3. Corporate Banking - focuses on corporates, multi-nationals and non-governmental organisations. Product offering includes current accounts, overdrafts, loans and foreign currency products.

Revenue allocated to the segments is from external customers . There were no trading revenues from transactions with a single external customer that amounted to 10% or more of the Group's revenues. Costs incurred by support functions are allocated to the business segments on the basis of the determined cost drivers.

3. Judgements and estimates

In the preparation of the annual financial statements, management is required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period.

Judgements made by management that could have a significant effect on the amounts recognised in the financial statements include:

i) Functional currency

Determination of the functional currency
The Directors determined that the functional currency of the Bank and the Group is USD based on requirements and conditions under IAS 21 "The Effects of Changes in Foreign Exchange Rates" for the determination of functioanal currency. Refer to note 2.4 section for functional and presentation currency.

ii) Measurement of the expected credit loss allowance (ECL)
The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 37.2(c-e), which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL such as determination of EAD PD;
- Establishing the number and relative weightings of forward -looking scenarios for each type of product market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 37.2

iii) Income taxes
The Group is subject to income tax in Zimbabwe. Significant judgement is required in determining the income tax payable. There are many transactions and calculations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from amounts that were initially recognised, such differences will impact the income and deferred income tax provisions in the period in which such determination is made.

iv) Fair value of share options
The fair value of share options that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of outstanding share options during the year was determined by reference to the Black Scholes Model.

v) Defined benefit pension scheme
The First Capital Bank Pension Fund manages retirement funds for the active members and pensioners. The assets of the funds are managed as one composite pool, with no separation for the active members and pensioners. A review of the Fund resulted in the conclusion that the provision of pension annuities to pensioners was a significant defined benefit. As a result, a valuation is performed based on IAS 19; Employee Benefits for the whole Fund for both the assets and liabilities. In determining the liability, assumptions relating to life expectancy of pensioners, discount rate and expected investment returns which are judgemental in nature are applied.

vi) Investment property and investment in Joint Venture
The fair value of investment property is based on the nature, location and condition of the asset. The fair value is calculated by reference to the price that would be received to sell the property in an orderly transaction at measurement date or value determined by capitalisation of market rentals. Given the property pricing distortions in the market, sellers withholding properties for sale in local currency, unavailability of sales information and which currency sales are made, valuation of properties becomes a significant judgement area particularly on the ZWL fair value inputs applied.

Fair value of investment in joint venture, which is an investment in a hotel located in Victoria Falls is an area of significant judgement given the specialised nature of the property and no hotel sales activity. The fair value has been previously determined by capitalisation of future deferred revenue.

The fair values of the above properties were determined in United States Dollars (USD).

vii) FVOCI - treasury bills and bonds
These instruments are not actively traded hence the valuation inputs are unobservable. The unobservable inputs are generally determined based on inputs of similar nature or historical observations. Treasury bills are fairly valued based on yields of recent treasury bill issues.

viii)FVOCI - equity instruments (Zimswitch investment)
Equity securities includes an investment in Zimswitch Holdings (Private) Limited which is classified as Fair value through other comprehensive income with Fair value categorised as level 3 on the fair value hierarchy . Fair value was determined by an independent valuer, BDO Zimbabwe Chartered Accountants. The investment was valued using the Earnings multiples approach and the Discounted cashflow method . The following key inputs had significant judgements in their determination and have sensitivities have been used to show the value ranges

Sensitivity assessment

			Sensitivity analysis		Sensitivity analysis	
		Valuation inputs used in model	**Discount rate change**	**Valuation decrease**	**Discount rate change**	**Valuation increase**
Discounted Cashflow	Discount Rate	33.25%	+500bps	17%	-500bps	16%
	Terminal Growth rate	4.50%	-100bps	3%	+100bps	5%

ix) Owner occupied property
The fair value of property is based on the nature, location and condition of the asset. The fair value is calculated by reference to the price that would be received to sell the property in an orderly transaction at a measurement date, or value determined by capitalisation of market rentals.

Property value sensitivity analysis	**Consolidated**	**Separate**	**Consolidated**	**Separate**
	USD000	**USD000**	**ZWL000**	**ZWL000**
Total Property portfolio value	15,775	12,973	141,957,000	116,757,000
Average capitalisation rate applied	8.22%	8.22%	8.22%	8.22%
50bps increase in capitalisation rate impact	(905)	(744)	(8,142,172)	(6,696,786)
50bps decrease in capitalisation rate impact	1,022	840	9,197,214	7,564,538

3. Judgements and estimates (continued)

x) Conversion of foreign currency transactions and balances at interbank exchanges rates
The Group used the interbank exchanges rates to translate foreign currency balances and transactions into USD reporting currency. The interbank exchanges rates were determined by management as appropriate for buying and selling foreign currency and where the Group made its own purchases were all conducted at interbank rate.

xii) Useful lives and residual values
Depreciation on other assets is calculated using the straight – line method to allocate the cost down to the residual values over their estimated useful lives, see below:

Property and equipment	**Useful life Dec-23**	**Useful life Dec-22**
Buildings	50	50
Furniture and fittings	5	5
Computers	5	5
Office equipment	5	5
Motor vehicles	5	5

Intangible assets	**Useful life Dec-23**	**Useful life Dec-22**
Intangible asset computer software	6.7	6.7

		Audited		Historical unaudited	
		2023	**2022**	**2023**	**2022**
4	**Interest income**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Bank balances	1,103	621	3,097,234	320,671
	Loans and receivables from Banks and investment securities	2,842	1,118	7,224,437	510,879
	Loans and advances to customers	20,732	17,611	76,862,285	8,710,609
	Total	**24,677**	**19,350**	**87,183,956**	**9,542,159**

		Audited		Historical unaudited	
		2023	**2022**	**2023**	**2022**
5	**Interest expense**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Interest on lease liabilities	(389)	(269)	(1,583,195)	(139,574)
	Balances due to banks	(846)	(367)	(4,302,102)	(128,236)
	Customer deposits	(468)	(321)	(1,378,910)	(154,004)
	Total	**(1,703)**	**(957)**	**(7,264,207)**	**(421,814)**

		Audited		Historical unaudited	
6	**Net fee and commission income**				
		2023	**2022**	**2023**	**2022**
6.1	**Fee and commission income-Group**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Account maintenance fees	5,896	3,955	22,835,653	1,764,833
	Insurance commission received	163	59	755,101	29,564
	Transfers and other transactional fees	10,858	6,405	40,326,607	3,291,364
	Guarantees	181	442	520,934	223,462
	Card based transaction fees	1,667	2,170	5,091,181	979,643
	Cash withdrawal fees	6,829	4,712	26,516,968	2,384,071
	Fee and commission income	**25,594**	**17,743**	**96,046,444**	**8,672,937**
	Fee and commission expense				
	Guarantees	(15)	(4)	(58,202)	(1,543)
	Net fee and commission income	**25,579**	**17,739**	**95,988,242**	**8,671,394**

Net fee and commission income above excludes amounts included in determining the effective interest rate on financial assets measured at amortised cost.

		Audited		Historical unaudited	
		2023	**2022**	**2023**	**2022**
6.2	**Fee and commission income-Bank**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Account maintenance fees	5,896	3,955	22,837,619	1,764,911
	Insurance commission received	163	59	755,101	29,564
	Transfers and other transactional fees	10,858	6,405	40,326,607	3,291,365
	Guarantees	181	442	520,934	223,462
	Card based transaction fees	1,667	2,170	5,091,181	979,643
	Cash withdrawal fees	6,829	4,712	26,516,969	2,384,071
	Fee and commission income	**25,594**	**17,743**	**96,048,411**	**8,673,016**
	Fee and commission expense				
	Guarantees	(15)	(4)	(58,202)	(1,543)
	Net fee and commission income	**25,579**	**17,739**	**95,990,208**	**8,671,473**

Net fee and commission income excludes amounts included in determining the effective interest rate on financial assets measured at amortised cost.

		Audited		Historical unaudited	
7	**Net trading and foreign exchange income**	**2023**	**2022**	**2023**	**2022**
7.1	**Net trading and foreign exchange income-Group**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Net foreign exchange revaluation gain	12,565	10,728	151,071,899	4,464,412
	Net foreign exchange trading income	11,700	6,036	34,329,398	2,917,602
	Total	**24,265**	**16,764**	**185,401,297**	**7,382,014**

		Audited		Historical unaudited	
		2023	**2022**	**2023**	**2022**
7.2	**Net trading and foreign exchange income-Bank**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Net foreign exchange revaluation gain	12,565	7,726	107,052,523	3,128,128
	Net foreign exchange trading income	11,699	6,036	34,329,398	2,917,602
	Total	**24,264**	**13,761**	**141,381,921**	**6,045,730**

		Audited		Historical unaudited	
		2023	2022	2023	2022
8	**Net investment and other income**	USD000	USD000	ZWL000	ZWL000
	Dividend income	382	423	921,957	206,569
	Loss on disposal of property and equipment	(63)	(8)	(155,586)	(4,752)
	Rental income	282	173	1,128,840	92,311
	Sundry income	42	508	151,424	348,123
	Total	**643**	**1,096**	**2,046,635**	**642,251**

		Audited		Historical unaudited	
9	**Operating expenses**	2023	2022	2023	2022
9.1	**Operating expenses- Group**	USD000	USD000	ZWL000	ZWL000
	Staff costs	(16,617)	(12,569)	(62,691,254)	(5,783,015)
	Infrastructure costs	(11,209)	(6,175)	(27,221,929)	(3,211,661)
	General expenses	(18,873)	(11,294)	(69,774,024)	(5,163,096)
	Total	**(46,699)**	**(30,038)**	**(159,687,207)**	**(14,157,772)**

		Audited		Historical unaudited	
	Operating expenses analysis	2023	2022	2023	2022
9.1.1	**Staff costs**	USD000	USD000	ZWL000	ZWL000
	Salaries, allowances and Directors remuneration	(13,431)	(11,048)	(53,871,716)	(5,044,379)
	Medical costs	(604)	(652)	(2,238,932)	(315,676)
	Social security costs	(125)	(110)	(406,497)	(58,992)
	Pension costs: defined contribution plans	(1,110)	(754)	(4,187,583)	(361,201)
	Retrenchment costs	(1,346)	-	(1,979,047)	-
	Share based payments	(1)	(5)	(7,479)	(2,767)
	Total	**(16,617)**	**(12,569)**	**(62,691,254)**	**(5,783,015)**
	Average number of employees during the period:	519	520	519	520

		Audited		Historical unaudited	
		2023	2022	2023	2022
9.1.2	**Infrastructure costs**	USD000	USD000	ZWL000	ZWL000
	Repairs and maintenance	(1,078)	(640)	(3,941,491)	(317,910)
	Heating, lighting, cleaning and rates	(885)	(700)	(3,441,677)	(360,413)
	Security costs	(526)	(393)	(1,843,598)	(181,945)
	Depreciation of property, equipment and right of use asset	(3,870)	(1,254)	(7,889,681)	(922,800)
	Software amortisation	(376)	(317)	(3,041)	(3,041)
	Operating lease - short term leases	(169)	(130)	(635,448)	(66,309)
	Connectivity, software and licences	(4,305)	(2,741)	(9,466,993)	(1,359,243)
	Total	**(11,209)**	**(6,175)**	**(27,221,929)**	**(3,211,661)**

		Audited		Historical unaudited	
		2023	2022	2023	2022
9.1.3	**General expenses**	USD000	USD000	ZWL000	ZWL000
	Consultancy, legal & professional fees	(750)	(341)	(3,303,412)	(170,647)
	Subscription, publications & stationery	(1,362)	(477)	(2,167,334)	(229,938)
	Marketing, advertising & sponsorship	(1,099)	(1,074)	(4,606,940)	(564,325)
	Travel & accommodation	(1,042)	(750)	(3,883,834)	(398,070)
	Treasury bills modification loss	(2,864)	-	(17,485,985)	-
	Cash transportation	(710)	(906)	(2,451,304)	(419,337)
	COVID-19 costs	-	(313)	-	(118,408)
	Insurance costs	(596)	(697)	(2,022,249)	(343,296)
	Telex, telephones & communication	(1,288)	(1,022)	(3,934,783)	(495,896)
	Group recharges	(5,726)	(4,179)	(21,691,251)	(1,879,885)
	Card operating expenses	(787)	(73)	(3,208,218)	(27,963)
	Other administrative & general expenses	(2,649)	(1,462)	(5,018,714)	(515,331)
	Total	**(18,873)**	**(11,294)**	**(69,774,024)**	**(5,163,096)**
	Included in the operating expenses are the following:				
	Directors fees and remuneration:				
	For services as part of management	(712)	(578)	(2,653,581)	(218,890)
	For the oversight role as the director	(183)	(96)	(757,408)	(43,171)
	Total	**(895)**	**(674)**	**(3,410,989)**	**(262,061)**
	Auditors' remuneration:				
	Audit related services	(199)	(103)	(821,654)	(55,768)
	Review services	(25)	(36)	(103,223)	(13,551)
	Total	**(224)**	**(139)**	**(924,877)**	**(69,319)**

		Audited		Historical unaudited	
		2023	2022	2023	2022
9.2	**Operating expenses- Bank**	USD000	USD000	ZWL000	ZWL000
	Staff costs	(16,617)	(12,569)	(62,691,254)	(5,783,015)
	Infrastructure costs	(11,202)	(6,175)	(27,221,929)	(3,211,660)
	General expenses	(18,861)	(11,290)	(69,674,625)	(5,161,287)
	Total	**(46,680)**	**(30,034)**	**(159,587,808)**	**(14,155,962)**

		Audited		Historical unaudited	
	Operating expenses analysis	2023	2022	2023	2022
9.2.1	**Staff costs**	USD000	USD000	ZWL000	ZWL000
	Salaries, allowances and Directors remuneration	(13,431)	(11,048)	(53,871,716)	(5,044,379)
	Medical costs	(604)	(652)	(2,238,932)	(315,676)
	Social security costs	(125)	(110)	(406,497)	(58,992)
	Pension costs: defined contribution plans	(1,110)	(754)	(4,187,583)	(361,201)
	Retrenchment costs	(1,346)	-	(1,979,047)	-
	Share based payments	(1)	(5)	(7,479)	(2,767)
	Total	**(16,617)**	**(12,569)**	**(62,691,254)**	**(5,783,015)**
	Average number of employees during the period:	519	520	519	520

		Audited		Historical unaudited	
		2023	2022	2023	2022
9.2.2	**Infrastructure costs**	USD000	USD000	ZWL000	ZWL000
	Repairs and maintenance	(1,078)	(640)	(3,941,491)	(317,909)
	Heating, lighting, cleaning and rates	(878)	(700)	(3,441,677)	(360,413)
	Security costs	(526)	(393)	(1,843,598)	(181,945)
	Depreciation of property, equipment and right of use asset	(3,870)	(1,254)	(7,889,681)	(922,800)
	Software amortisation	(376)	(317)	(3,041)	(3,041)
	Operating lease - short term leases	(169)	(130)	(635,448)	(66,309)
	Connectivity, software and licences	(4,305)	(2,741)	(9,466,993)	(1,359,243)
	Total	**(11,202)**	**(6,175)**	**(27,221,929)**	**(3,211,660)**

		Audited		Historical unaudited	
		2023	2022	2023	2022
9.2.3	**General expenses**	USD000	USD000	ZWL000	ZWL000
	Consultancy, legal & professional fees	(750)	(341)	(3,303,412)	(170,647)
	Subscription, publications & stationery	(1,362)	(477)	(2,167,334)	(229,938)
	Marketing, advertising & sponsorship	(1,099)	(1,074)	(4,606,940)	(564,325)
	Travel & accommodation	(1,042)	(750)	(3,883,834)	(398,070)
	Loss arising from change in valuation of treasury bills	(2,864)	-	(17,485,985)	-
	Cash transportation	(710)	(906)	(2,451,304)	(419,337)
	COVID-19 costs	-	(313)	-	(118,408)
	Insurance costs	(596)	(697)	(2,022,249)	(343,296)
	Telex, telephones & communication	(1,288)	(1,022)	(3,934,783)	(495,896)
	Group recharges	(5,726)	(4,179)	(21,691,251)	(1,879,885)
	Card operating expenses	(787)	(73)	(3,208,218)	(27,962)
	Other administrative & general expenses	(2,637)	(1,458)	(4,919,315)	(513,523)
	Total	**(18,861)**	**(11,290)**	**(69,674,625)**	**(5,161,287)**
	Included in the operating expenses are the following:				
	Directors fees and remuneration:				
	For services as part of management	(712)	(578)	(2,653,581)	(218,890)
	For the oversight role as the director	(183)	(96)	(757,408)	(43,171)
	Total	**(895)**	**(674)**	**(3,410,989)**	**(262,061)**
	Auditors' remuneration:				
	Audit related services	(199)	(103)	(821,654)	(55,768)
	Review services	(25)	(36)	(103,223)	(13,551)
	Total	**(224)**	**(139)**	**(924,877)**	**(69,319)**

10 Net monetary loss

10.1 Net monetary loss -Group

Net monetary loss is the cost of inflation representing loss in value on net monetary assets. Net monetary loss for the prior year was USD9.4m.

10.2 Net monetary loss - Bank

Net monetary loss is the cost of inflation representing loss in value on net monetary assets. Net monetary loss for the prior year was USD8.1m.

		Audited		Historical unaudited	
11	**Impairment losses on financial assets**	2023	2022	2023	2022
	Stage 1	USD000	USD000	ZWL000	ZWL000
	Loans and advances to customers	(432)	(435)	(5,614,416)	(298,719)
	Balances with banks - local & nostro	4	(10)	(36,132)	(7,145)
	Investment securities - treasury bills & bonds	(19)	(189)	(1,209,485)	(129,785)
	Other assets	(71)	55	(432,910)	37,309
	Total	**(518)**	**(579)**	**(7,292,943)**	**(398,340)**
	Stage 2				
	Loans and advances to customers	126	(134)	(12,863)	(91,828)
	Total	**126**	**(134)**	**(12,863)**	**(91,828)**
	Stage 3				
	Loans and advances to customers	(4,246)	(282)	(27,115,838)	(193,922)
	Total	**(4,246)**	**(282)**	**(27,115,838)**	**(193,922)**
	Total impairment raised during the period	**(4,638)**	**(995)**	**(34,421,644)**	**(684,090)**
	Recoveries of loans and advances previously written off	-	-	-	345
	Impairment losses recognised in profit/ loss	**(4,638)**	**(995)**	**(34,421,644)**	**(683,745)**

		Audited		Historical unaudited	
12	**Taxation**	2023	2022	2023	2022
12.1	**Income tax recognised in profit or loss- Group**	USD000	USD000	ZWL000	ZWL000
	Current tax				
	Normal tax - current year	(2,966)	(3,487)	(17,629,937)	(2,109,987)
	Total	**(2,966)**	**(3,487)**	**(17,629,937)**	**(2,109,987)**
	Deferred tax				
	Deferred tax expense recognised in the current year	(1,040)	(1,655)	(17,807,888)	(613,637)
	Total	**(1,040)**	**(1,655)**	**(17,807,888)**	**(613,637)**
	Total income tax charge recognised in the current year	**(4,006)**	**(5,142)**	**(35,437,825)**	**(2,723,624)**

12.1 Taxation Group (continued)

12.1.1

	Audited		Historical unaudited	
	2023	**2022**	**2023**	**2022**
Income tax recognised in profit or loss: reconciliation of tax expense amount	**USD000**	**USD000**	**ZWL000**	**ZWL000**
Profit for the year	**14,626**	**17,353**	**310,077,380**	**24,140,685**
Income tax expense calculated at 24.72%	(3,616)	(4,290)	(76,651,128)	(5,967,577)
Effect of income that is exempt from taxation*	409	3,228	43,747,011	2,600,148
Effect of expenses that are not deductible in determining taxable profit**	(604)	(5,057)	(2,507,886)	(232,474)
Increase in opening defferred tax as a result of change in tax rate***	(195)	-	(25,822)	-
Other	-	977	-	876,279
Income tax expense recognised in profit or loss	**(4,006)**	**(5,142)**	**(35,437,825)**	**(2,723,624)**
Statutory tax rate	24.72%	24.72%	24.72%	24.72%
Effective income tax rate	27.39%	29.63%	11.43%	11.28%

	Audited		Historical unaudited	
	2023	**2022**	**2023**	**2022**
Income tax recognised in profit or loss: reconciliation of tax expense amount	**USD000**	**USD000**	**ZWL000**	**ZWL000**
Profit for the year				
Income tax expense calculated at 24.72%	24.72%	24.72%	24.72%	24.72%
Effect of income that is exempt from taxation*	-2.80%	-18.60%	-14.11%	-10.77%
Effect of expenses that are not deductible in determining taxable profit**	4.13%	29.14%	0.81%	0.96%
Increase in opening defferred tax as a result of change in tax rate	1.34%	0.00%	0.01%	0.00%
Other	0.00%	-5.63%	0.00%	-3.63%
Income tax expense recognised in profit or loss	**27.39%**	**29.63%**	**11.43%**	**11.28%**

* Exempt income include;- revaluation gains on investment property, dividend income and interest on Treasury bills and Bonds.
**Non-deductible costs include;- entertainment costs, IMTT taxes and disallowable donations.
***The tax rate has changed from 24% to 25%

	Audited		Historical unaudited	
	2023	**2022**	**2023**	**2022**
Income tax recognised in other comprehensive income	**USD000**	**USD000**	**ZWL000**	**ZWL000**
Deferred tax				
Property revaluations	546	(811)	(33,656,405)	(2,314,979)
Fair value remeasurement of FVTOCI financial assets	(1,168)	(58)	(1,937,732)	(170,809)
Total income tax through other comprehensive income	**(622)**	**(869)**	**(35,594,137)**	**(2,485,788)**

12.2

	Audited		Historical unaudited	
Income tax recognised in profit or loss -Bank	**2023**	**2022**	**2023**	**2022**
Current tax	**USD000**	**USD000**	**ZWL000**	**ZWL000**
Normal tax - current year	(2,971)	(3,070)	(17,654,995)	(2,109,987)
Total	**(2,971)**	**(3,070)**	**(17,654,995)**	**(2,109,987)**
Deferred tax				
Deferred tax expense recognised in the current year	(1,040)	(1,175)	(17,807,888)	(283,774)
Total	**(1,040)**	**(1,175)**	**(17,807,888)**	**(283,774)**
Total income tax charge recognised in the current year	**(4,011)**	**(4,245)**	**(35,462,883)**	**(2,393,761)**

	Audited		Historical unaudited	
	2023	**2022**	**2023**	**2022**
Income tax recognised in profit or loss: reconciliation of tax expense amount	**USD000**	**USD000**	**ZWL000**	**ZWL000**
Profit for the year	**14,644**	**15,636**	**266,159,369**	**22,806,290**
Income tax expense calculated at 24.72%	(3,620)	(3,865)	(65,794,596)	(5,637,715)
Effect of income that is exempt from taxation*	409	3,228	32,865,422	2,930,011
Effect of expenses that are not deductible in determining taxable profit**	(608)	(4,794)	(2,507,887)	(232,474)
Increase in opening defferred tax as a result of change in tax rate	(192)	-	(25,822)	-
Other	-	1,186	-	546,417
Income tax expense recognised in profit or loss	**(4,011)**	**(4,245)**	**(35,462,883)**	**(2,393,761)**
Statutory tax rate	**24.72%**	**24.72%**	**24.72%**	**24.72%**
Effective income tax rate	**27.39%**	**27.19%**	**13.32%**	**10.50%**

	Audited		Historical unaudited	
	2023	**2022**	**2023**	**2022**
Income tax recognised in profit or loss: reconciliation of tax expense amount	**USD000**	**USD000**	**ZWL000**	**ZWL000**
Profit for the year				
Income tax expense calculated at 24.72%	24.72%	24.72%	24.72%	24.72%
Effect of income that is exempt from taxation*	-2.79%	-20.65%	-12.35%	-12.85%
Effect of expenses that are not deductible in determining taxable profit**	4.15%	30.66%	0.94%	1.03%
Increase in opening defferred tax as a result of change in tax rate	1.31%	0.00%	0.01%	0.00%
Other	0.00%	-7.55%	0.00%	-2.40%
Income tax expense recognised in profit or loss	**27.39%**	**27.19%**	**13.32%**	**10.50%**

* Exempt income include;- revaluation gains on investment property, dividend income and interest on Treasury bills and Bonds.
**Non-deductible costs include;- entertainment costs, IMTT taxes and disallowable donations.

	Audited		Historical unaudited	
	2023	**2022**	**2023**	**2022**
Income tax recognised in other comprehensive income	**USD000**	**USD000**	**ZWL000**	**ZWL000**
Deferred tax				
Property revaluations	376	(235)	(27,780,255)	(1,865,075)
Fair value remeasurement of FVTOCI financial assets	(1,035)	(913)	(15,726,342)	(802,360)
Total income tax through other comprehensive income	**(659)**	**(1,148)**	**(43,506,597)**	**(2,667,435)**

13 Earnings per share

13.1 Basic earnings per share-Group

13.1.1 Basic earnings per share

	Audited		Historical unaudited	
	2023 USD000	**2022 USD000**	**2023 ZWL000**	**2022 ZWL000**
Earnings attributable to ordinary equity holders	**10,620**	**12,212**	**274,639,555**	**21,417,061**

	Audited		Historical unaudited	
	2023 Number of shares	**2022 Number of shares**	**2023 Number of shares**	**2022 Number of shares**
Issued shares at the beginning of the year	2,160,865,929	2,160,205,929	2,160,865,929	2,160,205,929
Weighted shares issued during the year	-	660,000	-	660,000
Weighted average number of ordinary shares	**2,160,865,929**	**2,160,865,929**	**2,160,865,929**	**2,160,865,929**
	Cents	**Cents**	**Cents**	**Cents**
Basic earnings per share (cents)	0.49	0.57	12,710	991

13.1.2 Diluted earnings per share

	Audited		Historical unaudited	
	2023 USD000	**2022 USD000**	**2023 ZWL000**	**2022 ZWL000**
Earnings attributable to ordinary equity holders	**10,620**	**12,212**	**274,639,555**	**21,417,061**

	Audited		Historical unaudited	
	2023 Number of shares	**2022 Number of shares**	**2023 Number of shares**	**2022 Number of shares**
Weighted average number of ordinary shares	2,160,865,929	2,160,380,929	2,160,865,929	2,160,380,929
Adjustment for share options issued at no value	4,672,774	3,985,845	4,672,774	3,985,845
Diluted average number of ordinary shares	**2,165,538,703**	**2,164,366,774**	**2,165,538,703**	**2,164,366,774**
	Cents	**Cents**	**Cents**	**Cents**
Diluted earnings per share (cents)	0.49	0.56	12,682	990

13.2 Earnings per share-Bank

13.2.1 Basic earnings per share

	Audited		Historical unaudited	
	2023 USD000	**2022 USD000**	**2023 ZWL000**	**2022 ZWL000**
Earnings attributable to ordinary equity holders	**10,633**	**11,390**	**230,696,486**	**20,412,529**

	2023 Number of shares	**2022 Number of shares**	**2023 Number of shares**	**2022 Number of shares**
Issued shares at the beginning of the year	2,160,865,929	2,160,205,929	2,160,865,929	2,160,205,929
Weighted shares issued during the year	-	660,000	-	660,000
Weighted average number of ordinary shares	**2,160,865,929**	**2,160,865,929**	**2,160,865,929**	**2,160,865,929**
	Cents	**Cents**	**Cents**	**Cents**
Basic earnings per share (cents)	0.49	0.53	10,676	945

13.2.2 Diluted earnings per share

	2023 USD000	**2022 USD000**	**2023 ZWL000**	**2022 ZWL000**
Earnings attributable to ordinary equity holders	**10,633**	**11,390**	**230,696,486**	**20,412,529**

	2023 Number of shares	**2022 Number of shares**	**2023 Number of shares**	**2022 Number of shares**
Weighted average number of ordinary shares	2,160,865,929	2,160,380,929	2,160,865,929	2,160,380,929
Adjustment for share options issued at no value	4,672,774	3,985,845	4,672,774	3,985,845
Diluted average number of ordinary shares	**2,165,538,703**	**2,164,366,774**	**2,165,538,703**	**2,164,366,774**
	Cents	**Cents**	**Cents**	**Cents**
Diluted earnings per share (cents)	0.49	0.53	10,653	943

14 Cash and bank balances

	Audited		Historical unaudited	
	2023 USD000	**2022 USD000**	**2023 ZWL000**	**2022 ZWL000**
Balances with central bank	19,436	29,264	118,718,057	20,112,478
Statutory reserve balance with central bank	17,798	7,234	108,651,624	4,970,047
Cash on hand - foreign currency	23,049	20,595	140,693,365	14,154,342
Cash on hand - local currency	14	118	87,235	81,253
Balances due from group companies	246	275	1,503,484	187,999
Balances with banks abroad	10,341	20,527	63,131,143	14,108,368
Cash and bank balances	**70,884**	**78,013**	**432,784,908**	**53,614,487**
Expected credit losses	(7)	(11)	(43,982)	(5,178)
Net Cash and bank balances*	**70,877**	**78,002**	**432,740,926**	**53,609,309**

*Cash and bank balances include restricted amounts relating to Reserve Bank of Zimbabwe (card transaction cash security, USD1.2m (2022: USD2.3m) and statutory reserve for customer deposits, USD17.8m (2022: USD7.3m) and foreign bank security deposits (Afreximbank Limited, USD1.2m (2022: USD4.9m)

14.1 Restatement of the Statement of cashflows for the year ended 31 December 2022

In the prior period, the statement of cashflows did not present separately interest received, paid & accrued and the impact of exchange rate movement on the cash and cash equivalents which was not in line with IAS 7. For this reason, the 2022 comparatives have been restated to disclose seperately interest received and accrued as well as the effects of exchange rate movement on cash and cash equivalents.

The table below illustrates impact of restatement on statement of cashflows for the Group

	As previously reported-translated-2022 USD000	Adjustments USD000	Restated 2022 USD000
Cash flows from operating activities			
Profit before tax	**17,354**	**-**	**17,354**
Adjustments:			
Unrealised profit from foreign currency position**	-	(10,728)	(10,728)
Interest income accrued on loans, promisory notes and bank balances *	-	(19,350)	(19,350)
Interest accrued on deposits *	-	688	688
Cash flow from operating activities	25,146	(29,387)	(4,240)
Increase in loans and advances to customers*	(30,253)	170	(30,083)
Increase in other liabilities**	10,171	5,246	15,417
Decrease/(increase) in other assets**	(872)	3,183	2,311
Increase in deposits from customers**	54,049	6,536	60,585
Interest received on loans, promisory notes and bank balances *	-	15,980	15,980
Interest paid on deposits*	-	(661)	(661)
Net cash generated from operating activities	52,600	1,068	53,668
Interest received from investment securities	759	15	774
Net cash used in investing activities	(14,979)	13	(14,966)
Net increase in cash and cash equivalents before exchange gain on foreign cash balances	**32,489**	**1,081**	**33,570**
Exchange loss on foreign cash balances**	-	(1,081)	(1,081)
Net increase in cash and cash equivalents during the year	**32,489**	**-**	**32,489**

The table below illustrates impact of restatement on statement of cashflows for the Group

	As previously reported-translated-2022 ZWL000	Adjustments ZWL000	Restated 2022 ZWL000
Cash flows from operating activities			
Profit before tax	**24,140,685**	**-**	**24,140,685**
Adjustments:			
Unrealised profit from foreign currency position**	-	(3,128,128)	(3,128,128)
Interest income accrued on loans, promisory notes and bank balances *	-	(9,542,159)	(9,542,159)
Interest accrued on deposits *	-	421,814	421,814
Cash flow from operating activities	12,004,864	(12,241,862)	(236,998)
Increase in loans and advances to customers*	(38,844,292)	717,772	(38,126,520)
Decrease/(increase) in other assets**	(4,541,102)	(30,730,010)	(35,271,112)
Increase in deposits from customers**	77,116,731	1,664,998	78,781,729
Interest received on loans, promisory notes and bank balances *	-	8,824,387	8,824,387
Interest paid on deposits*	-	(2,086,812)	(2,086,812)
Net cash generated from operating activities	12,004,864	41,604,445	53,609,309
Net increase in cash and cash equivalents before exchange gain on foreign cash balances	**44,509,846**	**(33,845,562)**	**10,664,283**
Exchange (loss)/gain on foreign cash balances**	-	33,845,563	33,845,563
Net increase in cash and cash equivalents during the year	**44,509,846**	**-**	**44,509,846**

The table below illustrates impact of restatement on statement of cashflows for the Bank

	As previously reported-translated-2022 USD000	Adjustments USD000	Restated 2022 USD000
Cash flows from operating activities			
Profit before tax	**15,636**	**-**	**15,636**
Adjustments:			
Unrealised profit from foreign currency position**	-	(10,728)	(10,728)
Interest income accrued on loans, promisory notes and bank balances *	-	(19,350)	(19,350)
Interest accrued on deposits *	-	688	688
Cash flow from operating activities	22,147	(29,388)	(7,241)
Increase in loans and advances to customers*	(30,253)	170	(30,083)
Increase in other liabilities**	10,171	5,202	15,373
Decrease in other assets**	1,285	3,183	4,468
Increase in deposits from customers**	59,012	6,581	65,593
Interest received on loans, promisory notes and bank balances *	-	15,980	15,980
Interest paid on deposits*	-	(661)	(661)
Net cash generated from operating activities	56,720	1,068	57,788
Interest received from investment securities	759	15	774
Net cash used in investing activities	(19,100)	13	(19,087)
Net increase in cash and cash equivalents before exchange gain on foreign cash balances	**32,489**	**1,082**	**33,570**
Exchange loss on foreign cash balances**	-	(1,081)	(1,081)
Net increase in cash and cash equivalents during the year	**32,489**	**-**	**32,489**

14.1 Restatement of the Statement of Cash Flows for the year ended 31 December 2022 (Continued)

The table below illustrates impact of restatement on statement of cashflows for the bank.

	As previously reported-translated-2022 ZWL000	Adjustments ZWL000	Restated 2022 ZWL000
Cash flows from operating activities			
Profit before tax	**22,806,290**	**-**	**22,806,290**
Adjustments:			
Unrealised profit from foreign currency position**	-	(3,128,128)	(3,128,128)
Interest income accrued on loans, promisory notes and bank balances **	-	(9,542,159)	(9,542,159)
Interest accrued on deposits *	-	421,814	421,814
Cash flow from operating activities	10,670,469	(12,241,862)	(1,571,393)
Increase in loans and advances to customers*	(38,844,292)	717,772	(38,126,520)
Decrease in other assets**	(4,404,692)	(30,730,011)	(35,134,703)
Increase in deposits from customers**	80,527,779	1,664,998	82,192,777
Interest received on loans, promisory notes and bank balances **	-	8,824,387	8,824,387
Interest paid on deposits**	-	(2,086,812)	(2,086,812)
Net cash generated from operating activities	56,180,660	(33,845,563)	22,335,097
Net increase in cash and cash equivalents before exchange gain on foreign cash balances	**44,509,846**	**(33,845,563)**	**10,664,283**
Exchange loss on foreign cash balances**	-	33,845,563	33,845,563
Net increase in cash and cash equivalents during the year	**44,509,846**	**-**	**44,509,846**

*Prior year numbers were restated to disclose seperately interest received, paid and accrued.
**Prior year numbers were restated to disclose seperately effects of exchange rate movement.

		Audited		Historical unaudited	
		2023	2022	2023	2022
15	**Investment securities**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Treasury bills and bonds	5,606	13,436	34,223,273	9,234,650
	Gold-backed digital tokens	3,329	-	20,321,742	-
	Equity securities	4,233	5,807	37,090,932	3,990,908
	Balance at the end of the year	**13,168**	**19,243**	**91,635,947**	**13,225,558**

15.2	**Treasury bills and bonds**				
	Balance at beginning of year	**13,436**	**9,006**	**9,234,650**	**1,800,591**
	Additions	11,404	24,596	28,341,330	11,132,604
	Accrued interest	809	570	4,486,320	391,862
	Monetary adjustment	-	(10,003)	-	-
	Loss arising from change in valuation of treasury bills	(2,864)	-	(17,485,985)	-
	Maturities	(17,633)	(10,523)	(23,818,250)	(3,951,263)
	Changes in fair value	454	(210)	33,465,208	(139,144)
	Balance at the end of the year	**5,606**	**13,436**	**34,223,273**	**9,234,650**

As at 31 December 2023, USD2.4m (2022:0.6m) of the Treasury bills and bonds were used as security against borrowings from third parties.

USD3.1m worth of tresurey bills investment securities are held to collect contractual cash flows and and sell if need arises. These are measured at fair value. The remaining balance of USD2.6m is the residual treasury bills issued by RBZ as settlement of legacy debt obligations. These are measured at armitised cost with the initial recognition having been at fair value. Within the carrying amount, a loss of USD2.9m was recognised in the statement of profit or loss arising from a change in the valuation of the legacy debt treasury bills. No treasury bills were held for trading purposes as at 31 December 2023

		Audited		Historical unaudited	
		2023	2022	2023	2022
15.3	**Gold-backed digital tokens**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Balance at beginning of year	**-**	**-**	**-**	**-**
	Additions	4,320	-	20,558,083	-
	Fair value loss	(991)	-	(236,341)	-
	Balance at 31 December	**3,329**	**-**	**20,321,742**	**-**

Gold -backed digital tokens are held as a financial asset measured at fair value through profit or loss.

		Audited		Historical unaudited	
		2023	2022	2023	2022
15.4	**Equity securities**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Balance at beginning of year	**5,807**	**5,407**	**3,990,908**	**1,081,101**
	Changes in fair value	(95)	400	33,100,024	2,909,807
	Impact of change in functional currency	(1,479)	-	-	-
	Balance at 31 December	**4,233**	**5,807**	**37,090,932**	**3,990,908**

Equity securities designated as fair value through other comprehensive income are measured at fair value

		Audited		Historical unaudited	
		2023	2022	2023	2022
16	**Loans and receivables from Banks**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Clearing balances with other banks	780	328	4,760,148	225622
	Interbank placements	5,685	-	34,706,925	-
	Total carrying amount of Loans and receivables from Banks	**6,465**	**328**	**39,467,073**	**225,622**

Clearing balances with other banks include Zimswitch transactions net settlement receivables.

		Audited			
17	**Loans and advances to customers**	**Retail Banking USD000**	**Business Banking USD000**	**Corporate and Investment Banking USD000**	**Total USD000**
	2023				
	Term loans	38,534	2,279	41,376	82,189
	Overdrafts	47	3,183	5,121	8,351
	Gross loans and advances to customers	**38,581**	**5,462**	**46,497**	**90,540**
	Less allowance for expected credit losses				
	Stage1	(824)	(6)	(151)	(981)
	Stage2	(9)	(2)	(8)	(19)
	Stage3	(308)	(1,503)	(1,667)	(3,478)
	Allowance for expected credit losses	**(1,141)**	**(1,511)**	**(1,826)**	**(4,478)**
	Net loans and advances to customers	**37,440**	**3,951**	**44,671**	**86,062**

2022	**Retail Banking USD000**	**Business Banking USD000**	**Corporate and Investment Banking USD000**	**Total USD000**
Term loans	17,211	3,255	39,517	59,983
Overdrafts	49	1,796	5,143	6,988
Gross loans and advances to customers	**17,260**	**5,051**	**44,660**	**66,971**
Less allowance for expected credit losses				
Stage1	(427)	(6)	(116)	(549)
Stage2	(44)	(89)	(11)	(144)
Stage3	(219)	(10)	(76)	(305)
Allowance for expected credit losses	**(690)**	**(105)**	**(203)**	**(998)**
Net loans and advances to customers	**16,570**	**4,946**	**44,457**	**65,973**

	Historical unaudited			
Loans and advances to customers	**Retail Banking ZWL000**	**Business Banking ZWL000**	**Corporate and Investment Banking ZWL000**	**Total ZWL000**
2023				
Term loans	235,239,381	13,912,663	252,589,002	501,741,046
Overdrafts	286,922	19,431,332	31,262,283	50,980,537
Gross loans and advances to customers	**235,526,303**	**33,343,995**	**283,851,285**	**552,721,583**
Less allowance for expected credit losses:				
Stage1	(5,030,291)	(36,628)	(924,899)	(5,991,818)
Stage2	(54,943)	(12,209)	(44,952)	(112,104)
Stage3	(1,880,255)	(9,175,398)	(10,175,771)	(21,231,424)
Allowance for expected credit losses	**(6,965,489)**	**(9,224,235)**	**(11,145,622)**	**(27,335,346)**
Net loans and advances to customers	**228,560,814**	**24,119,760**	**272,705,663**	**525,386,237**

Loans and advances to customers	**Retail Banking ZWL000**	**Business Banking ZWL000**	**Corporate and Investment Banking ZWL000**	**Total ZWL000**
2022				
Personal and term loans	11,828,710	2,236,515	27,159,992	41,225,217
Overdrafts	33,959	1,234,636	3,534,358	4,802,953
Gross loans and advances to customers	**11,862,669**	**3,471,151**	**30,694,350**	**46,028,170**
Less allowance for expected credit losses:				
Stage 1	(293,329)	(4,383)	(79,689)	(377,401)
Stage 2	(30,755)	(61,154)	(7,332)	(99,241)
Stage 3	(150,172)	(6,782)	(52,394)	(209,348)
Allowance for expected credit losses	**(474,256)**	**(72,319)**	**(139,415)**	**(685,990)**
Net loans and advances to customers	**11,388,413**	**3,398,832**	**30,554,935**	**45,342,180**

		Audited		Historical unaudited	
18	**Other assets**	**2023**	**2022**	**2023**	**2022**
18.1	**Other assets- Group**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Prepayments and stationery	7,290	3,257	33,912,647	1,973,980
	Card security deposit and settlement balances	2,544	2,351	15,528,405	1,615,679
	Customer auction funds receivable	-	377	-	259,185
	Other receivables	-	4,762	-	3,273,395
	Receivables from Reserve Bank of Zimbabwe	-	11	-	7,320
	Unamortized balance of staff loans benefit	1,931	903	4,384,076	593,379
	Total before expected credit losses	**11,765**	**11,661**	**53,825,128**	**7,722,938**
	Less: Expected credit loss	(71)	-	(433,038)	(128)
	Total other assets	**11,694**	**11,661**	**53,392,090**	**7,722,810**
	Current	7,702	4,730	34,575,627	3,051,352
	Non - current	3,992	6,931	18,816,463	4,671,458
	Total	**11,694**	**11,661**	**53,392,090**	**7,722,810**

Notes to the Consolidated and Separate Annual Financial Statements
For the year ended 31 December 2023 (continued)

		Audited		Historical unaudited	
		2023	**2022**	**2023**	**2022**
18.2	**Other assets- Bank**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Prepayments and stationery	5,160	3,257	22,525,855	1,973,980
	Card security deposit and settlement balances	2,544	2,351	15,528,405	1,615,679
	Customer auction funds receivable	-	377	-	259,185
	Other receivables	-	4,730	-	3,251,111
	Receivables from Reserve Bank of Zimbabwe	-	11	-	7,318
	Unamortized balance of staff loans benefit	1,931	903	4,384,076	593,379
	Total before expected credit losses	**9,635**	**11,629**	**42,438,336**	**7,700,652**
	Less: Expected credit loss	(71)	-	(433,038)	(128)
	Total other assets	**9,564**	**11,629**	**42,005,298**	**7,700,524**
	Current	5,572	4,698	23,188,835	3,029,066
	Non - current	3,992	6,931	18,816,463	4,671,458
	Total	**9,564**	**11,629**	**42,005,298**	**7,700,524**

		Audited					
19	**Property and equipment**						
19.1	**Property and equipment- Group**	**Land and buildings**	**Computers**	**Equipment**	**Furniture and fittings**	**Motor vehicles**	**Total**
	2023	**USD000**	**USD000**	**USD000**	**USD000**	**USD000**	**USD000**
	Balance at beginning of year	**18,636**	**1,529**	**3,028**	**663**	**3,521**	**27,377**
	Impact of change in functional currency*	(3,640)	(293)	(580)	(127)	(674)	(5,314)
	Additions	-	1,583	381	20	593	2,577
	Revaluation*	1,091	549	491	92	450	2,673
	Disposals	-	-	(4)	-	(208)	(212)
	Depreciation charge on disposals	-	-	4	-	10	14
	Depreciation & Impairment charge	(312)	(534)	(578)	(57)	(696)	(2,177)
	Carrying amount at end of the year	**15,775**	**2,834**	**2,742**	**591**	**2,996**	**24,938**
	Cost or valuation	15,775	2,834	2,742	591	2,996	24,938
	Accumulated depreciation and impairment	-	-	-	-	-	-
	Carrying amount at end of the year	**15,775**	**2,834**	**2,742**	**591**	**2,996**	**24,938**

*Summation of these two numbers makes up the (Loss)/ gain on revaluations shown in other comprehensive income.

2022	**USD000**	**USD000**	**USD000**	**USD000**	**USD000**	**USD000**
Balance at beginning of year	**16,756**	**405**	**54**	**11**	**431**	**17,657**
Additions	372	254	181	3	743	1,553
Revaluation	2,012	1,031	2,883	662	2,533	9,121
Disposals	-	(91)	(52)	(1)	(159)	(303)
Transfers to Investment property	(154)	-	-	-	-	(154)
Depreciation charge on disposals	-	2	14	1	159	176
Depreciation & Impairment charge	(350)	(72)	(52)	(13)	(186)	(673)
Carrying amount at end of the year	**18,636**	**1,529**	**3,028**	**663**	**3,521**	**27,377**
Cost or valuation	18,636	1,529	3,028	663	3,521	27,377
Accumulated depreciation and impairment	-	-	-	-	-	-
Carrying amount at end of the year	**18,636**	**1,529**	**3,028**	**663**	**3,521**	**27,377**

	Historical unaudited					
2023	**Land and buildings ZWL000**	**Computers ZWL000**	**Equipment ZWL000**	**Furniture and fittings ZWL000**	**Motor vehicles ZWL000**	**Total ZWL000**
Balance at beginning of year	**12,808,100**	**1,050,575**	**2,080,957**	**455,601**	**2,419,649**	**18,814,882**
Additions	-	5,207,345	1,562,213	79,500	1,948,304	8,797,362
Revaluation	130,279,110	20,702,310	21,305,794	5,277,704	25,203,033	202,767,951
Disposals	-	-	(28,011)	-	(608,877)	(636,888)
Depreciation charge on disposals	-	-	487	-	32,292	32,779
Depreciation charge	(1,130,210)	(985,827)	(1,402,883)	(285,878)	(1,546,395)	(5,351,193)
Carrying amount at end of year	**141,957,000**	**25,974,403**	**23,518,557**	**5,526,927**	**27,448,006**	**224,424,893**
Cost or valuation	141,957,000	25,974,403	23,518,557	5,526,927	27,448,006	224,424,893
Accumulated depreciation and impairment	-	-	-	-		
Carrying amount at end of the year	**141,957,000**	**25,974,403**	**23,518,557**	**5,526,927**	**27,448,006**	**224,424,893**

2022	**Land and buildings ZWL000**	**Computers ZWL000**	**Equipment ZWL000**	**Furniture and fittings ZWL000**	**Motor vehicles ZWL000**	**Total ZWL000**
Balance at beginning of year	**3,350,110**	**65,623**	**21,741**	**5,325**	**72,660**	**3,515,459**
Additions	252,586	135,053	81,732	488	418,856	888,715
Revaluation	9,364,803	914,302	2,161,221	477,920	2,259,796	15,178,042
Disposals	-	(682)	(1,851)	(4)	(123,854)	(126,391)
Transfers to Investment property	(30,786)	-	-	-	-	(30,786)
Depreciation charge on disposals	-	346	80	3	7,909	8,338
Depreciation charge	(128,613)	(64,067)	(181,966)	(28,131)	(215,718)	(618,495)
Carrying amount at end of year	**12,808,100**	**1,050,575**	**2,080,957**	**455,601**	**2,419,649**	**18,814,882**
Cost or valuation	12,808,100	1,050,575	2,080,957	455,601	2,419,649	18,814,882
Accumulated depreciation and impairment	-	-	-	-	-	-
Carrying amount at end of the year	**12,808,100**	**1,050,575**	**2,080,957**	**455,601**	**2,419,649**	**18,814,882**

In view of the economic volatility on the market, property and equipment is carried at valuation amounts. In terms of accounting policy, revaluations are carried out with sufficient regularity to ensure the carrying value on those properties is not materially different from the market values. The properties were valued by a qualified, independent valuer, Integrated Properties (Private) Limited (2022-Integrated Properties (Private) Limited. Properties were valued usingUSD denominated inputs for 2023 and ZWL denominated inputs for 2022.

All property and equipment was subjected to impairment testing internally and the directors are of the view that there is no cause for raising futher charges beyond what has been applied.

If property and equipment were stated on the historical cost basis, the carrying amount would be USD22 million (2022: USD27m).

19 Property and equipment (continued)

19.2 Property and equipment- Bank

	Audited					
	Land and buildings	**Computers**	**Equipment**	**Furniture and fittings**	**Motor vehicles**	**Total**
2023	**USD000**	**USD000**	**USD000**	**USD000**	**USD000**	**USD000**
Balance at beginning of year	**15,173**	**1,529**	**3,028**	**663**	**3,521**	**23,914**
Impact of change in functional currency*	(2,977)	(293)	(580)	(127)	(674)	(4,651)
Additions	-	1,583	381	20	593	2,577
Revaluation*	1,090	549	491	92	450	2,672
Disposals	-	-	(4)	-	(208)	(212)
Depreciation charge on disposals	-	-	4	-	10	14
Depreciation & Impairment charge	(313)	(534)	(578)	(57)	(696)	(2,178)
Carrying amount at end of the year	**12,973**	**2,834**	**2,742**	**591**	**2,996**	**22,136**
Cost or valuation	12,973	2,834	2,742	591	2,996	22,136
Accumulated depreciation and impairment	-	-	-	-	-	-
Carrying amount at end of the year	**12,973**	**2,834**	**2,742**	**591**	**2,996**	**22,136**

*Summation of these two numbers makes up the (loss)/gain on revaluations shown in other comprehensive income

2022	**USD000**	**USD000**	**USD000**	**USD000**	**USD000**	**USD000**
Balance at beginning of year	**13,955**	**405**	**54**	**11**	**431**	**14,856**
Additions	371	254	181	3	743	1,552
Revaluation	1,351	1,031	2,883	662	2,533	8,460
Disposals	-	(91)	(52)	(1)	(159)	(303)
Transfers to Investment property	(154)	-	-	-	-	(154)
Depreciation charge on disposals	-	2	14	1	159	176
Depreciation charge & Impairment charge	(350)	(72)	(52)	(13)	(186)	(673)
Carrying amount at end of the year	**15,173**	**1,529**	**3,028**	**663**	**3,521**	**23,914**
Cost or valuation	15,173	1,529	3,028	663	3,521	23,914
Accumulated depreciation and impairment	-	-	-	-	-	-
Carrying amount at end of the year	**15,173**	**1,529**	**3,028**	**663**	**3,521**	**23,914**

	Historical unaudited					
	Land and buildings	**Computers**	**Equipment**	**Furniture and fittings**	**Motor vehicles**	**Total**
2023	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
Balance at beginning of year	**10,428,100**	**1,050,575**	**2,080,957**	**455,601**	**2,419,649**	**16,434,882**
Additions	-	5,207,345	1,562,213	79,500	1,948,304	8,797,362
Revaluation	107,459,110	20,702,310	21,305,794	5,277,704	25,203,033	179,947,951
Disposals	-	-	(28,011)	-	(608,877)	(636,888)
Depreciation charge on disposals	-	-	487	-	32,292	32,779
Depreciation charge	(1,130,210)	(985,827)	(1,402,883)	(285,878)	(1,546,395)	(5,351,193)
Carrying amount at end of year	**116,757,000**	**25,974,403**	**23,518,557**	**5,526,927**	**27,448,006**	**199,224,893**
Cost or valuation	116,757,000	25,974,403	23,518,557	5,526,927	27,448,006	199,224,893
Accumulated depreciation and impairment	-	-	-	-	-	-
Carrying amount at end of the year	**116,757,000**	**25,974,403**	**23,518,557**	**5,526,927**	**27,448,006**	**199,224,893**

	Land and buildings	**Computers**	**Equipment**	**Furniture and fittings**	**Motor vehicles**	**Total**
2022	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
Balance at beginning of year	**2,790,110**	**65,623**	**21,741**	**5,325**	**72,660**	**2,955,459**
Additions	252,586	135,053	81,732	488	418,856	888,715
Revaluation	7,544,803	914,302	2,161,221	477,920	2,259,796	13,358,042
Disposals	-	(682)	(1,851)	(4)	(123,854)	(126,391)
Transfers to Investment property	(30,786)	-	-	-	-	(30,786)
Depreciation charge on disposals	-	346	80	3	7,909	8,338
Depreciation charge	(128,613)	(64,067)	(181,966)	(28,131)	(215,718)	(618,495)
Carrying amount at end of year	**10,428,100**	**1,050,575**	**2,080,957**	**455,601**	**2,419,649**	**16,434,882**
Cost or valuation	10,428,100	1,050,575	2,080,957	455,601	2,419,649	16,434,882
Accumulated depreciation and impairment	-	-	-	-	-	-
Carrying amount at the end of the year	**10,428,100**	**1,050,575**	**2,080,957**	**455,601**	**2,419,649**	**16,434,882**

In view of the economic volatility on the market, property and equipment is carried at valuation amounts. The properties were valued by a qualified, independent valuer, Integrated Properties (Private) Limited (2022-Integrated Properties (Private) Limited. Properties were valued usingUSD denominated inputs for 2023 and ZWL denominated inputs for 2022.

All property and equipment was subjected to impairment testing internally and the directors are of the view that there is no cause for raising futher charges beyond what has been applied.

If property and equipment were stated on the historical cost basis, the carrying amount would be USD19.8m (2022: USD23.9m).

20 Proceeds on disposal of property and equipment

	Audited		Historical unaudited	
	2023	**2022**	**2023**	**2022**
Proceeds on disposal of property and equipment	**USD000**	**USD000**	**ZWL000**	**ZWL000**
Carrying amount of property and equipment disposed off	198	127	604,109	118,053
Loss on disposal	(63)	(8)	(155,586)	(4,752)
Proceeds on disposal	**135**	**119**	**448,523**	**113,301**

21 Investment properties

	Audited		Historical unaudited	
	2023	**2022**	**2023**	**2022**
Investment properties	**USD000**	**USD000**	**ZWL000**	**ZWL000**
Balance at beginning of the year	**5,936**	**6,394**	**4,080,000**	**1,278,340**
Impact of change in functional currency*	(1,136)	-	-	-
Transfer from property and equipment	-	154	-	30,786
Transfer to non current assets held for sale	(2,217)	-	(19,956,522)	-
Change in fair value *	(1,089)	(612)	25,722,522	2,770,874
Balance at the end of the year	**1,494**	**5,936**	**9,846,000**	**4,080,000**
Rental income derived from investment properties	**282**	**173**	**1,128,840**	**92,311**

*Summation of these two numbers makes up the fair value loss on investment property shown in the statement of profit or loss.

21 Investment properties (continued)

The fair value of investment property was determined by external, independent property valuers, Integrated Properties (Pvt) Ltd (2022: Integrated Properties (Pvt) Ltd), having the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group`s investment property portfolio annually.

Properties were valued usingUSD denominated inputs for 2023 and ZWL denominated inputs for 2022.

The fair value measurement of the investment property has been categorised as Level 3 in the fair value hierarchy (Note 35) based on the inputs to the valuation technique used.

Operating costs incurred on investment properties during the year were USD0.045m (2022: USD0.58m). Investment property comprises commercial properties that are leased to third parties. No contingent rents are charged.

22 Intangible assets

	Audited		Historical unaudited	
	2023	**2022**	**2023**	**2022**
Intangible assets	**USD000**	**USD000**	**ZWL000**	**ZWL000**
Balance at beginning of year	**988**	**1,305**	**8,941**	**11,982**
Amortisation	(376)	(317)	(3,042)	(3,041)
Balance at 31 December	**612**	**988**	**5,899**	**8,941**
Cost	2,111	2,111	20,276	20,276
Accumulated amortisation	(1,499)	(1,123)	(14,377)	(11,335)
Balance at 31 December	**612**	**988**	**5,899**	**8,941**

Intangible assets comprise of acquired core banking, switch and other software and licences, amortised over a period of 6.7 years.

23 Investment in subsidiary- Bank

	Audited		Historical unaudited	
	2023	**2022**	**2023**	**2022**
Investment in subsidiary- Bank	**USD000**	**USD000**	**ZWL000**	**ZWL000**
Balance at beginning of year	**8,463**	**2,801**	**5,816,418**	**560,000.0**
Impact of change in functional currency	(663)	-	-	-
Additional share purchase	4,000	4,121	5,836,473	2,098,666
Changes in fair value	-	1,541	68,943,051	3,157,752
Balance at 31 December	**11,800**	**8,463**	**80,595,942**	**5,816,418**

The Group has 100% shareholding in Thulile (Private) Limited which owns a piece of land measuring 18786 square metres. The subsidiary also holds cash and raw materials to be consumed in the construction of First Capital Bank head office. The Group consolidates this subsidiary presenting consolidated financial statements per IFRS10 requirements. Equity of the subsidiary is eliminated when consolidating. The land is revalued every three years or annually when there is significamt change in value.

24 Non - current assets held for sale

	Audited		Historical unaudited	
	2023	**2022**	**2023**	**2022**
	USD000	**USD000**	**ZWL000**	**ZWL000**
Transfer from the investment property	2,217	-	19,956,522	-
Balance at 31 December	**2,217**	**-**	**19,956,522**	**-**

Non - current assets held for sale relates to a commercial building, Dolphin house, located in Harare Central Business District. This property is being actively sold with the sale transaction expected to complete within the next twelve months.

25 Investment in joint venture

	Audited		Historical unaudited	
	2023	**2022**	**2023**	**2022**
Investment in joint venture	**USD000**	**USD000**	**ZWL000**	**ZWL000**
Summarised financial information				
Revenue	-	1,081	2,007,339	553,182
Fair value (loss) /gain on property	(2,800)	8,276	242,120,000	21,424,352
Impact of change in functional currency	(7,765)	-	-	-
(Loss)/profit for the year	(10,546)	8,847	230,215,573	20,790,647
Total comprehensive (loss)/income	**(10,546)**	**8,847**	**230,215,573**	**20,790,647**

The above (loss)/profit for the year include the income tax credit of USD651 thousand (2022: USD668 thousand income tax expense).

	Audited		Historical unaudited	
	2023	**2022**	**2023**	**2022**
	USD000	**USD000**	**ZWL000**	**ZWL000**
Non - current assets	30,000	40,565	270,000,000	27,880,000
Current assets	464	679	2,247,578	466,484
Non - current liabilities	1,500	2,028	13,466,705	1,394,000
Current liabilities	322	52	1,657,270	35,624

The above amounts of assets and liabilities include cash and cash equivalents of USD52 thousand (2022: USD597 thousand).

	Audited		Historical unaudited	
	2023	**2022**	**2023**	**2022**
Group's interest in investment	**USD000**	**USD000**	**ZWL000**	**ZWL000**
Group's interest at beginning of year	19,613	15,426	13,479,449	3,084,125
Current year share of total comprehensive loss/income in joint venture	(5,273)	4,424	115,107,786	10,395,324
Monetary adjustment	-	(237)	-	-
Carrying amount of investment at year end	**14,340**	**19,613**	**128,587,235**	**13,479,449**

The Group owns 50% investment in Makasa Sun (Pvt) Ltd. The other 50% is owned by First Capital Pension Fund. Makasa Sun (Pvt) Ltd owns a hotel located in the tourist resort town of Victoria Falls, Zimbabwe which it leases out but has been under renovations after the tenant exited the premises. No rental income has been accrued in the current year.

26 Leases

26.1 Right of use asset

	Audited		Historical unaudited	
	2023	**2022**	**2023**	**2022**
Leases	**USD000**	**USD000**	**ZWL000**	**ZWL000**
Right of use asset				
Balance at beginning of year	**3,262**	**860**	**1,042,315**	**171,938**
Additions	2,257	2,994	9,156,358	1,178,754
Terminated	-	(10)	-	(915)
Depreciation for the year	(1,691)	(582)	(2,541,041)	(307,462)
Balance at 31 December	**3,828**	**3,262**	**7,657,632**	**1,042,315**

		Audited		Historical unaudited	
26.2	**Lease liabilities**	**2023**	**2022**	**2023**	**2022**
	Maturity analysis - contractual undiscounted cash flows	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Less than one year	1,304	1,297	7,804,099	891,171
	One to five years	1,769	1,701	10,588,947	1,169,389
	More than five years	453	343	2,710,282	235,757
	Total	**3,526**	**3,341**	**21,103,328**	**2,296,317**
	Lease liabilities included in statement of financial position				
	Current	823	1,058	4,926,336	727,094
	Non - current	1,999	1,595	12,303,372	1,096,210
	Balance at 31 December	**2,822**	**2,653**	**17,229,708**	**1,823,304**
	Amounts recognised in profit/ loss				
	Interest on lease liabilities	(389)	(269)	(1,583,195)	(139,574)
	Expenses - short term & low value leases	(169)	(130)	(635,448)	(66,309)
	Depreciation charge for the year	(1,691)	(582)	(2,541,041)	(307,462)
	Total	**(2,249)**	**(981)**	**(4,759,684)**	**(513,345)**
	Statement of cash-flows - Leases				
	Total cash outflows	**(642)**	**(624)**	**(3,920,732)**	**(332,490)**
27	**Balances due to banks**				
	Bank balances due to banks abroad	1,690	40	10,319,689	27,313
	Local interbank money market deposit	1,530	-	9,336,320	-
	Offshore lines of credit	16,466	-	100,520,362	-
	Clearance balances due to local banks	4,730	1,125	28,877,149	773,456
	Total Deposits from banks	**24,416**	**1,165**	**149,053,520**	**800,769**

		Audited		Historical unaudited	
28	**Deposits from customers**	**2023**	**2022**	**2023**	**2022**
28.1	**Deposits from customers-Group**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Demand deposits				
	Retail	28,612	29,447	174,668,323	20,238,125
	Business banking	13,663	12,039	83,408,825	8,274,466
	Corporate and investment banking	75,347	86,234	459,978,399	59,267,299
	Total	**117,622**	**127,720**	**718,055,547**	**87,779,890**
	Call deposits				
	Retail	398	3,149	2,429,680	2,164,114
	Business Banking	1,206	109	7,362,295	74,789
	Corporate and investment banking	3,378	398	20,621,753	273,589
	Total	**4,982**	**3,656**	**30,413,728**	**2,512,492**
	Savings accounts				
	Retail	23	34	140,409	23,726
	Business banking	-	1	-	631
	Total	**23**	**35**	**140,409**	**24,357**
	Other				
	Corporate and investment banking	525	4,652	3,204,979	3,197,309
	Total	**525**	**4,652**	**3,204,979**	**3,197,309**
	Total deposits from customers	**123,152**	**136,063**	**751,814,663**	**93,514,048**

Included in the total deposits above are foreign currency deposits of USD25 million (2022: USD30 million). Also included in customer accounts are deposits of USD0.5million (2022:USD4.7 million) held as collateral for loans advanced and letters of credit.Deposits from customers are financial instruments classified as liabilities at amortised cost. Fair value of deposits from customers approximates carrying amount because of their short tenure.

		Audited		Historical unaudited	
		2023	**2022**	**2023**	**2022**
28.2	**Deposits from customers-Bank**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Demand deposits				
	Retail	28,612	29,447	174,668,323	20,238,125
	Business Banking	13,663	12,039	83,408,825	8,274,466
	Corporate and investment Banking	82,292	91,197	502,369,833	62,678,348
	Total	**124,567**	**132,683**	**760,446,981**	**91,190,939**
	Call deposits				
	Retail	398	3,149	2,429,680	2,164,114
	Business Banking	1,206	109	7,362,295	74,789
	Corporate and investment Banking	3,378	398	20,621,753	273,589
	Total	**4,982**	**3,656**	**30,413,728**	**2,512,492**
	Savings accounts				
	Retail	23	34	140,409	23,726
	Business Banking	-	1	-	631
	Total	**23**	**35**	**140,409**	**24,357**
	Other				
	Corporate and investment Banking	525	4,652	3,204,979	3,197,307
	Total	**525**	**4,652**	**3,204,979**	**3,197,307**
	Total deposits from customers	**130,097**	**141,026**	**794,206,097**	**96,925,095**

Included in the total deposits above are foreign currency deposits of USD25 million (2022: USD30 million). Also included in customer accounts are deposits of USD0.5 million (2022:USD4.7 million) held as collateral for loans advanced and letters of credit.Deposits from customers are financial instruments classified as liabilities at amortised cost. Fair value of deposits from customers approximates carrying amount because of their short term tenure.

Notes to the Consolidated and Separate Annual Financial Statements
For the year ended 31 December 2023 (continued)

28.3	**Deposits from customers Group**	Audited				Historical unaudited			
		2023		**2022**		**2023**		**2022**	
	Concentration of customer deposits	**USD000**	**%**	**USD000**	**%**	**ZWL000**	**%**	**ZWL000**	**%**
	Trade and services	42,322	36	38,386	28	258,369,934	38	26,382,330	28
	Energy and minerals	572	0	1,921	1	3,491,901	0	1,320,530	1
	Agriculture	3,032	2	1,972	1	18,509,519	2	1,355,329	1
	Construction and property	779	1	1,301	1	4,755,579	1	894,122	1
	Light and heavy industry	21,383	17	29,956	22	130,537,283	16	20,588,147	22
	Physical persons	30,033	24	32,630	25	183,340,368	23	22,425,965	25
	Transport and distribution	9,106	7	14,205	10	55,589,604	7	9,762,730	10
	Financial services	15,925	13	15,692	12	97,220,475	13	10,784,895	12
	Total	**123,152**	**100**	**136,063**	**100**	**751,814,663**	**100**	**93,514,048**	**100**

28.4	**Deposits from customers-Separate**	Audited				Historical unaudited			
		2023		**2022**		**2023**		**2022**	
	Concentration of customer deposits	**USD000**	**%**	**USD000**	**%**	**ZWL000**	**%**	**ZWL000**	**%**
	Trade and services	49,267	38	43,349	31	300,761,368	38	29,793,378	31
	Energy and minerals	572	0	1,921	1	3,491,901	0	1,320,530	1
	Agriculture	3,032	2	1,972	1	18,509,519	2	1,355,329	1
	Construction and property	779	1	1,301	1	4,755,579	1	894,122	1
	Light and heavy industry	21,383	16	29,956	21	130,537,283	16	20,588,147	21
	Physical persons	30,033	23	32,630	24	183,340,368	23	22,425,965	24
	Transport and distribution	9,106	7	14,205	10	55,589,604	7	9,762,730	10
	Financial services	15,925	13	15,692	11	97,220,475	13	10,784,894	11
	Total	**130,097**	**100**	**141,026**	**100**	**794,206,097**	**100**	**96,925,095**	**100**

		Audited		Historical unaudited	
		2023	**2022**	**2023**	**2022**
29	**Employee benefit accruals**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Staff retention				
	Balance at beginning of year	**1,565**	**934**	**1,075,588**	**186,810**
	Provisions made during the year	2,276	740	20,995,038	115,442,203
	Provisions used during the year	(1,441)	(403)	(10,327,875)	(114,553,425)
	Impact of exchange rate movement	(789)	294	-	-
	Balance at end of year	**1,611**	**1,565**	**11,742,751**	**1,075,588**
	Outstanding employee leave				
	Balance at beginning of year	**132**	**72**	**90,444**	**14,471**
	Provisions made during the year	177	201	1,296,923	75,958
	Provisions used during the year	(81)	-	-	15
	Monetary adjustments	-	(141)	-	-
	Balance at end of year	**228**	**132**	**1,387,367**	**90,444**
	Total provisions at end of year	**1,839**	**1,697**	**13,130,118**	**1,166,032**

The staff retention incentive is an accrual for performance based staff incentive to be paid to staff and is included in staff costs. Employee entitlements to annual leave are recognised when they accrue to employees. The accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date and the charge is recognised in profit or loss within staff costs.

		Audited		Historical unaudited	
30	**Other liabilities**	**2023**	**2022**	**2023**	**2022**
30.1	**Other liabilities-Group**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Accrued expenses	965	2,183	13,353,196	1,500,685
	Provisions and clearing accounts	3,669	9,029	23,264,884	6,203,679
	Other foreign currency claims	-	6,420	-	4,412,208
	Withholding taxes	1,551	97	1,551	66,865
	Balance at 31 December	**6,185**	**17,729**	**36,619,631**	**12,183,437**

		Audited		Historical unaudited	
		2023	**2022**	**2023**	**2022**
30.2	**Other liabilities- Bank**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Accrued expenses	965	2,183	12,762,513	1,500,416
	Provisions and clearing accounts	3,569	9,027	23,264,883	6,203,674
	Other foreign currency claims	-	6,420	-	4,412,208
	Withholding taxes	1,551	97	1,551	66,866
	Balance at 31 December	**6,085**	**17,727**	**36,028,947**	**12,183,164**

31 **Retirement benefit plans**

First Capital Bank Pension Fund

The First Capital Bank Pension Fund ("The Fund") manages retirement funds for the active members and pensioners. The Fund is run by appointed Trustees. The assets of the Funds are managed as one composite pool, with no separation for the active members and pensioners. The awarding of pension increases and increase in accumulated values to active members is done in consideration of the performance of the Fund and any requirement to increase risk reserves.

The plan assets comprise of property, bank balance, equity instruments and money market deposits at 31 December 2023.

		Audited		Historical unaudited	
		2023	**2022**	**2023**	**2022**
31.1	**Composition of pension fund plan assets**	**USD000**	**USD000**	**ZWL000**	**ZWL000**
	Cash and bank balances	373	798	2,279,215	548,309
	Equity and unity trusts	3,065	9,644	18,709,553	6,627,983
	Money market	3,423	1,499	20,895,878	1,030,284
	Properties	27,740	27,492	169,345,005	18,894,462
	Other	247	53	1,507,021	37,093
	Total	**34,848**	**39,486**	**212,736,672**	**27,138,131**

31.2 **Defined contribution plans**

The defined contribution pension plan, to which the Group contributes 18% (2022: 18%), is provided for permanent employees. Over and above the Group's contribution, the employee contributes 6.5% (2022: 6.5%) of the basic salary. Under this scheme, retirement benefits are determined by reference to the employees' and the Group's contributions to date and the performance of the Fund.

All employees are also members of the National Social Security Authority Scheme, to which both the employer and the employees contribute. The Group contributes 4.5% of pensionable emoluments (maximum ZWL1.5 million) for eligible employees.

31.3 Defined benefit pension plans

The Fund provides for annuities for those pensioners who opted not to purchase the annuity from an external insurer at the point of retirement. All annuities are now purchased outside the Fund at the point of retirement.

The provision of pension annuities to pensioners is a significant defined benefit. As a result, a valuation was performed based on IAS 19; Employee Benefits for the whole Fund for both the assets and liabilities.

Summary of the valuation is shown below:

31.4 Summary valuation of the pension obligation

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Summary valuation of the pension obligation				
Present value of pensioner obligation (Defined Benefit)	6,300	7,915	38,459,752	5,440,009
Active members liability (Defined Contribution)	15,162	17,488	92,559,804	12,018,968
Deferred and preserved pensioners	6,277	6,825	38,319,344	4,690,460
Other liabilities - risk pools	792	718	4,834,940	493,294
Other sundry liabilities	85	137	518,901	94,775
Total liabilities	**28,616**	**33,083**	**174,692,741**	**22,737,506**
Total assets	**34,848**	**39,486**	**212,736,672**	**27,138,131**
Net surplus	**6,232**	**6,403**	**38,043,931**	**4,400,625**

This surplus is attributable to the Fund and the Trustees have discretion as to the application and appropriation of the surplus. The surplus could not be recognised as an asset by the Group because the Group will not receive any future benefits from the surplus in the form of contribution holidays or refunds. The Fund rules clearly state that the Group will not be paid any refund relating to the surplus. In addition the Group is currently not making any additional contributions for the pensioners, therefore, there will be no benefit to the Bank arising from reduced contributions or contribution holiday.

Movements in the present value of the defined benefit obligation in the current year were as follows:

	Audited		Historical unaudited	
Movement in present value of obligation	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Opening present value	7,915	5,084	5,440,009	1,016,443
Interest cost	18	54	152,054	20,375
Surplus allocated to pensioners	5,420	12,106	45,785,200	4,581,315
Benefits paid	(682)	(472)	(1,631,964)	(178,484)
Remeasurement of obligation	654	1	5,524,635	360
Impact of exchange rate movement	(7,025)	(8,858)	(16,810,182)	-
Present value at 31 December	**6,300**	**7,915**	**38,459,752**	**5,440,009**

Principal actuarial assumptions				
Discount rate	2%	2%	2%	2%
Average life expectancy in years of pensioner retiring at 60 - Male	18	18	18	18
Average life expectancy in years of pensioner retiring at 60 - Female	22	22	22	22

Sensitivity of key principal assumptions	**Increase in Defined benefit obligation**			
Decrease in discount rate (0.5%)	346	379	2,112,234	260,803
Increase in life expectancy (1 year)	227	238	1,385,772	163,508

Pre-2009 Compensation for Loss of Value

Statutory Instrument 162 of 2023, Pensions and Provident Funds (Compensation for Loss of Pre 2009 Value of Pension Benefits) Regulations, 2023 were promulgated in October 2023. The regulations require the Pension Fund to quantify the loss of value and offer compensation to current and former members over the investigative period. This exercise is ongoing and the Pension Fund is yet to make a determination with the constraints of data availability being a key challenge. The Bank has therefore taken account of the Actuarial valuation of the pensioner liability as at December 2023. No further provisions have been made.

32 Deferred tax-Group
Deferred tax balances

The analysis of the deferred tax assets and deferred tax liabilities is as follows:

	Audited		Historical unaudited	
Deferred tax	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Deferred tax balances				
Deferred tax assets	(2,609)	(1,309)	(16,432,699)	(993,532)
Deferred tax liabilities	10,932	7,971	73,325,210	4,828,397
Total deferred tax liability	**8,323**	**6,662**	**56,892,511**	**3,834,865**

Deferred tax assets and liabilities are attributable to the following:

	Audited				
2023 **(Assets)/liabilities**	Balance at period start USD000	Recognised in P/L USD000	Recognised in OCI USD000	Recognised directly in equity USD000	Balance at period end USD000
Property and equipment	5,399	(254)	(546)	-	4,599
Investment property	297	(111)	-	-	186
Investment securities	493	-	1,167	-	1,660
Impairments	(298)	(864)	-	-	(1,162)
Prepaid expenses	-	-	-	-	-
Deferred revenue	(133)	2,327	-	-	2,194
Provisions	(276)	(166)	-	-	(442)
Other items	1,180	108	-	-	1,288
Total	**6,662**	**1,040**	**621**	**-**	**8,323**
2022					
Assets/(liabilities)					
Property and equipment	3,979	609	811	-	5,399
Investment property	320	(23)	-	-	297
Investment securities	435	-	58	-	493
Impairments	(164)	(134)	-	-	(298)
Prepayments	129	(129)	-	-	-
Deferred revenue	(214)	81	-	-	(133)
Provisions	(214)	(62)	-	-	(276)
Other items	(133)	1,313	-	-	1,180
Total	**4,138**	**1,655**	**869**	**-**	**6,662**

32 Deferred tax-Group (continued)
Deferred tax balances (continued)

	Historical unaudited				
2023 **Assets/(liabilities)**	Balance at period start ZWL000	Recognised in P/L ZWL000	Recognised in OCI ZWL000	Recognised directly in equity ZWL000	Balance at period end ZWL000
Property and equipment	3,343,815	(1,852,122)	20,936,717	-	22,428,410
Investment property	204,000	1,408,221	-	-	1,612,221
Investment securities	273,466	-	15,726,341	-	15,999,807
Impairments	(171,781)	(6,924,655)	-	-	(7,096,436)
Deferred revenue	(77,826)	27,842,102	-	-	27,764,276
Provisions	(217,865)	(1,807,209)	-	-	(2,025,074)
Other items	481,056	(2,271,749)	-	-	(1,790,693)
Total	**3,834,865**	**16,394,588**	**36,663,058**	**-**	**56,892,511**
2022					
Assets/(liabilities)					
Property and equipment	713,532	315,304	2,314,979	-	3,343,815
Investment property	63,917	140,083	-	-	204,000
Investment securities	102,656	-	170,810	-	273,466
Impairments	(34,530)	(137,251)	-	-	(171,781)
Deferred revenue	(40,772)	(37,054)	-	-	(77,826)
Provisions	(42,711)	(175,154)	-	-	(217,865)
Other items	(26,653)	507,709	-	-	481,056
Total	**735,439**	**613,637**	**2,485,789**	**-**	**3,834,865**

32.1 Deferred tax- Bank
Deferred tax balances

The analysis of the deferred tax assets and deferred tax liabilities is as follows:

	Audited		Historical unaudited	
Deferred tax	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Deferred tax balances				
Deferred tax assets	(2,609)	(1,309)	(16,432,699)	(993,532)
Deferred tax liabilities	10,739	7,740	81,089,454	4680180.969
Total deferred tax liability	**8,130**	**6,431**	**64,656,755**	**3,686,649**

Deferred tax assets and liabilities are attributable to the following:

	Audited				
2023 **(Assets)/liabilities**	Balance at period start USD000	Recognised in P/L USD000	Recognised in OCI USD000	Recognised directly in equity USD000	Balance at period end USD000
Property and equipment	4,823	(254)	(376)	-	4,193
Investment property	297	(111)	-	-	186
Investment securities	1,317	-	1,035	-	2,352
Impairments	(298)	(864)	-	-	(1,162)
Prepaid expenses	-	-	-	-	-
Deferred revenue	(133)	2,327	-	-	2,194
Provisions	(276)	(166)	-	-	(442)
Other items	701	108	-	-	808
Total	**6,431**	**1,040**	**659**	**-**	**8,130**
2022					
Assets/(liabilities)					
Property and equipment	3,979	609	235	-	4,823
Investment property	320	(23)	-	-	297
Investment securities	404	-	913	-	1,317
Impairments	(164)	(134)	-	-	(298)
Prepaid expenses	129	(129)	-	-	-
Deferred revenue	(214)	81	-	-	(133)
Provisions	(214)	(62)	-	-	(276)
Other items	(133)	833	-	-	701
Total	**4,107**	**1,175**	**1,148**	**-**	**6,431**

	Historical unaudited				
2023 **Assets/(liabilities)**	Balance at period start ZWL000	Recognised in P/L ZWL000	Recognised in OCI ZWL000	Recognised directly in equity ZWL000	Balance at period end ZWL000
Property and equipment	2,564,047	(1,852,122)	28,849,177	-	29,561,102
Investment property	204,000	1,408,221	-	-	1,612,221
Investment securities	905,017	-	15,726,342	-	16,631,359
Impairments	(171,781)	(6,924,655)	-	-	(7,096,436)
Deferred revenue	(77,826)	27,842,102	-	-	27,764,276
Provisions	(217,865)	(1,807,209)	-	-	(2,025,074)
Other items	481,057	(2,271,749)	-	-	(1,790,692)
Total	**3,686,649**	**16,394,588**	**44,575,519**	**-**	**64,656,756**
2022					
Assets/(liabilities)					
Property and equipment	713,532	(14,560)	1,865,075	-	2,564,047
Investment property	63,917	140,083	-	-	204,000
Investment securities	102,656	-	802,361	-	905,017
Impairments	(34,530)	(137,251)	-	-	(171,781)
Deferred revenue	(40,772)	(37,054)	-	-	(77,826)
Provisions	(42,711)	(175,154)	-	-	(217,865)
Other items	(26,653)	507,710	-	-	481,057
Total	**735,439**	**283,774**	**2,667,436**	**-**	**3,686,649**

33 Taxation

33.1 Taxation payable- Group

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Tax (receivable)/payable at the beginning of the year	(1,560)	63	(1,072,374)	12,658
Current tax expense	2,966	3,487	17,629,937	2,109,987
Taxation paid	(3,769)	(5,641)	(19,760,798)	(3,195,019)
Impact of exchange rate movement/ monetary adjustment	2,115	531	1,335,784	-
Tax payable/(receivable) at the end of the year	**(248)**	**(1,560)**	**(1,867,451)**	**(1,072,374)**

33.2 Taxation payable-Bank

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Tax (receivable)/payable at the beginning of the year	(1,560)	63	(1,072,374)	12,658
Current tax expense	2,971	3,070	17,654,995	2,109,987
Taxation paid	(3,769)	(5,641)	(19,760,798)	(3,195,019)
Impact of exchange rate movement/ monetary adjustment	2,115	948	1,335,784	-
Tax payable/(receivable) at the end of the year	**(243)**	**(1,560)**	**(1,842,393)**	**(1,072,374)**

34 Share capital and reserves

Authorised shares	2023 Number of shares	2022 Number of shares
Issued and fully paid	2,160,865,929	2,160,865,929
Shares allocated to management share option scheme	31,073,397	30,613,397
Shares under control of directors	2,808,060,674	2,808,520,674
Total authorised shares	**5,000,000,000**	**5,000,000,000**
Authorised share capital		
Ordinary shares (5 000 000 000 shares of ZWL0.01 cents per share)	500	500

34.1 Issued share capital

Issued and fully paid shares	2023 Number of shares	2022 Number of shares
Balance at beginning of year	2,160,865,929	2,160,205,929
Exercise of share options	-	660,000
Balance at end of year	**2,160,865,929**	**2,160,865,929**

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Ordinary shares	58	58	216	216
Share premium	6,360	6,360	24,160	24,160
Total	**6,418**	**6,418**	**24,376**	**24,376**

The total authorised number of ordinary shares at year end was 5 billion (2022: 5 billion).The unissued share capital is under the control of the directors subject to the restrictions imposed by the Companies and Other Entities Act (Chapter 24.31), the Zimbabwe Stock Exchange listing requirements and the Articles and Memorandum of Association of the Bank.

34.2 Share premium

Premiums from the issue of shares are reported in the share premium.

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Share premium	6,360	6,360	24,160	24,160
Balance at end of year	**6,360**	**6,360**	**24,160**	**24,160**

34.3 Non - distributable reserves

This relates to the balance of currency translation reserves arising from the fair valuation of assets and liabilities on 1 January 2009 when the Bank adopted the United States dollar as the functional and presentation currency.

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Non - distributable reserve	2,076	2,076	7,785	7,785
Balance at end of year	**2,076**	**2,076**	**7,785**	**7,785**

34.4 Fair value through other comprehensive income reserve

This relates to fair value movements on investment securities held at fair value through other comprehensive income which include equity and debt securities.

Fair value through other comprehensive income reserve- Group	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Fair value through other comprehensive income reserve	2,018	4,527	35,361,054	3,601,907
Balance at end of year	**2,018**	**4,527**	**35,361,054**	**3,601,907**

Fair value through other comprehensive income reserve-Bank	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Fair value through other comprehensive income reserve	3,122	6,163	93,225,246	6,311,658
Balance at end of year	**3,122**	**6,163**	**93,225,246**	**6,311,658**

34.5 Revaluation reserve

Revaluation movement on property and equipment is classified under revaluation reserve. Additional detail on revaluation of assets is contained in note 19.

Revaluation reserve- Bank	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Revaluation reserve	14,687	16,782	184,195,343	15,083,797
Balance at end of year	**14,687**	**16,782**	**184,195,343**	**15,083,797**

Revaluation reserve Bank	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Revaluation reserve	14,601	16,203	165,697,847	13,530,151
Balance at end of year	**14,601**	**16,203**	**165,697,847**	**13,530,151**

34.6 General Reserve

The general reserve was created to comply with the regulatory requirements. Hence this for the excess regulatory Expected credit losses above the above IFRS 9.

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
General Reserve				
General Reserve	1,155	185	6,048,727	126,981
Balance at end of year	**1,155**	**185**	**6,048,727**	**126,981**

34.7 Share based payment reserve

The fair value of share options granted to employees is classified under share based payment reserve. The reserve is reduced when the employees exercise their share options.

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Share based payment reserve	336	335	12,489	5,010
Balance at end of year	**336**	**335**	**12,489**	**5,010**

34.8 Local managerial share option scheme

This scheme benefits managerial employees. Managerial employees are granted shares in First Capital Bank. Share options issued have a vesting period of three years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The following assumptions were input into the valuation model:
• Volatility of 81.83%
• Nominal risk free rate of return of 80%
• Expected option exercise date is 2 years after vesting period.

In the valuation, volatility was calculated as the standard deviation of lognormal weekly returns for a full year. Volatility is a measure of the amount by which the price is expected to fluctuate between the grant date and the exercise date.

34.9 Movements during the period

The following reconciles the share options outstanding at the beginning and end of the year:

	2023		2022	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at beginning of the year	5,380,000	0.05	6,400,000	0.05
Granted during the year	1,090,000	0.02	860,000	0.07
Forfeited during the year	(1,550,000)	-	(1,220,000)	0.03
Exercised during the year	-	-	(660,000)	-
Outstanding at 31 December	**4,920,000**	**-**	**5,380,000**	**-**
Exercisable at 31 December	**1,290,000**	**-**	**710,000**	**-**
Weighted average contractual life of options outstanding at end of period (years)	2.47	-	1.96	-

35 Financial instruments-Group

35.1 Classification of assets and liabilities

Financial assets	Audited 2023 USD000	2022 USD000	Historical unaudited 2023 ZWL000	2022 ZWL000
Financial assets at fair value through profit and loss				
Gold backed digital gold tokens	3,329	-	20,321,742	-
Total	**3,329**	**-**	**20,321,742**	**-**
Financial assets at amortised cost				
Cash and bank balances	70,877	78,002	432,740,926	53,609,309
Treasury bills	2,535	6,650	15,706,900	4,570,550
Loans and advances to customers	86,062	65,973	525,386,237	45,342,180
Clearing balances due from other banks	6,465	328	39,467,073	225,622
Other assets*	4,476	7,501	19,912,482	5,143,002
Total	**170,415**	**158,454**	**1,033,213,618**	**108,890,663**
* Excludes staff loans amortisation and prepayments and stationery.				
Financial assets at fair value through other comprehensive income				
Treasury bills and promissory notes	3,071	6,786	18,516,374	4,664,100
Unquoted equity securities	4,233	5,807	37,090,932	3,990,908
Total	**7,304**	**12,593**	**55,607,306**	**8,655,008**
Total Financial assets	**181,048**	**171,047**	**1,109,142,666**	**117,545,671**
Financial liabilities at amortised cost				
Customer deposits	123,152	136,063	751,814,663	93,514,048
Balances due to other banks	24,416	1,165	149,053,520	800,769
Other liabilities*	6,185	17,683	36,619,630	12,152,807
Lease liability	2,822	2,653	17,229,708	1,823,304
Balances due to group companies	1,198	69	7,311,571	47,628
Total Financial liabilities	**157,773**	**157,633**	**962,029,092**	**108,338,556**

*Excludes deferred income

35.2 Financial instruments-Bank

	Audited		Historical unaudited	
Classification of assets and liabilities	**2023**	**2022**	**2023**	**2022**
Financial assets	**USD000**	**USD000**	**ZWL000**	**ZWL000**
Financial assets at fair value through profit and loss				
Gold-backed igital gold tokens	3,329	-	20,321,742	-
Total	**3,329**	**-**	**20,321,742**	**-**
Financial assets at amortised cost				
Cash and bank balances	70,877	78,002	432,740,926	53,609,309
Treasury bills	2,535	6,650	15,706,900	4,570,550
Loans and advances to customers	86,062	65,973	525,386,237	45,342,180
Clearing balances due from other Banks	6,465	328	39,467,073	225,622
Other assets*	4,475	7,451	19,912,482	5,120,717
Total	**170,414**	**158,404**	**1,033,213,618**	**108,868,378**
* Excludes prepayments and stationery.				
Financial assets at fair value through other comprehensive income				
Treasury bills and bonds	3,071	6,786	18,516,374	4,664,100
Unquoted equity securities	16,033	14,270	117,686,874	9,807,326
Total	**19,104**	**21,056**	**136,203,248**	**14,471,426**
Total Financial assets	**192,847**	**179,460**	**1,189,738,608**	**123,339,804**
Financial liabilities				
Financial liabilities at amortised cost				
Customer deposits	130,097	141,026	794,206,097	96,925,095
Deposits from other banks	24,416	1,165	149,053,520	800,769
Other liabilities**	5,988	17,683	35,541,540	12,152,807
Lease liability	2,822	2,653	17,229,708	1,823,304
Balances due to group companies	1,198	69	7,311,571	47,628
Total Financial liabilities	**164,521**	**162,596**	**1,003,342,436**	**111,749,603**

**Excludes deferred income

35.3 Fair value hierarchy of assets and liabilities held at fair value -Group

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Audited			
2023	**Level 1 USD000**	**Level 2 USD000**	**Level 3 USD000**	**Total USD000**
Recurring fair value measurements				
Financial assets				
Gold-backed digital tokens	3,329	-	-	3,329
Treasury bills	-	-	3,071	3,071
Unquoted equity instruments	-	-	4,233	4,233
Balance at 31 December 2023	**3,329**	**-**	**7,304**	**10,633**
Non - financial assets				
Property and equipment	-	-	24,938	24,938
Investment property	-	-	1,494	1,494
Investment in joint venture	-	-	14,340	14,340
Non-Current Assets held for sale	-	-	2,217	2,217
Balance at 31 December 2023	**-**	**-**	**42,989**	**42,989**

2022	**Level 1 USD000**	**Level 2 USD000**	**Level 3 USD000**	**Total USD000**
Recurring fair value measurements				
Financial assets				
Treasury bills	-	-	6,786	6,786
Unquoted equity instruments	-	-	5,807	5,807
Balance at 31 December 2022	**-**	**-**	**12,593**	**12,593**
Non - financial assets				
Property and equipment	-	-	27,376	27,376
Investment property	-	-	5,936	5,936
Investment in joint venture	-	-	19,613	19,613
Balance at 31 December 2022	**-**	**-**	**52,925**	**52,925**

35.3 Fair value hierarchy of assets and liabilities held at fair value -Group (continued)

Fair value hierarchy (continued)

	Historical unaudited			
2023	**Level 1 ZWL000**	**Level 2 ZWL000**	**Level 3 ZWL000**	**Total ZWL000**
Recurring fair value measurements				
Financial assets				
Gold-backed digital tokens	20,321,742	-	-	20,321,742
Treasury bills	-	-	18,516,374	18,516,374
Unquoted equity instruments	-	-	37,090,932	37,090,932
Balance at 31 December 2023	**20,321,742**	**-**	**55,607,306**	**75,929,048**
Non - financial assets				
Property and equipment	-	-	199,224,893	199,224,893
Investment property	-	-	9,846,000	9,846,000
Investment in joint venture	-	-	128,587,235	128,587,235
Non-Current Assets held for sale	-	-	19,956,522	19,956,522
Balance at 31 December 2023	**-**	**-**	**486,201,885**	**486,201,885**

2022	**Level 1 ZWL000**	**Level 2 ZWL000**	**Level 3 ZWL000**	**Total ZWL000**
Recurring fair value measurements				
Financial assets				
Treasury bills	-	-	4,664,100	4,664,100
Unquoted equity instruments	-	-	3,990,908	3,990,908
Balance at 31 December 2022	**-**	**-**	**8,655,008**	**8,655,008**
Non - financial assets				
Property and equipment	-	-	18,814,882	18,814,882
Investment property	-	-	4,080,000	4,080,000
Investment in joint venture	-	-	13,243,000	13,243,000
Balance at 31 December 2022	**-**	**-**	**36,137,882**	**36,137,882**

35.3.1 Fair value hierarchy of assets and liabilities held at fair value - Bank

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Audited			
2023	**Level 1 USD000**	**Level 2 USD000**	**Level 3 USD000**	**Total USD000**
Recurring fair value measurements				
Financial assets				
Gold-backed digital tokens	3,329	-	-	3,329
Treasury bills	-	-	3,071	3,071
Unquoted equity instruments	-	-	16,033	16,033
Balance at 31 December 2023	**3,329**	**-**	**19,104**	**22,433**
Non - financial assets				
Property and equipment	-	-	22,136	22,136
Investment property	-	-	1,494	1,494
Investment in joint venture	-	-	14,340	14,340
Non- current assets held for sale	-	-	2,217	2,217
Balance at 31 December 2023	**-**	**-**	**40,187**	**40,187**

	Historical unaudited			
2022		**Level 2 USD000**	**Level 3 USD000**	**Total USD000**
Recurring fair value measurements				
Financial assets				
Treasury bills	-	-	6,786	6,786
Unquoted equity instruments	-	-	14,270	14,270
Balance at 31 December 2022	**-**	**-**	**21,056**	**21,056**
Non - financial assets				
Property and equipment	-	-	23,913	23,913
Investment property	-	-	5,936	5,936
Investment in joint venture	-	-	19,269	19,269
Balance at 31 December 2022	**-**	**-**	**49,118**	**49,118**

35.3.1 Fair value hierarchy of assets and liabilities held at fair value - Bank (continued)

Fair value hierarchy (continued)

	Audited			
2023	**Level 1 ZWL000**	**Level 2 ZWL000**	**Level 3 ZWL000**	**Total ZWL000**
Recurring fair value measurements				
Financial assets				
Gold-backed digital tokens	20,321,742	-	-	20,321,742
Treasury bills	-	-	18,516,374	18,516,374
Unquoted equity instruments	-	-	117,686,874	117,686,874
Balance at 31 December 2023	**20,321,742**	**-**	**136,203,248**	**156,524,990**
Non - financial assets				
Property and equipment	-	-	199,224,893	199,224,893
Investment property	-	-	9,846,000	9,846,000
Investment in joint venture	-	-	128,587,235	128,587,235
Non- current assets held for sale	-	-	19,956,522	19,956,522
Balance at 31 December 2023	**-**	**-**	**357,614,650**	**357,614,650**

	Historical unaudited			
2022	**Level 1 ZWL000**	**Level 2 ZWL000**	**Level 3 ZWL000**	**Total ZWL000**
Recurring fair value measurements				
Financial assets				
Treasury bills	-	-	4,664,100	4,664,100
Unquoted equity instruments	-	-	9,807,326	9,807,326
Balance at 31 December 2022	**-**	**-**	**14,471,426**	**14,471,426**
Non - financial assets				
Property and equipment	-	-	16,434,882	16,434,882
Investment property	-	-	4,080,000	4,080,000
Investment in joint venture	-	-	13,243,000	13,243,000
Balance at 31 December 2022	**-**	**-**	**33,757,882**	**33,757,882**

35.4 Valuation techniques for the level 2 fair value measurement of assets and liabilities held at fair value

The table below sets out information about the valuation techniques applied at the end of the reporting period in measuring assets and liabilities whose fair value is categorised as Level 2 in the fair value hierarchy. A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations is set out in the table below:

Category of asset/liability	**Valuation technique applied**	**Significant observable inputs**
Foreign Exchange Contracts	Discounted cash flow	Interest and foreign currency exchange rates

35.5 Valuation techniques for the level 3 fair value measurement of assets and liabilities held at fair value

The table below sets out information about the significant unobservable inputs used at the end of the reporting period in measuring assets and liabilities whose fair value is categorised as Level 3 in the fair value hierarchy.

Category of asset/liability	**Valuation applied**	**Significant unobservable inputs**	**Range of estimates utilised for the unobservable inputs**
Unquoted equity financial instrument	Discounted cash flow	Cash flows and discount rates	28.75%
Land and buildings	Market/ income approach	Capitalisation rates	7% to 9%
Investment properties	Market/income approach	Capitalisation rates	7% to 9%
Treasury bills-ZWL	Discounted cash flow	Market Yield – not actively traded	72%-73.51%

35.5.1 Reconciliation of recurring level 3 fair value measurements- Group

	Audited				
2023	**Investment securities USD000**	**Investment properties USD000**	**Non-current asset held for sale USD000**	**Investment in Joint venture USD000**	**Total USD000**
Balance at 1 January 2023	**19,243**	**5,936**	**-**	**19,613**	**44,792**
Additions	(1,479)	(1,136)	-	(3,213)	(5,828)
Impact of change in functional currency	15,724	-	-	-	15,724
Accrued interest	809	-	-	-	809
Maturities	(17,633)	-	-	-	(17,633)
Impairment	(2,864)	-	-	-	(2,864)
Transfer to non-current assets held for sale	-	(2,217)	2,217		-
Total gains and losses recognised in profit or loss	(991)	(1,089)	-	(2,060)	(4,140)
Total gains and losses recognised in other comprehensive income	359	-	-	-	359
Balance at 31 December 2023	**13,168**	**1,494**	**2,217**	**14,340**	**31,219**

2022	**Investment securities USD000**	**Investment properties USD000**	**Non-current asset held for sale USD000**	**Investment in Joint venture USD000**	**Total USD000**
Balance at 1 January 2022	**14,503**	**6,394**	**-**	**15,426**	**36,323**
Additions	24,720	154	-	-	24,874
Monetary adjustment	(10,122)	-	-	(237)	(10,359)
Accrued interest	579	-	-	-	579
Maturities	(10,627)	-	-	-	(10,627)
Total gains and losses recognised in profit or loss	-	(612)	-	4,424	3,812
Total gains and losses recognised in other comprehensive income	190	-	-	-	190
Balance at 31 December 2022	**19,243**	**5,936**	**-**	**19,613**	**44,792**

	Historical unaudited				
2023	**Investment securities ZWL000**	**Investment properties ZWL000**	**Non-current asset held for sale ZWL000**	**Investment in Joint venture ZWL000**	**Total ZWL000**
Balance at 1 January 2023	**13,225,558**	**4,080,000**	**-**	**13,479,449**	**30,785,007**
Additions	48,899,413	-	-	-	48,899,413
Accrued interest	4,486,320	-	-	-	4,486,320
Maturities	(23,818,250)	-	-	-	(23,818,250)
Loss arising from change in valuation of treasury bills	(17,485,985)	-	-	-	(17,485,985)
Transfer to non-current assets held for sale	-	(19,956,522)	19,956,522	-	-
Total gains and losses recognised in profit or loss	(236,341)	25,722,522	-	115,107,786	140,593,967
Total gains and losses recognised in other comprehensive income	66,565,233	-	-	-	66,565,233
Balance at 31 December 2023	**91,635,948**	**9,846,000**	**19,956,522**	**128,587,235**	**250,025,705**

2022	**Investment securities ZWL000**	**Investment properties ZWL000**	**Non-current asset held for sale ZWL000**	**Investment in Joint venture ZWL000**	**Total ZWL000**
Balance at 1 January 2022	**9,967,614**	**4,394,420**	**-**	**10,601,984**	**24,964,018**
Additions	16,989,614	105,878	-	-	17,095,492
Monetary adjustment	(6,956,879)	-	-	(162,845)	(7,119,724)
Accrued interest	397,827	-	-	-	397,827
Maturities	(7,303,081)	-	-	-	(7,303,081)
Total gains and losses recognised in profit or loss	-	(420,298)	-	3,040,310	2,620,012
Total gains and losses recognised in other comprehensive income	130,463	-	-	-	130,463
Balance at 31 December 2022	**13,225,558**	**4,080,000**	**-**	**13,479,449**	**30,785,007**

35.5.2 Reconciliation of recurring level 3 fair value measurements- Bank

	Audited					
2023	**Investment securities USD000**	**Investment properties USD000**	**Non-current asset held for sale USD000**	**Investment in Joint venture USD000**	**Investment in subsidiary USD000**	**Total USD000**
Balance at 1 January 2023	**19,243**	**5,936**	**-**	**19,613**	**8,463**	**53,255**
Additions	15,724	-	-	-	4,000	19,724
Impact of change in functional currency	(1,479)	(1,136)	-	(3,213)	(663)	(6,491)
Accrued interest	809	-	-	-	-	809
Maturities	(17,633)	-	-	-	-	(17,633)
Impairment	(2,864)	-	-	-	-	(2,864)
Transfer to non-current assets held for sale	-	(2,217)	2,217	-	-	-
Total gains and (losses) recognised in profit or loss	(991)	(1,089)	-	(2,060)	-	(4,140)
Total gains and losses recognised in other comprehensive income	359	-	-	-	-	359
Balance at 31 December 2021	**13,168**	**1,494**	**2,217**	**14,340**	**11,800**	**43,019**

2022	**Investment securities USD000**	**Investment properties USD000**	**Non-current asset held for sale USD000**	**Investment in Joint venture USD000**	**Investment in subsidiary USD000**	**Total USD000**
Balance at 1 January 2022	**14,503**	**6,394**	**-**	**15,426**	**2,801**	**39,124**
Additions	24,720	154	-	-	4,121	28,995
Accrued interest	(10,122)	-	-	-	-	(10,122)
Monetary adjustment	579	-	-	(237)	-	342
Maturities	(10,627)	-	-	-	-	(10,627)
Total gains and (losses) recognised in profit or loss	-	(612)	-	4,424	-	3,812
Total gains and losses recognised in other comprehensive income	190	-	-	-	1,541	1,731
Balance at 31 December 2022	**19,243**	**5,936**	**-**	**19,613**	**8,463**	**53,255**

	Historical unaudited					
2023	**Investment securities ZWL000**	**Investment properties ZWL000**	**Non-current asset held for sale ZWL000**	**Investment in Joint venture ZWL000**	**Investment in subsidiary ZWL000**	**Total ZWL000**
Balance at 1 January 2023	**13,225,558**	**4,080,000**	**-**	**13,479,449**	**5,816,418**	**36,601,425**
Additions	48,899,413	-	-	-	5,836,473	54,735,886
Accrued interest	4,486,320	-	-	-	-	4,486,320
Maturities	(23,818,250)	-	-	-	-	(23,818,250)
Loss arising from change in valuation of treasury bills	(17,485,985)	-	-	-	-	(17,485,985)
Transfer to non-current assets held for sale	-	(19,956,522)	19,956,522	-	-	-
Total gains and (losses) recognised in profit or loss	(236,341)	25,722,522	-	115,107,786	-	140,593,967
Total gains and losses recognised in other comprehensive income	66,565,233	-	-	-	68,943,051	135,508,284
Balance at 31 December 2023	**91,635,948**	**9,846,000**	**19,956,522**	**128,587,235**	**80,595,942**	**330,621,647**

2022	**Investment securities ZWL000**	**Investment properties ZWL000**	**Non-current asset held for sale ZWL000**	**Investment in Joint venture ZWL000**	**Investment in subsidiary ZWL000**	**Total ZWL000**
Balance at 1 January 2022	**9,967,614**	**4,394,420**	**-**	**10,601,984**	**560,000**	**25,524,018**
Additions	16,989,614	105,878	-	-	2,098,666	19,194,158
Accrued interest	(6,956,879)	-	-	(162,845)	-	(7,119,724)
Monetary adjustment	397,827	-	-	-	-	397,827
Maturities	(7,303,081)	-	-	-	-	(7,303,081)
Total gains and (losses) recognised in profit or loss	-	(420,298)	-	3,040,310	-	2,620,012
Total gains and losses recognised in other comprehensive income	130,463	-	-	-	3,157,752	3,288,215
Balance at 31 December 2022	**13,225,558**	**4,080,000**	**-**	**13,479,449**	**5,816,418**	**36,601,425**

35.6 Fair value of financial instruments not held at fair value-Group

The disclosed fair values of these financial assets and financial liabilities measured at amortised cost approximate their carrying value because of their short term nature.

	Audited				Historical unaudited			
	2023		2022		2023		2022	
	Carrying amount USD000	**Fair value USD000**	**Carrying amount USD000**	**Fair value USD000**	**Carrying amount ZWL000**	**Fair value ZWL000**	**Carrying amount ZWL000**	**Fair value ZWL000**
Financial Assets								
Cash and bank balances	70,877	70,877	78,002	78,002	432,740,926	432,740,926	53,609,309	53,609,309
Loans and receivables from Banks	6,465	6,465	328	328	39,467,073	39,467,073	225,622	225,622
Treasury bills	2,535	2,535	6,650	6,650	15,706,900	15,706,900	4,570,550	4,570,550
Loans and advances to customers	86,062	86,062	65,973	65,973	525,386,237	525,386,237	45,342,179	45,342,179
Other assets	4,475	4,475	7,483	7,483	19,912,482	19,912,482	5,143,002	5,143,002
Total	**170,414**	**170,414**	**158,436**	**158,436**	**1,033,213,618**	**1,033,213,618**	**108,890,662**	**108,890,662**
Financial Liabilities								
Deposits from banks	24,416	24,416	1,165	1,165	149,053,520	149,053,520	800,769	800,769
Deposits from customers	123,152	123,152	136,063	136,063	751,814,663	751,814,663	93,514,048	93,514,048
Lease liability	2,822	2,822	2,653	2,653	17,229,708	17,229,708	1,823,304	1,823,304
Other liabilities	5,988	5,988	17,682	17,682	36,619,631	36,619,631	12,183,437	12,183,437
Balances due to group companies	1,198	1,198	69	69	7,311,571	7,311,571	47,628	47,628
Total	**157,576**	**157,576**	**157,632**	**157,632**	**962,029,093**	**962,029,093**	**108,369,186**	**108,369,186**

Fair value of financial instruments not held at fair value-Bank

The disclosed fair values of these financial assets and financial liabilities measured at amortised cost approximate their carrying value because of their short term nature.

	Audited				Historical unaudited			
	2023		2022		2023		2022	
	Carrying amount USD000	**Fair value USD000**	**Carrying amount USD000**	**Fair value USD000**	**Carrying amount ZWL000**	**Fair value ZWL000**	**Carrying amount ZWL000**	**Fair value ZWL000**
Financial Assets								
Cash and bank balances	70,877	70,877	78,002	78,002	432,740,926	432,740,926	53,609,309	53,609,309
Loans and receivables from Banks	6,465	6,465	328	328	39,467,073	39,467,073	225,622	225,622
Treasury bills	2,535	2,535	6,650	6,650	15,706,900	15,706,900	4,570,550	4,570,550
Loans and advances to customers	86,062	86,062	65,973	65,973	525,386,237	525,386,237	45,342,179	45,342,179
Other assets	4,475	4,475	7,483	7,483	19,912,482	19,912,482	5,143,002	5,143,002
Total assets	**170,414**	**170,414**	**158,436**	**158,436**	**1,033,213,618**	**1,033,213,618**	**108,890,662**	**108,890,662**
Financial Liabilities								
Deposits from banks	24,416	24,416	1,165	1,165	149,053,520	149,053,520	800,769	800,769
Deposits from customers	130,097	130,097	136,063	136,063	794,206,097	794,206,097	93,514,048	93,514,048
Lease liability	2,822	2,822	2,653	2,653	17,229,708	17,229,708	1,823,304	1,823,304
Other liabilities	6,087	6,087	17,682	17,682	36,028,460	36,028,460	12,183,164	12,183,164
Balances due to group companies	1,198	1,198	69	69	7,311,571	7,311,571	47,628	47,628
Total	**164,620**	**164,620**	**157,632**	**157,632**	**1,003,829,356**	**1,003,829,356**	**108,368,913**	**108,368,913**

36 Risk management

Financial risk management objectives

The Group's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine capital allocations. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk. Internal audit and Operational Risk and Control departments are responsible for the review of risk management and the control environment.

The risks arising from financial instruments to which the Group is exposed to include among other risks credit risk, liquidity risk, market risk and operational risk.

36.1 Capital risk management

Capital risk – is the risk that the Group is unable to maintain adequate levels of capital which could lead to an inability to support business activity or failure to meet regulatory requirements. Capital risk is mostly managed for the bank.

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the banking regulators;
- To safeguard the bank's ability to continue as a going concern so that it can continue to provide returns
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management and the Directors, employing techniques based on guidelines developed by the Basel Committee as implemented by the Reserve Bank of Zimbabwe for supervisory purposes. The bank's regulatory capital comprises of three tiers;

- **Tier 1 Capital:** comprises contributed capital, accumulated profits, share based payment reserve and currency translation reserve.
- **Tier 2 Capital:** comprises impairment allowance, revaluation reserve and part of currency translation reserve.
- **Tier 3 Capital:** comprises operational and market risk capital.

The Reserve Bank of Zimbabwe requires each bank to maintain a core capital adequacy ratio of 8% and total capital adequacy ratio of 12%. The table below summarises the composition of regulatory capital and the ratios of the Bank.

	Audited		Historical unaudited	
	2023 USD000	**2022 USD000**	**2023 ZWL000**	**2022 ZWL000**
Share capital	58	58	216	216
Share premium	6,360	6,360	24,160	24,161
Accumulated profits	40,511	36,762	232,318,810	25,398,970
Share based payment reserve	336	335	12,489	5,010
Fair value through OCI reserve	3,122	4,527	93,225,246	6,311,658
Non-distributable reserve	2,076	2,076	3,508	3,508
Total core capital	**52,463**	**50,118**	**325,584,429**	**31,743,523**
Less market and operational risk capital	(3,588)	(2,679)	(22,778,144)	(2,678,733)
Less exposures to insiders	(262)	-	(1,599,437)	-
Tier 1 capital	**48,613**	**47,439**	**301,206,848**	**29,064,790**
Currency translation reserve movement	1	1	4,277	4,277
Revaluation reserves	14,601	19,686	165,697,847	13,530,151
General provisions (limited to 1.25% of weighted risk assets)	982	549	10,731,763	78,682
Tier 2 capital	**15,584**	**22,306**	**176,433,887**	**13,613,110**
Total tier 1 & 2 capital	**64,197**	**69,745**	**477,640,735**	**42,677,900**
Market risk	720	732	4,393,475	503,088
Operational risk	2,868	3,166	18,384,669	2,175,645
Tier 3 capital	**3,588**	**3,898**	**22,778,144**	**2,678,733**
Total tier 1, 2 & 3 capital base	**67,785**	**73,643**	**500,418,879**	**45,356,633**
Deductions from capital	(4,233)	(5,807)	(37,090,932)	(3,990,908)
Total capital base	**63,552**	**67,836**	**463,327,947**	**41,365,725**
Credit risk weighted assets	182,636	128,957	1,103,355,510	88,629,784
Operational risk equivalent assets	35,851	39,570	229,808,363	27,195,562
Market risk equivalent assets	8,996	9,150	54,918,442	6,288,596
Total risk weighted assets (RWAs)	**227,483**	**177,677**	**1,388,082,315**	**122,113,942**
Tier 1 capital ratio	21%	27%	22%	24%
Tier 1 and 2 capital ratio	28%	39%	34%	35%
Total capital adequacy ratio	28%	38%	33%	34%

Credit risk capital - is subject to guidelines provided by the regulator which are based on Basel 1 principles. On this approach the banking book exposures are categorised into broad classes of assets with different underlying risk characteristics. Risk components are transformed into risk weighted assets using predetermined exposure and loss probability factors. Capital requirements for credit risk are derived from the risk weighted assets.

Market risk capital - is assessed using regulatory guidelines which consider the risk characteristics of the different trading book assets. Risk components are transformed into risk weighted assets and, therefore, capital requirements, based on predetermined exposure and loss probability factors.

Operational risk capital - is assessed using the standardised approach. This approach is tied to average gross income over three years per regulated business lines as indicator of scale of operations. Total capital charge for operational risk equals the sum of charges per business lines.

Economic capital- Economic capital methodologies are used to calculate risk sensitive capital allocations for businesses incurring market risk. Consequently the businesses incur capital charges related to their market risk.

Credit risk capital - is subject to guidelines provided by the regulator which are based on Basel 1 principles. On this approach the Grouping book exposures are categorised into broad classes of assets with different underlying risk characteristics. Risk components are transformed into risk weighted assets using predetermined exposure and loss probability factors. Capital requirements for credit risk are derived from the risk weighted assets.

Market risk capital - is assessed using regulatory guidelines which consider the risk characteristics of the different trading book assets. Risk components are transformed into risk weighted assets and, therefore, capital requirements, based on predetermined exposure and loss probability factors.

Operational risk capital - is assessed using the standardised approach. This approach is tied to average gross income over three years per regulated business lines as indicator of scale of operations. Total capital charge for operational risk equals the sum of charges per business lines.

36.2 Credit risk

Credit risk is the risk of financial loss should the Group's customers, clients or market counter parties fail to fulfil their contractual obligations to the bank. The Group actively seeks to originate and manage credit risk in such a way as to achieve sustainable asset growth and risk adjusted returns in line with board-approved risk parameters. The credit risk that the Group faces arises mainly from corporate and retail loans advances and counter party credit risk arising from derivative contracts entered into with our clients. Other sources of credit risk arise from treasury bills, government bonds, settlement balances with counter parties and Group balances with Central Bank and other related banks. Credit risk management objectives are:

- Supporting the achievement of sustainable asset and revenue growth in line with our risk parameters
- Operating sound credit granting processes and monitoring credit risk using appropriate models to assist decision making.
- Ensure credit risk taking is based on sound credit risk management principles and controls; and
- Continually improving collection and recovery.

a) Risk limit and mitigation policies

The Group uses a range of policies and practices to mitigate credit risk. These include credit scoring, marking limits against counter parties, credit insurance, and monitoring cash flows and utilisation against limit and collateral. Principal collateral types used for loans and advances are:

- Mortgages over residential and commercial properties;
- Charges over business assets such as premises, inventory and accounts receivable, moveable assets and shares; and
- Cash cover.

The legal department is responsible for conducting sufficient legal review to confirm that the approved collateral is legally effective. The ratio of value of loan to value of security is assessed on grant date and continuously monitored.

(b) Credit risk grading

Corporate Exposures

The Group uses internal credit risk gradings that reflect its assessment of the probability of default of individual counter parties. The Group uses internal rating models tailored to the various categories of counter party. Borrower and loan specific information collected at the time of application (such as level of collateral; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgement to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

The credit scores from this model are mapped to the regulatory scale with 10 grades which are in turn categorised into Risk Categories 1-3. Those in Category 1 display no or unusual business as usual risk and the risk of default is low. Category 2 implies there are some doubts that the borrower will meet its obligations but the risk of default is medium. Category 3 implies that there are strong doubts that the customer will meets its obligations and the risk of default is either high or has occurred.

Category 1 (sub categories 1a – 3c):	0 to 29 days past due, have no or temporary problems and the risk of default is low
Category 2 (sub categories 4a – 7c):	30 days to 89 days past due, implies there are doubts that the customer will pay but the risk of default is medium
Category 3 (sub categories 8 – 10):	90 days+ past due (Default), there are doubts that the customer will pay and the risk of default is high

Retail exposures

After the date of initial recognition, for retail business, the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural internal credit rating. Any other known information about the borrower which impacts their creditworthiness such as unemployment and previous delinquency history is also incorporated into the behavioural internal credit rating. These ratings are reflected on the following delinquency bucket; Performing loans (Bucket 0); 1day to 30 days past due (Bucket 1); 31 days to 60 days past due (Bucket 2); 61 days to 89 days past due (Bucket 3) and 90 days+ past due (default, Bucket 4).

(c) Expected credit losses measurement (ECLs)

The expected credit loss (ECLs) - is measured on either a 12 - month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit impaired.

- ECLs are discounted at the effective interest rate of portfolio
- The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed to credit risk
- The Group uses a portfolio approach to calculate ECLs. The portfolios are segmented into retail, corporate and treasury and further by product.
- Expected credit losses are the probability weighted discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

Probability of default (PD) - is the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" below), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. PDs are modelled using historic data into 12 month and Lifetime PDs. Where data is not available proxies which resemble the risk of default characteristics of the exposure are used. The PDs are determined at portfolio level and segmented into various products.

PDs modelled using historical data are then adjusted for forward looking factors. PDs are mapped into regulatory grades as follows:

Corporate exposures

Stage 1	12 Month PD	Central Bank Grades 1 to 3 (Internal Category 1)
Stage 2	Life Time PD	Central Bank Grades 4 to 7 o (Internal Category 2)
Stage 3	Default PD	Central Bank Grades 8 to 10 (Internal Category 3)

Retail exposures

Stage 1	12 Month PD	Central Bank Grades 1 to3 (Internal grades bucket 0 & bucket 1)
Stage 2	Life Time PD	Central Bank Grades 4 to 7 (Internal grades bucket 2 & bucket 3)
Stage 3	Default PD	Central Bank Grades 8 to 10 (internal grades bucket 4)

36.2 (c) Expected credit losses measurement (ECLs) (continued)

Treasury exposures
For debt securities in the treasury portfolio and interbank exposures, performance of the counter party is monitored for any indication of default. PDs for such exposures are determined based on benchmarked national ratings mapped to external credit rating agencies grade. For other bank balances where there are external credit ratings PDs are derived using those external credit ratings.

Exposure at default (EAD) - is the amount the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For a revolving commitment, the EAD includes the current drawn balance plus any further amount that is expected to be drawn up by the time of default, should it occur. For term loans EAD is the term limit while for short term loans and retail loans EAD is the drawn balance. Debt securities and interbank balances EAD is the current balance sheet exposure.

Loss given default (LGD) - represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counter party, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan. LGD is modelled based on historical data. LGD for sovereign exposure is based on observed recovery rates for similar economies.

Default
The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 89 days past due.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

i) 12 month ECLs; (Stage 1 - no increase in credit risk)

ECLs measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. The 12 month ECL is calculated for the following exposures:
- Corporate loans with regulatory grades from 1 - 3
- Retail loans graded in bucket 0 and bucket 1
- Debt securities, loans to banks and bank balances which are not past due; and
- These are a product of 12 months PD, 12 months LGD and EAD.

ii) Life time ECLs (Stage 2 - significant increase in credit risk refer to 36.2 (d)
ECLs are measured based on expected credit losses on a lifetime basis. It is measured for the following exposures;
- Corporate loans with regulatory grades from grade 4 to grade 7
- Retail loans in bucket 2 to 3 (bucket 2 is 31 days to 60 days past due, bucket 3 is 61 days to 89 days past due)
- Debt securities, loans to banks and bank balances where the credit risk has significantly increased since initial recognition; and
- These are a product of lifetime PD, lifetime LGD and EAD.

iii) Life time ECLs (Stage 3 - default)
ECLs are measured based on expected credit losses on a lifetime basis. This is measured on the following exposures.
- All credit impaired/ in default corporate and retail loans and advances to banks and other debt securities in default.
- These are corporates in regulatory grade 8 - 10 and retail loans in bucket 4
- Exposures which are 90 days+ past due; and
- These are a product of default PD, lifetime LGD and EAD.

(d) Significant increase in credit risk (SICR)
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

The assessment of significant increase in credit risk incorporates forward looking information and is performed on a monthly basis at a portfolio level for all retail loans. Corporate and treasury exposures are assessed individually and reviewed monthly and monitored by an independent team in Credit Risk department, together with quarterly reviews by the Impairment Committee and Board Loans Review Committee of exposures against performance criteria.

Significant increase in credit risk - Quantitative measures
- Corporate loans - if the loan is reclassified from regulatory grades 1 - 3 to grades 4 - 7
- Retail loans - if the loan is reclassified from buckets 0 and 1 to buckets 2 to 3
- Treasury exposures which are past due.

Significant increase in credit risk - Qualitative measures retail and corporate
There are various quantitative measures which include:
- Retail - Retrenchment, Dismissal, Salary diversion, employer facing difficulties
- Corporate - Adverse business changes, changes in economic conditions, quality challenges, among others.

(e) Benchmarking Expected Credit Loss
Corporate and treasury
Corporate portfolio assessment is performed by way of a collective assessment semi-empirical IFRS 9 model (the ECL Model) developed in consultation with external consultants supported by available historic information to support the modelling of PD, LGD and EAD. Individual assessment is performed on all customer loans and advances after having defined a minimum exposure threshold. ECL for Treasury exposures is based on benchmarked PDs and LGDs due to lack of historical data. ECL for Retail exposures are based on model output with no benchmarking comparative since enough historical default data was available when designing the calculation model.

36.2 (f) Forward – looking information incorporated in the ECL models
The assessment of SICR and the calculation of ECLs both incorporate forward-looking information. The group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on the ECL vary by financial instrument. Expert judgment has also been applied in this process.

(g) Write offs
The Group will write off retail accounts following charge off of the account if the equivalent of an instalment is not recovered cumulatively over a 12-month period post charge off. Corporate accounts are written off once security has been realised depending on the residual balance and further recovery prospects. The corporate write off policy is not rules based, or time bound.

(h) ECL model governance
The models used for PD, EAD and LGD calculations are governed on a day to day through the Impairments Committee. This committee comprises of senior managers in risk, finance and the business. Decisions and key judgements made by the Impairments Committee relating to the impairments and model overrides will be taken to Board Risk, Board Loans and Board Audit Committee.

(i) Maximum exposure to credit risk by credit quality grade before credit enhancements
The group has an internal rating scale which is mapped into the Basel II grading system. The internal rating is broadly classified into; performing loans, standard monitoring and non-performing.

Performing loans
Loans and advances not past due and which are not part of renegotiated loans are considered to be performing assets, these are graded as per RBZ credit rating scale as grade 1 - 3.

Standard monitoring grade
These are loans and advances which are less than 90 days past due and in some cases not past due but the business has significant concern on the performance of that exposure, as per RBZ credit rating scale these are grade 4 - 7.

Non-performing grade
These are loans and overdrafts on which interest is no longer accrued or included in income unless the customer pays back. These non-performing (past due) assets include balances where the principal amount and / or interest is due and unpaid for 90 days or more, as per RBZ credit rating scale these are grade 8 - 10.

Loans and advances renegotiated
Bank balances with other banks are held with banks which have the following credit ratings:

Counterparty	Latest ratings 2022/23	Previous ratings 2021/22
Crown Agency	BB	BB

Other asset balances are held by counter parties with the following ratings;

Counterparty	2023	2022
VISA	AA-	AA-
Mastercard International	A+	A+

36.3 Credit risk exposure
36.3.1 Maximum credit risk exposure

	Audited							
	Maximum credit risk exposure				ECL Reconciliation			
2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers	**USD000**	**USD000**	**USD000**	**USD000**	**USD000**	**USD000**	**USD000**	**USD000**
Corporate	28,789	10,287	7,421	46,497	151	8	1,667	1,826
Business Banking	4,578	318	566	5,462	6	2	1,503	1,511
Retail	37,978	222	381	38,581	824	9	308	1,141
Total	**71,345**	**10,827**	**8,368**	**90,540**	**981**	**19**	**3,478**	**4,478**
Balances with central Bank								
Savings bonds and Treasury bills	5,827	-	-	5,827	221	-	-	221
Bank balances	37,234	-	-	37,234	3	-	-	3
Gold-backed digital tokens	3,329	-	-	3,329	-	-	-	-
Total	**46,390**	**-**	**-**	**46,390**	**224**	**-**	**-**	**224**
Balances with other Banks and settlement balances								
Settlement balances - local currency	781	-	-	781	1	-	-	1
Bank balances - Foreign currency	10,588	-	-	10,588	3	-	-	3
Interbank placements	5,685	-	-	5,685	2	-	-	2
Total	**17,054**	**-**	**-**	**17,054**	**6**	**-**	**-**	**6**
Other assets								
Card security deposit and settlement balances	2,613	-	-	2,613	69	-	-	69
Total	**2,613**	**-**	**-**	**2,613**	**69**	**-**	**-**	**69**
Total on balance sheet	**137,402**	**10,827**	**8,368**	**156,597**	**1,280**	**19**	**3,478**	**4,777**
Guarantees and letters of credit								
Guarantees	722	-	-	722	-	-	-	-
Letters of credit	2,000	-	-	2,000	-	-	-	-
Total	**2,722**	**-**	**-**	**2,722**	**-**	**-**	**-**	**-**

36.3.1 Maximum credit risk exposure (continued)

	Maximum credit risk exposure				ECL Reconciliation			
2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers	**USD000**	**USD000**	**USD000**	**USD000**	**USD000**	**USD000**	**USD000**	**USD000**
Corporate	40,363	7,681	223	48,267	116	11	76	203
Business Banking	1,154	15	8	1,177	6	89	10	105
Retail	16,986	266	275	17,527	427	44	219	690
Total	**58,503**	**7,962**	**506**	**66,971**	**549**	**144**	**305**	**998**
Balances with central Bank								
Savings bonds and treasury bills	13,436	-	-	13,436	202	-	-	202
Bank balances	36,496	-	-	36,496	4	-	-	4
Total	**49,932**	**-**	**-**	**49,932**	**206**	**-**	**-**	**206**
Balances with other Banks and settlement balances								
Settlement balances - local currency	328	-	-	328	3	-	-	3
Bank balances - foreign currency	20,798	-	-	20,798	4	-	-	4
Total	**21,126**	**-**	**-**	**21,126**	**7**	**-**	**-**	**7**
Other assets								
RBZ receivable other	11	-	-	11	-	-	-	-
Other assets	2,728	-	-	2,728	-	-	-	-
Total	**2,739**	**-**	**-**	**2,739**	**-**	**-**	**-**	**-**
Total on balance sheet	**132,300**	**7,962**	**506**	**140,768**	**762**	**144**	**305**	**1,211**
Guarantees and letters of credit								
Guarantees	888	-	-	888	-	-	-	-
Letters of credit	5,000	-	-	5,000	-	-	-	-
Total	**5,888**	**-**	**-**	**5,888**	**-**	**-**	**-**	**-**

	Historical unaudited							
	Maximum credit risk exposure				ECL Reconciliation			
2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
Corporate	175,749,628	62,796,980	45,304,678	283,851,286	924,899	44,952	10,175,772	11,145,623
Business Banking	27,944,368	1,940,850	3,458,778	33,343,996	36,628	12,209	9,175,398	9,224,235
Retail	231,844,746	1,356,830	2,324,728	235,526,304	5,030,291	54,943	1,880,254	6,965,488
Total	**435,538,742**	**66,094,660**	**51,088,184**	**552,721,586**	**5,991,818**	**112,104**	**21,231,424**	**27,335,346**
Balances with central Bank								
Savings bonds and Treasury bills	35,571,772	-	-	35,571,772	1,348,499	-	-	1,348,499
Bank balances	227,369,681	-	-	227,369,681	22,310	-	-	22,310
Gold-backed digital tokens	20,321,742	-	-	20,321,742	-	-	-	-
Total	**283,263,195**	**-**	**-**	**283,263,195**	**1,370,809**	**-**	**-**	**1,370,809**
Balances with other Banks and settlement balances								
Settlement balances - local currency	4,764,991	-	-	4,764,991	4,843	-	-	4,843
Bank balances - Foreign currency	64,634,626	-	-	64,634,626	16,829	-	-	16,829
Interbank placements	34,706,925	-	-	34,706,925	12,850	-	-	12,850
Total	**104,106,542**	**-**	**-**	**104,106,542**	**34,522**	**-**	**-**	**34,522**
Other assets								
Card security deposit and settlement balances	15,948,594	-	-	15,948,594	420,189	-	-	420,189
Total	**15,948,594**	**-**	**-**	**15,948,594**	**420,189**	**-**	**-**	**420,189**
Total on balance sheet	**838,857,073**	**66,094,660**	**51,088,184**	**956,039,917**	**7,817,338**	**112,104**	**21,231,424**	**29,160,867**
Guarantees and letters of credit								
Guarantees	4,410,575	-	-	4,410,575	-	-	-	-
Letters of credit	12,209,445	-	-	12,209,445	-	-	-	-
Total	**16,620,020**	**-**	**-**	**16,620,020**	**-**	**-**	**-**	**-**

	Historical unaudited							
	Maximum credit risk exposure				ECL Reconciliation			
2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
Corporate	27,740,598	5,278,827	153,499	33,172,924	79,689	7,332	52,394	139,415
Business Banking	793,242	10,231	5,380	808,853	4,383	61,154	6,781	72,318
Retail	11,674,473	183,245	188,673	12,046,391	293,329	30,755	150,171	474,255
Total	**40,208,313**	**5,472,303**	**347,552**	**46,028,168**	**377,401**	**99,241**	**209,346**	**685,988**
Balances with central Bank								
Savings bonds and treasury bills	9,234,650	-	-	9,234,650	139,013	-	-	139,013
Bank balances	25,083,161	-	-	25,083,161	2,819	-	-	2,819
Total	**34,317,811**	**-**	**-**	**34,317,811**	**141,832**	**-**	**-**	**141,832**
Balances with other Banks and settlement balances								
Settlement balances - local currency	225,622	-	-	225,622	2,028	-	-	2,028
Bank balances - foreign currency	14,293,844	-	-	14,293,844	3,003	-	-	3,003
Total	**14,519,466**	**-**	**-**	**14,519,466**	**5,031**	**-**	**-**	**5,031**
Other assets								
RBZ receivable other	7,320	-	-	7,320	-	-	-	-
Other assets	1,874,863	-	-	1,874,863	128	-	-	128
Total	**1,882,183**	**-**	**-**	**1,882,183**	**128**	**-**	**-**	**128**
Total on balance sheet	**90,927,773**	**5,472,303**	**347,552**	**96,747,628**	**524,392**	**99,241**	**209,346**	**832,979**
Guarantees and letters of credit								
Guarantees	610,243	-	-	610,243	-	-	-	-
Letters of credit	3,436,418	-	-	3,436,418	-	-	-	-
Total	**4,046,661**	**-**	**-**	**4,046,661**	**-**	**-**	**-**	**-**

36.3.2 Reconciliation of movements in expected credit losses during the year.

	Audited			
2023	**Stage 1 - 12 month ECL USD000**	**Stage 2 - Lifetime ECL not credit impaired USD000**	**Stage 3 - Lifetime ECL credit impaired USD000**	**Total USD000**
Balance at beginning of the year	**549**	**144**	**305**	**998**
Movement with P&L impact				
New financial assets purchased or originated	432	(126)	4,246	4,552
Transfer (to)/from stage 1	(45)	20	25	-
Transfer (to)/from stage 2	59	(194)	135	-
Transfer (to)/from stage 3	7	1	(8)	-
Total	**453**	**(299)**	**4,398**	**4,552**
Movement with no P&L impact				
Write offs	(21)	174	(1,225)	(1,072)
Balance at 31 December 2023	**982**	**18**	**3,478**	**4,478**

2022	**Stage 1 - 12 month ECL USD000**	**Stage 2 - Lifetime ECL not credit impaired USD000**	**Stage 3 - Lifetime ECL credit impaired USD000**	**Total USD000**
Balance at beginning of the year	**942**	**57**	**123**	**1,122**
Movement with P&L impact				
New financial assets purchased or originated	995	-	-	995
Transfer (to)/from stage 1	(415)	415	-	-
Transfer (to)/from stage 2	-	(282)	282	-
Total	**580**	**133**	**282**	**995**
Movement with no P&L impact				
Monetary adjustment	(973)	(46)	(100)	(1,119)
Balance at 31 December 2022	**549**	**144**	**305**	**998**

	Historical unaudited			
2023	**Stage 1 - 12 month ECL ZWL000**	**Stage 2 - Lifetime ECL not credit impaired ZWL000**	**Stage 3 - Lifetime ECL credit impaired ZWL000**	**Total ZWL000**
Balance at beginning of the year	**377,401**	**99,241**	**209,346**	**685,988**
Movement with P&L impact				
New financial assets purchased or originated	5,610,194	5,874	27,575,358	33,191,426
Transfer (to)/from stage 1	(276,505)	121,479	155,026	-
Transfer (to)/from stage 2	361,503	(1,185,058)	823,555	-
Transfer (to)/from stage 3	45,247	8,346	(53,593)	-
Total	**5,740,439**	**(1,049,359)**	**28,500,346**	**33,191,426**
Movement with no P&L impact				
Write offs	(126,022)	1,062,222	(7,478,269)	(6,542,069)
Balance at 31 December 2023	**5,991,818**	**112,104**	**21,231,423**	**27,335,346**

2022	**Stage 1 - 12 month ECL ZWL000**	**Stage 2 - Lifetime ECL not credit impaired ZWL000**	**Stage 3 - Lifetime ECL credit impaired ZWL000**	**Total ZWL000**
Balance at beginning of the year	**647,460**	**39,123**	**84,441**	**771,024**
Movement with P&L impact				
New financial assets purchased or originated	684,090	-	-	684,090
Transfer (to)/from stage 1	(285,750)	285,750	-	-
Transfer (to)/from stage 2	-	(193,922)	193,922	-
Transfer to provisions	-	-	-	-
Total	**398,340**	**91,828**	**193,922**	**684,090**
Movement with no P&L impact				
Write offs	-	-	-	-
Monetary adjustment	(668,399)	(31,710)	(69,017)	(769,126)
Balance at 31 December 2022	**377,401**	**99,241**	**209,346**	**685,988**

36.3.3 Credit risk concentration of loans and advances were as follows;

Industry/Sector	Audited 2023 USD000	%	2022 USD000	%
Trade and services	1,162	1	8,481	13
Energy and minerals	2	0	148	0
Agriculture	17,634	19	13,943	21
Light and heavy industry	17,450	20	15,329	22
Physical persons	38,581	43	17,529	26
Transport and distribution	11,919	13	11,096	17
Financial services	3,792	4	446	1
Total	**90,540**	**100**	**66,972**	**100**

Industry/Sector	Historical unaudited 2023 ZWL000	%	2022 ZWL000	%
Trade and services	7,099,810	1	5,828,615	13
Energy and minerals	14,297	0	102,191	0
Agriculture	107,644,684	19	9,582,694	21
Light and heavy industry	106,525,631	20	10,534,608	22
Physical persons	235,526,303	43	12,047,485	26
Transport and distribution	72,761,008	13	7,626,341	17
Financial services	23,149,851	4	306,234	1
Total	**552,721,584**	**100**	**46,028,168**	**100**

Audited

2023 Industry/Sector	Total loans USD000	Non performing loans USD000	Write offs USD000	Recoveries USD000	Impairment allowance USD000
Trade and services	1,162	3,859	82	-	861
Energy and minerals	2	2	-	-	-
Agriculture	17,634	3,821	990	-	2,321
Light and heavy industry	17,450	-	-	-	50
Physical persons	38,581	306	-	-	1,176
Transport and distribution	11,919	381	-	-	37
Financial services	3,792	-	-	-	33
Gross value at 31 December 2023	**90,540**	**8,369**	**1,072**	**-**	**4,478**

2022 Industry/Sector	Total loans USD000	Non performing loans USD000	Write offs USD000	Recoveries USD000	Impairment allowance USD000
Trade and services	8,481	-		-	53
Energy and minerals	148	-	-	-	1
Agriculture	13,943	-	-	-	87
Light and heavy industry	15,328	223	-	-	96
Physical persons	17,529	275	-	1	690
Transport and distribution	11,096	8	-	-	69
Financial services	446	-	-	-	2
Gross value at 31 December 2022	**66,971**	**506**	**-**	**1**	**998**

Historical unaudited

2023 Industry/Sector	Total loans ZWL000	Non performing loans ZWL000	Write offs ZWL000	Recoveries ZWL000	Impairment allowance ZWL000
Trade and services	7,099,810	23,560,392	-	-	5,255,759
Energy and minerals	14,297	14,297	-	-	715
Agriculture	107,644,684	23,324,672	-	-	14,384,842
Light and heavy industry	106,525,631	1,865,512	-	-	306,653
Physical persons	235,526,303	2,323,311	-	-	6,965,488
Transport and distribution	72,761,010	-	-	-	223,129
Financial services	23,149,851	-	-	-	198,760
Gross value at 31 December 2023	**552,721,586**	**51,088,184**	**-**	**-**	**27,335,346**

2022 Industry/Sector	Total loans ZWL000	Non performing loans ZWL000	Write offs ZWL000	Recoveries ZWL000	Impairment allowance ZWL000
Trade and services	5,828,615	-	-	-	36,318
Energy and minerals	102,191	-	-	-	637
Agriculture	9,582,694	-	-	-	59,709
Light and heavy industry	10,534,608	153,499	-	-	65,641
Physical persons	12,047,485	188,673	-	345	474,257
Transport and distribution	7,626,341	5,380	-	-	47,519
Financial services	306,234	-	-	-	1,907
Gross value at 31 December 2022	**46,028,168**	**347,552**	**-**	**345**	**685,988**

36.3.4 Collateral held for exposure

An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers are as shown below:

	Audited 2023 USD000	2022 USD000	Historical unaudited 2023 ZWL000	2022 ZWL000
Performing loans	73,982	155,500	451,639,587	15,805,945
Non-performing loans	26,178	1,250	159,809,428	244,991
Total	**100,160**	**156,750**	**611,449,015**	**16,050,936**

The retail portfolio is fully insured.

36.4 Market risk

The group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The group separates exposures to market risk into either trading or banking book. Trading portfolios include those positions arising from market–making transactions where the group acts as principal with clients or with the market; this is mainly to support client trading activity.

Non trading book primarily arises from the management of the Bank's retail and commercial banking assets and liabilities.

Market risk measurement techniques

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk.

36.4.1 Foreign exchange risk

This is a risk that the value of a financial liability or asset denominated in foreign currency will fluctuate due to changes in the exchange rate. The Bank takes on exposures to the effects of fluctuations in the prevailing foreign currency exchange rates in the financial position and cash flows. Mismatches on foreign exchange assets and liabilities are minimised through the daily monitoring of the net foreign exchange exposure by treasury. Currency swaps are also used to manage foreign exchange risk where necessary.

The table below summarises the Bank's financial instruments at carrying amounts, categorised by currency.

Audited

2023 31 December 2023	ZWL (USD Equiv) USD000	GBP (USD Equiv) USD000	Rand (USD Equiv) USD000	Other currency (USD Equiv) USD000	Total USD000
Assets					
Cash and bank balances	11,640	236	2,017	1,288	15,181
Investment securities	769	-	-	-	769
Loans and receivables from banks	1,465	-	-	-	1,465
Loans and advances to customers	6,228	-	-	-	6,228
Other assets	4,182	-	-	-	4,182
Total financial assets	**24,284**	**236**	**2,017**	**1,288**	**27,825**
Liabilities					
Deposits from banks	1,590	-	-	-	1,590
Deposits from customers	23,276	181	1,203	527	25,187
Other liabilities	11,916	38	24	771	12,749
Total financial liabilities	**36,782**	**219**	**1,227**	**1,298**	**39,526**
Net currency positions	**(12,498)**	**17**	**790**	**(10)**	**(11,701)**
Exchange rate sensitivity to Profit for the year					
Exchange rate increase of 20%	2,500	(3)	(158)	2	2,340
Exchange rate decrease of 20%	(2,500)	3	158	(2)	(2,340)
Exchange rates applied in 2023	**ZWL**	**GBP**	**Rand**	**EUR**	**CND**
USD closing rate	6,104.72	1,27	18,39	1,11	1,33

Historical unaudited

2023 31 December 2023	USD (ZWLEquiv) ZWL000	GBP (ZWLEquiv) ZWL000	Rand (ZWLEquiv) ZWL000	Other currency (ZWLEquiv) ZWL000	Total ZWL000
Assets					
Cash and bank balances	343,633,843	1,437,882	8,523,490	7,865,012	361,460,227
Investment securities	25,229,587	-	-	-	25,229,587
Loans and receivables from banks	30,523,613	-	-	-	30,523,613
Loans and advances to customers	525,971,843	1,993	25,618	663	526,000,117
Other assets	42,045,040	-	-	-	42,045,040
Total financial assets	**967,403,926**	**1,439,875**	**8,549,108**	**7,865,675**	**985,258,584**
Liabilities					
Deposits from banks	134,028,119	-	5,319,217	-	139,347,336
Deposits from customers	636,389,803	1,105,597	7,333,748	3,218,985	648,048,133
Other liabilities	113,449,621	332,819	(4,113,574)	4,705,661	114,374,528
Total financial liabilities	**883,867,543**	**1,438,416**	**8,539,391**	**7,924,646**	**901,769,997**
Net currency positions	**83,536,383**	**1,459**	**9,716**	**(58,972)**	**83,488,586**
Exchange rate sensitivity to Profit for the year					
Exchange rate increase of 20%	16,707,277	292	1,943	(11,794)	16,697,717
Exchange rate decrease of 20%	**(16,707,277)**	**(292)**	**(1,943)**	**11,794**	**(16,697,717)**
Exchange rates applied in 2023	**USD**	**GBP**	**Rand**	**EUR**	**CND**
USD closing rate	6,104.72	7,771.01	333.33	6,746.94	500.00

2022 31 December 2022	USD (ZWLEquiv) ZWL000	GBP (ZWLEquiv) ZWL000	Rand (ZWLEquiv) ZWL000	Other currency (ZWLEquiv) ZWL000	Total ZWL000
Assets					
Cash and bank balances	34,782,578	1,385,371	574,710	1,556,960	38,299,619
Investment securities	2,625,469	-	-	-	2,625,469
Loans and advances to customers	37,598,647	213	3,099	72	37,602,031
Other assets	11,096,482	-	-	-	11,096,482
Total financial assets	**86,103,176**	**1,385,584**	**577,809**	**1,557,032**	**89,623,601**
Liabilities					
Deposits from banks	247	-	22,391	4,923	27,561
Deposits from customers	68,246,502	101,886	516,275	285,456	69,150,119
Other liabilities	14,905,392	24,795	17,571	19,733	14,967,491
Total financial liabilities	**83,152,141**	**126,681**	**556,237**	**310,112**	**84,145,171**
Net currency positions	**2,951,035**	**1,258,903**	**21,572**	**1,246,920**	**5,478,430**
Exchange rate sensitivity to Profit for the year					
Exchange rate increase of 20%	590,207	251,781	4,314	249,384	1,095,686
Exchange rate decrease of 20%	**(590,207)**	**(251,781)**	**(4,314)**	**(249,384)**	**(1,095,686)**
Exchange rates applied in 2023	**USD**	**GBP**	**Rand**	**EUR**	**CND**
USD closing rate	687.28	831.00	40.29	734.50	500.00

36.4.1 Foreign exchange risk (continued)

Key techniques to measure exposure to FX risk is through monitoring of net open position as well as stress testing;

(i) Net Open Position (NOP) Management

Foreign exchange risk is manged through daily monitoring of the net foreign exchange exposure by Treasury. Currency swaps are also used to manage foreign exchange risk where necessary.This is achieved through limiting exposure per currency against total qualifying capital held. In compliance with regulatory provisions, exposure to a single currency is limited to 10% of total qualifying capital while total exposure is limited to 20% of the same.

(ii) Stress tests

Stress tests provide an indication of losses that could arise in extreme positions.

The stress measure for foreign currency risk is based on determining currency volatility for the past seven years and applying it to the average net open position for the past year assuming a 40 day holding period as per Basel guidelines.

Summarised foreign currency position of the bank as at 31 December 2023

	Audited	
Currency	**Average NOP USD000**	**Risk Position USD000**
ZWL	(3,376)	(3,376)
GBP	(17)	(17)
Rand	698	698
Other currencies	(667)	(667)
Total	**(3,362)**	**(3,362)**

Summarised foreign currency position of the bank as at 31 December 2022	Audited	
Currency	**Average NOP ZWL000**	**Risk Position ZWL000**
USD	302,519	302,519
GBP	54,863	54,863
Rand	20,773	20,773
Other currencies	102,300	102,300
Total	**480,455**	**480,455**

36.4.2 Interest rate risk

Interest rate risk is the risk that the group will be adversely affected by changes in the level or volatility of market interest rates. The group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The responsibility of managing interest rate risk lies with the Assets and Liabilities Committee (ALCO). On a day to day basis, risks are managed through a number of management committees. Through this process, the Group monitors compliance within the overall risk policy framework and ensures that the framework is kept up to date. Risk management information is provided on a regular basis to the Risk and Control Committee and the Board.

The table below summarises interest rate risk exposure- Group

	Audited							
2023	**Up to 1 month USD000**	**1 to 3 months USD000**	**3 to 6 months USD000**	**6 months to 1 year USD000**	**1 to 5 years USD000**	**Over 5 years USD000**	**Non-interest bearing USD000**	**Total USD000**
Assets								
Cash and bank balances	27,581	-	-	-	-	-	43,296	70,877
Current tax asset	-	-	-	-	-	-	248	248
Non-current assets held for sale	-	-	-	-	-	-	2,217	2,217
Loans and receivables from Banks	6,465	-	-	-	-	-	-	6,465
Loans and advances to customers	-	68,808	6,466	10,788	-	-	-	86,062
Other assets	-	-	-	-	-	-	11,694	11,694
Investment securities	31	724	1,508	650	1,636	1,057	7,562	13,168
Intangible assets	-	-	-	-	-	-	612	612
Investment properties	-	-	-	-	-	-	1,494	1,494
Investment in joint venture	-	-	-	-	-	-	14,340	14,340
Property and equipment	-	-	-	-	-	-	24,938	24,938
Right of use assets	-	-	-	-	-	-	3,828	3,828
Total assets	**34,077**	**69,532**	**7,974**	**11,438**	**1,636**	**1,057**	**110,229**	**235,943**
Liabilities								
Deposits from customers	75,065	1,797	2,012	4,034	32,195	8,049	-	123,152
Employee benefit accruals	-	-	-	-	-	-	1,839	1,839
Balances due to group companies	-	-	-	-	-	-	1,198	1,198
Balances due to banks	24,416	-	-	-	-	-	-	24,416
Other liabilities	-	-	-	-	-	-	6,185	6,185
Deferred tax liabilities	-	-	-	-	-	-	8,323	8,323
Lease liabilities	91	182	261	509	1,416	363	-	2,822
Total liabilities	**99,572**	**1,979**	**2,273**	**4,543**	**33,611**	**8,412**	**17,545**	**167,935**
Interest rate Re - pricing gap	**(65,495)**	**67,553**	**5,701**	**6,895**	**(31,975)**	**(7,355)**	**92,682**	**68,008**
Cumulative gap	**(65,495)**	**2,058**	**7,759**	**14,654**	**(17,321)**	**(24,675)**	**68,008**	**-**

36.4.2 Interest rate risk (continued)

2022	**Up to 1 month USD000**	**1 to 3 months USD000**	**3 to 6 months USD000**	**6 months to 1 year USD000**	**1 to 5 years USD000**	**Over 5 years USD000**	**Non-interest bearing USD000**	**Total USD000**
Assets								
Cash and bank balances	44,927	-	-	-	-	-	33,075	78,002
Investment securities	-	346	4,785	1,655	-	-	12,457	19,243
Loans and receivables from Banks	-	-	-	-	-	-	328	328
Loans and advances to customers	64,610	65	96	192	1,011	-	-	65,973
Other assets	881	-	-	-	-	-	10,780	11,661
Current tax asset	-	-	-	-	-	-	1,560	1,560
Property and equipment	-	-	-	-	-	-	27,377	27,377
Investment properties	-	-	-	-	-	-	5,936	5,936
Investment in joint venture	-	-	-	-	-	-	19,613	19,613
Intangible assets	-	-	-	-	-	-	988	988
Right of use assets	-	-	-	-	-	-	3,262	3,262
Total assets	**110,418**	**411**	**4,881**	**1,847**	**1,011**	**-**	**115,376**	**233,943**
Liabilities								
Lease liabilities	85	171	262	540	1,595	-	-	2,653
Deposits from banks	10	-	-	-	-	-	1,155	1,165
Deposits from customers	86,000	1,026	2,150	4,299	34,076	8,513	-	136,064
Employee benefit accruals	-	-	-	-	-	-	1,697	1,697
Other liabilities	-	-	-	-	-	-	17,729	17,729
Deferred tax liabilities	-	-	-	-	-	-	6,662	6,662
Due to group companies	-	-	-	-	-	-	69	69
Total liabilities	**86,095**	**1,197**	**2,412**	**4,839**	**35,671**	**8,513**	**27,312**	**166,039**
Interest rate Re - pricing gap	**24,322**	**(785)**	**2,470**	**(2,992)**	**(34,660)**	**(8,513)**	**88,064**	**67,906**
Cumulative gap	**24,322**	**23,537**	**26,008**	**23,018**	**(11,644)**	**(20,157)**	**67,906**	**-**

The table below summarises interest rate risk exposure- Group

	Historical unaudited							
2023	**Up to 1 month ZWL000**	**1 to 3 months ZWL000**	**3 to 6 months ZWL000**	**6 months to 1 year ZWL000**	**1 to 5 years ZWL000**	**Over 5 years ZWL000**	**Non- interest bearing ZWL000**	**Total ZWL000**
Assets								
Cash and bank balances	168,371,378	-	-	-	-	-	264,369,549	432,740,927
Current tax asset	-	-	-	-	-	-	1,867,451	1,867,451
Non-current assets held for sale	-	-	-	-	-	-	19,956,522	19,956,522
Loans and receivables from Banks	39,467,073	-	-	-	-	-	-	39,467,073
Loans and advances to customers	-	420,052,815	39,473,690	65,859,732	-	-	-	525,386,237
Other assets	-	-	-	-	-	-	53,392,090	53,392,090
Investment securities	182,004	4,421,924	9,206,104	3,972,798	9,985,012	6,455,431	57,412,673	91,635,946
Intangible assets	-	-	-	-	-	-	5,899	5,899
Investment properties	-	-	-	-	-	-	9,846,000	9,846,000
Investment in joint venture	-	-	-	-	-	-	128,587,235	128,587,235
Property and equipment	-	-	-	-	-	-	224,424,893	224,424,893
Right of use assets	-	-	-	-	-	-	7,657,632	7,657,632
Total assets	**208,020,455**	**424,474,739**	**48,679,794**	**69,832,530**	**9,985,012**	**6,455,431**	**767,519,944**	**1,534,967,905**
Liabilities								
Deposits from customers	500,644,910	10,972,431	12,283,892	24,625,954	154,151,909	49,135,567	-	751,814,663
Employee benefit accruals	-	-	-	-	-	-	13,130,118	13,130,118
Balances due to group companies	-	-	-	-	-	-	7,311,571	7,311,571
Balances due to banks	149,053,520	-	-	-	-	-	-	149,053,520
Other liabilities	-	-	-	-	-	-	36,619,631	36,619,631
Deferred tax liabilities	-	-	-	-	-	-	56,892,511	56,892,511
Lease liabilities	556,988	1,113,975	1,592,789	3,107,404	8,643,079	2,215,474	-	17,229,708
Total liabilities	**650,255,418**	**12,086,406**	**13,876,681**	**27,733,358**	**162,794,988**	**51,351,041**	**113,953,831**	**1,032,051,722**
Interest rate Re - pricing gap	**(442,234,963)**	**412,388,333**	**34,803,113**	**42,099,172**	**(152,809,976)**	**(44,895,610)**	**653,566,113**	**502,916,183**
Cumulative gap	**(442,234,963)**	**(29,846,630)**	**4,956,483**	**47,055,655**	**(105,754,321)**	**(150,649,930)**	**502,916,183**	

2022	**Up to 1 month ZWL000 ZWL000**	**1 to 3 months ZWL000 ZWL000**	**3 to 6 months ZWL000 ZWL000**	**6 months to 1 year ZWL000 ZWL000**	**1 to 5 years ZWL000 ZWL000**	**Over 5 years ZWL000 ZWL000**	**Non- interest bearing ZWL000 ZWL000**	**Total ZWL000 ZWL000**
Assets								
Cash and bank balances	30,877,450	-	-	-	-	-	22,731,859	53,609,309
Investment securities	-	237,968	3,288,911	1,137,220	-	-	8,561,459	13,225,558
Loans and receivables from Banks	-	-	-	-	-	-	225,622	225,622
Loans and advances to customers	44,405,193	44,727	66,047	131,705	694,508	-	-	45,342,180
Other assets	605,955	-	-	-	-	-	7,116,855	7,722,810
Current tax asset	-	-	-	-	-	-	1,072,374	1,072,374
Property and equipment	-	-	-	-	-	-	18,814,882	18,814,882
Investment properties	-	-	-	-	-	-	4,080,000	4,080,000
Investment in joint venture	-	-	-	-	-	-	13,479,449	13,479,449
Intangible assets	-	-	-	-	-	-	8,941	8,941
Right of use assets	-	-	-	-	-	-	1,042,315	1,042,315
Total assets	**75,888,598**	**282,695**	**3,354,958**	**1,268,925**	**694,508**	**-**	**77,133,756**	**158,623,440**
Liabilities								
Lease liabilities	58,179	117,700	180,197	370,994	1,096,234	-	-	1,823,305
Deposits from banks	7,092	-	-	-	-	-	793,677	800,769
Deposits from customers	59,106,443	704,092	1,477,228	2,954,456	23,420,148	5,851,681	-	93,514,048
Employee benefit accruals	-	-	-	-	-	-	1,166,032	1,166,032
Other liabilities	-	-	-	-	-	-	12,183,437	12,183,437
Deferred tax liabilities	-	-	-	-	-	-	3,834,865	3,834,865
Due to group companies	-	-	-	-	-	-	47,628	47,628
Total liabilities	**59,171,714**	**821,792**	**1,657,425**	**3,325,450**	**24,516,382**	**5,851,681**	**18,025,639**	**113,370,084**
Interest rate Re - pricing gap	**16,716,884**	**(539,097)**	**1,697,533**	**(2,056,525)**	**(23,821,874)**	**(5,851,681)**	**59,108,117**	**45,253,356**
Cumulative gap	**16,716,884**	**16,177,787**	**17,875,320**	**15,818,795**	**(8,003,080)**	**(13,854,761)**	**45,253,356**	**-**

36.4.2a Interest rate risk (continued)
The table below summarises interest rate risk exposure- Bank

2023	Up to 1 month USD000	1 to 3 months USD000	3 to 6 months USD000	6 months to 1 year USD000	1 to 5 years USD000	Over 5 years USD000	Non-interest bearing USD000	Total USD000
Assets								
Cash and bank balances	27,581	-	-	-	-	-	43,296	70,877
Derivative financial assets	-	-	-	-	-	-	-	-
Investment securities	31	724	1,508	650	1,636	1,057	7,562	13,168
Loans and receivables from Banks	6,465	-	-	-	-	-	-	6,465
Loans and advances to customers	-	68,808	6,466	10,788	-	-	-	86,062
Other assets	-	-	-	-	-	-	9,564	9,564
Property and equipment	-	-	-	-	-	-	22,136	22,136
Investment properties	-	-	-	-	-	-	1,494	1,494
Non-current assets held for sale	-	-	-	-	-	-	2,217	2,217
Investment in joint venture	-	-	-	-	-	-	14,340	14,340
Investment in Subsidiaries	-	-	-	-	-	-	11,800	11,800
Intangible assets	-	-	-	-	-	-	612	612
Current tax asset	-	-	-	-	-	-	243	243
Right of use assets	-	-	-	-	-	-	3,828	3,828
Total assets	**34,077**	**69,532**	**7,974**	**11,438**	**1,636**	**1,057**	**117,092**	**242,806**
Liabilities								
Lease liabilities	91	182	261	509	1,416	363	-	2,822
Deposits from banks	24,416	-	-	-	-	-	-	24,416
Deposits from customers	82,010	1,797	2,012	4,034	32,195	8,049	-	130,097
Employee benefit accruals	-	-	-	-	-	-	1,839	1,839
Other liabilities	-	-	-	-	-	-	6,085	6,085
Deferred tax liabilities	-	-	-	-	-	-	8,130	8,130
Due to group companies	-	-	-	-	-	-	1,198	1,198
Total liabilities	**106,517**	**1,979**	**2,273**	**4,543**	**33,611**	**8,412**	**17,252**	**174,587**
Interest rate Re - pricing gap	**(72,440)**	**67,553**	**5,701**	**6,895**	**(31,975)**	**(7,355)**	**99,840**	**68,219**
Cumulative gap	**(72,440)**	**(4,887)**	**814**	**7,709**	**(24,266)**	**(31,621)**	**68,219**	**-**

2022	Up to 1 month USD000	1 to 3 months USD000	3 to 6 months USD000	6 months to 1 year USD000	1 to 5 years USD000	Over 5 years USD000	Non-interest bearing	Total USD000
Assets								
Cash and bank balances	44,927	-	-	-	-	-	33,075	78,002
Investment securities	-	346	4,785	1,655	-	-	12,457	19,243
Loans and receivables from Banks	-	-	-	-	-	-	328	328
Loans and advances to customers	64,610	65	96	192	1,011	-	-	65,973
Other assets	881	-	-	-	-	-	10,747	11,628
Property and equipment	-	-	-	-	-	-	23,913	23,913
Investment properties	-	-	-	-	-	-	5,936	5,936
Investment in joint venture	-	-	-	-	-	-	19,613	19,613
Investment in Subsidiaries	-	-	-	-	-	-	8,463	8,463
Intangible assets	-	-	-	-	-	-	988	988
Current tax asset	-	-	-	-	-	-	1,560	1,560
Right of use assets	-	-	-	-	-	-	3,262	3,262
Total assets	**110,418**	**411**	**4,881**	**1,847**	**1,011**	**-**	**120,342**	**238,909**
Liabilities								
Lease liabilities	85	171	262	540	1,595	-	-	2,653
Deposits from banks	10	-	-	-	-	-	1,155	1,165
Deposits from customers	90,964	1,024	2,149	4,299	34,076	8,514	-	141,026
Employee benefit accruals	-	-	-	-	-	-	1,697	1,697
Other liabilities	-	-	-	-	-	-	17,728	17,728
Deferred tax liabilities	-	-	-	-	-	-	6,431	6,431
Due to group companies	-	-	-	-	-	-	69	69
Total liabilities	**91,059**	**1,195**	**2,411**	**4,839**	**35,671**	**8,514**	**27,079**	**170,769**
Interest rate Re - pricing gap	**19,360**	**(784)**	**2,470**	**(2,992)**	**(34,660)**	**(8,514)**	**93,264**	**68,140**
Cumulative gap	**19,360**	**18,576**	**21,046**	**18,054**	**(16,607)**	**(25,121)**	**68,140**	**-**

36.4.2a Interest rate risk (continued)
The table below summarises interest rate risk exposure- Bank (continued)

	Historical unaudited							
2023	Up to 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6 months to 1 year ZWL000	1 to 5 years ZWL000	Over 5 years ZWL000	Non-interest bearing ZWL000	Total ZWL000
Assets								
Cash and bank balances	168,374,354	-	-	-	-	-	264,366,572	432,740,926
Investment securities	189,246	4,419,819	9,205,922	3,968,070	9,987,326	6,452,692	57,412,872	91,635,947
Loans and receivables from Banks	39,467,073	-	-	-	-	-	-	39,467,073
Loans and advances to customers	-	420,056,342	39,473,136	65,856,759	-	-	-	525,386,237
Other assets	-	-	-	-	-	-	42,005,298	42,005,298
Property and equipment	-	-	-	-	-	-	199,224,893	199,224,893
Investment properties	-	-	-	-	-	-	9,846,000	9,846,000
Non-current assets held for sale	-	-	-	-	-	-	19,956,522	19,956,522
Investment in joint venture	-	-	-	-	-	-	128,587,235	128,587,235
Investment in Subsidiaries	-	-	-	-	-	-	80,595,942	80,595,942
Intangible assets	-	-	-	-	-	-	5,899	5,899
Current tax asset	-	-	-	-	-	-	1,842,393	1,842,393
Right of use assets	-	-	-	-	-	-	7,657,632	7,657,632
Total assets	**208,030,673**	**424,476,161**	**48,679,058**	**69,824,829**	**9,987,326**	**6,452,692**	**811,501,258**	**1,578,951,997**
Liabilities								
Lease liabilities	556,988	1,113,975	1,592,789	3,107,404	8,643,079	2,215,474	-	17,229,709
Deposits from banks	149,053,520	-	-	-	-	-	-	149,053,520
Deposits from customers	500,648,301	10,970,187	12,282,702	24,626,451	196,541,544	49,136,912	-	794,206,097
Employee benefit accruals	-	-	-	-	-	-	13,130,118	13,130,118
Other liabilities	-	-	-	-	-	-	36,028,947	36,028,947
Deferred tax liabilities	-	-	-	-	-	-	64,656,756	64,656,756
Due to group companies	-	-	-	-	-	-	7,311,571	7,311,571
Total liabilities	**650,258,809**	**12,084,162**	**13,875,491**	**27,733,855**	**205,184,623**	**51,352,386**	**121,127,392**	**1,081,616,718**
Interest rate Re - pricing gap	**(442,228,136)**	**412,391,999**	**34,803,567**	**42,090,974**	**(195,197,297)**	**(44,899,694)**	**690,373,866**	**497,335,279**
Cumulative gap	**(442,228,136)**	**(29,836,137)**	**4,967,430**	**47,058,404**	**(148,138,893)**	**(193,038,587)**	**497,335,279**	**-**

2022	Up to 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6 months to 1 year ZWL000	1 to 5 years ZWL000	Over 5 years ZWL000	Non-interest bearing	Total ZWL000
Assets								
Cash and bank balances	30,877,450	-	-	-	-	-	22,731,859	53,609,309
Derivative financial assets	12,576	-	-	-	-	-	-	12,576
Investment securities	-	237,968	3,288,911	1,137,221	-	-	8,561,458	13,225,558
Loans and receivables from Banks	-	-	-	-	-	-	225,622	225,622
Loans and advances to customers	44,405,193	44,727	66,047	131,705	694,508	-	-	45,342,180
Other assets	593,379	-	-	-	-	-	7,094,569	7,687,948
Property and equipment	-	-	-	-	-	-	16,434,882	16,434,882
Investment properties	-	-	-	-	-	-	4,080,000	4,080,000
Investment in joint venture	-	-	-	-	-	-	13,479,449	13,479,449
Investment in Subsidiaries	-	-	-	-	-	-	5,816,418	5,816,418
Intangible assets	-	-	-	-	-	-	8,941	8,941
Current tax asset	-	-	-	-	-	-	1,072,374	1,072,374
Right of use assets	-	-	-	-	-	-	1,042,315	1,042,315
Total assets	**75,888,598**	**282,695**	**3,354,958**	**1,268,926**	**694,508**	**-**	**80,547,887**	**162,037,572**
Liabilities								
Lease liabilities	58,179	117,700	180,197	370,994	1,096,173	-	-	1,823,244
Deposits from banks	7,092	-	-	-	-	-	793,677	800,769
Deposits from customers	62,517,490	704,092	1,477,228	2,954,456	23,420,148	5,851,681	-	96,925,095
Employee benefit accruals	-	-	-	-	-	-	1,166,032	1,166,032
Other liabilities	-	-	-	-	-	-	12,183,164	12,183,164
Deferred tax liabilities	-	-	-	-	-	-	3,686,649	3,686,649
Due to group companies	-	-	-	-	-	-	47,628	47,628
Total liabilities	**62,582,761**	**821,792**	**1,657,425**	**3,325,450**	**24,516,321**	**5,851,681**	**17,877,150**	**116,632,581**
Interest rate Re - pricing gap	**13,305,837**	**(539,097)**	**1,697,533**	**(2,056,524)**	**(23,821,813)**	**(5,851,681)**	**62,670,737**	**45,404,991**
Cumulative gap	**13,305,837**	**12,766,740**	**14,464,273**	**12,407,749**	**(11,414,065)**	**(17,265,746)**	**45,404,991**	**-**

Net interest income sensitivity ("NII")

NII measures the sensitivity of annual earnings to changes in interest rates. NII is calculated at a 15% and 3% change in local currency and foreign currency interest rates respectively.

The Bank's interest income sensitivity is shown below:

	Audited		Historical unaudited	
Net interest income sensitivity	**2023 Impact on earnings USD000**	**2022 Impact on earnings USD000**	**2023 Impact on earnings ZWL000**	**2022 Impact on earnings ZWL000**
Local currency				
1500bps increase in interest rates	7,464	2,009	25,701,554	1,380,845
1500bps decrease in interest rates	(7,464)	(2,009)	(25,701,554)	(1,380,845)
Benchmark	**-**	**-**		
Foreign currency				
500bps increase in interest rates	951	4,018	5,803,577	2,761,690
500bps decrease in interest rates	(951)	(4,018)	(5,803,577)	(2,761,690)

36.5 Liquidity risk

Liquidity risk is the risk that the group may fail to meet its payment obligations when they fall due and to replace funds when they are withdrawn, the consequences of which may be the failure to meet the obligations to repay deposits and fulfil commitments to lend. Liquidity risk is inherent in all banking operations and can be affected by a range of group specific and market wide events. The efficient management of liquidity is essential to the group in maintaining confidence in the financial markets and ensuring that the business is sustainable.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Bank's short, medium and long term funding and liquidity management requirements.

Liquidity risk management objectives are;

- Growing and diversifying funding base to support asset growth and other strategic initiatives, balanced with strategy to reduce the weighted funding cost;
- To maintain the market confidence in the group;
- Maintaining adequate levels of surplus liquid asset holdings in order to remain within the liquidity risk appetite;
- Set early warning indicators to identify the emergence of increased liquidity risk or vulnerabilities;
- To maintain a contingency funding plan that is comprehensive.

Liquidity risk management process

Liquidity risk is managed as;

a) Business as usual referring to the management of cash inflows and outflows of the group in the ordinary course of business.
b) Stress liquidity risk – refers to management of liquidity risk during times of unexpected outflows. The group's Assets and Liabilities Committee ("ALCO") monitors and manages liquidity risk. The Bank's liquidity management process as carried out by the ALCO and Treasury units includes:

- Day to day funding and monitoring of future cash flows to ensure that funding requirements are met;
- Maintaining a high balance of cash or near cash balances that can easily be liquidated as protection against unforeseen funding gaps;
- Monitoring liquidity ratios against internal and regulatory benchmarks;
- Limits are set across the business to control liquidity risk;
- Early warning indicators are set to identify the emergence of increased liquidity risk and;
- Sources of liquidity are regularly reviewed by ALCO to maintain a wide diversification of source of funding;
- Managing concentration of deposits.

	Audited		Historical unaudited	
	2023	2022	2023	2022
Liquidity ratios	USD000	USD000	ZWL000	ZWL000
Total liquid assets	**90,050**	**75,167**	**549,730,270**	**51,660,713**
Deposits and other short term liabilities	174,002	150,766	1,062,233,942	103,618,792
Liquidity ratio	52%	50%	52%	50%
Reserve Bank of Zimbabwe minimum	30%	30%	30%	30%

Liquidity coverage ratio (%)		Audited 2023 USD000	Historical unaudited 2023 ZWL000
Category	**Sub-category**	**Total weighted value (average)**	**Total weighted value (average)**
High-quality liquid assets			
	Level 1 Assets	**71,151**	**434,357,529**
	Total high-quality liquid assets	71,151	434,357,529
Cash outflows			
	Stable deposits	(588)	(3,589,224)
	Less stable deposits	(3,038)	(18,547,976)
	Operational deposits (all counterparties) and deposits in networks of cooperative banking institutions	(131)	(801,764)
	Non-operational deposits (all counterparties)	(34,681)	(211,719,237)
	Other contractual funding obligations	(12,743)	(77,790,106)
	Total cash outflows	**(51,181)**	**(312,448,307)**
Cash inflows			
	Other contractual cash inflows	20,594	125,721,774
	Total cash inflows	**20,594**	**125,721,774**
	Total high-quality liquid assets	71,151	434,357,529
	Total net cash outflows	**(30,587)**	**(186,726,534)**
	Liquidity coverage ratio (%)	**233%**	**233%**

36.5 Liquidity risk (Continued)

Liquidity profiling as at 31 December 2023

The amounts disclosed in the table below are the contractual undiscounted cash flows. The assets which are used to manage liquidity risk, which is mainly Cash and bank balances and investment securities are also included on the table based on the contractual maturity profile.

On balance sheet items as at period end

	Audited							
2023 Assets held for managing liquidity risk- Group (contractual maturity dates)	**Less than 1 month USD000**	**1 to 3 months USD000**	**3 to 6 months USD000**	**6 to 12 months USD000**	**1 to 5 years USD000**	**5+ years USD000**	**Total USD000**	**Carrying amount USD000**
Cash and bank balances	48,357	3,072	4,456	8,913	6,079	-	70,877	70,877
Loans and receivables from Banks	6,465	-	-	-	-	-	6,465	6,465
Loans and advances to customers	31,790	15,467	14,982	20,425	9,548	8,851	101,063	86,062
Investment securities	930	911	3,717	1,648	715	5,728	13,649	13,168
Other assets	2,935	-	-	2,217	-	51,600	56,752	59,371
Total assets	**90,477**	**19,450**	**23,155**	**33,203**	**16,342**	**66,179**	**248,806**	**235,943**
Liabilities								
Deposits from customers	5,809	16,002	23,230	46,469	31,672	-	123,182	123,152
Balances due to banks	1,832	1,268	540	2,000	18,882	-	24,522	24,416
Balances due to Group companies	-	-	1,198	-	-	-	1,198	1,198
Provisions	-	-	1,839	-	-	-	1,839	1,839
Lease liabilities	114	228	326	636	1,769	453	3,526	2,822
Other liabilities and equity	2,391	-	-	-	-	80,125	82,516	82,516
Total liabilities - (contractual maturity)	**10,146**	**17,498**	**27,133**	**49,105**	**52,323**	**80,578**	**236,783**	**235,943**
Liquidity gap	**80,331**	**1,952**	**(3,978)**	**(15,902)**	**(35,981)**	**(14,399)**	**12,023**	**-**
Cumulative liquidity gap	**80,331**	**82,283**	**78,305**	**62,403**	**26,422**	**12,023**	**-**	**-**

Contingent liabilities and commitments as at 31 December 2023

2023	**Less than 1 month USD000**	**1 to 3 months USD000**	**3 to 6 months USD000**	**6-Dec months USD000**	**1 to 5 years USD000**	**Total USD000**
Assets						
Commitment to lend	4,327	2,105	2,040	2,781	1,782	13,035
Total assets	**4,327**	**2,105**	**2,040**	**2,781**	**1,782**	**13,035**
Liabilities						
Commitment to lend	13,035	-	-	-	-	13,035
Total liabilities	**13,035**	**-**	**-**	**-**	**-**	**13,035**
Liquidity gap	**(8,707)**	**2,106**	**2,040**	**2,781**	**1,782**	**-**
Cumulative liquidity gap	**(8,707)**	**(6,602)**	**(4,562)**	**(1,782)**	**-**	**-**

2022 Assets held for managing liquidity risk (contractual maturity dates)	**Less than 1 month USD000**	**1 to 3 months USD000**	**3 to 6 months USD000**	**6 to 12 months USD000**	**1 to 5 years USD000**	**5+ years USD000**	**Total USD000**	**Carrying amount USD000**
Cash and bank balances	66,253	861	1,343	2,687	6,858	-	78,002	78,002
Investment securities	-	346	4,785	1,655	17,126	-	23,912	19,243
Loans and receivables from Banks	-	-	-	-	328	-	328	328
Loans and advances to customers	17,105	13,769	9,860	11,109	15,128	-	66,971	65,973
Other assets	2,369	1,816	-	8,646	25,594	27,376	65,801	70,397
Total assets	**85,727**	**16,792**	**15,988**	**24,097**	**65,034**	**27,376**	**235,014**	**233,943**
Liabilities								
Lease liabilities	85	171	262	540	1,595	-	2,653	2,653
Balances due to banks	1,165	-	-	-	-	-	1,165	1,165
Deposits from customers	3,845	16,411	25,218	55,568	35,021	-	136,063	136,063
Employee benefit accruals	-	-	-	1,530	-	-	1,530	1,697
Other liabilities	-	2,723	-	14,931	10,301	65,579	93,534	92,296
Balances due to Group companies	-	69	-	-	-	-	69	69
Total liabilities - (contractual maturity)	**5,095**	**19,374**	**25,480**	**72,569**	**46,917**	**65,579**	**235,014**	**233,943**
Liquidity gap	**80,632**	**(2,583)**	**(9,491)**	**(48,471)**	**18,117**	**(38,204)**	**-**	**-**
Cumulative liquidity gap	**80,632**	**78,049**	**68,558**	**20,086**	**38,204**	**-**	**-**	**-**

Contingent liabilities and commitments as at period end

2022	**Less than 1 month USD000**	**1 to 3 months USD000**	**3 to 6 months USD000**	**6 to 12 months USD000**	**1 to 5 years USD000**	**Total USD000**
Assets						
Commitment to lend	855	1,369	1,024	494	1,348	5,091
Total assets	**855**	**1,369**	**1,024**	**494**	**1,348**	**5,091**
Liabilities						
Commitment to lend	5,091	-	-	-	-	5,091
Total liabilities	**5,091**	**-**	**-**	**-**	**-**	**5,091**
Liquidity gap	**(4,236)**	**1,369**	**1,024**	**494**	**1,348**	**-**
Cumulative liquidity gap	**(4,236)**	**(2,867)**	**(1,843)**	**(1,348)**	**-**	**-**

36.5 Liquidity risk (Continued)
On balance sheet items as at 31 December 2023

Assets held for managing liquidity risk- Bank (contractual maturity dates)	Less than 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6 to 12 months ZWL000	1 to 5 years ZWL000	5+ years ZWL000	Total ZWL000	Carrying amount ZWL000
	Historical unaudited							
Cash and bank balances	295,262,572	18,753,708	27,202,644	54,411,393	37,110,609	-	432,740,926	432,740,926
Investment securities	6,471,858	6,339,638	25,866,556	11,468,411	4,975,676	39,861,080	94,983,219	91,635,947
Loans and receivables from Banks	39,467,073	-	-	-	-	-	39,467,073	39,467,073
Loans and advances to customers	194,069,723	94,422,032	91,461,233	124,689,339	58,288,069	54,033,064	616,963,460	525,386,237
Other assets	22,035,004	-	-	19,956,522	-	384,083,615	426,075,141	445,737,722
Total assets	**557,306,230**	**119,515,378**	**144,530,433**	**210,525,665**	**100,374,354**	**477,977,759**	**1,610,229,819**	**1,534,967,905**
Liabilities								
Deposits from customers	35,462,610	97,688,533	141,813,812	283,682,568	193,350,283	-	751,997,806	751,814,663
Balances due to banks	11,182,166	7,742,614	3,295,726	12,209,445	114,623,570	-	149,053,521	149,053,520
Balances due to Group companies	-	-	7,311,571	-	-	-	7,311,571	7,311,571
Provisions	-	-	13,130,118	-	-	-	13,130,118	13,130,118
Lease liabilities	696,026	1,392,053	1,990,391	3,883,095	10,800,621	2,765,789	21,527,975	17,229,708
Other liabilities and equity	17,282,226	-	-	-	-	579,146,099	596,428,325	596,428,325
Total liabilities - (contractual maturity)	**64,623,028**	**106,823,200**	**167,541,618**	**299,775,108**	**318,774,474**	**581,911,888**	**1,539,449,316**	**1,534,967,905**
Liquidity gap	**492,683,202**	**12,692,178**	**(23,011,185)**	**(89,249,443)**	**(218,400,120)**	**(103,934,129)**	**70,780,503**	**-**
Cumulative liquidity gap	**492,683,202**	**505,375,380**	**482,364,195**	**393,114,752**	**174,714,632**	**70,780,503**	**-**	**-**

Contingent liabilities and commitments as at 31 December 2023

2023	Less than 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6-Dec months ZWL000	1 to 5 years ZWL000	Total ZWL000
Assets						
Commitment to lend	26,418,923	12,853,750	12,450,983	16,974,255	10,877,149	79,575,059
Total assets	**26,418,923**	**12,853,750**	**12,450,983**	**16,974,255**	**10,877,149**	**79,575,059**
Liabilities						
Commitment to lend	79,575,059	-	-	-	-	79,575,059
Total liabilities	**79,575,059**	**-**	**-**	**-**	**-**	**79,575,059**
Liquidity gap	**(53,156,136)**	**12,853,750**	**12,450,983**	**16,974,255**	**10,877,149**	**-**
Cumulative liquidity gap	**(53,156,136)**	**(40,302,387)**	**(27,851,404)**	**(10,877,149)**	**-**	**-**

On balance sheet items as at 31 December 2022
2022

Assets held for managing liquidity risk (contractual maturity dates)	Less than 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6 to 12 months ZWL000	1 to 5 years ZWL000	5+ years ZWL000	Total ZWL000	Carrying amount ZWL000
Cash and bank balances	45,534,621	591,423	923,200	1,846,401	4,713,663	-	53,609,308	53,609,309
Investment securities	-	237,968	3,288,911	1,137,221	11,770,696	-	16,434,796	13,225,558
Loans and receivables from Banks	-	-	-	-	225,623	-	225,623	225,622
Loans and advances to customers	11,755,927	9,463,129	6,776,303	7,635,308	10,397,503	-	46,028,170	45,342,180
Other assets	1,628,255	1,248,159	-	5,942,196	17,590,202	18,814,883	45,223,695	46,220,771
Total assets	**58,918,803**	**11,540,679**	**10,988,414**	**16,561,126**	**44,697,687**	**18,814,883**	**161,521,592**	**158,623,440**
Liabilities								
Lease liabilities	58,181	117,704	180,203	371,006	1,096,210	-	1,823,304	1,823,363
Balances due to Group companies	800,769	-	-	-	-	-	800,769	800,685
Deposits from customers	2,642,324	11,278,871	17,332,242	38,190,702	24,069,909	-	93,514,048	93,513,868
Lease liabilities	-	-	-	1,051,634	-	-	1,051,634	1,166,320
Other liabilities	-	1,871,473	-	10,261,891	7,079,133	45,071,712	64,284,209	61,271,781
Balances due to Group companies	-	47,628	-	-	-	-	47,628	47,423
Total liabilities - (contractual maturity)	**3,501,274**	**13,315,676**	**17,512,445**	**49,875,233**	**32,245,252**	**45,071,712**	**161,521,592**	**158,623,440**
Liquidity gap	**55,417,529**	**(1,774,997)**	**(6,524,031)**	**(33,314,107)**	**12,452,435**	**(26,256,829)**	**-**	**-**
Cumulative liquidity gap	**55,417,529**	**53,642,532**	**47,118,501**	**13,804,394**	**26,265,829**	**-**	**-**	**-**

Contingent liabilities and commitments as at 31 December 2022

2022	Less than 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6 to 12 months ZWL000	1 to 5 years ZWL000	Total ZWL000
Assets						
Commitment to lend	587,499	941,112	703,941	339,817	926,646	3,499,015
Total assets	**587,499**	**941,112**	**703,941**	**339,817**	**926,646**	**3,499,015**
Liabilities						
Commitment to lend	3,499,015	-	-	-	-	3,499,015
Total liabilities	**3,499,015**	**-**	**-**	**-**	**-**	**3,499,015**
Liquidity gap	**(2,911,516)**	**941,112**	**703,941**	**339,817**	**926,646**	**-**
Cumulative liquidity gap	**(2,911,516)**	**(1,970,404)**	**(1,266,463)**	**(926,646)**	**-**	**-**

36.5 Liquidity risk (Continued)
On balance sheet items as at period end
2023

Assets held for managing liquidity risk- Bank (contractual maturity dates)	Less than 1 month USD000	1 to 3 months USD000	3 to 6 months USD000	6 to 12 months USD000	1 to 5 years USD000	5+ years USD000	Total USD000	Carrying amount USD000
	Audited							
Cash and bank balances	48,357	3,072	4,456	8,913	6,079	-	70,877	70,877
Investment securities	930	911	3,717	1,648	715	5,728	13,649	13,168
Loans and receivables from Banks	6,465	-	-	-	-	-	6,465	6,465
Loans and advances to customers	31,790	15,467	14,982	20,425	9,548	8,851	101,063	86,062
Other assets	2,935	-	-	2,217	-	60,683	65,835	66,234
Total assets	**90,477**	**19,450**	**23,155**	**33,203**	**16,342**	**75,262**	**257,889**	**242,806**
Liabilities								
Deposits from customers	12,757	16,002	23,230	46,469	31,672	-	130,129	130,097
Balances due to banks	1,832	1,268	540	2,000	18,882	-	24,522	24,416
Balances due to Group companies	-	-	1,198	-	-	-	1,198	1,198
Provisions	-	-	1,839	-	-	-	1,839	1,839
Lease liabilities	114	228	326	636	1,769	453	3,526	2,822
Other liabilities and equity	2,311	-	-	-	-	80,123	82,434	82,434
Total liabilities - (contractual maturity)	**17,014**	**17,498**	**27,133**	**49,105**	**52,323**	**80,576**	**243,648**	**242,806**
Liquidity gap	**73,463**	**1,952**	**(3,978)**	**(15,902)**	**(35,980)**	**(5,314)**	**14,241**	**-**
Cumulative liquidity gap	**73,463**	**75,415**	**71,437**	**55,535**	**19,555**	**14,241**	**-**	**-**

Contingent liabilities and commitments as at 31 December 2023

2023	Less than 1 month USD000	1 to 3 months USD000	3 to 6 months USD000	6-Dec months USD000	1 to 5 years USD000	Total USD000
Assets						
Commitment to lend	4,327	2,105	2,040	2,781	1,782	13,035
Total assets	**4,327**	**2,105**	**2,040**	**2,781**	**1,782**	**13,035**
Liabilities						
Commitment to lend	13,035	-	-	-	-	13,035
Total liabilities	**13,035**	**-**	**-**	**-**	**-**	**13,035**
Liquidity gap	**(8,707)**	**2,106**	**2,040**	**2,781**	**1,782**	**-**
Cumulative liquidity gap	**(8,707)**	**(6,602)**	**(4,562)**	**(1,782)**	**-**	**-**

On balance sheet items as at period end

2022

Assets held for managing liquidity risk (contractual maturity dates)	Less than 1 month USD000	1 to 3 months USD000	3 to 6 months USD000	6 to 12 months USD000	1 to 5 years USD000	5+ years USD000	Total USD000	Carrying amount USD000
Cash and bank balances	66,253	861	1,343	2,687	6,858	-	78,002	78,002
Investment securities	-	346	4,785	1,655	17,126	-	23,913	19,243
Loans and receivables from Banks	-	-	-	-	328	-	328	328
Loans and advances to customers	17,105	13,769	9,860	11,109	15,128	-	66,971	65,973
Other assets	2,369	2,264	-	8,646	34,057	23,913	71,230	75,347
Total assets	**85,727**	**17,240**	**15,988**	**24,097**	**73,497**	**23,913**	**240,462**	**238,893**
Liabilities								
Derivative financial liabilities	-	-	-	-	-	-	-	-
Lease liabilities	85	171	262	540	1,595	-	2,653	2,653
Deposits from banks	1,165	-	-	-	-	-	1,165	1,165
Deposits from customers	8,808	16,411	25,218	55,568	35,022	-	141,026	141,026
Provisions	-	-	-	1,530	-	-	1,530	1,697
Balances due to Group companies	-	69	-	-	-	-	69	69
Other liabilities and equity	-	2,723	-	14,931	10,300	66,064	94,018	92,283
Total liabilities - (contractual maturity)	**10,057**	**19,374**	**25,480**	**72,569**	**46,917**	**66,064**	**240,462**	**238,893**
Liquidity gap	**75,670**	**(2,135)**	**(9,492)**	**(48,472)**	**26,581**	**(42,152)**	**-**	**-**
Cumulative liquidity gap	**75,670**	**73,535**	**64,042**	**15,570**	**42,152**	**-**	**-**	**-**

Contingent liabilities and commitments as at 31 December 2022

2022	Less than 1 month USD000	1 to 3 months USD000	3 to 6 months USD000	6 to 12 months USD000	1 to 5 years USD000	Total USD000
Assets						
Commitment to lend	855	1,369	1,024	494	1,348	5,091
Total assets	**855**	**1,369**	**1,024**	**494**	**1,348**	**5,091**
Liabilities						
Commitment to lend	5,091	-	-	-	-	5,091
Total liabilities	**5,091**	**-**	**-**	**-**	**-**	**5,091**
Liquidity gap	**(4,236)**	**1,369**	**1,024**	**494**	**1,348**	**-**
Cumulative liquidity gap	**(4,236)**	**(2,867)**	**(1,843)**	**(1,348)**	**-**	**-**

36.5 Liquidity risk (Continued)

On balance sheet items as at 31 December 2023	Historical unaudited							
Assets held for managing liquidity risk- Group (contractual maturity dates)	**Less than 1 month ZWL000**	**1 to 3 months ZWL000**	**3 to 6 months ZWL000**	**6 to 12 months ZWL000**	**1 to 5 years ZWL000**	**5+ years ZWL000**	**Total ZWL000**	**Carrying amount ZWL000**
Cash and bank balances	295,262,572	18,753,708	27,202,644	54,411,393	37,110,609	-	432,740,926	432,740,926
Investment securities	6,471,858	6,339,638	25,866,556	11,468,411	4,975,676	39,861,080	94,983,219	91,635,947
Loans and receivables from Banks	39,467,073	-	-	-	-	-	39,467,073	39,467,073
Loans and advances to customers	194,069,723	94,422,032	91,461,233	124,689,339	58,288,069	54,033,064	616,963,460	525,386,237
Other assets	21,700,841	-	-	19,956,522	-	445,114,319	486,771,682	489,721,814
Total assets	**556,972,067**	**119,515,378**	**144,530,433**	**210,525,665**	**100,374,354**	**539,008,463**	**1,670,926,360**	**1,578,951,997**
Liabilities								
Deposits from customers	77,880,693	97,685,158	141,812,102	283,678,646	193,346,587	-	794,403,186	794,206,097
Balances due to banks	11,182,212	7,742,645	3,295,739	12,209,495	115,268,427	-	149,698,519	149,053,520
Balances due to Group companies	-	-	7,311,571	-	-	-	7,311,571	7,311,571
Provisions	-	-	13,130,118	-	-	-	13,130,118	13,130,118
Lease liabilities	696,026	1,392,053	1,990,391	3,883,095	10,800,621	2,765,789	21,527,975	17,229,708
Other liabilities and equity	16,765,248	-	-	-	-	581,255,735	598,020,983	598,020,983
Total liabilities - (contractual maturity)	**106,524,179**	**106,819,857**	**167,539,921**	**299,771,236**	**319,415,635**	**584,021,524**	**1,584,092,352**	**1,578,951,997**
Liquidity gap	**450,447,888**	**12,695,521**	**(23,009,488)**	**(89,245,571)**	**(219,041,281)**	**(45,013,061)**	**86,834,008**	**-**
Cumulative liquidity gap	**450,447,888**	**463,143,409**	**440,133,921**	**350,888,350**	**131,847,069**	**86,834,008**	**-**	**-**

Contingent liabilities and commitments as at period end

2023	**Less than 1 month ZWL000**	**1 to 3 months ZWL000**	**3 to 6 months ZWL000**	**6-Dec months ZWL000**	**1 to 5 years ZWL000**	**Total ZWL000**
Assets						
Commitment to lend	26,418,923	12,853,750	12,450,983	16,974,255	10,877,149	79,575,059
Total assets	**26,418,923**	**12,853,750**	**12,450,983**	**16,974,255**	**10,877,149**	**79,575,059**
Liabilities						
Commitment to lend	79,575,059	-	-	-	-	79,575,059
Total liabilities	**79,575,059**	**-**	**-**	**-**	**-**	**79,575,059**
Liquidity gap	**(53,156,136)**	**12,853,750**	**12,450,983**	**16,974,255**	**10,877,149**	**-**
Cumulative liquidity gap	**(53,156,136)**	**(40,302,387)**	**(27,851,404)**	**(10,877,149)**	**-**	**-**

On balance sheet items as at period end

2022

Assets held for managing liquidity risk (contractual maturity dates)	**Less than 1 month ZWL000**	**1 to 3 months ZWL000**	**3 to 6 months ZWL000**	**6 to 12 months ZWL000**	**1 to 5 years ZWL000**	**5+ years ZWL000**	**Total ZWL000**	**Carrying amount ZWL000**
Cash and bank balances	45,534,621	591,423	923,200	1,846,401	4,713,663	-	53,609,308	53,609,309
Derivative financial assets	12,576	-	-	-	-	-	12,576	12,576
Investment securities	-	237,968	3,288,911	1,137,221	11,770,696	-	16,434,796	13,225,558
Loans and receivables from Banks	-	-	-	-	225,623	-	225,623	225,622
Loans and advances to customers	11,755,927	9,463,129	6,776,303	7,635,308	10,397,503	-	46,028,170	45,342,180
Other assets	1,615,679	1,555,737	-	5,942,196	23,406,620	16,434,883	48,955,115	49,622,328
Total assets	**58,918,803**	**11,848,257**	**10,988,414**	**16,561,126**	**50,514,105**	**16,434,883**	**165,265,588**	**162,037,573**
Liabilities								
Derivative financial liabilities	-	-	-	-	-	-	-	-
Lease liabilities	58,181	117,704	180,203	371,006	1,096,210	-	1,823,304	1,823,304
Deposits from banks	800,769	-	-	-	-	-	800,769	800,769
Deposits from customers	6,053,371	11,278,871	17,332,242	38,190,702	24,069,909	-	96,925,095	96,925,095
Provisions	-	-	-	1,051,634	-	-	1,051,634	1,166,032
Balances due to Group companies	-	47,628	-	-	-	-	47,628	47,628
Other liabilities and equity	-	1,871,203	-	10,261,891	7,079,133	45,404,931	64,617,158	61,274,745
Total liabilities - (contractual maturity)	**6,912,321**	**13,315,406**	**17,512,445**	**49,875,233**	**32,245,252**	**45,404,931**	**165,265,588**	**162,037,573**
Liquidity gap	**52,006,482**	**(1,467,149)**	**(6,524,031)**	**(33,314,107)**	**18,268,853**	**(28,970,048)**	**-**	**-**
Cumulative liquidity gap	**52,006,482**	**50,539,333**	**44,015,302**	**10,701,195**	**28,970,048**	**-**	**-**	**-**

Contingent liabilities and commitments as at 31 December 2022

2022	**Less than 1 month ZWL000**	**1 to 3 months ZWL000**	**3 to 6 months ZWL000**	**6 to 12 months ZWL000**	**1 to 5 years ZWL000**	**Total ZWL000**
Assets						
Commitment to lend	587,499	941,112	703,941	339,817	926,646	3,499,015
Total assets	**587,499**	**941,112**	**703,941**	**339,817**	**926,646**	**3,499,015**
Liabilities						
Commitment to lend	3,499,015	-	-	-	-	3,499,015
Total liabilities	**3,499,015**	**-**	**-**	**-**	**-**	**3,499,015**
Liquidity gap	**(2,911,516)**	**941,112**	**703,941**	**339,817**	**926,646**	**-**
Cumulative liquidity gap	**(2,911,516)**	**(1,970,404)**	**(1,266,463)**	**(926,646)**	**-**	**-**

37 Other risks

Strategic risk

The roles of the Chairman and the Managing Director are not vested in the same person. The executive team formulates the strategy under the guidance of the Board which approves it. The executive directors bear the responsibility to execute the approved strategy. The Board reviews the performance and suitability of the strategy at least quarterly.

Legal and compliance risk

The Risk Management Committee ensures that the management and operations of the Bank's business is done within the established governance and regulatory control framework of the Reserve Bank of Zimbabwe and other regulatory bodies. A dedicated legal and compliance unit is in place to monitor legal and compliance requirements and ensure that they are met on a daily basis.

Reputation risk

The group adheres to very strict reputation standards set based on its chosen set of values. The Human Resources Committee of the Board assists the Board in ensuring that staff complies with set policies and practices consistent with the reputation demands of both the group and the industry. The compliance unit and human resources function monitor compliance by both management and staff with the group's ethical codes and compliance standards in managing conduct risk.

Operational risk

This is the risk of losses arising from inadequate or failed internal processes, people and/or systems or from external events. A significant part of the group's operations are automated and processed in the core banking system. Key banking operations in corporate and investment banking, retail and business banking and treasury are heavily dependent on the group's core banking system. The core banking system also supports key accounting processes for financial assets, financial liabilities and revenue including customer interface on mobile, internet banking and related electronic platforms.

Practices to minimise operational risk are embedded across all transaction cycles. Risk workshops are held for the purpose of identifying major risks in the operating environment and methods of mitigating the risks. The group employs the standardised approach to determine capital required to cover operational risk. Each function carries out a risk and control assessment of their processes on a regular basis. The assessment results are reviewed by Operational Risk Management department. Internal Audit audits selected functions at given times.

Risks and Ratings

The Central Bank conducts regular examinations of bank and financial institutions it regulates. The last on-site examination of the bank was as at 30 June 2023 and it assessed the overall condition of the bank to be satisfactory. This is a score of "2" on the CAMELS rating scale. The CAMELS rating evaluates banks on capital adequacy, asset quality, management and corporate governance, liquidity and funds management and sensitivity to market risks.

The CAMELS and Risk Assessment System (RAS) ratings are summarised in the following tables;

CAMELS Components

CAMELS component	**Currrent Examination June 2023**	**Prior Examination November 2016**
Capital	2 - Satisfactory	1 - Strong
Asset Quality	2 - Satisfactory	2 - Satisfactory
Management	2 - Satisfactory	2 - Satisfactory
Earnings	2 - Satisfactory	1 - Strong
Liquidity and Funds Management	2 - Satisfactory	2 - Satisfactory
Sensitivity to Market Risk	2 - Satisfactory	1 - Strong
Overall Composite Rating	**2 - Satisfactory**	**2 - Satisfactory**

First Capital Bank Risk Matrix as at 30 June 2023

Type of risk	**Level of inherent risk**	**Adequacy of risk management systems**	**Overall composite risk**	**Direction of overall composite risk**
Credit	Moderate	Acceptable	Moderate	Stable
Liquidity	Low	Acceptable	Low	Stable
Interest rate	Low	Acceptable	Low	Stable
Foreign exchange	Moderate	Acceptable	Moderate	Stable
Operational & Cyber	High	Acceptable	High	Increasing
Legal	Low	Strong	Low	Stable
Reputational	Low	Strong	Low	Stable
Compliance	Moderate	Acceptable	Moderate	Stable
Strategic	Moderate	Acceptable	Moderate	Stable
Overall	**Moderate**	**Acceptable**	**Moderate**	**Stable**

Interpretation of risk matrix

Level of inherent risk

Low - reflects lower than average probability of an adverse impact on a banking institution's capital and earnings. Losses in a functional area with low inherent risk would have little negative impact on the banking institution's overall financial condition.

Moderate - could reasonably be expected to result in a loss which could be absorbed by a banking institution in the normal course of business.

High - reflects a higher than average probability of potential loss. High inherent risk could reasonably be expected to result in a significant and harmful loss to the banking institution.

Adequacy of risk management systems

Weak - risk management systems are inadequate or inappropriate given the size, complexity and risk profile of the banking institution. Institution's risk management systems are lacking in important ways and therefore a cause of more than normal supervisory attention. The internal control systems will be lacking in important aspects, particularly as indicated by continued exceptions or by the failure to adhere to written policies and procedures.
Acceptable - management of risk is largely effective but lacking to some modest degree. While the institution might be having some minor risk management weaknesses, these have been recognised and are being addressed. Management information systems are generally adequate.
Strong - management effectively identifies and controls all types of risk posed by the relevant functional areas or per inherent risk.

The Board and senior management are active participants in managing risk and ensure appropriate policies and limits are put in place.

The policies comprehensively define the Bank's risk tolerance. Responsibilities and accountabilities are effectively communicated.

Overall composite risk

Low - would be assigned to low inherent risk areas. Moderate risk areas may be assigned to a low composite risk where internal controls and risk management systems are strong and effectively mitigate much of the risk.
Moderate - risk management systems appropriately mitigates inherent risk. For a given low risk area, significant weaknesses in the risk management systems may result in a moderate composite risk assessment. On the other hand, a strong risk management system may reduce the risk so that any potential financial loss from the activity would have only a moderate negative impact on the financial condition of the organisation.
High - risk management systems do not significantly mitigate the high inherent risk. Thus, the activity could potentially result in a financial loss that would have a significant impact on the Bank's overall condition.

37 Other risks (continued)

Direction of overall composite risk

Increasing- based on the current information, risk is expected to increase in the next 12 months.
Decreasing - based on current information, risk is expected to decrease in the next 12 months.
Stable - based on current information, risk is expected to be stable in the next 12 months.

External Credit Ratings

	Latest credit ratings	Previous credit ratings
Rating agent	2022/23	2021/22
Global Credit Rating Co.	A+(ZW)	A+(ZW)

38 Segment reporting

Management has determined the operating segments based on the reports reviewed by the Country Management Committee (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance. All operating segments used by the Group meet the definition of a reportable segment under IFRS 8 Operating Segments. The Country Management Committee assesses the performance of the operating segments monthly based on a measure of profit or loss. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and legal expenses. The measure also excludes the effects of equity-settled share-based payments and unrealised gains or losses on financial instruments.

The group has three broad business segments:

1. Retail Banking - focuses on individual customers with product offering that incorporates direct debit facilities, current and savings accounts, investment savings products, safe custody, debit cards, consumer loans and mortgages.

2. Treasury- focuses on management of the overall Bank operating asset balances and balance sheet structure. Main products include financial instruments and foreign currency trading.

3. Corporate Banking - focuses on corporates, multi-nationals and non-governmental organisations. Product offering includes current accounts, overdrafts, loans and foreign currency products.

Segment results of operations-Bank

2023	**Audited** **Retail Banking USD000**	**Corporate Banking USD000**	**Treasury USD000**	**Total USD000**
Net interest income	9,961	9,693	3,320	22,974
Net fee and commission income	14,478	10,802	299	25,579
Net trading and foreign exchange income	-	-	24,264	24,264
Net investment and other income	-	-	643	643
Fair value gain on investment property	-	-	(2,225)	(2,225)
Total Income	**24,439**	**20,495**	**26,301**	**71,235**
Impairment losses on financial assets	(505)	(4,048)	(85)	(4,638)
Net operating income	**23,934**	**16,447**	**26,216**	**66,597**
Staff costs	(9,990)	(4,660)	(1,967)	(16,617)
Infrastructure costs	(6,548)	(3,128)	(1,526)	(11,202)
General expenses	(5,399)	(6,068)	(7,394)	(18,861)
Operating expenses	**(21,937)**	**(13,856)**	**(10,887)**	**(46,680)**
Segment contribution	**1,997**	**2,591**	**15,329**	**19,917**
Share of profits of joint venture	-	-	-	(5,273)
Taxation	-	-	-	(4,011)
Profit for the year				**10,633**
Total assets	**37,439**	**48,622**	**156,745**	**242,806**
Total liabilities	**29,032**	**101,064**	**44,491**	**174,587**

2022	**Retail Banking USD000**	**Corporate Banking USD000**	**Treasury USD000**	**Total USD000**
Net interest income	5,411	11,845	1,137	18,393
Net fee and commission income	10,063	7,568	108	17,739
Net trading and foreign exchange income	-	-	13,761	13,761
Net investment and other income	-	-	1,096	1,096
Fair value gain on investment property	-	-	(612)	(612)
Total Income	**15,474**	**19,413**	**15,490**	**50,377**
Impairment losses on financial assets	(688)	(215)	(92)	(995)
Net operating income	**14,786**	**19,198**	**15,398**	**49,382**
Staff costs	(3,939)	(6,807)	(1,823)	(12,569)
Infrastructure costs	(4,000)	(1,033)	(1,142)	(6,175)
General expenses	(5,646)	(3,165)	(2,479)	(11,290)
Segment contribution	**1,201**	**8,193**	**9,954**	**19,348**
Net monetary loss	-	-	-	(8,137)
Share of profits of joint venture	-	-	-	4,424
				-
Taxation				(4,245)
Profit for the year				**11,390**
Total assets	**16,570**	**49,403**	**172,937**	**238,910**
Total liabilities	**32,630**	**108,396**	**29,742**	**170,768**

38 Segment reporting (continued)

Segment results of operations-Bank

2023	**Historical unaudited** **Retail Banking ZWL000**	**Corporate Banking ZWL000**	**Treasury ZWL000**	**Total ZWL000**
Net interest income	34,651,372	33,719,079	11,549,298	79,919,749
Net fee and commission income	54,331,531	40,536,621	1,122,056	95,990,208
Net trading and foreign exchange income	-	-	141,381,921	141,381,921
Net investment and other income	-	-	2,046,635	2,046,635
Fair value gain on investment property	-	-	25,722,522	25,722,522
Total Income	**88,982,903**	**74,255,700**	**181,822,432**	**345,061,035**
Impairment losses on financial assets	(3,747,936)	(30,042,867)	(630,841)	(34,421,644)
Net operating income	**85,234,967**	**44,212,833**	**181,191,591**	**310,639,391**
Staff costs	(37,689,452)	(17,580,866)	(7,420,936)	(62,691,254)
Infrastructure costs	(15,912,264)	(7,601,339)	(3,708,326)	(27,221,929)
General expenses	(19,944,504)	(22,415,865)	(27,314,256)	(69,674,625)
Operating expenses	**(73,546,220)**	**(47,598,070)**	**(38,443,518)**	**(159,587,808)**
Segment contribution	**11,688,747**	**(3,385,237)**	**142,748,073**	**151,051,583**
Share of profits of joint venture	-	-	-	115,107,786
Taxation	-	-	-	(35,462,883)
Profit for the year				**230,696,486**
Total assets	**243,463,439**	**316,185,778**	**1,019,302,780**	**1,578,951,997**
Total liabilities	**179,861,597**	**626,120,570**	**275,634,550**	**1,081,616,717**

2022	**Retail Banking ZWL000**	**Corporate Banking ZWL000**	**Treasury ZWL000**	**Total ZWL000**
Net interest income	2,682,849	5,873,755	563,741	9,120,345
Net fee and commission income	4,919,548	3,699,111	52,814	8,671,473
Net trading and foreign exchange income	-	-	6,045,730	6,045,730
Net investment and other income	-	-	642,251	642,251
Fair value gain on investment property	-	-	2,770,874	2,770,874
Total Income	**7,602,397**	**9,572,866**	**10,075,410**	**27,250,673**
Impairment losses on financial assets	(472,671)	(147,727)	(63,347)	(683,745)
Net operating income	**7,129,726**	**9,425,139**	**10,012,063**	**26,566,928**
Staff costs	-	-	(838,753)	(838,753)
Infrastructure costs	(3,820,781)	(1,123,481)	(594,089)	(5,538,351)
General expenses	(2,080,325)	(537,246)	(1,133,568)	(3,751,139)
Depreciation and amortisation	(2,580,845)	(1,446,874)	-	(4,027,719)
Operating expenses	**(8,481,951)**	**(3,107,601)**	**(2,566,410)**	**(14,155,962)**
Segment contribution	**(1,352,225)**	**6,317,538**	**7,445,653**	**12,410,966**
Share of profits of joint venture	-	-	-	10,395,324
Taxation				(2,393,761)
Profit for the year				**20,412,529**
Total assets	**11,633,532**	**34,684,571**	**115,719,469**	**162,037,572**
Total liabilities	**23,071,339**	**73,133,854**	**20,427,449**	**116,632,642**

39 Related parties

The Group is controlled by Afcarme Zimbabwe Holdings (Private) Limited incorporated and domiciled in Zimbabwe which owns 53% (2021: 53%) of the ordinary shares. 15% is held by an Employee Share Ownership Trust (ESOT) and the remaining 32% of the shares are widely held. The ultimate parent of the Group is FMBcapital Holdings PLC incorporated in Mauritius. There are other companies which are related to First Capital Bank through common shareholdings or common directorship.

39.1 Key management compensation

	Audited **2023 USD000**	**2022 USD000**	**Historical unaudited** **2023 ZWL000**	**2022 ZWL000**
Salaries and other short term benefits	2,233	1,336	4,342,079	505,568
Post-employment contribution plan	101	12	334,985	4,901
Share based payments	-	4	-	1,367
Total	**2,334**	**1,352**	**4,677,064**	**511,836**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly. These include the Chief Executive Officer, Chief Finance Officer, Head of Risk, Commercial Director, Chief Operating Officer, Consumer Banking Director, Chief Internal Auditor, Head of Compliance, Company Secretary and Head of Human Resources.

39.2 Loans to key management

	Audited **2023 USD000**	**2022 USD000**	**Historical unaudited** **2023 ZWL000**	**2022 ZWL000**
Loans outstanding at 1 January	**251**	**24**	**172,418**	**16,658**
Loans issued during the year	302	240	2,904,777	165,135
Loans repayments during the year	(78)	(13)	(179,737)	(9,375)
Loans outstanding at 31 December	**475**	**251**	**2,897,458**	**172,418**

The above loans to directors and other key management personnel are insured and repayable monthly over 4 years at average interest rates of 15% (2022:15%).Loans and advances to non-executive directors during the year ended 31 December 2023 were nil (2022: nil). The loans to directors were issued under conditions similar to other staff loans.

No impairment losses have been recognised in respect of loans and advanced to related parties (2022: nil)

39.3 Deposits from executive directors and key management

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Deposits at 1 January	**21**	**20**	**14,425**	**13,831**
Deposits received during the year	1,725	1,269	2,545,303	871836
Deposits repaid during the year	(1,414)	(1,268)	(179,737)	(871,242)
Deposits at 31 December	**332**	**21**	**2,025,442**	**14,425**

39.4 Balances with related parties - related through common directorship and shareholding

	Deposits 2023 USD000	Loans and advances 2023 USD000	Deposits 2022 USD000	Loans and advances 2022 USD000	Deposits 2023 ZWL000	Loans and advances 2023 ZWL000	Deposits 2022 ZWL000	Loans and advances 2022 ZWL000
First Capital Bank Pension Fund	931	-	-	-	5,685,093	-	-	-
Boost Fellowship	10	-	-	-	58,423	-	-	-
Canelands Trust	70	-	-	-	429,916	-	-	-
Cimas Holdings	354	-	-	-	2,158,523	-	-	-
Dulys Holdings	50	-	-	-	307,077	-	-	-
Hippo Valley Estates	83	-	-	-	504,346	-	-	-
Lotus Stationary Manufacturers (Pvt) Ltd	9	-	-	-	56,810	-	-	-
Makasa Sun Private Limited	52	262	605	-	317,324	1,602,204	3,692,881	-
NCP Distillers Zimbabwe	1	-	-	-	4,483	-	-	-
Nicoz diamond insurance	32	-	7	-	197,770	-	41,543	-
St Georges College	64	-	42	-	388,892	-	255,582	-
Tobacco Industry and Marketing Board	93	-	-	-	570,041	-	-	-
Triangle Limited	528	590	-	-	3,225,869	3,599,826	-	-
United Refineries	58	-	-	-	352,027	-	-	-
Zimbabwe Sugar Sales	289	-	-	-	1,764,175	-	-	-
Total	**2,624**	**852**	**654**	**-**	**16,020,769**	**5,202,030**	**3,990,006**	**-**
Current	2,624	852	654	-	16,020,769	5,202,030	3,990,006	-
Non - current	-	-	-	-	-	-	-	-
Total	**2,624**	**852**	**654**	**-**	**16,020,769**	**5,202,030**	**3,990,006**	**-**

Repayments on the loans to the related parties were made on due dates and new loans were also granted.

39.5 Balances with group companies

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Group balances due from group companies	246	274	1,503,484	187,999
Total	**246**	**274**	**1,503,484**	**187,999**
Other balances due from group companies	31	(10)	194,061	(7,113)
Other balances due to group companies	(1,229)	(59)	(7,505,632)	(40,515)
Total	**(1,198)**	**(69)**	**(7,311,571)**	**(47,628)**

40 Capital commitments and contingencies

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Authorised and contracted for	-	-	-	-
Authorised but not yet contracted for	16,339	5,385	99,745,063	3,700,986
Total capital commitment	**16,339**	**5,385**	**99,745,063**	**3,700,986**

41 Contingent assets and liabilities

Loan commitments	13,035	5,091	79,575,059	3,499,015
Guarantees and letters of credit	2,722	5,888	16,617,055	4,046,661
Total	**15,757**	**10,979**	**96,192,114**	**7,545,676**

42 Subsequent events

Zimbabwe introduced a new currency named ZiG (Zimbabwe Gold) throught statutory instrument 60 of 2024. The new currency is backed by foreign currency, gold and precious minerals. The currency came into effect on 6th April 2024 replacing the ZWL (Zimbabwean Dollar) which ceased to be the national currency. This was treated as a non-adjusting event.

43 New accounting pronouncements

43.1 Standards, amendments and interpretations that are relevant to the Group.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Bank has not early adopted the new and amended standards in preparing these financial statements.

Standard/Interpretation	Content	Applicable for financial years beginning on or after
IFRS 17	Insurance Contracts	1 Jan 2023
Amendments to IFRS 17	IFRS 17	1 Jan 2023
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	1 Jan 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 Jan 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023
Amendments to IAS 8	Definition of accounting estimates	1 Jan 2023
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 — Comparative Information	1 Jan 2023
Amendment to IAS 12	International Tax Reform — Pillar Two Model Rules	1 Jan 2023
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	1 Jan 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 Jan 2024
Amendmemts to IAS 1	Non-current Liabilities with Covenants	1 Jan 2024
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 Jan 2024
IFRS S2 — Climate-related Disclosures	IFRS S2 — Climate-related Disclosures	1 Jan 2024
Amendments to IAS 1	Classification of liabilities as current or non-current	1 Jan 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current — Deferral of Effective Date	1 Jan 2024
Amendments to IAS 21	Lack of exchangeability	1 Jan 2025

Annual General Meeting

AGM Proxy Form

For use at the Annual General Meeting ("AGM") of First Capital Bank Limited to be held virtually on Wednesday 12th of June 2024 at 15:00 hours.

I / We ....

Of..
(address)

Being member/members of First Capital Bank Limited ("The Company")

Being the registered holder(s) of .... shares in the company

Hereby appoint:..

Of..
(address)

Or failing him or her ....

Of..
(address)

As my/our proxy to vote for me/us on my/our behalf at the AGM of the Company to be held on Wednesday, 12 June 2024, at 1500 hours and at any adjournment thereof, for the purpose of considering and, if deemed fit passing, with or without modification, the resolutions to be proposed thereat in accordance with the following instructions:

#	**Resolutions**	**For**	**Against**	**Abstain**
ORDINARY BUSINESS:				
1	To receive, consider and adopt the Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2023.			
2	To confirm the payment of an interim dividend of US0.14 cents per shares in September 2023 and a final dividend of US0.22 cents per share in May 2024, giving a total dividend of US0.36 cents per share for the financial year ended 31 December 2023.			
3	Re-election of Directors:			
	3.1 To note the retirement of Mr P Devenish in terms of Article 102 of the Articles of Association. Being eligible in terms of Article 104 of the Articles of Association, Mr P Devenish offers himself for re-election.			
	3.2 To note the retirement of Mr M Gursahani in terms of Article 102 of the Articles of Association. Being eligible in terms of Article 104 of the Articles of Association, Mr M Gursahani offers himself for re-election.			
	3.3 3.3 To note the retirement of Mr K Terry in terms of Article 102 of the Articles of Association. Being eligible in terms of Article 104 of the Articles of Association, Mr Mr K Terry offers himself for re-election.			
4	To approve directors' fees and remuneration for the year ended 31 December 2023.			
5	Auditors' fees and Appointment of New Auditors			
	5.1. To approve the remuneration of the outgoing auditors, Messrs Deloitte & Touche Chartered Accountants for the year ended 31 December 2023.			
	5.2. To appoint new Auditors of the Company, Messrs Ernst & Young Chartered Accountants (Zimbabwe) until the conclusion of the next Annual General Meeting.			
SPECIAL BUSINESS				
6	Amendment to Article 101.7 of the Articles of Association:			
	That the article be repealed and substituted by the following "The office of Director shall be vacated if the Director: attains the age of 75 years".			

Signed this ....day of 2024

Signature(s) of member ....

NOTES TO PROXY

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

It is important that this information is read before completing the Proxy Form.

i. In terms of Section 171 of the Companies and Other Business Entities Act (Chapter 24:31), members are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their place. A proxy need not also be a member of the Company. A Director or Officer of the Company shall not be appointed as a proxy for a Shareholder.
ii. Article 81 of the Company's Articles of Association provides that the instrument appointing a proxy shall be deposited at the registered office of the Company addressed to the Company Secretary or at the office of the Transfer Secretaries not less than 48 hours before the time appointed for the holding of the AGM.
iii. Shareholders in the form of a corporate body must provide documentary evidence establishing the authority of a person signing the Form of Proxy in a representative capacity; this authority must take the form of a resolution of the corporate body.
iv. The Chairman shall be entitled to decline the authority of a person signing the proxy form:
a) under a power of attorney
b) on behalf of a company
c) in a representative capacity which is completed and received other than in accordance with these notes.
v. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided. The person whose name appears first on the form of proxy will, unless his/her name has been deleted, be entitled to act as a proxy to the exclusion of those whose names follow.
vi. A Shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate space/s provided as well as by means of a cross whether the Shareholder wishes to vote, for, against or abstain from the resolutions. Failure to comply with the above will be deemed to authorize the proxy to vote or abstain from voting at the AGM as he/she deems fit in respect of all the Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or by his/her proxy or cast them in the same way.
vii. Deletion of any printed matter and the completion of any blank spaces need not be signed or initialed. Any alteration or correction must be initialed by the signatory or signatories. The proxy form must be signed and dated for it to be valid.
viii. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.
ix. The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
x. Please ensure that name(s) of the member(s) on the form of proxy and the voting form are the same as those on the share register.

Transfer Secretaries
Corpserve Registrars (Private) Limited
2nd Floor ZB Centre
Cnr 1st and Kwame Nkrumah Avenue
Harare
+263-242-758193,750711/2

Registered Office
First Capital Bank Limited
Barclay House
Cnr. First Street / Jason Moyo Avenue
Harare
+263-242-758280-9, +263-8677007335

Our Footprint

Avondale Branch
LOCATION- King George Rd Box A199, Avondale
TELEPHONE +263 242 303708/303743
FAX +263 242 336302

Beitbridge Branch
LOCATION 348 Justia Rd P O Box 27 Beitbridge
TELEPHONE +263 86 2262/2751
FAX +263 81 2622

Bindura Branch
LOCATION 25 Main Street PO Box 52 Bindura
TELEPHONE +263 71 6255
FAX +263 71 6048

Borrowdale Branch
LOCATION TM Supermarket Complex Borrowdale Rd Box BW140, Borrowdale
TELEPHONE +263 242 851131/882280/
FAX +263 242 882778

Bulawayo Affluent Centre
LOCATION P O BOX FM 625 Famona, Bulawayo 97A Robert Mugabe Way, Bulawayoa
TELEPHONE +263 9 883004

Chinhoyi Branch
LOCATION St No 5308, Magamba Way PO Box 200 Chinhoyi
TELEPHONE +263 67 22701/24438
FAX +263 67 23242

Chiredzi Branch
LOCATION 57 Chilonga drive P O Box 29 Chiredzi
TELEPHONE +263 31 2347/2541
FAX +263 31 3112

Corporate Banking Centre
LOCATION Cnr Birmingham & Paisley Rd Box ST 20, Southerton
TELEPHONE +263 242 754473/9
FAX +263 242 757071

Gokwe Branch
LOCATION Stand 972 Gokwe Gokwe growth Point, Gokwe
TELEPHONE +263 59 2330
FAX +263 59 2528

Gweru Branch
LOCATION Cnr Main St/R.Mugabe Way Gweru
TELEPHONE +263 54 22134
FAX +263 54 25220

Harare Street Branch
LOCATION 118 Harare Street, Harare
TELEPHONE +263 242 749038
FAX 758976

Highlands Branch
LOCATION Shop No.47,Highland Park,
Cnr E.D. Mnangagwa Rd/ Arcturus Rd, Higlands, Harare
TELEPHONE +263 8677007335
FAX 746623

JMN Nkomo Street Branch
LOCATION 100 JMN Nkomo Street PO Box 702 Bulawayo
TELEPHONE +263 9 881121/7
FAX +263 9 76928

Kadoma Branch
LOCATION Stand 156, Herbert Chitepo, Kadoma Kadoma
TELEPHONE +263 68 26822/ 26823

Kwekwe Branch
LOCATION 32 N. Mandela Way PO Box 386
TELEPHONE +263 55 22897/8
FAX +263 55 68241

Marondera Branch
LOCATION Cnr Hotel St/The Green, PO Box 37, Marondera
TELEPHONE +263 79 23596/7
FAX +263 7924707

Msasa Branch
LOCATION 21 Felice Avenue, Msasa, Harare
TELEPHONE +263 242 447844-8
FAX +263 242 447 848

NGO Centre
LOCATION 2 Premium Close Mt Pleasant,
Harare P O Box, CY 881
TELEPHONE +263 242 369570-80
FAX +263 242 369589

Premier Banking Centre
LOCATION First Mutual Oce Prk, P.O Box BW 865 Borrowdale First Mutual Oce Prk, Borrowdale Rd, Harare
TELEPHONE +263 242 852720-9

Victoria Falls
LOCATION No. 254 Livingstone Way PO Box 26 Vic Falls
TELEPHONE +263 13 3375
FAX +263 13 3385

ATM LOCATIONS
Arundel Shopping Centre
Avondale Branch Harare
Cripps Road Branch Harare
First Street Branch Harare
Highlands Branch
Harare Airport Harare
Borrowdale Branch
JMN Nkomo Street Branch Bulawayo
Affluent Centre Bulawayo
Belmont Branch Bulawayo
Chiredzi Branch Chiredzi
Marondera Branch Marondera
Mutare Branch Mutare
Victoria Falls Branch Victoria Falls

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First Capital
BANK