

UNAUDITED FINANCIAL RESULTS

FOR THE PERIOD ENDED 30 JUNE 2024

Chairman's Statement

Operating Environment:

World economic performance firmed at the turn of the year resulting in the International Monetary Fund, in its April 2024 World Economic Output Report, revising growth projections for 2024 to 3.2% from an earlier estimate of 2.9%. This is on the back of a revised headline inflation projection from 6.8% to 5.9% in the wake of tight monetary policies across regions.

Growth projections in 2024 for the local economy have been revised downwards from 3.5% to 2%, reflecting a more severe impact of the El-Nino induced drought.

Following the rapid depreciation of the local currency during the first quarter of 2024, the Government of Zimbabwe, introduced a raft of measures to stabilize the currency and curtail inflationary pressure. These include the introduction of a gold-backed currency, the Zimbabwe Gold (ZWG), and the removal of the foreign currency auction system in favour of an inter-bank foreign exchange market on a willing-buyer-willing-seller basis. Whilst these measures have brought a modicum of market stability in the short term, their resilience can only be tested over time.

Presentation Currency:

Following the introduction of the ZWG on 5 April 2024, the Bank adopted this new currency as currency of presentation for its financial statements. This was done to satisfy requirements from its primary regulator, the Reserve Bank of Zimbabwe. However, the Bank's functional currency remains the United States Dollar and the reported ZWG figures have been derived by application of appropriate exchange rates as required by IAS 21 The Effects of Changes in Foreign Exchange Rates. Comparative 'ZWG Equivalent' figures have been derived by application of the ZWG debut rate against USD amounts presented in the prior year. USD Financial Statements have been provided as supplementary information to comply with the requirements of the Victoria Falls Stock Exchange (VFEX) listing rules.

Earnings Performance:

The Bank posted a profit of ZWG155.5m (US\$11.5m) for the 6 months to June 2024, being a 168% improvement from the ZWG equivalent of ZWG58.0m (US\$4.3m) posted in the corresponding period in 2023. This translates to an Earnings Per Share of ZWG7.19 cents (US\$0.53 cents), up from ZWG2.70 cents (US\$0.20 cents)

Capitalisation and Liquidity:

The Bank's capital was always maintained above the regulatory minimum of US\$30m whilst closing the period at US\$59.2m. The capital adequacy ratio closed at 31%, representing capacity to underwrite more business. Similarly, the liquidity ratio was maintained above the regulatory threshold of 30%, creating capacity for the Bank to manage market shocks.

Dividend:

The Board declared an interim dividend of 0.3462 US cents per share.

Appreciation:

I would like to extend my sincere gratitude to our customers for their continued support. I also thank fellow directors, management and staff, for remaining steadfast as we seek growth in an otherwise difficult operating environment.



Patrick Devenish
30 August 2024

Chief Executive Officer's Report

Performance Outlook:

The Bank's total deposits closed at ZWG1.9b (US\$137.1m) as at 30 June 2024, 12.5% higher than ZWG1.7b (US\$123.1m) reported on 31 December 2023. This trend reflects a rebound after balances had marginally come off in the first quarter against the backdrop of an unstable currency framework which experienced relief after the monetary interventions announced by the central bank at the beginning of the second quarter. Foreign currency deposits contributed 83% of total deposits, reducing from 87% at 31 December 2023, reflecting early signals of the resurgence of local currency activity on the market.

Loans to customers grew by 11.2% from ZWG1.2b (US\$86.1m) as at 31 December 2023 to ZWG1.3b (US\$94.7m) as at 30 June 2024. Loan quality remained satisfactory, with the non-performing loans ratio having improved from 8% to 3% over the six-month period. A loan loss ratio of 1.4 was recorded.

The Bank posted a profit after tax of ZWG155.5m (US\$11.5m) for the 6 months to June 2024, which was 168% higher than ZWG58.0m (US\$4.3m) recorded for the comparative period in 2023. Total income grew by 12.8% from ZWG435.9m (US\$32.1m) to ZWG491.6m (US\$36.4m). This growth was driven by an improvement in the underlying business, with net interest income and non-interest income increasing by 23.3% and 6.8% respectively.

Operating expenses decreased marginally from ZWG275m (US\$20.3m) to ZWG271.4m (US\$20.1m) reflecting general cost stickiness in an environment that is in the early stages of transition. The Bank is currently seized with an exhaustive cost rationalization program and expects further savings during the second half of 2024.

The total comprehensive income for the period under review at ZWG169.1m (US\$11.6m) was 658.8% more than a total comprehensive loss of ZWG25.7m (US\$ 2.4m loss) recorded for the 2023 comparative period.

Operations Update:

1. Technological advancements

First Capital Bank has demonstrated its commitment to innovation by continually enhancing its digital offerings to meet the evolving needs of our customers. In 2024, we added several new billers to our electronic platforms, making it easier for customers to manage their payments and transactions seamlessly. We also revamped the look and feel of our internet banking platform, ensuring a more user-friendly and intuitive experience that aligns with modern banking expectations. Additionally, we introduced new products and features across our platforms, further expanding the range of services available to our clients. These advancements reflect our dedication to staying at the forefront of technological innovation in the financial sector, continually improving the customer experience and reinforcing our position as a leader in the industry.

First Capital Bank was among the first to successfully transition from the Zimbabwean Dollar (ZWL) to the Zimbabwe Gold (ZIG/ZWG) across all platforms, achieving this with minimal disruptions. This smooth changeover was a testament to our efficient management and unwavering commitment to innovation and customer service excellence. Throughout this period, our USD platforms continued to operate seamlessly, ensuring uninterrupted service and further demonstrating our dedication to maintaining the highest standards of service quality.

2. Lines of credit

In early 2024, First Capital Bank secured an additional US\$20 million line of credit from the African Export-Import Bank (Afreximbank). This facility will support foreign currency generating business, with a focus on small to medium enterprises and midcap companies in Zimbabwe.

The African Development Bank (AfDB) approved a combined US\$15m Trade Finance Package, comprising of a US\$7.5m Trade Finance Transaction Guarantee and a US\$7.5m Trade Finance Line of Credit.

3. Branch relocations and customer engagements

New branch locations were opened in Msasa and Highlands with the modern facilities offering vastly improved ambience and overall customer experience.

First Capital Bank has embraced financial inclusion by introducing outdoor selling initiatives and roadshows, bringing our services directly to communities across Zimbabwe. These efforts are designed to reach underserved populations, providing them with convenient access to banking services in their local areas. By taking our offerings beyond traditional branches and engaging with people in public spaces, we are breaking down barriers to financial access and ensuring that everyone, regardless of their location, can benefit from our financial solutions.

4. First Capital Bank in the community

The Bank proudly sponsored the Zimbabwe Junior Golf Tournament, an event that brought together young athletes from nine countries, including Botswana, Zambia, and Malawi. This sponsorship was a meaningful way for us to give back to the community by supporting the development of youth sports and fostering regional cooperation through healthy competition. By investing in such initiatives, we are not only promoting physical fitness and talent development among young people but also reinforcing our commitment to community enrichment and social responsibility. This event provided an excellent platform for us to connect with the community, demonstrate our values, and contribute to the growth and success of future generations in Zimbabwe and beyond.

5. Compliance

At First Capital Bank, we take our compliance obligations and relationships with regulators very seriously, ensuring that all our operations are conducted within the frameworks established by the authorities. Our commitment to maintaining strong regulatory compliance is reflected in our consistently robust prudential liquidity ratios, which are well within the required limits, safeguarding our customers' assets and the bank's stability. Furthermore, our capital levels significantly exceed the regulatory thresholds, demonstrating our financial strength and ability to absorb risks while continuing to support economic growth. By prioritizing compliance and fostering transparent relationships with our regulators, we reinforce our dedication to upholding the highest standards of integrity and trust in the financial sector.

6. Sustainability

First Capital Bank is deeply committed to sustainability and recognizes the importance of incorporating sustainable practices into our operations. As part of our dedication to this crucial area, we are actively engaged in sustainability reporting and are working closely with the European Organization for Sustainable Development (EODS) under the guidance of the Reserve Bank of Zimbabwe. Our efforts are focused on integrating environmental, social, and governance (ESG) considerations into our business strategies to ensure that we contribute positively to the communities we serve while minimizing our environmental impact. By aligning with international sustainability standards and collaborating with leading organizations, we are taking meaningful steps towards creating a sustainable future, reflecting our serious commitment to responsible banking and long-term value creation.

Appreciation:

We value the support and feedback from our customers and commit to do our best to continually improve the quality of our service delivery.

My associates across the network have shown an unwavering commitment to the success of the brand and the sustainability of our business. I thank them for their hard work and support.

Lastly, I extend my gratitude to the Board for their continued guidance as we navigated an otherwise complex operating environment



Tapera Mushoriwa
30 August 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. The Bank also has in place a share option scheme, meant to be a long-term retention incentive for employees.

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 engage 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 conflicts 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 our 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 two board meetings during the half year period ended 30 June 2024 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 the half year period ended 30 June 2024 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 30 June 2024 were:-

T. Moyo (Chairperson)
S. N. 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 30 June 2024 were:-

K. Naik (Chairperson)
H. Anadkat
A. Chinamo

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 30 June 2024 were:-

S.N. Moyo (Chairperson)
M. Gursahani
T. 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 30 June 2024 were:-

P. Devenish (Chairperson)
K. Naik
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 30 June 2024 members of the committee were:-

A. Chinamo (Chairperson)
S.N. Moyo
M. Gursahani

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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 two non-executive directors and one executive director. As at 30 June 2024, the Committee was made up of the following members:-
K. Terry (Chairperson)
M. Gursahani
T. Mushoriwa

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 is 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 as at 30 June 2024

Main Board

Name	Total Meetings	Present	Absent
P. Devenish	3	3	Nil
T. Moyo	3	3	Nil
S.N. Moyo	3	3	Nil
H. Anadkat	3	3	Nil
K. Terry	3	3	Nil
K. Naik	3	3	Nil
A. Chinamo	3	3	Nil
M. Gursahani	3	3	Nil
T. Mushoriwa	3	3	Nil
F. Kapanje	3	3	Nil

Audit committee

Name	Total Meetings	Present	Absent
T. Moyo	4	4	Nil
S.N. Moyo	4	4	Nil
K. Terry	4	4	Nil

Human resources & nominations committee

Name	Total Meetings	Present	Absent
P. Devenish	2	2	Nil
K. Naik	2	2	Nil
H. Anadkat	2	1	1

Loans review committee

Name	Total Meetings	Present	Absent
S.N. Moyo	2	2	Nil
T. Moyo	2	2	Nil
M. Gursahani	2	2	Nil

Risk committee

Name	Total Meetings	Present	Absent
A. Chinamo	3	3	Nil
S.N. Moyo	3	3	Nil
M. Gursahani	3	3	Nil

IT Committee

Name	Total Meetings	Present	Absent
K. Terry	2	2	Nil
M. Gursahani	2	2	Nil
T. Mushoriwa	2	2	Nil

Credit Committee

Name	Total Meetings	Present	Absent
K. Naik	2	2	Nil
H. Anadkat	2	2	Nil
A. Chinamo	2	2	Nil

Directors' shareholding

The following is a schedule of the directors' shareholdings in the Bank as at 30 June 2024.

P. Devenish	Nil
S. N. Moyo	Nil
T. Moyo	Nil
H. Anadkat *	36 068 751 (direct interest)
K. Terry	11 195 1 (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 indirect interest in Afcarme Holdings Zimbabwe (Private) Limited, which in turn holds the majority shareholding in the Bank.

Half Year 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 unaudited 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 materially 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.

Outlook

The tight monetary policy regime is expected to persist in the medium term in order to stem inflation in the wake of increased infrastructure and social spending by Government. Against this background, the Bank will exercise caution in its balance sheet expansion to ensure that a sufficient buffer is maintained on its capital and liquidity position in order to accommodate stress factors. Quality of assets will remain a focal point whilst opportunity will be taken to participate in the stimulation of activity in growth sectors of the economy

By Order of the Board



Sarudzai Binha
Company Secretary

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 30 June 2024

Notes	Unaudited 30.06.24 ZWG000	Unaudited 30.06.23 ZWG000
Interest income	208,525	165,500
Interest expense	(14,517)	(8,109)
Net interest income	194,008	157,391
Net fee and commission income	190,241	156,116
Net trading and foreign exchange income	95,215	132,739
Net investment and other income	12,126	5,099
Fair value loss on investment property	-	(15,404)
Total non interest income	297,582	278,550
Total income	491,590	435,941
Impairment losses on financial assets	(17,946)	(38,687)
Net operating income	473,644	397,254
Operating expenses	(271,371)	(274,943)
Share of loss from joint venture	(689)	(51,460)
Profit before tax	201,584	70,851
Taxation	(46,129)	(12,855)
Profit for the year	155,455	57,996
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Loss on revaluations	-	(72,058)
Deferred tax income	-	12,204
Gain/(loss) on financial assets at fair value through other comprehensive income	6,266	(17,545)
Deferred tax (charge)/income	(3,011)	976
Items that will be reclassified subsequently to profit or loss:		
Loss on financial assets at fair value through other comprehensive income	(1,701)	(7,235)
Foreign Currency translation reserve	12,048	-
Net gain/(loss) on other comprehensive income	13,602	(83,658)
Total comprehensive income/(loss)	169,057	(25,662)
Earnings per share		
Basic (cents per share)	7.19	2.70
Diluted (cents per share)	7.18	2.70

Consolidated Statement of Financial Position as at 30 June 2024

Notes	Unaudited 30 June 2024 ZWG000	Unaudited 31 Dec 2023 ZWG000
Assets		
Cash and bank balances	948,583	961,092
Current tax asset	-	3,363
Non-current assets held for sale	30,380	30,063
Loans and receivables from banks	165,191	87,665
Loans and advances to customers	1,297,862	1,167,001
Other assets	167,000	158,571
Investment securities	258,276	178,558
Investment properties	20,472	20,259
Investment in joint venture	195,804	194,450
Intangible assets	12,840	8,299
Property and equipment	342,029	338,159
Right of use assets	73,901	51,908
Total assets	3,512,338	3,199,388
Liabilities		
Deposits from customers	1,879,339	1,669,941
Employee benefit accruals	20,390	24,937
Balances due to group companies	35,354	16,245
Balances due to banks	269,965	331,081
Other liabilities	83,495	83,869
Current tax liabilities	18,211	-
Deferred tax liabilities	132,331	112,860
Lease liabilities	47,166	38,266
Total liabilities	2,486,251	2,277,199
Equity		
Capital and reserves		
Share capital	786	786
Share premium	86,242	86,242
Non-distributable reserve	28,151	28,151
Fair value through other comprehensive income reserve	28,918	27,364
Property revaluation reserve	199,156	199,156
General reserve	17,950	15,662
Foreign currency translation reserve	12,048	-
Share-based payment reserve	4,556	4,556
Retained earnings	648,280	560,272
Total equity	1,026,087	922,189
Total equity and liabilities	3,512,338	3,199,388

Consolidated Statement of Changes in Equity for the half year ended 30 June 2024

	Share capital ZWG000	Share premium ZWG000	Share distributable reserve ZWG000	Non-reserve ZWG000	Fair value through other comprehensive income ZWG000	Property revaluation reserve ZWG000	Foreign Currency translation reserve ZWG000	General reserve ZWG000	Share-based payment reserve ZWG000	Retained earnings ZWG000	Total equity ZWG000
Unaudited											
Balance at 1 January 2024	786	86,242	28,151	27,364	199,156	-	15,662	4,556	560,272	922,189	922,189
Profit for the year	-	-	-	-	-	-	-	-	-	155,455	155,455
Other comprehensive income for the year	-	-	-	-	1,554	-	12,048	-	-	-	13,602
Total comprehensive income for the year	-	-	-	-	1,554	-	12,048	-	-	155,455	169,057

Regulatory impairment allowances	-	-	-	-	-	-	-	2,288	-	(2,288)	-
Dividends paid	-	-	-	-	-	-	-	-	-	(65,159)	(65,159)
Balance at 30 June 2024	786	86,242	28,151	27,364	199,156	12,048	17,950	4,556	648,280	1,026,087	1,026,087

	Share capital ZWG000	Share premium ZWG000	Share distributable reserve ZWG000	Non-reserve ZWG000	Fair value through other comprehensive income ZWG000	Property revaluation reserve ZWG000	Foreign Currency translation reserve ZWG000	General reserve ZWG000	Share-based payment reserve ZWG000	Retained earnings ZWG000	Total equity ZWG000
Unaudited											
Balance at 1 January 2023	786	86,242	28,151	61,386	227,564	-	2,509	4,543	509,612	920,792	920,792
Profit for the year	-	-	-	-	-	-	-	-	-	144,007	144,007
Other comprehensive income for the year	-	-	-	-	(34,022)	(28,408)	-	-	-	-	(62,430)
Total comprehensive income for the year	-	-	-	-	(34,022)	(28,408)	-	-	-	144,007	81,577
Recognition of share-based payments	-	-	-	-	-	-	-	-	13	-	13
Regulatory impairment allowances	-	-	-	-	-	-	-	13,153	-	(13,153)	-
Dividends paid	-	-	-	-	-	-	-	-	-	(80,194)	(80,194)
Balance at 31 December 2023	786	86,242	28,151	27,364	199,156	-	15,662	4,556	560,272	922,189	922,189

UNAUDITED FINANCIAL RESULTS

FOR THE PERIOD ENDED 30 JUNE 2024

Consolidated Statement of Cash Flows for the half year ended 30 June 2024

Notes	Unaudited	
	30 June 2024 ZWG000	30 June 2023 ZWG000
Cash flows from operating activities		
Profit before tax	201,584	70,851
Adjustments:		
Depreciation of property, equipment and right of use asset impairment	8.2 27,021	21,804
Software amortisation	8.2 2,647	2,509
Impairment loss on financial assets	9 17,946	38,687
Unrealised profit from foreign currency position	(64,872)	(86,486)
Share of loss from joint venture	21 689	51,460
Fair value loss on investment property	18 -	15,404
Fair value gain on derivatives	-	(68)
Loss on disposal of property and equipment	17 2,336	420
Amortisation of staff loan benefits	(27)	(14)
Share based payment expense	-	14
Interest on lease liabilities	22.2 3,025	2,061
Interest income accrued on loans, promisory notes bank balances and investment securities	3 (208,525)	(165,500)
Interest accrued on deposits	11,492	8,109
Currency translation adjustment	(332)	-
Items presented separately:		
Dividend income	7 (135)	(3,498)
Cash flow from operating activities	(7,151)	(44,247)
Increase in loans and advances to customers	(116,821)	(243,413)
Increase in loans and receivables from banks	(103,250)	(55,338)
Decrease in other assets	96,592	249,911
Increase/(decrease) in deposits from customers	215,191	(360,497)
Decrease in other liabilities	41,807	49,128
Interest received on loans, promisory notes and bank balances	197,762	162,379
Corporate income tax paid	(18,392)	(8,814)
Interest paid on deposits	(14,625)	(7,508)
Net cash generated from/(used in) operating activities	291,113	(258,399)
Cash flows from investing activities		
Purchase of property, equipment and intangible assets	16 (7,035)	(7,038)
Proceeds from sale of property and equipment	17 376	637
Purchase of gold-backed digital tokens	12.2 (38,189)	(21,547)
Dividends received	135	3,498
Interest received from investment securities	9,237	7,594
Purchase of investment securities	(91,285)	(145,472)
Proceeds from sale and maturities of investment securities	25,617	89,198
Net cash used in investing activities	(101,144)	(73,130)
Cash flows from financing activities		
(Decrease)/increase in balances due to banks	(63,670)	153,906
Dividend paid	(65,159)	(40,666)
Lease liabilities payments	22.2 (4,456)	(8,841)
Net cash (used in)/generated from financing activities	(133,285)	104,399
Net increase/(decrease) in cash and cash equivalents	56,684	(227,130)
Cash and cash equivalents at beginning of period	961,092	1,057,707
Exchange loss on foreign cash balances	(69,193)	(104,792)
Cash and cash equivalents at end of period	948,583	725,785

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS for the period ended 30 June 2024

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 has a primary listing on the Victoria Falls Stock Exchange. The Bank is registered under registration number 148/1981."
1.2 Statement of compliance
The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (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 unaudited consolidated interim financial statements are consistent with the most recent financial statements for the year ended 31 December 2023 except for the change in presentation currency as stated in note 2.4.
2.1 Basis of preparation
The unaudited consolidated financial results have been prepared in accordance with the IAS34 Interim Financial Reporting as well as the requirements of the Companies and Other Business Entities Act (Chapter 24:31) and the Banking Act (Chapter 24:20). They do not include all the financial information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to getting an understanding of the changes in the Group's financial position and performance since the last financial statements as at and for the year ended 31 December 2023.
The Group translated its United States Dollar (USD) financial statements to the country's presentation currency (ZWG) in accordance with IAS 21: The Effects of Changes in Foreign Exchange Rates. The financial statements were translated as follows:
(a) Assets and liabilities for the statement of financial positions were translated at the respective closing rates, 13.56 for 31 December 2023 and 13.7031 for 30 June 2024.
(b) Income and expenses in statement of profit or loss and other comprehensive income were translated at the average rates for the respective periods, 13.5037 for half year ended 30 June 2024 and 13.56 for half year ended 30 June 2023.
(c) All resulting exchange differences were recognised in other comprehensive income as foreign currency translation reserve.
2.2 Basis of measurement
The consolidated 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) Land and buildings measured at fair value using the revaluation method
v) Investment in joint venture, the underlying investment property is measured at fair value
The consolidated half year financial statements have been prepared on the basis of accounting policies applicable to a going concern.
2.3 Basis of consolidation
The consolidated financial statements comprise of 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
The consolidated financial statements are presented in Zimbabwe Gold currency (ZWG), which is a new currency that came into effect on the 5 th of April 2024. The directors took the decision to present as such in order to enhance comparability of the financial statements with other players in the banking sector. Previously, the financial statements were presented in United States Dollars (USD), which is the Group's functional currency. The bank is listed on the Victoria Falls Stock Exchange (VFEX) and to meet its listing requirements, has presented the Statement of Profit or Loss and other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cashflows in USD as supplementary information on page 9.
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 unaudited consolidated 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 and the value of share options
d) Useful lives of property and equipment; and
e) Computation of tax liabilities.

Notes	Unaudited	
	2024 ZWG000	2023 ZWG000
3 Interest income		
Bank balances	8,534	10,143
Loans and receivables from Banks and investment securities	7,873	26,388
Loans and advances to customers	192,118	128,969
Total	208,525	165,500

Notes	Unaudited	
	2024 ZWG000	2023 ZWG000
4 Interest expense		
Interest on lease liabilities	(3,025)	(2,061)
Balances due to banks	(8,359)	(2,007)
Customer deposits	(3,133)	(4,041)
Total	(14,517)	(8,109)

Notes	Unaudited	
	2024 ZWG000	2023 ZWG000
5 Net fee and commission income		
Fee and commission income		
Account maintenance fees	37,068	29,832
Insurance commission received	567	705
Transfers and other transactional fees	82,940	69,902
Guarantees	2,660	1,248
Card based transaction fees	16,150	13,018
Cash withdrawal fees	50,909	41,548
Fee and commission income	190,294	156,253
Fee and commission expense		
Guarantees	(53)	(137)
Net Fee and commission income	190,241	156,116

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

Notes	Unaudited	
	2024 ZWG000	2023 ZWG000
6 Net trading and foreign exchange income		
Net trading and foreign exchange income		
Net foreign exchange revaluation gain	64,872	86,486
Net foreign exchange trading income	30,343	46,253
Total	95,215	132,739

Notes	Unaudited	
	2024 ZWG000	2023 ZWG000
7 Net investment and other income		
Dividend income	135	3,498
Loss on disposal of property and equipment	(2,335)	(420)
Gain or loss on Zimbabwe gold-backed digital tokens	6,116	-
Rental income	864	1,682
Sundry income	7,346	339
Total	12,126	5,099

Notes	Unaudited	
	2024 ZWG000	2023 ZWG000
8 Operating expenses		
Staff costs	(100,725)	(114,189)
Infrastructure costs	(64,021)	(65,237)
General expenses	(106,625)	(95,517)
Total	(271,371)	(274,943)

Notes	Unaudited	
	2024 ZWG000	2023 ZWG000
8.1 Operating expenses analysis		
Staff costs		
Salaries, allowances and Directors remuneration	(87,977)	(85,292)
Medical costs	(4,564)	(3,946)
Social security costs	(595)	(854)
Pension costs: defined contribution plans	(7,589)	(7,621)
Retrenchment costs	-	(16,462)
Share based payments	-	(14)
Total	(100,725)	(114,189)
Average number of employees during the period:	521	514

Notes	Unaudited	
	2024 ZWG000	2023 ZWG000
8.2 Infrastructure costs		
Repairs and maintenance	(3,160)	(6,590)
Heating, lighting, cleaning and rates	(7,495)	(6,387)
Security costs	(3,768)	(3,363)
Depreciation of property, equipment and right of use asset	(27,021)	(21,804)
Software amortisation	(2,647)	(2,509)
Operating lease - short term leases	(1,121)	(1,031)
Connectivity, software and licences	(18,809)	(23,554)
Total	(64,021)	(65,237)

Notes	Unaudited	
	2024 ZWG000	2023 ZWG000
8.3 General expenses		
Consultancy, legal & professional fees	(5,549)	(5,546)
Subscription, publications & stationery	(3,673)	(4,827)
Marketing, advertising & sponsorship	(8,426)	(5,221)
Travel & accommodation	(5,158)	(6,983)
Loss arising from change in valuation of treasury bills	-	-
Cash transportation	(4,159)	(5,655)
Insurance costs	(3,903)	(4,380)
Telex, telephones & communication	(7,711)	(10,509)
Group recharges	(43,793)	(36,409)
Card operating expenses	(5,307)	(4,760)
Other administrative & general expenses	(18,946)	(11,227)
Total	(106,625)	(95,517)

Included in the operating expenses are the following:

Directors fees and remuneration:	
For services as part of management	(4,753)
For the oversight role as the director	(689)
Total	(5,442)

Auditors' remuneration:	
Audit related services	(1,161)
Review services	(338)
Total	(1,499)

Notes	Unaudited	
	2024 ZWG000	2023 ZWG000
9 Impairment losses on financial assets		
Stage 1		
Loans and advances to customers	(16,394)	(2,048)
Balances with banks - local & nostro	41	(447)
Investment securities - treasury bills & bonds	1,701	(868)
Other assets	(1,202)	(1,139)
Total	(15,854)	(4,502)
Stage 2		
Loans and advances to customers	(4,767)	1,641
Total	(4,767)	1,641
Stage 3		
Loans and advances to customers	2,675	(35,826)
Total	2,675	(35,826)
Impairment losses recognised in profit/ loss	(17,946)	(38,687)

Notes	Unaudited	
	2024 ZWG000	2023 ZWG000
10 Taxation		
Income tax recognised in profit or loss		
Current tax		
Normal tax - current year	(31,140)	(8,868)
Total	(31,140)	(8,868)
Deferred tax		
Deferred tax expense recognised in the current year	(14,989)	(3,987)
Total	(14,989)	(3,987)
Total income tax charge recognised in the current year	(46,129)	(12,855)

Notes	Unaudited	
	2024 ZWG000	2023 ZWG000
11 Cash and bank balances		
Balances with central bank	105,021	263,552
Statutory reserve balance with central bank	372,683	241,341
Cash on hand - foreign currency	351,265	312,544
Cash on hand - local currency	233	190
Balances due from group companies	1,946	3,336
Balances with banks abroad	117,490	140,224
Cash and bank balances	948,638	961,187
Expected credit losses	(55)	(95)
Net Cash and bank balances*	948,583	961,092

*Cash and bank balances include restricted amounts relating to Reserve Bank of Zimbabwe (card transaction cash security, ZWG19.2m (2023: ZWG16.3m) and statutory reserve on customer deposits ZWG372.7m (2023: ZWG241.4m) and foreign bank security deposits (Afreximbank Limited, ZWG57.6m (2023: ZWG16.3m))

Notes	Unaudited	
	30-Jun-24 ZWG000	31-Dec-23 ZWG000
12 Investment securities		
Treasury bills and bonds	110,420	76,018
Gold-backed digital tokens	89,851	45,141
Equity securities	58,005	57,399
Balance at the end of the year	258,276	178,558

UNAUDITED FINANCIAL RESULTS

FOR THE PERIOD ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS for the period ended 30 June 2024

		Unaudited	
		30-Jun-24	31-Dec-23
		ZWG000	ZWG000
12.1	Treasury bills and bonds		
	Balance at beginning of period	76,017	182,192
	Additions	53,304	154,638
	Accrued interest	3,200	10,970
	Loss arising from change in valuation of treasury bills	-	(38,836)
	Maturities	(25,995)	(239,103)
	Changes in fair value	2,468	6,157
	Currency translation adjustment	1,426	-
	Balance at the end of the period	110,420	76,018

As at 30 June 2024, ZWG13.1m (2023:ZWG32.5m) of the Treasury bills and bonds were used as security against borrowings from third parties.

ZWG40m worth of treasury bills investment securities are held to collect contractual cash flows and sell if need arises. These are measured at fair value. The remaining balance of ZWG34.7m (2023:ZWG39.3m) is the residual treasury bills issued by RBZ as settlement of legacy debt obligations. These are measured at armoured cost with the initial recognition having been at fair value. No treasury bills were held for trading purposes as at 30 June 2024.

		Unaudited	
		30-Jun-24	31-Dec-23
		ZWG000	ZWG000
12.2	Gold-backed digital tokens		
	Balance at beginning of period	45,141	-
	Additions	38,175	58,579
	Currency translation adjustment	1,120	-
	Fair value gain/(loss)	5,415	(13,438)
	Balance at end of period	89,851	45,141

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

		Unaudited	
		30-Jun-24	31-Dec-23
		ZWG000	ZWG000
12.3	Equity securities		
	Balance at beginning of period	57,399	78,743
	Changes in fair value	-	(1,288)
	Currency translation adjustment	606	-
	Impact of change in functional currency	-	(20,056)
	Balance at end of period	58,005	57,399

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

		Unaudited	
		30-Jun-24	31-Dec-23
		ZWG000	ZWG000
13	Loans and receivables from Banks		
	Clearing balances with other banks	1,370	10,576
	Interbank placements	163,821	77,089
	Total carrying amount of Loans and receivables from Banks	165,191	87,665

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

		Unaudited			
		Retail Banking	Business Banking	Corporate and Investment Banking	Total
		ZWG000	ZWG000	ZWG000	ZWG000
14	Loans and advances to customers				
	2024				
	Term loans	634,262	74,887	536,339	1,245,488
	Overdrafts	1,096	39,342	57,389	97,827
	Gross loans and advances to customers	635,358	114,229	593,728	1,343,315
	Less allowance for expected credit losses:				
	Stage1	(27,228)	(301)	(2,549)	(30,078)
	Stage2	(1,439)	(14)	(3,645)	(5,098)
	Stage3	(7,413)	(2,042)	(822)	(10,277)
	Allowance for expected credit losses	(36,080)	(2,357)	(7,016)	(45,453)
	Net loans and advances to customers	599,278	111,872	586,712	1,297,862
	2023				
	Term loans	522,521	30,917	561,045	1,114,483
	Overdrafts	637	43,160	69,442	113,239
	Gross loans and advances to customers	523,158	74,077	630,487	1,227,722
	Less allowance for expected credit losses:				
	Stage1	(11,173)	(81)	(2,048)	(13,302)
	Stage2	(122)	(27)	(108)	(258)
	Stage3	(4,176)	(20,381)	(22,605)	(47,162)
	Allowance for expected credit losses	(15,472)	(20,489)	(24,761)	(60,722)
	Net loans and advances to customers	507,686	53,588	605,726	1,167,001

		Unaudited	
		30-Jun-24	31-Dec-23
		ZWG000	ZWG000
15	Other assets		
	Prepayments and stationery	-	84,164
	Card security deposit and settlement balances	-	35,259
	Other receivables	-	13,086
	Receivables from Reserve Bank of Zimbabwe	-	8,016
	Unamortized balance of staff loans benefit	-	28,667
	Total before expected credit losses	169,192	159,534
	Less expected credit loss:	(2,192)	(963)
	Total other assets	167,000	158,571
	Current	110,255	104,439
	Non-current	56,745	54,132
	Total	167,000	158,571

		Unaudited					
		Land and buildings	Computers	Equipment	Furniture and fittings	Motor vehicles	Total
		ZWG000	ZWG000	ZWG000	ZWG000	ZWG000	ZWG000
16	Property and equipment						
	2024						
	Balance at beginning of period	213,909	38,428	37,181	8,014	40,627	338,159
	Additions	-	3,126	11,472	2,421	434	17,453
	Disposals	-	-	(2,170)	-	(542)	(2,712)
	Currency translation adjustment	2,223	365	378	84	353	3,403
	Depreciation & impairment charge	(2,336)	(4,551)	(2,107)	(365)	(4,915)	(14,274)
	Carrying amount at end of period	213,796	37,368	44,754	10,154	35,957	342,029
	Cost or valuation	216,132	41,919	46,861	10,519	40,872	356,303
	Accumulated depreciation and impairment	(2,336)	(4,551)	(2,107)	(365)	(4,915)	(14,274)
	Carrying amount at end of period	213,796	37,368	44,754	10,154	35,957	342,029
	2023						
	Balance at beginning of period	252,704	20,733	41,060	8,990	47,745	371,232
	Impact of change in Functional currency	(49,358)	(3,973)	(7,865)	(1,722)	(9,139)	(72,057)
	Additions	-	21,465	5,166	271	8,041	34,943
	Revaluations	14,794	7,444	6,658	1,248	6,102	36,246
	Disposals	-	-	(54)	-	(2,820)	(2,874)
	Depreciation charge on disposals	-	-	54	-	136	190
	Depreciation & impairment charge	(4,231)	(7,241)	(7,838)	(773)	(9,438)	(29,521)
	Carrying amount at end of period	213,909	38,428	37,181	8,014	40,627	338,159
	Cost or valuation	213,909	38,428	37,181	8,014	40,627	338,159
	Accumulated depreciation and impairment	-	-	-	-	-	-
	Carrying amount at end of period	213,909	38,428	37,181	8,014	40,627	338,159

In view of the economic volatility on the market, property and equipment are 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 in December 2023 using USD inputs and no revaluations were done in 2024 since there were no significant changes in USD values.

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

		Unaudited	
		30-Jun-24	31-Dec-23
		ZWG000	ZWG000
17	Proceeds on disposal of property and equipment		
	Carrying amount of property and equipment disposed off	2,712	2,684
	Loss on disposal	(2,336)	(854)
	Proceeds on disposal	376	3,538

		Unaudited	
		30-Jun-24	31-Dec-23
		ZWG000	ZWG000
18	Investment properties		
	Balance at beginning of the period	20,259	80,492
	Impact of change in functional currency*	-	(15,404)
	Transfer from property and equipment	-	-
	Transfer to non current assets held for sale	-	(30,063)
	Change in fair value *	-	(14,766)
	Currency translation adjustment	213	-
	Balance at the end of period	20,472	20,259
	Rental income derived from investment properties	864	3,824

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

18 **Investment properties (continued)**
The Fair value of investment property was determined by external, independent property valuers, Integrated Properties (Pvt) Ltd in December 2023 using USD inputs and no fair valuation was done in 2024 since there were no significant changes in USD values. The independent valuers provide the Fair value of the Group's investment property portfolio annually.

The Fair value measurement of the investment property has been categorised as Level 3 in the fair value hierarchy (Note 30) based on the inputs to the valuation technique used.

Operating costs incurred on investment properties during the year were ZWG420.5k (2023: ZWG271.2k). Investment property comprises commercial properties that are leased to third parties. No contingent rents are charged.

		Unaudited	
		30-Jun-24	31-Dec-23
		ZWG000	ZWG000
19	Intangible assets		
	Balance at beginning of period	8,299	13,397
	Additions	6,937	-
	Currency translation adjustment	251	-
	Amortisation	(2,647)	(5,099)
	Balance at end of period	12,840	8,298
	Cost	36,067	28,625
	Accumulated amortisation	(23,227)	(20,326)
	Balance at end of period	12,840	8,299

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

		Unaudited	
		30-Jun-24	31-Dec-23
		ZWG000	ZWG000
20	Non-current assets held for sale		
	Balance at beginning of period	30,063	-
	Transfer from the investment property	-	30,063
	Currency translation adjustment	317	-
	Balance at end of period	30,380	30,063

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.

		Unaudited	
		30-Jun-24	31-Dec-23
		ZWG000	ZWG000
21	Investment in joint venture		
	Summarised financial information		
	Revenue	411	-
	Fair value loss on property	-	(37,968)
	Impact of change in functional currency	-	(105,293)
	Loss for the year	(1,398)	(143,004)
	Total comprehensive loss	(1,398)	(143,004)

		Unaudited	
		30-Jun-24	31-Dec-23
		ZWG000	ZWG000
	Non-current assets	411,093	406,800
	Current assets	6,975	6,292
	Non-current liabilities	21,267	20,340
	Current liabilities	6,235	4,366

The above amounts of assets and liabilities include cash and cash equivalents of ZWG27.5k (2023: ZWG704.8k).

		Unaudited	
		30-Jun-24	31-Dec-23
		ZWG000	ZWG000
	Group's interest in investment		
	Group's interest at beginning of period	194,450	265,952
	Current year share of total comprehensive loss/income in joint venture	(689)	(71,502)
	Currency translation adjustment	2,043	-
	Carrying amount of investment at end of period	195,804	194,450

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 building located in the tourist resort town of Victoria Falls, Zimbabwe which it leases out.

		Unaudited	
		30-Jun-24	31-Dec-23
		ZWG000	ZWG000
22	Leases		
	Right of use asset		
	Balance at beginning of period	51,908	44,233
	Additions	33,881	30,605
	Currency translation adjustment	860	-
	Depreciation for the year	(12,748)	(22,930)
	Balance at end of period	73,901	51,908

		Unaudited	
		30-Jun-24	31-Dec-23
		ZWG000	ZWG000
22.2	Lease liabilities		
	Maturity analysis - contractual undiscounted cash flows		
	Less than one year	18,951	17,682
	One to five years	36,382	23,988
	More than five years	8,455	6,143
	Total	63,788	47,813

		Unaudited	
		30-Jun-24	31-Dec-23
		ZWG000	ZWG000
	Lease liabilities included in statement of financial position		
	Current	10,606	11,160
	Non-current	36,560	27,106
	Balance at end of period	47,166	38,266

		Unaudited	
		30-Jun-24	31-Dec-23
		ZWG000	ZWG000
	Amounts recognised in profit/loss		

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	Unaudited	
	30.06.2024 ZWG000	31.12.2023 ZWG000
25 Employee benefit accruals		
Staff retention		
Balance at beginning of period	22,076	21,221
Provisions made during the year	12,196	30,863
Provisions used during the year	(19,911)	(19,540)
Impact of exchange rate movement	-	(10,699)
Balance at end of period	14,361	21,845
Outstanding employee leave		
Balance at beginning of period	3,124	1,790
Provisions made during the year	3,261	2,400
Provisions used during the year	(356)	(1,098)
Balance at end of period	6,029	3,092
Total provisions at end of period	20,390	24,937

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.

	Unaudited	
	30-Jun-24 ZWG000	31-Dec-23 ZWG000
26 Other liabilities		
Accrued expenses	17,526	13,085
Provisions and clearing accounts	40,440	49,752
Deferred income	1,041	-
Withholding taxes	24,488	21,032
Balance at end of period	83,495	83,869

27 Retirement benefit Plans

First Capital Bank Pension Fund

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 Fund 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.

Defined contribution plans

The defined contribution pension plan, to which the Group contributes 18% (2023: 18%), is provided for permanent employees. Over and above the Group's contribution, the employee contributes 6.5% (2023: 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 USD700) for eligible employees.

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.

28 Deferred tax

Deferred tax balances

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

	Unaudited	
	30.06.2024 ZWG000	31.12.2023 ZWG000
Deferred tax		
Deferred tax assets	(27,667)	(35,378)
Deferred tax liabilities	159,998	148,238
Total deferred tax liability	132,331	112,860

29 Authorised share capital

	Unaudited	
	30.06.2024	31.12.2023
Number of ordinary shares	5,000,000,000	5,000,000,000

29.1 Issued share capital

	Number of shares	
	30.06.2024	31.12.2023
Issued and fully paid shares		
Balance at beginning of year	2,160,865,929	2,160,865,929
Exercise of share options	380,000	-
Balance at end of period	2,161,245,929	2,160,865,929
	ZWG000	ZWG000
Ordinary shares	786	786
Share premium	86,242	86,242
Total	87,028	87,028

The total authorised number of ordinary shares at year end was 5 billion (2023: 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 Victoria Falls Stock Exchange listing requirements and the Articles and Memorandum of Association of the Bank.

29.2 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.

	Unaudited	
	30.06.2024 ZWG000	31.12.2023 ZWG000
Non-distributable reserve	28,151	28,151
Balance at end of period	28,151	28,151

29.3 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.

	Unaudited	
	30.06.2024 ZWG000	31.12.2023 ZWG000
Fair value through other comprehensive income reserve	28,918	27,364
Balance at end of period	28,918	27,364

29.4 Property revaluation reserve

Revaluation movement on property and equipment is classified under revaluation reserve. Additional detail on revaluation of assets is contained in note 16.

	Unaudited	
	30.06.2024 ZWG000	31.12.2023 ZWG000
Property revaluation reserve	199,156	199,156
Balance at end of period	199,156	199,156

29.5 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.

	Unaudited	
	30.06.2024 ZWG000	31.12.2023 ZWG000
General reserve	17,950	15,662
Balance at end of period	17,950	15,662

29.6 Foreign currency translation reserve

The reserve arose from the conversion of functional currency numbers (USD) to the reporting currency (ZWG).

	Unaudited	
	30.06.2024 ZWG000	31.12.2023 ZWG000
Foreign currency translation reserve	12,048	-
Balance at end of period	12,048	-

29.7 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.

	Unaudited	
	30.06.2024 ZWG000	31.12.2023 ZWG000
Share based payment reserve	4,556	4,556
Balance at end of period	4,556	4,556

29.7.1 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.

29.7.2 Movements during the period

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

	2024		2023	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at beginning of period	4,920,000	0.05	5,380,000	0.05
Granted during the year	-	-	1,090,000	0.02
Forfeited during the year	-	-	(1,550,000)	-
Exercised during the year	(380,000)	-	-	-
Outstanding at end of period	4,540,000	-	4,920,000	-
Exercisable at end of period	1,700,000	-	1,290,000	-
Weighted average contractual life of options outstanding at end of period (years)	2.90	-	2.47	-

30 Financial instruments

30.1 Classification of assets and liabilities

	Unaudited	
	30.06.2024 ZWG000	31.12.2023 ZWG000
Financial assets		
Financial assets at fair value through profit and loss	89,851	45,141
Gold backed digital gold tokens	-	-
Total	89,851	45,141

Financial assets at amortised cost

Cash and bank balances	948,583	961,092
Treasury bills	34,669	34,375
Loans and advances to customers	1,297,862	1,167,001
Loans and receivables from banks	165,191	87,665
Other assets*	56,361	60,695
Total	2,502,666	2,310,828

* Excludes staff loans amortisation and prepayments and stationery.

Financial assets at fair value through other comprehensive income

Treasury bills	75,751	41,643
Unquoted equity securities	58,005	57,399
Total	133,756	99,042

Total Financial assets

Total Financial assets	2,726,273	2,455,011
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Financial liabilities at amortised cost

Customer deposits	1,879,339	1,669,941
Balances due to banks	269,965	331,081
Other liabilities*	82,452	83,869
Lease liabilities	47,166	38,266
Balances due to group companies	35,354	16,245
Total Financial liabilities	2,314,276	2,139,402

* Excludes deferred income

30.2 Fair value hierarchy of assets and liabilities held at fair value

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).

	Unaudited			
	Level 1 ZWG000	Level 2 ZWG000	Level 3 ZWG000	Total ZWG000
2024				
Recurring fair value measurements				
Financial assets				
Gold-backed digital tokens	89,851	-	-	89,851
Treasury bills	-	-	75,751	75,751
Unquoted equity instruments	-	-	58,005	58,005
Balance at end of period	89,865	-	133,756	223,607
Non-financial assets				
Property and equipment	-	-	342,029	342,029
Investment property	-	-	20,472	20,472
Investment in joint venture	-	-	195,804	195,804
Non-Current Assets held for sale	-	-	30,380	30,380
Balance at end of period	-	-	588,685	588,685

30.3 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

30.4 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	Cashflows 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-ZWG	Discounted cash flow	Market Yield – not actively traded	72%-73.51%

30.5 Reconciliation of recurring level 3 fair value measurements

	Unaudited				
	Investment securities ZWG000	Investment properties ZWG000	Non-current asset held for sale ZWG000	Investment in Joint venture ZWG000	Total ZWG000
2024					
Balance at beginning of period	143,301	20,259	30,063	194,450	388,073
Additions	91,272	-	-	-	91,272
Accrued interest	1,498	-	-	-	3,183
Maturities	(23,355)	-	-	-	(23,355)
Currency translation adjustments	3,017	213	317	2,046	5,593
Total gains and losses recognised in profit or loss	5,414	-	-	(692)	4,722
Total gains and losses recognised in other comprehensive income	2,460	-	-	-	2,460
Balance at end of period	223,607	20,472	30,380	195,804	470,263

31 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.

31.1 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.

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	Unaudited	
	30.06.2024	31.12.2023
	ZWG000	ZWG000
Share capital	786	786
Share premium	86,242	86,242
Accumulated profits	638,283	549,329
Share based payment reserve	4,556	4,556
Fair value through other comprehensive income reserve	43,887	42,334
Non-distributable reserve	28,151	28,151
Total core capital	801,905	711,398
Less market and operational risk capital	(72,119)	(48,653)
Less exposures to insiders	(5,413)	(3,553)
Tier 1 capital	724,373	659,192
Non-distributable reserve	-	14
Property revaluation reserve	197,990	197,990
General provisions (limited to 1.25% of weighted risk assets)	39,972	13,316
Tier 2 capital	237,962	211,320
Total tier 1 & 2 capital	962,335	870,512
Market risk	33,093	9,763
Operational risk	39,026	38,890
Tier 3 capital	72,119	48,653
Total tier 1, 2 & 3 capital base	1,034,454	919,165
Deductions from capital	(58,005)	(57,399)
Total capital base	976,449	861,766
Credit risk weighted assets	2,296,324	2,476,544
Operational risk equivalent assets	487,748	486,140
Market risk equivalent assets	413,697	121,986
Total risk weighted assets (RWAs)	3,197,769	3,084,670
Tier 1 capital ratio	23%	21%
Tier 1 and 2 capital ratio	30%	28%
Total capital adequacy ratio	31%	28%

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.

31.2 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 meet 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); 1 day 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 to 3 (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)

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.

31.2 Credit risk (continued)

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 37.3 (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.

(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 2024	Previous ratings 2023
Crown Agency	BB	BB

Other asset balances are held by counter parties with the following ratings:

Counterparty	2024	2023
VISA	AA-	AA-
Master card International	A+	A+

31.2.1 Maximum credit risk exposure

2024	Unaudited				ECL Reconciliation			
	Stage 1 ZWG000	Stage 2 ZWG000	Stage 3 ZWG000	Total ZWG000	Stage 1 ZWG000	Stage 2 ZWG000	Stage 3 ZWG000	Total ZWG000
Loans and advances to customers								
Corporate	550,399	43,329	-	593,728	2,549	3,645	822	7,016
Business Banking	78,587	-	35,642	114,229	301	14	2,042	2,357
Retail	627,725	2,974	4,659	635,358	27,228	1,439	7,413	36,080
Total	1,256,711	46,303	40,301	1,343,315	30,078	5,098	10,277	45,453
Balances with central Bank								
Savings bonds and Treasury bills	111,708	-	-	111,708	1,288	-	-	1,288
Bank balances	477,717	-	-	477,717	206	-	-	206
Gold-backed digital tokens	89,865	-	-	89,865	-	-	-	-
Total	679,290	-	-	679,290	1,494	-	-	1,494
Balances with other Banks and settlement balances								
Settlement balances - local currency	1,384	-	-	1,384	27	-	-	27
Bank balances - Foreign currency	119,436	-	-	119,436	27	-	-	27
Interbank placements	163,821	-	-	163,821	1,932	-	-	1,932
Total	284,641	-	-	284,641	1,986	-	-	1,986
Other assets								
Card security deposit and settlement balances	35,313	-	-	35,313	55	-	-	55
Total	35,313	-	-	35,313	55	-	-	55
Total on balance sheet	2,255,955	46,303	40,301	2,342,559	33,613	5,098	10,277	48,988
Guarantees and letters of credit								
Guarantees	19,541	-	-	19,541	-	-	-	-
Letters of credit	-	-	-	-	-	-	-	-
Total	19,541	-	-	19,541	-	-	-	-

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31.2.2 Reconciliation of movements in expected credit losses during the year.

	Unaudited			Total ZWG000
	Stage 1 - 12 month ECL ZWG000	Stage 2 - Lifetime ECL not credit impaired ZWG000	Stage 3 - Lifetime ECL credit impaired ZWG000	
2024				
Balance at beginning end of period	13,455	250	47,657	61,362
Movement with P&L impact				
New financial assets purchased or originated	26,420	997	(5,384)	22,033
Transfer (to)/from stage 1	(6,475)	4,296	2,179	-
Transfer (to)/from stage 2	213	(570)	357	-
Transfer (to)/from stage 3	-	125	(125)	-
Total	20,158	4,848	(2,973)	22,033
Movement with no P&L impact				
Write offs	-	-	(34,407)	(34,407)
Balance at end of period	33,613	5,098	10,277	48,988

31.2.3 Credit risk concentration of loans and advances were as follows;

Industry/Sector	2024		2023	
	ZWG000	%	ZWG000	%
Trade and services	49,975	4	15,757	1
Energy and minerals	-	-	26	-
Agriculture	240,202	18	239,117	19
Light and heavy industry	204,204	15	236,622	20
Physical persons	635,372	47	523,158	43
Transport and distribution	147,281	11	161,622	13
Financial services	66,282	5	51,420	4
Total	1,343,315	100	1,227,722	100

31.2.4 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:

	Unaudited	
	2024 ZWG000	2023 ZWG000
Performing loans	243,792	1,013,783
Non-performing loans	38,972	358,720
Total	282,764	1,372,503

The retail portfolio is fully insured.

31.3 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.

31.3.1 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.

	Unaudited				Total ZWG000
	ZWG (ZWGEquiv) ZWG000	GBP (ZWGEquiv) ZWG000	Rand (ZWGEquiv) ZWG000	Other currency (ZWGEquiv) ZWG000	
At 30 June 2024					
Assets					
Cash and bank balances	65,332	6,257	43,266	27,868	142,724
Investment securities	198,751	-	-	-	198,751
Loans and receivables from banks	86,858	-	-	-	86,858
Loans and advances to customers	18,238	4	58	-	18,300
Other assets	41,173	-	-	11,644	52,817
Total financial assets	410,352	6,261	43,324	39,512	499,451
Liabilities					
Deposits from banks	5,605	-	-	-	5,605
Deposits from customers	342,681	5,794	27,779	8,405	384,659
Other liabilities	154,221	525	330	-	155,076
Total financial liabilities	502,507	6,319	28,109	8,405	545,340
Net currency positions	(92,155)	(58)	15,215	31,107	(45,891)
Exchange rate sensitivity to Profit for the year					
Exchange rate increase of 20%	472,868	(146)	3,011	67,850	4,134
Exchange rate decrease of 20%	(472,868)	146	(3,011)	(67,850)	(4,134)

31.3.1 Foreign exchange risk (continued)

Exchange rates applied in 2024 USD closing rate	ZWG	GBP	Rand	EUR	CND
		13.70	1.26	18.26	1.07

	Unaudited				Total ZWG000
	ZWG (ZWGEquiv) ZWG000	GBP (ZWGEquiv) ZWG000	Rand (ZWGEquiv) ZWG000	Other currency (ZWGEquiv) ZWG000	
At 31 December 2023					
Assets					
Cash and bank balances	159,504	3,234	27,639	17,650	208,027
Investment securities	10,538	-	-	-	10,538
Loans and receivables from banks	20,075	-	-	-	20,075
Loans and advances to customers	85,343	-	-	-	85,343
Other assets	57,306	-	-	-	57,306
Total financial assets	332,766	3,234	27,639	17,650	381,289
Liabilities					
Deposits from banks	21,788	-	-	-	21,788
Deposits from customers	318,953	2,480	16,485	7,222	345,140
Other liabilities	163,286	521	329	10,565	174,701
Total financial liabilities	504,027	3,001	16,814	17,787	541,629
Net currency positions	(171,261)	233	10,825	(137)	(160,340)
Exchange rate sensitivity to Profit for the year					
Exchange rate increase of 20%	34,255	(46)	(2,165)	26	32,070
Exchange rate decrease of 20%	(34,255)	46	2,165	(26)	(32,070)
Exchange rates applied in 2023 USD closing rate	USD	GBP	Rand	EUR	CND
	13.56	1.27	18.39	1.11	1.33

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 managed 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 30 June 2024.

Currency	Unaudited	
	Average NOP ZWG000	Risk Position ZWG000
ZWG	(92,155)	(92,155)
GBP	(58)	(58)
Rand	15,215	15,215
Other currencies	31,107	31,107
Total	(45,891)	(45,891)

Summarised foreign currency position of the bank as at 31 December 2023

Currency	Unaudited	
	Average NOP ZWG000	Risk Position ZWG000
ZWG	(171,261)	(171,261)
GBP	233	233
Rand	10,825	10,825
Other currencies	(137)	(137)
Total	(160,340)	(160,340)

31.3.2 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

	Unaudited							Total ZWG000
	Up to 1 month ZWG000	1 to 3 months ZWG000	3 to 6 months ZWG000	6 months to 1 year ZWG000	1 to 5 years ZWG000	Over 5 years ZWG000	Non- interest bearing ZWG000	
2024								
Assets								
Cash and bank balances	190,994	-	-	-	-	-	757,589	948,583
Non-current assets held for sale	-	-	-	-	-	-	30,380	30,380
Loans and receivables from Banks	165,191	-	-	-	-	-	-	165,191
Loans and advances to customers	830	974,006	19,113	128,974	174,939	-	-	1,297,862
Other assets	-	-	-	-	-	-	167,000	167,000
Investment securities	1,311	127,578	9,470	26,729	29,855	5,332	58,001	258,276
Intangible assets	-	-	-	-	-	-	12,840	12,840
Investment properties	-	-	-	-	-	-	20,472	20,472
Investment in joint venture	-	-	-	-	-	-	195,804	195,804
Property and equipment	-	-	-	-	-	-	342,029	342,029
Right of use assets	-	-	-	-	-	-	73,901	73,901
Total assets	358,326	1,101,584	28,583	155,703	204,794	5,332	1,658,016	3,512,338
Liabilities								
Deposits from customers	1,135,845	44,165	30,406	121,622	425,679	121,622	-	1,879,339
Employee benefit accruals	-	-	-	-	-	-	20,390	20,390
Balances due to group companies	-	-	-	-	-	-	35,354	35,354
Balances due to banks	269,965	-	-	-	-	-	-	269,965
Other liabilities	-	-	-	-	-	-	83,495	83,495
Current tax liabilities	-	-	-	-	-	-	18,211	18,211
Deferred tax liabilities	-	-	-	-	-	-	132,331	132,331
Lease liabilities	-	-	-	-	-	-	47,166	47,166
Total liabilities	1,405,810	44,165	30,406	121,622	425,679	121,622	336,948	2,486,251
Interest rate Re - pricing gap	1,047,484	1,057,419	(1,823)	34,081	(220,884)	(116,290)	1,321,068	1,026,087
Cumulative gap	1,047,484	9,935	8,112	42,193	(178,691)	(294,981)	1,026,087	
2023								
Assets								
Cash and bank balances	373,998	-	-	-	-	-	587,094	961,092
Current tax asset	-	-	-	-	-	-	3,363	3,363
Non-current assets held for sale	-	-	-	-	-	-	30,063	30,063
Loans and receivables from Banks	87,665	-	-	-	-	-	-	87,665
Loans and advances to customers	-	933,036	87,679	146,286	-	-	-	1,167,001
Other assets	-	-	-	-	-	-	158,571	158,571
Investment securities	421	9,817	20,448	8,814	22,184	14,333	102,541	178,558
Intangible assets	-	-	-	-	-	-	8,299	8,299
Investment properties	-	-	-	-	-	-	20,259	20,259
Investment in joint venture	-	-	-	-	-	-	194,450	194,450
Property and equipment	-	-	-	-	-	-	338,159	338,159
Right of use assets	-	-	-	-	-	-	51,908	51,908
Total assets	462,084	942,853	108,127	155,100	22,184	14,333	1,494,707	3,199,388
Liabilities								
Deposits from customers	1,017,882	24,367	27,283	54,701	436,564	109,144	-	1,669,941
Employee benefit accruals	-	-	-	-	-	-	24,937	24,937
Balances due to group companies	-	-	-	-	-	-	16,245	16,245
Balances due to banks	331,081	-	-	-	-	-	-	331,081
Other liabilities	-	-	-	-	-	-	83,869	83,869
Deferred tax liabilities	-	-	-	-	-	-	112,860	112,860
Lease liabilities	1,234	2,468	3,539	6,902	19,201	4,922	-	38,266
Current tax liabilities	-	-	-	-	-	-	-	-
Total liabilities	1,350,197	26,835	30,822	61,603	455,765	114,066	237,911	2,277,199
Interest rate Re - pricing gap	888,113	916,018	77,305	93,497	433,581	99,733	1,256,796	922,189
Cumulative gap	888,113	27,905	105,210	198,707	(234,874)	(334,607)	922,189	

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Liquidity profiling as at 30 June 2024

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 30 June 2024	Unaudited							
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	5+ years	Total	Carrying amount
Assets held for managing liquidity risk- Group (contractual maturity dates)	ZWG000	ZWG000	ZWG000	ZWG000	ZWG000	ZWG000	ZWG000	ZWG000
Cash and bank balances	579,067	48,711	66,020	132,040	89,284	33,461	948,583	948,583
Investment securities	1,316	128,095	9,509	26,837	30,233	63,333	259,323	258,276
Loans and receivables from Banks	165,772	-	-	-	-	-	165,772	165,191
Loans and advances to customers	56,518	91,676	151,264	400,896	670,597	11,688	1,382,639	1,297,862
Other assets	35,313	-	-	-	-	-	807,113	842,426
Total assets	837,986	268,482	226,793	559,773	790,114	915,595	3,598,743	3,512,338
Liabilities								
Deposits from customers	193,805	259,092	352,797	595,959	356,063	121,622	1,879,339	1,879,339
Balances due to banks	5,606	-	-	-	-	-	264,359	269,965
Balances due to Group companies	-	-	-	-	-	-	35,354	35,354
Employee benefit accruals	-	-	-	-	-	-	20,390	20,390
Lease liabilities	-	-	-	-	-	-	47,166	47,166
Other liabilities and equity	-	-	18,290	-	-	-	1,241,834	1,260,124
Total liabilities - (contractual maturity)	199,411	259,092	371,087	595,959	356,063	1,730,725	3,512,338	3,512,338
Liquidity gap	638,575	9,390	(144,294)	(36,186)	434,051	(815,130)	86,405	-
Cumulative liquidity gap	638,575	647,965	503,670	467,484	901,535	86,405	-	-

Contingent liabilities and commitments as at 30 June 2024

2024	Unaudited							
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	5+ years	Total	Total
Assets	ZWG000	ZWG000	ZWG000	ZWG000	ZWG000	ZWG000	ZWG000	ZWG000
Commitment to lend	-	9,373	15,203	25,085	66,483	113,148	229,292	229,292
Total assets	9,373	15,203	25,085	66,483	113,148	229,292	229,292	229,292
Liabilities								
Commitment to lend	-	229,292	-	-	-	-	229,292	229,292
Total liabilities	229,292	-	-	-	-	-	229,292	229,292
Liquidity gap	(219,919)	15,203	25,085	66,483	113,148	-	-	-
Cumulative liquidity gap	(219,919)	(204,716)	(179,631)	(113,148)	-	-	-	-

On balance sheet items as at 31 December 2023

2023	Unaudited							
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	5+ years	Total	Carrying amount
Assets held for managing liquidity risk (contractual maturity dates)	ZWG 000	ZWG 000	ZWG 000	ZWG 000	ZWG 000	ZWG 000	ZWG 000	ZWG 000
Cash and bank balances	655,721	41,656	60,423	120,860	82,432	-	961,092	961,092
Investment securities	12,611	12,353	50,403	22,347	9,695	77,672	185,081	178,558
Loans and receivables from Banks	87,665	-	-	-	-	-	87,665	87,665
Loans and advances to customers	431,072	209,733	203,156	276,963	129,471	120,020	1,370,415	1,167,001
Other assets	39,799	-	-	30,063	-	-	699,696	769,558
Total assets	1,226,868	263,742	313,982	450,233	221,598	897,388	3,373,811	3,199,388
Liabilities								
Deposits from customers	78,770	216,987	314,999	630,120	429,472	-	1,670,348	1,669,941
Balances due to banks	24,842	17,194	7,322	27,120	256,040	-	332,518	331,081
Balances due to Group companies	-	-	16,245	-	-	-	16,245	16,245
Provisions	-	-	24,937	-	-	-	24,937	24,937
Lease liabilities	1,546	3,092	4,421	8,624	23,988	6,143	47,814	38,266
Other liabilities and equity	32,422	-	-	-	-	-	1,086,496	1,118,918
Total liabilities - (contractual maturity)	137,580	237,273	367,924	665,864	709,500	1,092,639	3,210,780	3,199,388
Liquidity gap	1,089,288	26,469	(53,942)	(215,631)	(487,902)	(195,251)	163,031	-
Cumulative liquidity gap	1,089,288	1,115,757	1,061,815	846,184	358,282	163,031	-	-

Contingent liabilities and commitments as at 31 December 2023

2023	Unaudited							
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	5+ years	Total	Total
Assets	ZWG000	ZWG000	ZWG000	ZWG000	ZWG000	ZWG000	ZWG000	ZWG000
Commitment to lend	-	58,674	28,544	27,662	37,710	24,164	176,755	176,755
Total assets	58,674	28,544	27,662	37,710	24,164	-	176,755	176,755
Liabilities								
Commitment to lend	-	176,755	-	-	-	-	176,755	176,755
Total liabilities	176,755	-	-	-	-	-	176,755	176,755
Liquidity gap	(118,081)	28,544	27,662	37,710	24,164	-	-	-
Cumulative liquidity gap	(118,081)	(89,537)	(61,875)	(24,164)	-	-	-	-

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Other risks

Strategic risk

The roles of the Chairman and the Chief Executive Officer 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. Dedicated Legal and Compliance units are 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	Current 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 2024

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.

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

Rating agent	Latest credit ratings 2023/24	Previous credit ratings 2022/23
Global Credit Rating Co.	A+(ZW)	A+(ZW)

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Segment results of operations

2024	Unaudited			
	Retail Banking ZWG000	Corporate Banking ZWG000	Treasury ZWG000	Total ZWG000
Net interest income	132,256	48,573	13,180	194,008
Net fee and commission income	108,151	74,406	7,684	190,241
Net trading and foreign exchange income	-	-	95,215	95,215
Net investment and other income	-	-	12,126	12,126
Total Income	240,407	122,979	128,204	491,590
Impairment losses on financial assets	(22,389)	(5,104)	9,547	(17,946)
Net operating income	218,018	117,875	137,751	473,644
Staff costs	(62,226)	(26,535)	(11,964)	(100,725)
Infrastructure costs	(35,622)	(19,243)	(9,156)	(64,021)
General expenses	(49,896)	(43,564)	(13,165)	(106,625)
Operating expenses	(147,744)	(89,342)	(34,285)	(271,371)
Segment contribution	70,273	28,533	103,466	202,272
Share of profits of joint venture	-	-	-	(689)
Profit for the year	-	-	-	(46,129)
Total assets	566,879	752,972	2,192,487	3,512,338
Total liabilities	429,300	1,561,784	495,167	2,486,251

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Related parties

The Group is controlled by Afcarne Zimbabwe Holdings (Private) Limited incorporated and domiciled in Zimbabwe which owns 52% (2023: 53%) of the ordinary shares. 15% is held by an Employee Share Ownership Trust (ESOT) and the remaining 33% of the shares are widely held. The ultimate parent of the Group is FMC Capital Holdings PLC incorporated in Mauritius. There are other companies which are related to First Capital Bank through common shareholdings or common directorship.

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Key management compensation

Salaries and other short term benefits	Unaudited	
	30-Jun-24 ZWG000	31-Dec-23 ZWG000
Salaries and other short term benefits	14,179	18,116
Post-employment contribution plan	1,337	163
Share based payments	-	54
Total	15,516	18,333

UNAUDITED FINANCIAL RESULTS

FOR THE PERIOD ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
for the period ended 30 June 2024

Supplementary information

The following supplementary information comprising of USD denominated key statements (Statement of Profit or Loss and other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows) has been provided to comply with the requirements of the Victoria Falls Stock Exchange listing requirement to publish financial information in USD.

51 Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Unaudited 30 June 2024 USD000	Reviewed 30 June 2023 USD000
Interest income	15,442	12,205
Interest expense	(1,075)	(598)
Net interest income	14,367	11,607
Net fee and commission income	14,088	11,513
Net trading and foreign exchange income	7,051	9,789
Net investment and other income	898	376
Fairvalue loss on investment property	-	(1,136)
Total non interest income	22,037	20,542
Total income	36,404	32,149
Impairment losses on financial assets	(1,329)	(2,853)
Net operating income	35,075	29,296
Operating expenses	(20,096)	(20,276)
Share of loss from joint venture	(51)	(3,795)
Profit before tax	14,928	5,225
Taxation	(3,416)	(948)
Profit for the year	11,512	4,277
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Loss on revaluations	-	(5,314)
Deferred tax income	-	900
Gain/(loss) on financial assets at fair value through other comprehensive income	464	(1,827)
Deferred tax (charge)/income	(223)	72
Items that will be reclassified subsequently to profit or loss:		
Gain on financial assets at fair value through other comprehensive income	(126)	(534)
Net gain/(loss) on other comprehensive income	115	(6,703)
Total comprehensive income/(loss)	11,627	(2,426)
Earnings per share		
Basic (cents per share)	0.53	0.20
Diluted (cents per share)	0.53	0.20

52 Consolidated statement of financial position

	Unaudited 30.06.2024 USD000	Audited 31.12.2023 USD000
Assets		
Cash and bank balances	69,224	70,877
Current tax asset	-	248
Non-current assets held for sale	2,217	2,217
Loans and receivables from banks	12,055	6,465
Loans and advances to customers	94,713	86,062
Other assets	12,187	11,694
Investment securities	18,848	13,168
Investment properties	1,494	1,494
Investment in joint venture	14,289	14,340
Intangible assets	937	612
Property and equipment	24,960	24,938
Right of use assets	5,393	3,828
Total assets	256,317	235,943
Liabilities		
Deposits from customers	137,147	123,152
Employee benefit accruals	1,488	1,839
Balances due to group companies	2,580	1,198
Balances due to banks	19,701	24,416
Other liabilities	6,093	6,185
Deferred tax liabilities	9,657	8,323
Current tax liabilities	1,329	-
Lease liabilities	3,442	2,822
Total liabilities	181,437	167,935
Equity		
Capital and reserves		
Share capital	58	58
Share premium	6,360	6,360
Non-distributable reserve	2,076	2,076
Fair value through other comprehensive income reserve	2,133	2,018
Property revaluation reserve	14,687	14,687
General Reserve	1,322	1,155
Share-based payment reserve	336	336
Retained earnings	47,908	41,318
Total equity	74,880	68,008
Total equity and liabilities	256,317	235,943

53 Consolidated Statement of Changes in Equity

	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
Unaudited									
Balance at 1 January 2024	58	6,360	2,076	2,018	14,687	1,155	336	41,318	68,008
Profit for the year	-	-	-	-	-	-	-	11,512	11,512
Other comprehensive income for the year	-	-	-	115	-	-	-	-	115
Total comprehensive income for the year	-	-	-	115	-	-	-	11,512	11,627
Regulatory impairment allowances	-	-	-	-	-	167	-	(167)	-
Dividends paid	-	-	-	-	-	-	-	(4,755)	(4,755)
Balance at 30 June 2024	58	6,360	2,076	2,133	14,687	1,322	336	47,908	74,880
Audited									
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 allowance	-	-	-	-	-	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

54 Consolidated Statement of Cash Flows

	Unaudited 30 June 2024 USD000	Reviewed 30 June 2023 USD000
Cash flows from operating activities		
Profit before tax	14,928	5,225
Adjustments:		
Depreciation of property, equipment and right of use asset impairment	2,001	1,608
Software amortisation	196	185
Impairment loss on financial assets	1,329	2,853
Unrealised profit from foreign currency position	(4,804)	(6,378)
Share of loss from joint venture	51	3,795
Fair value loss on investment property	-	1,136
Fair value gain on derivatives	-	(5)
Loss on disposal of property and equipment	173	31
Amortisation of staff loan benefits	(2)	(1)
Share based payment expense	-	1
Interest on lease liabilities	224	152
Interest income accrued on loans, promissory notes bank balances and investment securities	(15,442)	(12,205)
Interest accrued on deposits	851	598
Items presented separately:		
Dividend income	(10)	(258)
Cash flow from operating activities	(505)	(3,263)
Cash flows from investing activities		
Increase in loans and advances to customers	(8,651)	(17,951)
Increase in loans and receivables from banks	(7,646)	(4,081)
Decrease in other assets	7,153	18,430
Increase/(decrease) in deposits from customers	15,078	(26,585)
Increase in other liabilities	3,133	3,623
Interest received on loans, promissory notes and bank balances	14,645	11,975
Corporate income tax paid	(1,362)	(650)
Interest paid on deposits	(1,083)	(554)
Net cash generated from / (used in) operating activities	20,762	(19,056)
Cash flows from investing activities		
Purchase of property, equipment and intangible assets	(521)	(519)
Proceeds from sale of property and equipment	27	47
Purchase of gold-backed digital tokens	(2,828)	(1,589)
Dividends received	10	258
Interest received from investment securities	684	560
Purchase of investment securities	(6,760)	(10,728)
Proceeds from sale and maturities of investment securities	1,897	6,578
Net cash used in investing activities	(7,491)	(5,393)
Cash flows from financing activities		
(Decrease)/increase in balances due to banks	(4,715)	11,350
Dividend paid	(4,755)	(2,999)
Lease liabilities payments	(330)	(652)
Net cash (used in) / generated from financing activities	(9,800)	7,699
Net increase/(decrease) in cash and cash equivalents	3,471	(16,750)
Cash and cash equivalents at the beginning of the year	70,877	78,002
Exchange loss on foreign cash balances	(5,124)	(7,728)
Cash and cash equivalents at end of period	69,224	53,524



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