First Capital BANK

2022 ANNUAL REPORT

CORPORATE INFORMATION

FIRST CAPITAL BANK LIMITED

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

Company Registration Number:
148/81

Date of Incorporation:
11 February 1981

Company Secretary:
Sarudzai Binha

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

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

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

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

Email: customer-service@firstcapitalbank.co.zw

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

Web address: www.firstcapitalbank.co.zw

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NOTICE
TO SHAREHOLDERS

Notice of annual general meeting

Notice is hereby given that the Forty-Second Annual General Meeting of Shareholders of First Capital Bank Limited will be held virtually at https://eagm.creg.co.zw/eagmZim/login.aspx on Thursday the 4th of May 2023, at 1500 hours for the purpose of transacting the following business:-

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

1. **Financial Statements and Statutory Reports**
   To receive, consider and adopt the Financial Statements and Report of the Directors and Auditors for the financial year ended 31 December 2022.

2. **Dividend**
   To confirm the payment of an interim dividend of 44.2 ZWL cents per share in September 2022 and a second interim dividend of 126.7 ZWL cents per share in April 2023, giving a total dividend of 170.9 ZWL cents per share for the financial year ended 31 December 2022.

3. **Directorate**

3.1 To approve the re-election of a director. Mrs T. Moyo retires as a director of the Company, in terms of Article 102 of the Articles of Association. Being eligible in terms of Article 104 of the Articles of Association, Mrs. T. Moyo offers herself for re-election.

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

3.3 To approve the re-election of a director. Mrs. A. Chinamo retires as a director of the Company, in terms of Article 102 of the Articles of Association. Being eligible in terms of Article 104 of the Articles of Association, Mrs. A. Chinamo offers herself for re-election.

4. **Director's Remuneration**
   To approve directors' fees and remuneration for the year ended 31 December 2022.

5. **External Auditors**
   To approve the remuneration of the auditors for the previous year and to re-appoint Messrs Deloitte & Touche as auditors for the current year.

(Note The Bank has adopted the requirements of the Companies and Other Business Entities Act (Chapter 24:31): Section 191 (11) and the ZSE Listing Requirements (SI 134/2019): Section 69 (6) from the date of enactment. Messrs Deloitte & Touche have been auditors to the Bank for a period of 4 years. The Bank is in compliance with the relevant laws and regulations.)

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

Meeting details
1. Members are hereby advised to contact our Transfer Secretaries Corpserve on +263772289768 and +263779145849 or corpserve@escrowgroup.org for assistance with any matter regarding the online eAGM processes.

Audited Financial Statements and Annual Report
The electronic copies of the Company's 2022 Annual Report, the financial statements and the Directors and Independent Auditors reports for the year ended 31 December 2022 are available on the Company's website www.firstcapitalbank.co.zw

By Order of the Board

Sarudzai Binha
Company Secretary

Barclay House
Cnr. First Street / Jason Moyo Avenue
Harare

13 April 2023

Profiles of Retiring Directors

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

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

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

ABOUT THIS REPORT

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

Scope of the report

The report covers the performance of First Capital Bank Limited (Zimbabwe) for the financial year ending 31 December 2022. Where applicable and relevant, information after this date and up to the date of Board approval has been included. The report encompasses all theBank's activities, which comprise consumer banking, corporate & investment banking, and treasury activities, as well as the provision of other products and services such as digital payment platforms, money transfer services, bill payments and cash management services.

Reporting principles

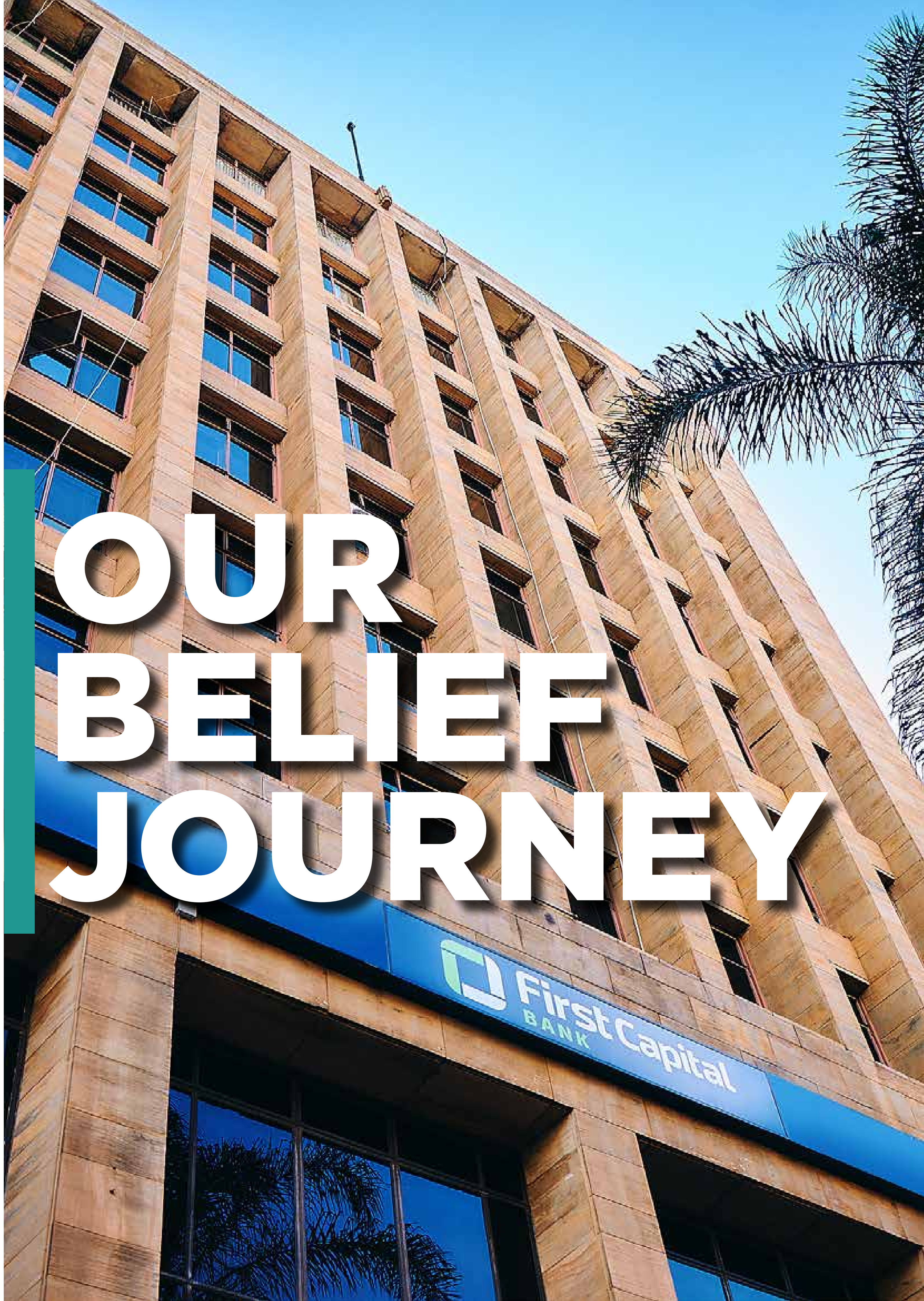
The content of this report has been informed by the International Integrated Reporting Framework developed by the International Accounting Standards Board and the International Sustainability Standards Board (ISSB). The framework was recently adopted and recommended by the World Bank for corporate reporting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

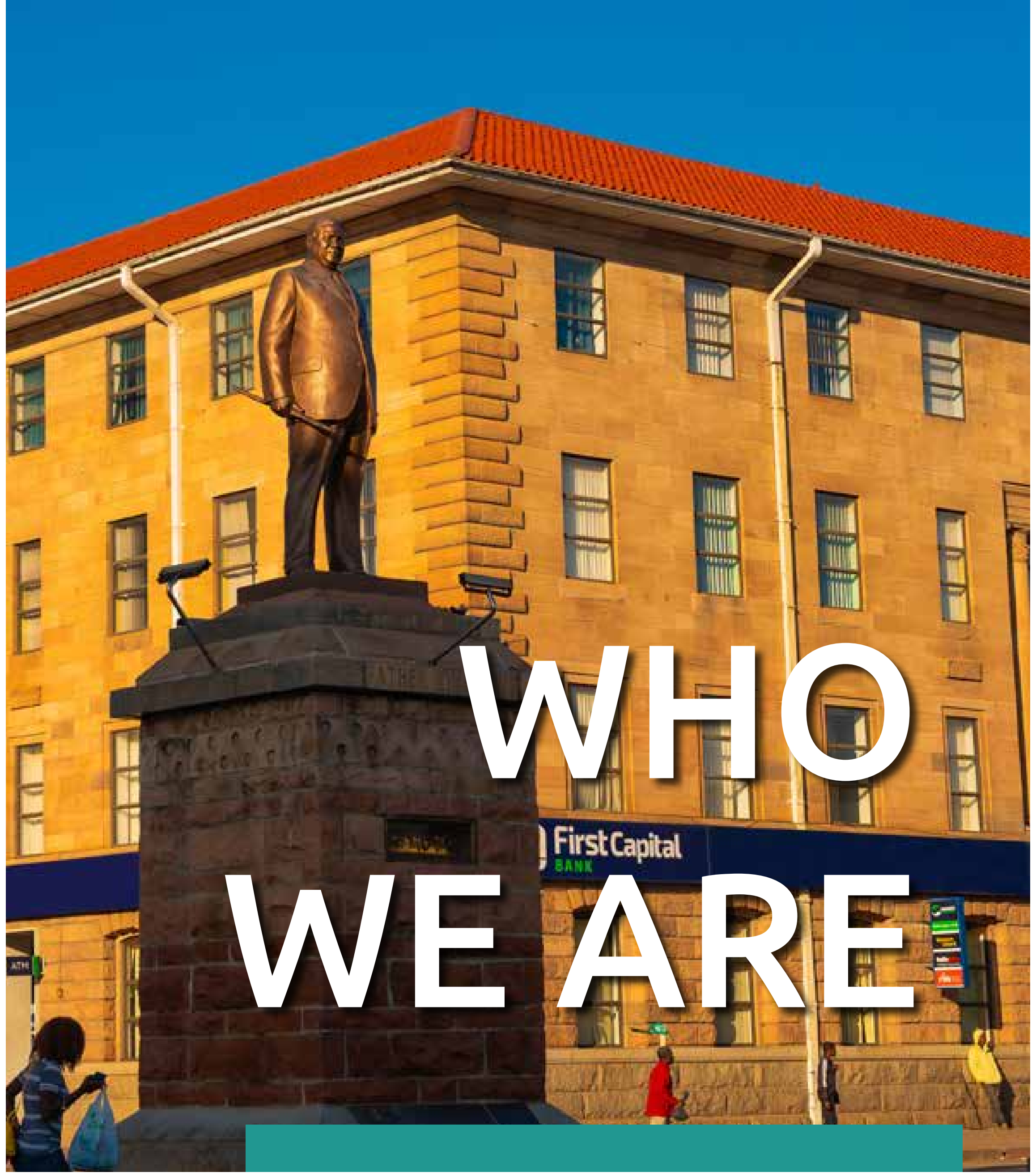
Forward-looking statements

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

Materiality

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





WHO WE ARE

First Capital Bank Limited (Zimbabwe) is a registered commercial bank. We are a bank that has firm roots in Zimbabwe and is part of a banking Group with a solid track record of excellence across the region. With an extensive network of 25 branches, our scale and efficiencies enable us to deliver value to our customers across Zimbabwe. Our friendly, dedicated, diverse and customer-centric staff have the experience and expertise to deliver services to a broad variety of customers across all economic sectors.

Our unique customer proposition is to serve the banking and transacting needs of our customers, delivering a comprehensive product range through our branches and relevant banking technologies. First Capital Bank Limited (Zimbabwe)'s commitment to customers obliges us to act responsibly and to prudently manage risk whilst we invest in the communities that we serve.

With a robust capital position and a strong performance in 2022, a firm foundation for even further growth in the future has been laid for the delivery of sustainable returns for investors and value to our stakeholders.

Our History

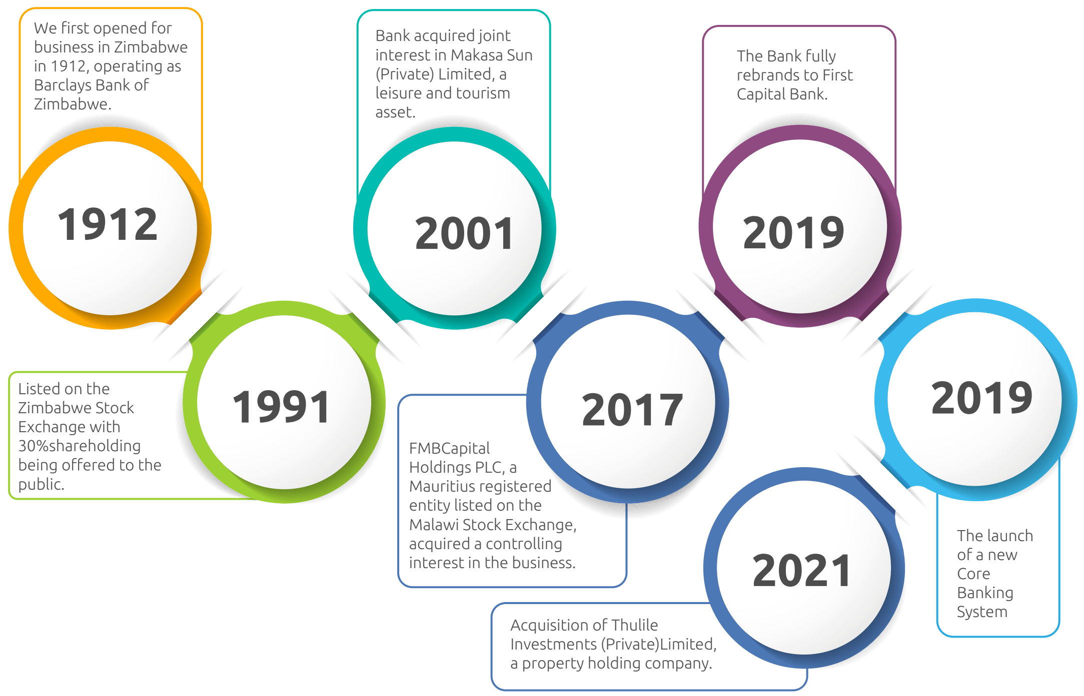
We first opened our doors as Barclays Bank in the Southern City of Bulawayo in then Rhodesia in 1912. Being a bustling town, and the centre of many business transactions within southern Africa, our first branch along Main Street, has since become a national heritage building. Over the years, our branch network expanded to reach as far as Chipinge, which is nestled in the mountains of Manicaland Province near the Mozambique border, in our efforts to support industry and commerce.

In 1993, we were the second bank to introduce Automated Teller Machines in our branches and service centres. At the time, this new technology provided revolutionary service to our customers.

Our heritage has strongly evidenced a commitment to supporting economic growth through the many partnerships and business deals that have significantly made a difference. The demutualisation of Old Mutual in 1999 was facilitated by the bank.

In 1991, our Bank was the first financial institution to offer 30% of its shares to the public to encourage Zimbabweans to become first time investors as the local stock exchange

OUR HISTORY



progressively increased in activity. It was important for the bank to take banking to the people in efforts to positively influence and partake in the dynamic development of the country. The issue was oversubscribed five-fold and caused a record rise in stock market prices.

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

Since 2017 significant contribution to the economy had been achieved from a country and group level showcasing the harnessing of our regional capabilities. In 2019 we participated in a US$15 million revolving multi-product trade finance facility with Trade and Development Bank (TDB) to support enterprise operations. Thereafter, an opportunity to support our Zimbabwe Electricity Distribution and Transmission Company (ZEDTC) came in 2021. This was through a syndicated US$110 million facility led by Afreximbank. First Capital Bank Botswana and Zimbabwe both contributed US$5million each to assist in infrastructure development for the local utility company. Our contribution to agriculture has been on an incremental curve annually seeing us fund significant transactions that influence multiple players within the agricultural chain.

The Bank operates one of the biggest and oldest commercial banking networks in Zimbabwe with 25 branches and service centres in major cities and towns that continue to provide Zimbabweans with first world financial solutions. Our base is solid with more than 480 000 accounts. We remain committed to serving our customers and generations to come.

> "This led to the change of name and rebranding that ensued. FMBcapital Holdings PLC, also known as First Capital Bank Limited, has operations in Botswana, Malawi, Mozambique, Zambia, Botswana, and Zimbabwe. "

OUR PURPOSE

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

OUR VALUES

First Capital Bank Limited (Zimbabwe) is guided by the following core values:

Collaboration

We have cultivated a culture of working together for a common purpose in order to achieve our common goals.

Citizenship

We take an active role in making the community and organisation a better place to live and work in.

Integrity:

We build trust through strong moral principles, responsible actions, and honest relationships.

Service Excellence

We are committed to superior customer experience, every time we interact with our stakeholders.

Innovation

We encourage thoughtful, creative, and inspirational ideas that will enhance our solutions.

Our Company Structure

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

First Capital Bank Limited

Corporate & Investment Banking	Retail Banking	Treasury	Thulile Investments (Pvt) Limited 100%	Makasa (Pvt) Limited 50%	FCB Capital 100%

Corporate and Investment Banking
With our detailed knowledge of the Zimbabwean market, we are uniquely positioned to support the growth of our customers' businesses, in their chosen area of enterprise. Our Corporate Banking Centre provides specialised service and bespoke solutions to satisfy varying needs of businesses accross all the productive sectors of the economy. Experienced Relationship Managers and Corporate Bankers are assigned to each business and are committed to understanding each enterprise and its needs. This way, they make sure that their banking needs are met. Our team has specialist skills and knowledge of a variety of sectors, from mining, farming, manufacturing, tourism, and a variety of other commercial segments of the economy. Our capability is enhanced through the usage of the latest technologies, which allows seamless transactions, efficient payment systems, and round-the-clock banking services for businesses. This segment also includes the provision of banking services and products to small-to-medium enterprises.

Consumer Banking
The Consumer Banking segment offers diverse services within a segmented approach. These comprise of private customer current accounts, savings accounts, deposits, investment savings products, insurance custody services, credit and debit cards, and consumer loans and mortgages, and direct debit facilities services. Furthermore, relationship managers are equipped to anticipate customer needs and respond with an appropriately designed banking experience. Our Premier Banking Alliances offer customers excellent benefits designed to suit different lifestyles. As a testament to our capacity to develop products that meet the demands of key segments, we offer banking solutions for Zimbabweans living abroad, plus the Ignition Account to give students a head-start.

Treasury
To cater for the specialised needs of our corporate customers, our Treasury department is equipped to serve our customers. We have a team of experts in the financial markets specialising and offering expertise in Global and Local markets. Fixed and Call deposit accounts are also available to customers seeking short term investment opportunities.

Thulile Investments (Private) Limited
First Capital Bank Limited (Zimbabwe) owns 100% in Thulile (Private) Limited, a company that owns a piece of land measuring 18 786 sqm and holds cash. The property is currently not leased out and is earmarked for further development over the next two years.

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

FCB Capital (Private) Limited
FCB Capital is a private limited company wholly owned by First Capital Bank Limited (Zimbabwe). The company's primary focus is to accellerate industrialisation through the mobilisation of financing solutions for targeted productive sector companies in the form of Debt Instruments, Fixed Equity and Mezzanine Finance Structures. The company did not have any transactions in the year 2022.

Our Products

Enabling customers to achieve their extraordinary through our offering is important. Our financial solutions for businesses and individuals are developed with this lens. We operate in all sectors of the Zimbabwean market servicing the needs of the following market segments:

First Capital Bank Limited

Corporate and Investment Banking
- Large Corporates
- Business Banking
- SME's
- Agric
- NGO's

Consumer Banking
- Standard Banking
- Prestige Banking
- Premier Banking
- Youth Banking
- Diaspora Banking

Treasury
- Institutional Investors
- Corporates
- Asset Managers
- Non-Banking Financial Institutions
- Individuals

Corporate and Investment Banking

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

Consumer Banking

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

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

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

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

- ***Personal Banking***
  Premier and Prestige banking proposition, Saving account, Diaspora banking and Youth banking

- ***Borrowing***
  Personal loans, school fees loans and overdrafts

- ***Money transfer services***
  RIA, Hello Paisa and Western Union

- ***Insurance***
  Motor vehicle, Home, Travel, Funeral and Hospital cash back.

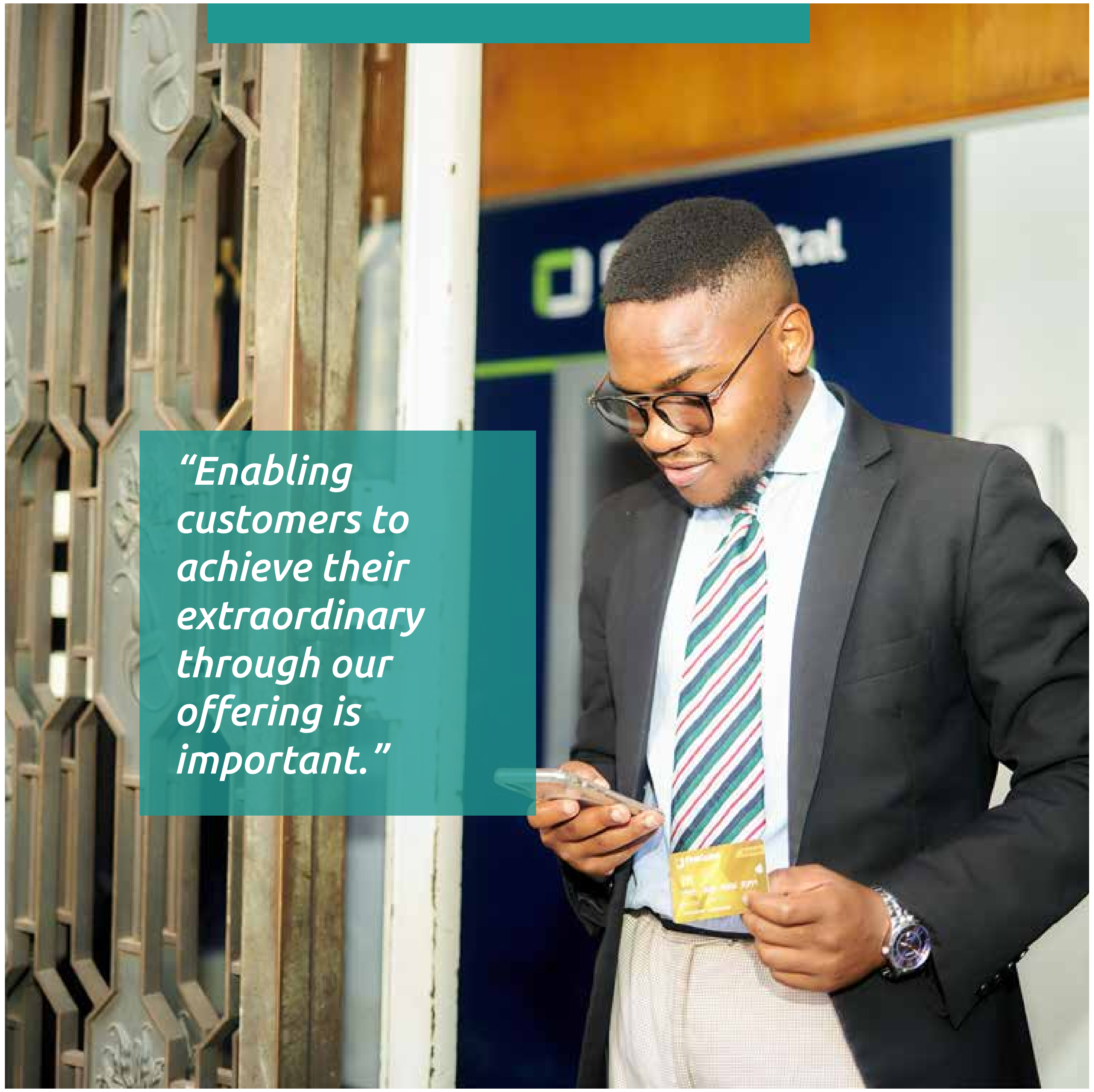
- ***Cards and Point of Sale services***
  Visa Classic, Visa Platinum, Visa Secure and POS solutions

- ***Digital Banking***
  Internet and mobile banking, #229, Mobile App, WhatsApp banking, ATMs, SMS Alerts, and E-Statements

- ***Paperless banking***

Treasury

We have a team of experts in the financial markets specialising in, and offering expertise in Global and Local markets. Our offering includes:
- Money market investments
- Fixed income investments
- Foreign currency trades
- FX interbank trades.
- Investments Accounts-Fixed deposits and Call deposits



OUR PEOPLE

First Capital Bank Limited (Zimbabwe) operates defined talent management, retention, and training strategies to ensure that the organisation is equipped with the best skills. As a listening bank, we value engagement and encourage staff members to live by the very values that founded this institution. In an evolving world, Business Continuity remains critical to our operations. Post Covid, we continue to ensure that our colleagues deliver service even in the most challenging of environments. This is important to us as it allows us to continuously serve our clients whilst meeting regulatory requirements and minimising any associated health risks. First Capital Bank Limited (Zimbabwe) has a staff complement of 528 including temporary staff and interns. The average age of our staff is 40.13 years which reflects a healthy balance of young and experienced employees.

Building people

COVID-19 has transformed work practices globally, and increasing focus on the importance of staff health and safety at the workplace. At First Capital Bank Limited (Zimbabwe), staff wellness is embroidered into our business strategy. As part of our wellness efforts we have partnered with Minerva Health Services to provide health support for our colleagues. Under this partnership health services are provided together with financial support in the form of the shortfall fund. We have a fully functional sports club that is maintained as part of our employee wellness and recreational facility.

Not only do we provide a safe space to work in, but we also take deliberate steps to attract the best talent in the market, enabling us to provide the best service. Our Group capabilities align to this by offering regional roles to in-country employees. Over the years we have seen the growth of many colleagues into our Group franchise. Building a pipeline of diverse skills is at the core of our key strategic objectives to sustain growth into the future.

Future talent

We are on a trajectory of accelerated growth. To sustain this trend, strategies are in place to build the right skill sets needed to lead the Company into the future. Through our proactive succession planning, we run an extensive leadership development programme to nurture new generations of leaders.

Our graduate trainee programme is designed to promote diversity by actively recruiting female students. This initiative is our way of creating a succession pipeline for the business. We have a 'buddy system' for each graduate trainee, to ensure that they receive adequate mentorship and guidance from our strong base of knowledgeable professionals. Collaborative partnerships with tertiary institutions see us actively enrol students annually for our internship programme. Over the last 5 years, we have enrolled 114 graduate trainees and interns collectively. We are confident to be on an upward trajectory to building a business we can all be proud of.

OUR TREATING CUSTOMERS FAIRLY PRINCIPLES

First Capital Bank Limited (Zimbabwe) is committed to adhering to the Reserve Bank of Zimbabwe Treating Customers Fairly (TCF) framework. This is a set of outcomes-based principles that seek to ensure that specific, clearly articulated fairness outcomes for consumers are delivered by financial institutions. Through staff training and constant renewal of our customer support systems, we have taken deliberate steps to ensure that TCF principles are internalised in our culture, strategy, and processes.

The six outcomes of TCF are:

1. Culture and Governance
Clients are confident that they are dealing with firms where the fair treatment of customers is central to the firm culture: Our clients and customers are central to all we do. At on-boarding of all colleagues, robust training of our culture, products and services is conducted. Consistent customer engagement is maintained through a structured approach throughout the banking relationship by personal bankers, account executives, branch and relationship managers.

2. Product Design
The products and services marketed and sold are designed to meet the needs of identified customer groups and are targeted accordingly: All our products and services go through a New Product Approval process that addresses the target market needs, pricing and all key requirements. This is informed by research and insights that drive the product development guided by our Business Intelligence unit that looks at Big Data and market trends. As an example we have braille account opening procedures for those that are visually impaired.

3. Clear Communication
To give clear information to clients and keep them informed before, during and after the time of contracting: Two-way communication is important to us as it not only allows us to relay critical information to our customers but we draw feedback and insights from it. We have regular touchpoints through engagements, newsletters, client correspondences and onsite visits for general updates and the roll-out of key regulatory information. To cater for our digital customers, we have a well-rounded presence on major social media platforms to provide information, resolve queries, and support our diaspora client base. Offering real-time assistance is important to us hence our Contact Centre is available around the clock to support our customers from across the globe.

4. Suitable Advice
Where clients receive advice, the advice is suitable and takes account of their circumstances: Our colleagues are trained and experts in their fields to give suitable advice to our stakeholders. Where additional support is required, cross-functional support is available to achieve a well-rounded outcome.

5. Performance and Standards
The performance of products and service levels are according to our clients' expectations: Product development and maintenance does not end when the product is launched. Customer uptake and feedback is considered and implemented throughout. Robust customer education on products is done through platforms and one-on-one when necessary. Quality assurance is also achieved through mystery shopping, focus groups to uphold the promised quality services.

6. Claims, Complaints and Changes
Clients do not face unreasonable post-sale barriers to change product, switch provider, submit a claim or make a complaint: The duration of every customer relationship is solely based on them. Our efforts are to ensure that our customer is happy within their banking relationship. We have a plethora of platforms that are available to allow customers to have their say. These are a 24-Hour Contact Centre, In-branch, Social Media platforms, online webs, email, and telephone. These are guided by our comprehensive complaints handling policy.

WE ARE A LISTENING BANK

At First Capital Bank (Zimbabwe) Limited, we believe that by understanding our customers' needs better, we can help them to achieve the extraordinary and meet their goals.

The Bank has established the infrastructure necessary to encourage engagement with our customers, from an individual level to our small and large businesses. Our staff are specially trained to listen to customers, to better understand their aspirations and determine their needs. In 2022, we invested significantly in new digital banking platforms to provide convenience and world class service to our customers.

Apart from our purpose of making it easier for our customers to transact, these platforms act as reliable listening and feedback channels. They provide essential insights into how our customers interact with our products and services. Our new product pipeline is not developed in isolation from our customers. It is through our interaction with customers, that we find ideas on how to improve our existing offering, and how to develop new ones to meet the evolving needs of our clients.

Creating platforms for two-way communication is important to us because we want to walk the journey with our clients and customers. Being relevant within our banking solutions is also key. We reiterate that we are here to listen and have created multiple channels to do exactly that.

We maintain closeness to our customers through:

Robust nationwide branch network	Relationship managers	24-Hour Contact Centre Services	Social Media Channels	Website

CULTURE, ETHICS, DIVERSITY, AND INCLUSION

Diversity, and inclusion

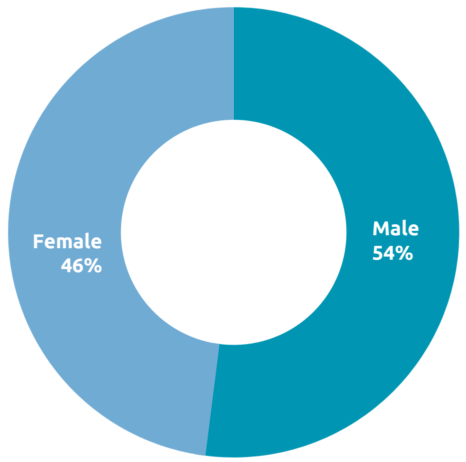
We believe that society is dynamic, and that its dynamism must be reflected in the Bank and how we operate. Our firm belief is that the communities we operate in are an extension of us, hence mutual growth to all stakeholders is integral to all that we do.

Our culture as a business is rooted in our values of integrity, our commitment to collaboration and innovation, the quest for service excellence and being a good corporate citizen in our society. Our Code of Conduct is based on international best practices on ethical business practices, and observes all relevant local regulations.

Inclusive growth

Our Company takes pride in how it reflects the diversity of the society that it serves. Our employment policy gives equal opportunity to all regardless of gender, race, or religion. It is designed to cultivate a culture of diversity, equity and inclusion. To echo this, our employee base reflects a balanced demographic spread with female coleagues constituting 46% to the total complement whilst male coleagues contitute 54%. Within our leadership structures this diversity is evident based on the number of female professionals who bring value to not only our Board but the Country Management Team. Our internal diversity lens is based on ability and equal opportunity for all because we believe that everyone can achieve their extraordinary.

Staff distribution by gender



Our commitment to inclusion is not only in our policies but is reflected in how we continue to invest in infrastructure that demonstrates our pledge. Our banking halls and facilities have disability access, and the Bank employs staff with disabilities, equipping them with the tools that they need to contribute to the business fully and thrive at their workstations. We have a braille application form for those who have impaired sight, chairs in banking halls to accommodate pregnant women or those with disabilities. Our ethos is to ensure our clients are onboarded seamlessly. We have a significant senior citizens base and our policy guides us to ensure that their unique needs are met.

Within our colleague franchise, we have a Women's Network Forum, a platform that further promotes our diversity and inclusion agenda. Our female colleagues are exposed to learning opportunities in diverse areas such as career/personal development, work-life balance and issues that affect them outside the workplace. The forum is about women unlocking their potential and providing support structures for all generations.

1183
attendances to capacity building programmes

New business ideas curated:
10

Employee Share ownership
15%

Culture and Ethics

The creation of shareholder value for our key stakeholders has been aligned to the interest of our staff through the Employee Share Ownership Trust, an instrument through whic staff are beneficiaries of a 15% interest in the Bank. This contributes to our staff understanding their value and how they play a significant role in the Bank becoming a profitable business. Our reward mechanisms foster a culture of teamwork for our collective growth as a business. Our colleagues are a significant part of the business and we want them to know it and feel the appreciation.

We offer diversity training to all staff, ensuring a harmonious working environment where all our people feel welcome. Our customer-facing staff have been specially trained and equipped to assist clients with special needs, including the elderly and those with disabilities. Capacity building that aligns to roles and our changing environment remains key. An annual assessment of needs is done in each team, followed by a development plan. Approximately 1,183 attendances were recorded at various capacity building training programmes.

Culture Transformation

Embedment of culture is critical for the success of any strategy within a business. We have actively invested in resources to assure alignment within our employee base. Various efforts have been made to ascertain levels of engagement through baseline surveys that aim to create a culture of continuous improvement within the business.

Colleague engagements by senior leaders in the form of roadshows, townhalls, training workshops, recognition programmes have had full participation. They have been delivered either face-to-face or on online platforms. Where neccessary, a hybrid model has been adopted. Our recognition programme fosters a culture of acknowledgement with over 100 nominations having been published in 2022 culminating in an awards ceremony to celebrate success. Other engagements have been focused on our 'Innovation' value, encouraging a culture of ownership amongst colleagues. Over 10 business ideas were curated by colleagues with 3 of them being chosen to go into full production. Many other interventions have seen us create brand advocates that are actively taking our brand to the next level.

MACRO-ECONOMIC LANDSCAPE

The global economy in 2022 was impacted by the effects of the war in Ukraine, which added further to challenges associated with sluggish post-COVID recovery. These factors led to a rise in global inflation, and the disruption of supply chains around the world. Global growth is expected to have slowed down 3.4% in 2022 from 6.1%, according to the International Monetary Fund. The IMF projects global economic growth of 2.9% in 2023.

The estimated average growth of real GDP in Africa slowed to 3.8% in 2022, from 4.8% in 2021, according to the African Development Bank (AfDB). AfDB estimates Africa's average GDP to stabilise at 4% in 2023.

Zimbabwe

The economy was estimated to have grown by 4% in 2022, supported by growth in the mining sector and construction services, among others. Global headwinds combined with below-average rainfall and high inflation posed significant risks to the economy. There was however a recovery in tourism and hospitality, as the sector rebounded as COVID-19 restrictions were lifted and global travel recovered. Zimbabwe's economic growth is forecast to remain resilient, with the 2023 growth projection of 3.8%. This will be on the back of anticipated growth in key sectors of the economy such as the mining and agriculture sectors.

Mining

The mining sector recorded strong growth of 10% in 2022, buoyed by firm commodity prices and the increased output of key minerals, such as gold and platinum. In 2023, the mining sector is expected to expand by 10.4%, as new mining projects in sectors such as lithium underpin extended growth.

Gold deliveries in 2022 were 35,280 kgs, an increase of 19.1% from the 29,629 kgs delivered in 2021. Incentives put in place by Government contributed to improved deliveries, with output from small-scale miners notably rising by 30.4% over the period.

Agriculture

Zimbabwe's agriculture output was affected by low rainfall in the 2021/2022 season, declining by 14%. Resultantly, maize output was estimated at 1,557,914 metric tonnes, 43% lower than in the 2020/2021 season. To support recovery, the Government announced it would review the financing models for the sector. The National Enhanced Agriculture Productivity Scheme, formerly known as Command Agriculture, is being revamped to resolve issues such as the low recovery rate of credit. Various programmes designed to support vulnerable farmers continued during the year.

In 2023, agriculture is expected to grow by 4%, a significant recovery from 2022. Growth is expected to accelerate to 8.2% in 2024 and 7.9% in 2025, on the back of investment in dams and irrigation infrastructure.

We are particularly excited about the positive prospects in this sector, into which we anticipate to facilitate further investment in 2023 targeting export-focused ventures.

Tourism

The tourism and hospitality sector rebounded in 2022 as more COVID-19 restrictions were lifted and global travel recovered. Increased international flights into Zimbabwe, conferencing, and domestic tourism supported recovery. The Government of Zimbabwe estimates tourism receipts of US$337 million in 2022, a 133% improvement from 2021. The Government of Zimbabwe projects further growth of the sector in 2023, earning the country US$623 million from an expected increase in tourism arrivals.

Most encouraging was the increase in investment into the sector, which the Zimbabwe Tourism Authority estimates to have risen by 239% to US$306 million during the period.

Manufacturing

Zimbabwe's manufacturing sector grew by 2.6% in 2022, up from 1.2% in 2021, according to Government of Zimbabwe estimates. The sector is expected to register 2.5% growth in 2023. However, energy shortages, high inflation, and tight liquidity conditions restricted growth in industrial capacity utilisation in 2022, which was flat at 56.1% in the year (2021: 56.52%) according to the Confederation of Zimbabwe Industries.

The Government of Zimbabwe expects activity in the manufacturing sector to gain momentum from 2025, benefitting from anticipated growth in primary sectors such as agriculture and mining.

Energy
Electricity supply remained a major risk to economic activity in 2022. Low water levels at the Kariba hydropower station and constant breakdowns at the Hwange thermal power station forced the power utility to increase electricity rationing. New energy projects are expected to come on stream in 2023, including 600MW from two new plants in Hwange. However, demand for power is expected to continue to outstrip installed capacity, driven mainly by mining projects under development. The rising demand for energy increases prospects for projects in the renewables sector.

Wholesale and Retail
The wholesale and retail sector is estimated to have grown by 4.3% in 2022, from 8.1% in 2021, according to the Government of Zimbabwe. The sector is the largest employer in the Zimbabwe economy, according to the Zimbabwe National Statistical Agency (Zimstat). Out of the 88% employed in the informal sector in 2022, 50,1% were engaged in the wholesale and retail trade sectors. The slowdown in 2022 reflects pressure on incomes due to high inflation. Despite this, there was notable investment in retail infrastructure across the economy.

Construction
Growth in the construction sector was estimated at a robust 10.5% in 2022, up from 3.5% in 2021, according to Government figures. This growth was supported largely by expanded government infrastructure spending, mining development and home building.

According to the Ministry of Finance, a total of ZWL$1.1 trillion will be used for the developmental budget in 2023, to be sourced from tax revenues, loan financing and development partners. This support, coupled with construction from the private sector, is expected to result in a growth of 5.8% for the construction sector in 2023.

Trade Performance
Zimbabwe's exports grew in 2022, ending the year at US$7.42 billion compared to US$6.37 billion in 2021, an increase of 16.5%. Minerals underpinned exports' performance in 2022, growing by 12.3% from US$5 billion in 2021 to US$5.6 billion in 2022. The mining sector accounted for 75.8% of total export earnings in 2022.

Exports of agricultural products rose from US$784.7 million in 2021 to US$1.15 billion in 2022, supported by a strong tobacco season.

Remittances continued to contribute significantly to foreign earnings. In 2022, total international remittances increased by 16% to US$2.80 billion. Of this total, diaspora remittances were US$1.66 billion, which was a 16% increase from US$1.43 billion in 2021.

The country recorded a current account surplus of US$305 million in 2022, the fourth straight year of current account surplus since 2019. However, this gap is projected to narrow in 2023 as imports rise on the back of a recovery in the global economy.

Inflation
Inflation r emained a key risk during the year, with month-on-month inflation reaching a peak of 30.7% in June 2022. In response, the Reserve Bank of Zimbabwe implemented a tight monetary policy throughout the period.

Among the measures instituted was a temporary moratorium on bank lending which was followed subsequently by a hike of the Bank policy rate to 200%. Consequently, the high interest rates limited ZWL lending for banks, resulting in an increasing demand for US dollar credit from the market.

Additional steps taken by authorities included:
- Issuing Zero-Coupon Non-Negotiable Certificates of Deposits (NNCDs) to mop up excess ZWL liquidity.
- Introducing the foreign currency Willing Buyer Willing Seller market to support the Foreign Exchange Auction Market
- Launching Gold Coins as an alternative investment asset class and also to support liquidity management.

The economy responded positively to these measures, with inflation easing from its June month-on-month peak of 30.7% to 2.5% by December 2022. However, year-on-year inflation closed the year at 243.8%, compared to 60.7% in December 2021, reflecting continuing inflationary pressures in the economy notwithstanding the stringent containment measures.

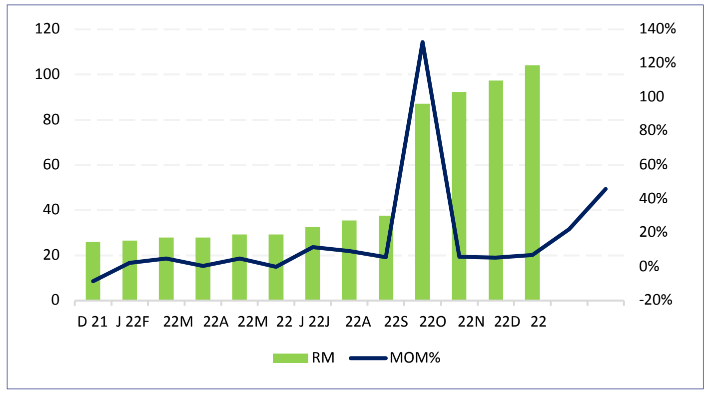
Money supply
Reserve money ended the year at ZW$104.04 billion, from ZW$33.55 billion in June 2022, reflecting a measure by monetary authorities to levy statutory reserves on foreign currency accounts deposits from September 2022.

Broad money grew by 391.8% in 2022, an increase from 131.9% in December 2021. During the period, foreign currency deposits rose by 530.1%, the outcome of exchange rate movements, accounting for 234.9 percentage points to the 391.9% annual increase in money supply.

Exchange Rate
The Zimbabwe dollar depreciated rapidly against the United States dollar during the year, closing the year at ZW$687.3 against the US dollar on 31 December 2022 at the official market, compared to ZW$108.7 in December 2021.

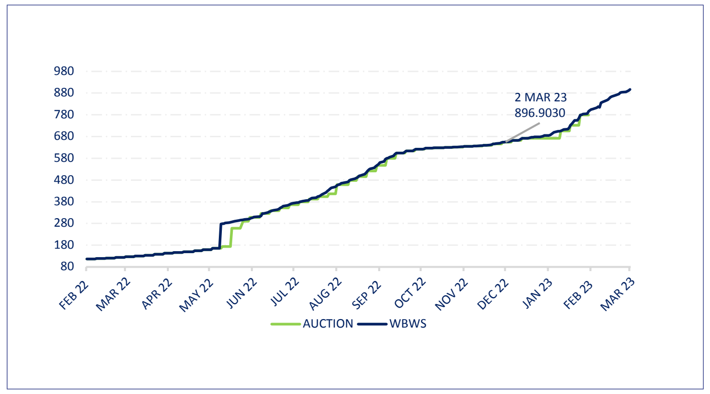
As a consequence of measures to control inflation, usage of the US dollar in the economy continued to increase in 2022. This is reflected by foreign exchange deposits and loans in the banking sector, which grew to 65% in USD at the end of the period, according to RBZ statistics. This trend is likely to be sustained throughout 2023.

Reserve money

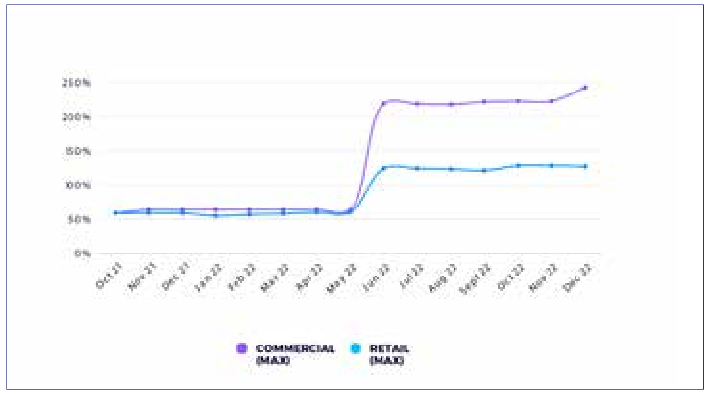


Money Supply

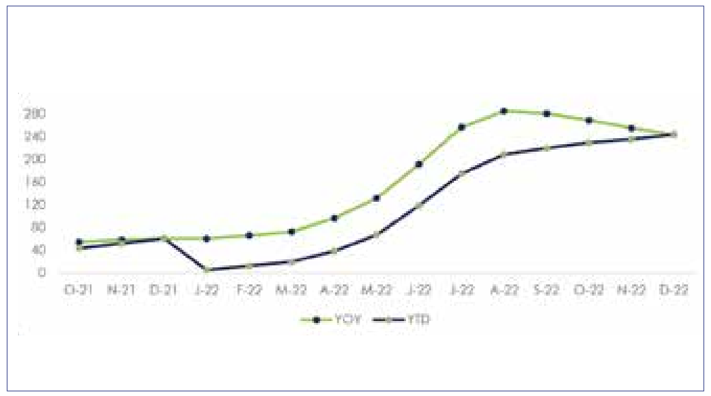
Exchange Rate performance - Usd/Zwl



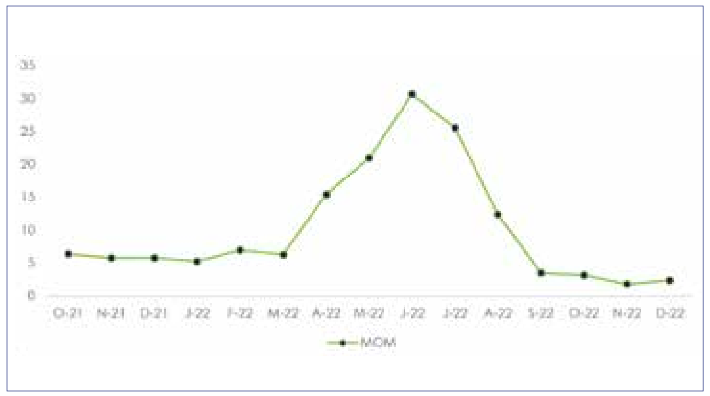
Interest rate trends



Year on year inflation performance



Month on month inflation performance



Source: RBZ

Outlook

While downside risks remain in the Zimbabwe economy due to global factors and energy insecurity, there is a significant upside for 2023. There are positive trends in the sectors in which we are key players, which gives us confidence for the year ahead.

A strong rebound in agriculture is anticipated in 2023, following favourable rainfall and expanded irrigation infrastructure. The outlook for commodity prices remains broadly positive, with gold prices expected to remain firm due to continuing geopolitical uncertainties.

Tourism recorded a strong recovery after COVID-19, with receipts up in 2022 due to increased international flights into Zimbabwe, conferencing, and domestic tourism. This recovery is likely to be consolidated in 2023 as world tourism sustains its recovery.

The manufacturing sector is projected to grow by 3.7% in 2023, benefitting from retooling and recapitalisation efforts.

These positive factors point to more opportunities opening up in the economy and give us reason to hope for more sustained growth going forward.

OUR ESG APPROACH

Globally, the Environmental Social and Governance (ESG) framework is being adopted as part of the operational framework for many institutions. This is because it reinforces the moral code all businesses should align to. At First Capital Bank Limited (Zimbabwe), ESG is integrated into the Company's enterprise risk management (ERM) framework. We subscribe to the principles of responsible banking and are committed to ensuring that all our business practices contribute positively to the society that we serve. We operate in compliance with local regulations, contributing to our country's ambitions for inclusive and sustainable growth under the national economic blueprint, NDS1.

The Bank is in the process of joining the Sustainability Standards and Certification Initiative (SSCI) supported by European Organisation for Sustainability Development (EOSD) and this will resut in further refinement to our value creation. We are cognisant of the fact that this is a journey which will be characterized by continuous improvement.

We have embedded the culture of responsible banking across our organisation through the following steps:

Our Policies

We recognise that our operations, and those of our customers, can impact the environment, communities, and other stakeholders. Therefore, the Bank is guided by dynamic policies to mitigate the risk. The Bank has an Environmental and Social Management System (ESMS) that pronounces its strategic commitment towards Environmental and Social (E&S) risk management and makes this an integral part of its Risk Management practices. Managing E&S risk is an important part of our sustainable development initiative and credit risk assessment process. The ESMS is aligned with environmental and social risk management practices which are internationally accepted.

Stakeholder Management

Engaging stakeholders is a key priority in delivering our pledge to run a sustainable business. Our Bank has established transparent structures and constructive engagements with stakeholders. These include our regulators, the investment community, our clients and interest groups in the communities in which we operate. In our continuing engagement, we have held dialogue with our clients and suppliers to support them in their efforts to meet ESG standards. Internally, we continue to build the capacity of Bank staff, equipping them with skills to identify emerging ESG risks.

Our Environment

In 2022, two of our branches began operating on solar energy as their primary power source. For us, this was an exciting first step as we began a journey towards our goal of contributing to the reduction of our carbon footprint. We recognise that no effort is too small in this transformation. By encouraging the use of recycled materials, making sure that our offices go paperless, and our active participation in World Environment Day, we are cultivating awareness on the importance of our role in protecting the planet.

Our Social Compass

Our aim is to be a 'Better Corporate Citizen' which is based on the premise of our passion as a business to take care of the communities we serve. This is an integral part of what we do, and our strategic approach is designed to incorporate this objective. We acknowledge and embrace the interdependence that exists between us and the communities we serve. We firmly believe that our success should be mirrored by the growth of our society and economy. We achieve this through our strategic partnership with capable institutions such as Zimbabwe Farmers Union, Junior Achievement Zimbabwe, World Vision, National Blood Services and many others. Our colleagues actively participate in Volunteerism activities that transfer financial skills to beneficiaries across the country, ultimately contributing to the financial inclusion agenda.

Our Governance

In 2022, the Chartered Governance and Accountancy Institute, the professional body of governance and accountancy professionals, voted First Capital Bank Limited (Zimbabwe) the number one bank in Zimbabwe in terms of governance and accountability. The Institute's 10th Edition of the Excellence in Corporate Governance Awards recognises the efforts of corporate boards for effectively leading their organisations in a sustainable, innovative, and ethical way. We were also awarded second overall prize in the category of Best Risk Management for Banking Institutions and the first overall prize in the category of Best Governance Practices for Banking Institutions. Our efforts will continue to be channeled towards maintaining high ethical standards.

OUR STRATEGY IN VALUE CREATION

First Capital Bank Limited (Zimbabwe) serves individuals, business, corporate and institutional clients, offering a comprehensive range of financial products and services that are both relevant and of value to the different market segments it serves.

FINANCIAL CAPITAL This is the pool of funds supporting business operations, including equity finance and debt.	Balance sheet of **ZW$ 160.8 billion**	Deposits of **ZW$ 93.5 billion**	Equity Capital of **ZW$ 46.7 billion**	Foreign lines of credit with strategic partners eg EIB, Afrexim
MANUFACTURED CAPITAL The facilities and general infrastructure that enables First Capital Bank Limited (Zimbabwe) to support business operations (tangible assets).	Extensive branch network of **25 outlets** **47 ATMs** across the country	**New core banking system** installed in 2019	**2** Seasonal Banking services for farmers in Rusape and Karoi	Revamped digital platforms to enhance customer experience
HUMAN CAPITAL The skills and experience invested in our employees enable us to implement our strategy and deliver our products and services, thereby creating value for First Capital Bank Limited's stakeholders	**528** total employees: 88% permanent and 12% on fixed contract	Mentorship: collaborated with Junior Achievement Zimbabwe Culture transformation engagement activities	**84** Interns enrolled over 5 years **1 183** attendances at multiple training sessions. 15 staff received specialised Toastmasters' training	
SOCIAL CAPITAL The key and long-term relationships First Capital Bank has cultivated with stakeholders	**Global Money Week:** mentorship programmes impacted **4 664** students	Financially inclusive product range e.g. Payroll lending	Food security: Support for ZFU Chemhondoro Farming Scheme for young farmers	
INTELLECTUAL CAPITAL These are the intangibles that sustain the quality of our product and service offering, which provide us with a competitive advantage, such as our innovations, systems, and reputation	Upgrading skills across the bank	**Strategic marketing** promotions that deepened our brand appeal	Evolution of IT platforms increased efficiency of delivery to customers	
NATURAL CAPITAL First Capital Bank Limited manages its use of natural resources with the same stringency that it manages its use of all other resources.	Over the past year, two of our branches successfully switched to solar energy. This encourages us to accelerate our drive towards a greener future for our organisation, increasing the usage of recycled materials and investing in a paperless working environment. Efficient use of our resources is key to how we operate.			

Our Five Pillar Strategy

We believe that growth is our business. To fulfil this mission, we pursue a strategy based on five key pillars:

We are a trusted & respected brand

We continue to build our brand across our markets through deliberate, strategic actions. We recognise that customers need a bank they can trust, and one that has a solid reputation in the market for prudent banking and committed customer service.

We have strategic alliances that accelerate our innovation

Our customers know that by banking with First Capital Bank Limited (Zimbabwe), they benefit from one of our key strengths, which is to build strategic partnerships that deliver the most value. In selecting which partnerships we enter into, our key consideration is that each alliance adds value to what we already offer our customers.

Our processes enable service excellence

Our commitment to customers is to deliver a range of products and services that sufficiently meet their needs. Our customers demand accessibility to banking platforms that are secure and easy to use. We, therefore, continue to recalibrate our processes to ensure that they deliver excellence, whether through our human interaction or via our made-for-purpose digital platforms.

We maximise the long-term value for our stakeholders

Our purpose as First Capital Bank Limited (Zimbabwe) is to ensure we deliver maximum returns to our stakeholders, from shareholders, customers, our national economy, and the communities that we serve. We achieve this through judicious stewardship of our assets and deploying commercially viable products and services.

Our people drive the business

We believe that our people are the wheel that drives business. To generate growth, we invest in human capital by positioning the best and most diverse talent, constantly upgrading skills and knowledge, and investing in staff wellness.

OUR STRATEGIC PARTNERSHIPS

As your chosen financial partner, our responsibility is to provide you with the necessary support to take your business to the next level. Over time, we have cultivated strategic relationships that enable us to provide you with unique solutions that promote mutual growth. One of the biggest advantages of banking with us is the benefits that come with the partnerships that the Bank brings to the fore. Leveraging on diverse strengths of relevant market players becomes key to achieving optimal value.

Partnerships for financing

Our partnerships are strategically crafted to meet the demand that our teams identify in the market. Through engagement with stakeholders and our clients, we can match the demand for capital from our clients with available financing facilities from global funders.

European Investment Banking Facility

In 2022, we launched a partnership with the European Investment Bank (EIB) and the European Union (EU) to provide a developmental line of credit to the tune of €12.5 million. The EIB is the financing institution of the EU and participates side-by-side with local financial institutions in the financing of investment programmes.

Under this facility, we identified eligible clients, with a special focus on borrowers with a strong potential to generate export earnings for the country. The facility was deployed to support project finance opportunities in the agriculture space, particularly in the horticulture and irrigation infrastructure sub-sectors.

The advantage of such a facility is that the tenor of the loan is longer than the tenor which would have been possible without EIB's participation.

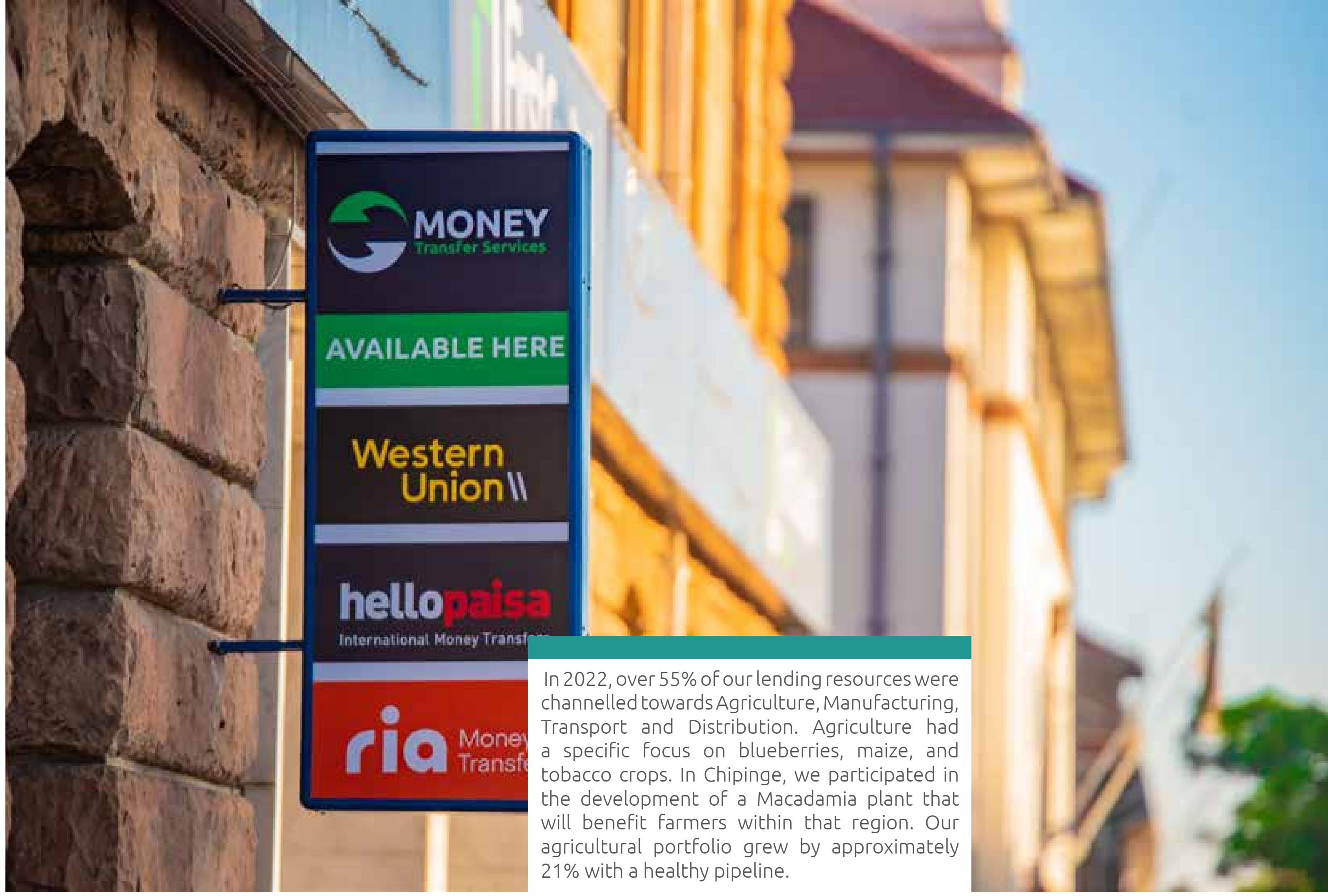
The success of the EIB facility has encouraged us to widen our engagement with other international financiers which are now at various stages of completion. In 2023, we are confident of securing a pipeline of additional financing from the African Export-Import Bank to fund clients in the critical import and export sectors, as well as financing for developmental projects through a facility with the Trade and Development Bank. In structuring these facilities, we manage risk carefully while also being creative to ensure that we bring relief to clients and support their ambitions for growth.

SME Development Facility - funded by international partner

As part of our efforts to ensure Financial Inclusion, in 2019 we developed a tailor-made lending facility specifically targeting to invest in Small-to-Medium Enterprises led by and benefiting women, youth and promoting the agricultural agenda. Our implementing partner secured this line of credit. This move was made to promote the previously marginalised market segments by availing funds for business growth through loans and other financial assistance. SMEs contribute significantly to the GDP and with adequate support there is great potential to grow this contribution and create employment. The book grew after we extended the facility to SMEs in agriculture, health and the education sectors. One of our successful applicants, Happy Primary School completed a classroom block enabling them to extend their educational offering.

Partnership with Zimnat Insurance

In efforts to provide all financial services under one roof, we partnered with Zimnat Insurance to provide a Bancassurance offering in 2010. Our first step was to begin with short-term insurance. After successfully launching this, we extended the partnership to Life assurance products in 2012. Under this strategic partnership we have trained all our staff on insurance and have Zimnat agents present in selected branches with a high footfall. Convenience for our mutual customer is key. Our offering includes Vehicle, Home, Funeral, Hospital Cash Back, Household Insurance packages and more. It is important for us to give our clients and customers peace of mind as they conduct their business daily.



Partnerships for the public sector

In response to our customer needs, we partnered with Salary Services Bureau to provide financial support through short-term forex loans for the civil service. We had an overwhelming response to this service and expanded this offering to a standalone department that is reaching all provinces across the country. Providing relief to our customers remains a key goal for us and we will continue to refine our services to suit their changing needs.

Partnerships for tech innovation

Our skills in strategic partner acquisition are critical in enabling us to roll out the latest in fintech products. A deliberate and careful selection process is always in place to ensure that we have a strategic fit with our vendor network.

During the year, we launched a host-to-host platform, Infini-Pay, to help clients that transact in high volumes to seamlessly integrate with our banking systems. In 2023, our focus is on upgrading our channels to deliver more transaction efficiencies for customers. This includes a new POS offering that will align with our strategy to compete on service and convenience.

Partnerships for economic development

Building towards the growth of our economy is central to our operations. Our lending is done with the lens of how it will impact our productive sectors that add to key economic indexes. We are part of the process from the onset. Our relationship managers take time to understand the client needs and walk the journey with them.

In 2022, over 55% of our lending resources were channelled towards Agriculture, Manufacturing, Transport and Distribution. Agriculture had a specific focus on blueberries, maize, and tobacco crops. In Chipinge, we participated in the development of a Macadamia plant that will benefit farmers within that region. Our agricultural portfolio grew by approximately 21% with a healthy pipeline.

Our focus is on leveraging on opportunities found within our productive sectors. These contribute to the overall GDP, create employment and infrastructural development within our economy. Our support to SMEs remains high as we continue to secure funding for them and provide services such as asset financing and loyalty lending to improve production.

Post Covid, our focus on tourism has increased and we now have dedicated teams at strategic locations such as Victoria Falls, to provide support to our clients. We believe in the opportunities present and are ready to play our part in developing this sector.

The outlook is encouraging, and we will continue to channel resources to existing and new priorities in the future. Our focus in 2023 will be project financing in critical areas of renewable energy and agriculture, focusing on Dairy, Macadamia, Irrigation, Blue Berries and other sub sectors.

Connecting people through Money Transfer Services

Remittances are a major revenue stream for many in Zimbabwe. In 2022, Zimbabweans abroad sent home US$1.66 billion, which was 16% more than in 2021. First Capital Bank Limited (Zimbabwe) has partnered with Western Union, RIA and Hello Paisa to provide money collection services from all of our branches nationwide. One does not need to be an account holder to access First Capital Bank Limited (Zimbabwe) Money Transfer Services.

OUR RISK MANAGEMENT FRAMEWORK

First Capital Bank Limited (Zimbabwe)'s risk management function is an integral part of the business strategy and effective corporate governance, charged with the responsibility of ensuring the presence of structures for the effective mitigation and oversight of those risks on a continuous basis. The bank adopts a risk philosophy aimed at maximising business opportunities and minimising adverse outcomes, thereby enhancing shareholder value by effectively balancing risk and reward.

Over recent periods, upheavals in the world economy, COVID-19, as well as uncertainty in the local market, put our risk management systems to the test. We are pleased to report that our systems proved to be robust. We continue to consolidate our risk management, benchmarking against global best-practice and ensuring that it is relevant to the unique circumstances of the operating environment.

As part of our risk strategy, we use relevant risk management tools to understand our environment so that we are able to respond effectively. Our risk management system is shared across all Bank employees, ensuring that each member of staff is aware of their responsibilities in implementing the strategy.

At a strategic level, the Bank's risk management objectives are:

- To identify the Bank's material risks and ensure that business profiles and plans are consistent with risk appetite.
- To optimise risk/return decisions, while establishing strong and independent review and challenge structures.
- To ensure that business growth plans are properly supported by effective risk infrastructure.
- To manage the risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions.
- To assist executives in improving the control and coordination of risk taking across the business.

We implement a risk management process that is a structured, practical set of three steps – Evaluate, Respond and Monitor (the E-R-M process) – that enables management to identify and assess those risks, determine the appropriate risk response, and then monitor the effectiveness of the risk response and any changes to the risk profile. The process is used to promote an efficient and effective approach to risk management.

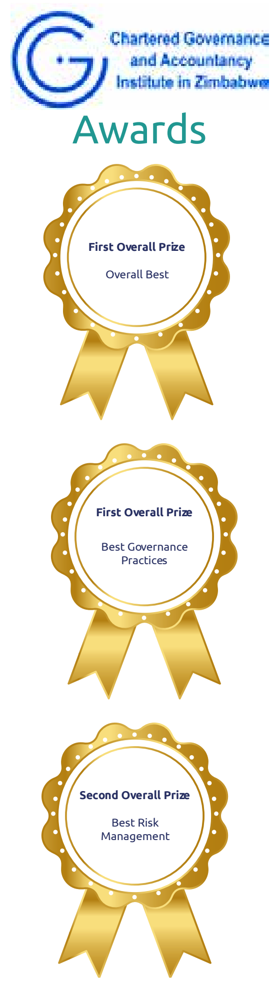
This three-step risk management process:

- Can be applied to every objective at every level in the Bank, both top-down and bottom-up.
- Is embedded into the business decision-making process.
- Guides our response to changes in the external or internal environment in which existing activities are conducted.

Segregation of duties: three lines of defence

Risk evaluation is carried out at all levels, starting with the Board level strategic plan. Each First Capital Bank Limited (Zimbabwe) team member understands their responsibility in risk management. There is a clear segregation of duties between those staff members that set policies (Second Line of Defence), who act within the boundaries set out in policies (First Line of Defence) and who check that policies have been followed (Third line of Defence).

All activities in the first line are subject to oversight from the relevant parties of the second and third lines.



Our Risk Appetite

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

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

OUR INNOVATIVE PRODUCT OFFERING

At First Capital Bank Limited (Zimbabwe), our culture of constant innovation inspires our product offerings, each of which is carefully developed to enhance the lives of our customers and clients. In product development, our strategy is to develop a comprehensive product range that allows our customers to access what they need in one place, and through secure channels. This strategy gives us competitive strengths, setting us apart in the market and creating value for stakeholders. Our financial inclusion lens for personal solutions challenges us to provide services that are relevant to the needs and accessibility of our market.

Through our expansive network of over 47 ATMS and 25 branches, our customers have a wide choice of how to do their banking and interact with us. We have revamped digital platforms to ensure more efficient transacting for customers, allowing banking at any time, and from any location around the world. Customers can access their accounts through our modern Internet Banking platforms, SMS, and our brand new First Capital Bank Application, available on Android and iOS.

Digital: A Bank for the future
We realise that, globally, banking is evolving and shifting to online platforms . We are therefore working towards building our digital bank, and we are doing this by creating innovative platforms that make transactions easier and more secure for our customers. Our digital platforms are meant to make sure customers can bank anywhere, at any time, and be assured of security and efficiency.

In 2022, we invested significantly in new digital platforms to enhance the customer experience of banking online. Our new First Capital Bank Mobile App is faster and comes with an enhanced and more secure user interface. Over the app, our customers can do everything that they can do in a banking hall, from instant bill payments to transferring funds and requesting statements.

During the year, First Capital Bank introduced a new internet banking platform. With our internet banking, customers access a central dashboard from which they can manage all their banking functions in a few clicks, cutting out the need to walk into banking halls.

Through First Capital Bank Mobile Banking, customers can sign themselves up for the platform through the USSD portal *229#. This allows them access to round-the-clock banking services, such as bill payments, checking balances, transfers, airtime top-ups and other transactions. With Mobile Banking, customers can do their banking anywhere where there is a mobile service.

Mobile App Functionalities

- Face recognition log-in
- Biometric log-in
- Change log-in password
- Quick Pay for favourites
- Instant Bill payments
- Share P.O.P's
- Change Card PIN and Status
- View Statements
- View all accounts
- Zipit transfers and Merchant Payments
- Transfers-RTGS and Inter-account

Alisa, is an innovative banking chatbot that uses machine learning and cognitive computing technologies to provide customers with various banking services and transaction capabilities.

Enhanced Internet Banking Functionalities

- Personalized dashboard
- Check balances
- Bill payments
- Download statements as Excel PDF, CSV
- Manage Current, Savings and Loan accounts
- Transfers
- Schedule payments
- View complete and incomplete transactions

Customer Service for the digital age
We have played our part in the market by deploying Artificial Intelligence for customer support.

With Alisa, customers do not need to go to a branch to get customer support. Customers can use our WhatsApp platform for inter-account transfers, bill payments, airtime purchases and even account openings.

WhatsApp's end-to-end encryption means our customers are secure, while identification and verification before the completion of any personal banking transaction add an extra layer of security.

Infini-Pay: Efficient bulk payment solutions
As demand by corporate clients for efficient payment solutions grows, we have responded with Infini-Pay. This is a specially designed application for online bulk payments, allowing customers to initiate instant payments to accounts within and outside First Capital Bank. This product has been successful with both individuals and corporates who need to make hustle-free bulk payments.

POS Payment Solutions
Customers that open First Capital Bank Limited (Zimbabwe) accounts as corporate clients get access to POS machines. By using POS machines at their businesses, customers reduce the security risks of bulk cash handling, while giving themselves a better grip on how they monitor their transactions through the Management Information System.

The POS system has e-wallet integration, which allows users to link the machines to mobile payment platforms such as EcoCash and One-Wallet. Contactless functionalities are available, allowing users to only tap the First Capital Bank Limited (Zimbabwe) POS to make a transaction. We have a dedicated POS team to support all our customers and clients across the country.

Service Support 24 hours a day
Our dedicated contact centre offers round-the-clock assistance to all our clients across the world. They are accessible through multiple channels namely a toll-free number, email, social media, WhatsApp and our website. We are committed to providing seamless service to our customers and are available to assist.

Financial Inclusion
Globally, financial inclusion has been identified as a key enabler to 11 out of the 17 SDGs. In Zimbabwe, increasing access to financial services for all is a key goal under the National Financial Inclusion Strategy II, as well as the National Development Strategy (NDS1). In developing credit facilities, First Capital Bank Limited (Zimbabwe) considers both value creation for the Bank as well as its role in supporting national goals.

Our financial inclusion journey remains a critical and never ceasing undertaking, our base of customer accounts is currently at more than 480 000. We continue to target the economically active 18 to 55 age group. Financial literacy training interventions have been ongoing for over 15 years with private and public sector partners such as Zimbabwe Farmers Union, World Vision and UNICEF. Over 100 000 youths in both urban and rural settlements have been educated on the financial essentials for business and have moved on to create viable enterprises.

In 2022, the Bank developed Civil Servants Lending products for public sector workers paid through the Salary Services Bureau. This loan is processed swiftly, has affordable interest rates, and flexible repayment periods of up to 24 months. Customers also have access to funeral cash cover. We have had an overwhelming response under this product and have moved to making it a stand-alone department to meet this market need.

In the year under review, we responded swiftly to a service demand amongst our agribusiness customers. We opened two seasonal banking facilities in Rusape and Karoi to meet the needs of our tobacco farmers in these areas. We will continue to conduct feasibility assessments and provide services where they are required.

During the year, we also enhanced our product offering to small businesses. The Bank is a major partner for growing businesses, and this was reflected in new credit products specially created for small to medium enterprises. Examples of this are loyalty lending, asset financing, order financing and so much more. We will continue to align our offering to the needs of our current and future customers and clients.

OUR CORPORATE SOCIAL INVESTMENT

Our presence and footprint in Zimbabwe's economy and society has widened through the implementation of a deliberate growth strategy. As the Bank grows, so does our mandate to ensure that the society that we serve also grows with us. Our focus on shared value creation forms the core of our approach to our social investment programs. This is steeped within our long-term goals.

Financial inclusion has been a key pillar that has informed our Citizenship initiatives and the structure of our strategic partnerships within communities. Over the past 5 years we have reached more than 40 000 (forty thousand) youth and young adults through our investment in agricultural training and upskilling programs.

Our culture of volunteerism encourages colleagues, across the country, to proactively participate in the building of their local communities. Over the years, we have focused on women and youth programs, financial literacy training for disadvantaged communities and a donation towards the sustainability of National Blood Transfusion operations through solar installations.

In 2022, First Capital Bank Limited (Zimbabwe) continued to engage in activities carefully targeted to bring the best outcomes towards our vision to improve financial access, enhance economic opportunities, protect the environment, and support wellness.

Below are summaries of activities conducted in 2022.

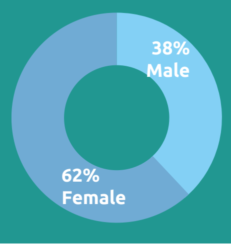
Investing in the next generation : Junior Achievement Zimbabwe

As a Bank for the future, we are investing in building the next generation of professionals and entrepreneurs by capacitating the youth through various interventions. With a 16-year long-standing relationship with Junior Achievement Zimbabwe, we continued to equip the youth through various deep impact workshops. The mutual aim is to economically empower Zimbabwe's youth by bridging the gap between classroom education and the world of work – a disparity that is seen all too often. The core content focal areas are financial literacy, work readiness, entrepreneurship, and provision of experiential learning opportunities for young people in the 21st century.

Under the Junior Achievement Job Shadow programme, we led career mentorship sessions within our branch network. During the programme, high school A-Level students had an opportunity to receive work readiness training by spending a day shadowing bank colleagues in departments aligned to their career interests. Through this programme, the students received valuable insights and career guidance. A total of 200 students – 124 female and 76 male – from 21 schools across the country participated, receiving mentorship from over 150 First Capital Bank Limited (Zimbabwe) professionals.

JUNIOR ACHIEVEMENT ZIMBABWE

200+ students



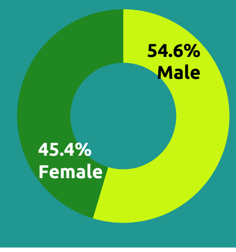
Creating inclusive growth: Global Money Week

Financial Inclusion is a core objective for us and the financial sector at large. During the year, the Bank advanced interventions to enhance financial literacy in the community we operate in. One of these interventions was the 2022 Global Money Week, which ran under the theme "build your future, be smart about money." Partnering with Junior Achievement Zimbabwe, our experienced Bank staff provided trainer-of-trainers mentorship to future entrepreneurs on critical topics such as saving, investing, earnings and spending. This programme reached seven schools in Harare where 10 A-Level students from each institution were capacitated to train other students at neighbouring schools. This innovative knowledge-sharing approach reached a total of 4664 students, made up of 2 116 females and 2548 males.

Further mentorship was undertaken under the 'We gotcha Mentorship' programme, where our senior leadership trained graduates on work readiness skills, entrepreneurship, leadership, and financial literacy skills.

GLOBAL MONEY WEEK

4650+ students



Sustainable agriculture: ZFU Chemhondoro Farming

In support of the broader Sustainable Development Goals (SDGs) to grow Zimbabwe's critical agriculture sector, First Capital Bank Limited (Zimbabwe) extended its partnership with the Zimbabwe Farmers Union. Spanning over 10 years, our cooperation has delivered sustainable farming projects for young farmers aged 18-35 years across the country. Under the Chemhondoro Farming project, we provided material support for the training of the young farmers' club in modern farming methods.

The Bank supplied essential equipment such as water pumps, diamond mesh wire, water tanks, fertiliser compounds, and other farming implements. Through this intervention, we supported the young farmers' capacity to transition to more sustainable and viable farming. More than 3000 students and the larger community benefited directly from this project.

ZFU CHEMHONDORO FARMING

3000+ students

Promoting wellness: CancerServe Fun/Run and Walkathon

First Capital Bank Limited (Zimbabwe) continued to invest in the wellness of its staff, and the community. We took part in activities to mark Breast Cancer Awareness Month in October, amplifying the message of prevention, detection, and treatment. We partnered with Cancerserve in hosting a Fun Run and Walkathon to mobilise resources for the purchase of cancer medication and a radiotherapy machine. Our firm belief is that the communities we operate in are an extension of us hence it is imperative to continue to channel efforts to making them better than we found them.

CancerServe Fun/Run and Walkathon

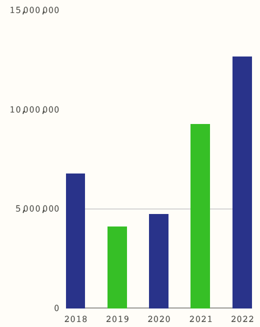
300+ attendees

GOVERNANCE

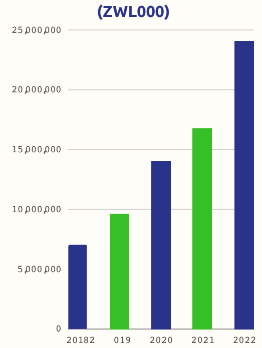
5 Year Performance

Dec 2022 5 year inflation adjusted performance

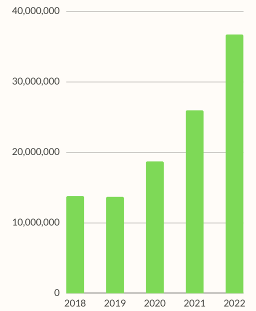
NET INTEREST INCOME (ZWL000)



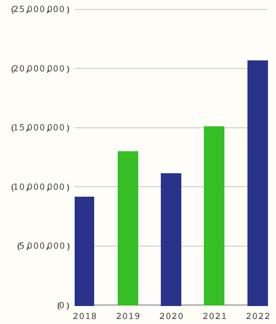
NON FUNDED INCOME (ZWL000)



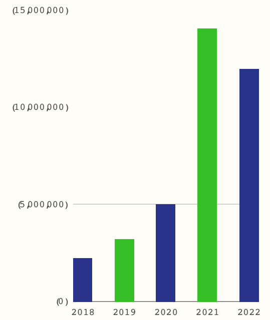
TOTAL INCOME (ZWL000)



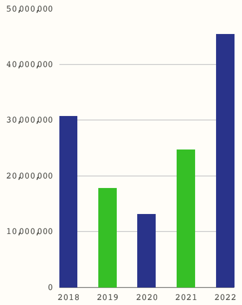
TOTAL OPERATING COSTS (ZWL000)



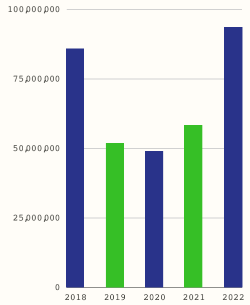
PROFIT BEFORE TAX (ZWL000)



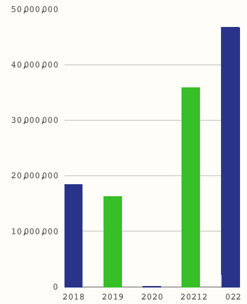
LOANS AND ADVANCES TO CUSTOMERS (ZWL000)



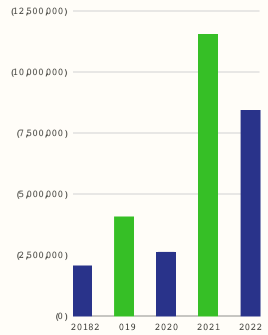
DEPOSITS FROM CUSTOMERS (ZWL000)



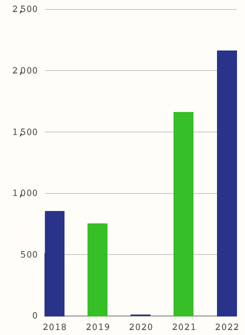
EQUITY (ZWL000)



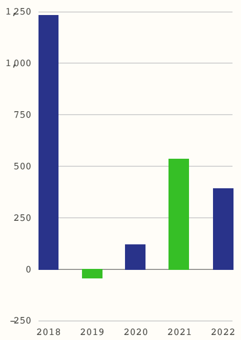
PROFIT AFTER TAX (ZWL000)



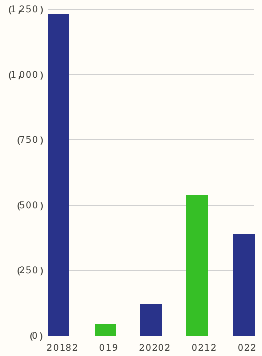
NET BOOK VALUE PER SHARE (CENTS) (ZWL)



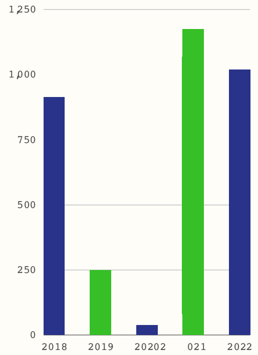
BASIC EARNINGS PER SHARE(CENTS) (ZWL)



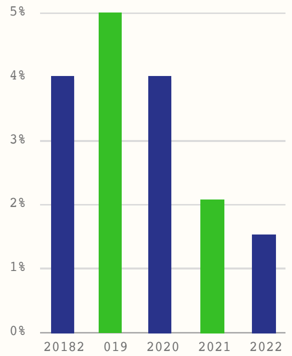
DILUTED EARNINGS PER SHARE(CENTS) (ZWL)



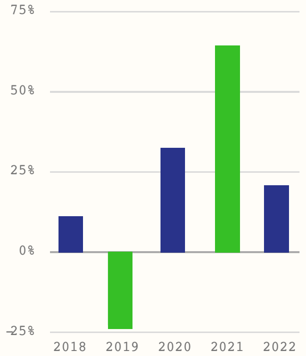
SHARE PRICE AT END OF YEAR (ZWL)



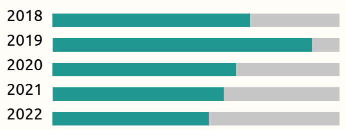
IMPAIRMENT COVERAGE RATIO



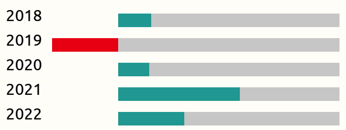
RETURN ON AVERAGE EQUITY



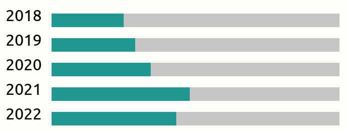
CTI



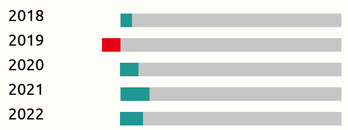
PAT margin



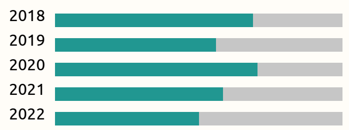
Total capital adequacy



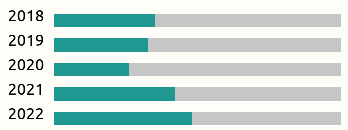
Return on average assets



Liquidity



Loans to deposits



CHAIRMAN'S STATEMENT

Operating Environment:
The world economy continues to be impacted by inflationary pressure in advanced economies and increasing geo-political tension linked to the on-going war in Ukraine, amongst many other factors. This has affected post-pandemic global growth prospects, with the International Monetary Fund further revising its forecast for 2022 from 3.6% to 3.4% which compares to a growth of 6.2% in 2021. A further slowdown is projected in 2023 with a growth forecast of 2.9%.

Government estimates the local economy to have grown by 4% in 2022, reflecting a high level of resilience against global and domestic fragility.

Annual domestic inflation closed the year 2022 at 243.8%, compared to 60.7% in December 2021. The Zimbabwean dollar depreciated rapidly against the United States dollar, losing 530% of its value to exchange at ZW$687.28 against the US$ on 31 December 2022 at the official market.

A tight monetary policy was maintained throughout 2022 to curb the adverse effects of high inflation and to also achieve stability in the exchange rate. Amongst these measures were:

a) Continued issuance of Zero-Coupon Non-Negotiable Certificates of Deposits (NNCDs) to mop up excess ZW$ liquidity.
b) The introduction of the foreign currency Willing Buyer Willing Seller market to augment the Foreign Exchange Auction Market and improve access and allocation efficiency.
c) The introduction of Gold Coins as an alternative investment instrument and to also sterilise excess liquidity.
d) The introduction of statutory reserves on foreign currency deposits with the effect of slowing down credit expansion.
e) The hiking of the Bank policy rate to 200% which sought to combat speculative lending and yielded real returns for lenders.

The combined impact of the above measures on the economy was a slowdown in inflation which, having peaked at 30.7% on a month-on-month basis in June 2022, reduced to a low of 2.5% in December 2022. Additionally a modicum of exchange rate stability during the last quarter of 2022 was also observed.

For the banking sector local currency asset creation slowed down considerably as borrowers reassessed their operations in relation to the new cost model. At the same time an increase in the demand for US$ denominated products also became evident.

On the Zimbabwe Stock Exchange, following a rally during the first half of the year, activity became bearish during the second half after fiscal measures were implemented by Government to deal with perceived speculative activity which was deemed to be partially responsible for the rapid movements in the exchange rate. Consequently, market capitalisation during the second half declined by 16.2%, restricting the year-on-year growth to 55.2%, well below the inflation outturn for the period.

The Victoria Falls Exchange (VFEX) All Share Index, still in its early stages, dropped by 13.6%, from 109.7 points recorded in December 2021.

Earnings performance
Despite the challenges in the operating environment, the Bank posted an inflation adjusted profit of ZW$8.4bn on a total asset base of ZW$160.8bn.

The performance is discussed in more detail by the Managing Director in his report.

Capital Requirements
The Bank comfortably met the minimum core capital requirement of US$30m, achieving a translated total capital of US$61m with core capital amounting to US$46.2m.

Dividends
The Board has declared a second interim dividend of ZW$127 cents per share. This brings the total dividend for the year ended 31 December 2022 to ZW$171 cents per share.

Governance
Mr. Munyaradzi Kavhu was appointed as the Chief Operating Officer for the Bank with effect from 9 January 2023. The Board welcomes him and looks forward to a long association with the Group.

Correspondingly, Mr. Lovemore Mangenda was appointed as Head of Compliance and Mrs Sarudzai Binha was appointed Head of Company Secretariat and Legal Services respectively. We are pleased to have this talent in the Bank and wish them both success in their new roles.

Outlook
The operating environment is expected to remain challenging. We foresee continuing stress on business arising from the broad-based currency management measures as they take full effect on the economy. Downside risk on asset quality and general liquidity management is a possible outcome. The Board however remains optimistic at the long-term growth prospects of the country and the business. Care will be taken to navigate short-term disruptions whilst advantage is taken of emerging significant opportunities across all sectors.

Conclusion
I wish to extend my gratitude to our customers and other stakeholders for their continued support.

Lastly, I extend my full appreciation to our hardworking and committed staff, management, and fellow directors for all their efforts and unwavering commitment during this period.

Patrick Devenish
(Chairman)
21 March 2023

"The Bank comfortably met the minimum core capital requirement of US$30m, achieving a translated total capital of US$61m with core capital amounting to US$46.2m."

GDP GROWTH
4%

YEAR-ON-YEAR INFLATION
243%

CORE CAPITAL
US$46.2M

DIVIDEND PER SHARE
ZW$171c

MANAGING DIRECTOR'S REPORT

Introduction
The primary financial statements of the Group, upon which my commentary is based, are adjusted for the effects of hyperinflation. Historical financial statements are presented for information purposes only. Reference to "Group" and "Consolidated" is restricted to the Zimbabwean context and arise from the consolidation of the Bank together with an entity whose sole mandate is to hold a property earmarked for future development by the Bank.

Performance Outturn
The Group posted a 42% increase in total income, growing from ZW$25.9bn in 2021 to ZW$36.7bn in 2022. This was on the back of broad-based performance improvement across all revenue lines.

Net interest income increased by 37% following a 77% increase in interest earning assets. Its contribution to total income however reduced to 34% from 36% in the prior year. A 25% year-on-year increase in fees and commissions was posted, reflecting the impact of increased platform usage by clients and a 48% increase in the customer base. Fees and commissions contributed 33% to total income, a reduction from 38% recorded in 2021.

Trading and foreign exchange income increased by 267%, contributing 31% to total income, up from 12% in 2021. This largely reflects the implications of the devaluation of the local currency at a level not fully captured in the inflation index. A fair value loss on investment property was posted at ZW$0.4bn, compared to a profit of ZW$2.8bn in 2021.

The impairment charge related to credit risk on financial assets increased by 174% from ZW$0.2bn in 2021 to ZW$0.7bn in 2022. This is driven primarily by the growth in the loan book, with the non-performing loans ratio remaining low at 0.8% (2021 – 1%) which is well within the business's appetite.

Against the backdrop of pricing models for supplies that track movements in the exchange rate, and the need for regular cost of living adjustments on staff expenses, operating expenses increased by 37% from ZW$15.0bn in 2021 to ZW$20.6bn in 2022. This yielded a cost to income ratio of 56%, an improvement from 58% in 2021.

Whilst a 4% positive jaws ratio was achieved for 2022, cost pressure remains an area of significant concern and future focus given the technical nature of some of the credits included under total income.

A net monetary loss arising from holding a substantial monetary net asset portfolio was recognised at ZW$6.5bn, increasing from ZW$1.9bn in 2021. This constitutes 18% of net operating income, up from 7% in 2021, thus underlining the value destruction effect of inflation.

A 43% reduction in earnings from a joint venture operation from ZW$5.3bn in 2021 to ZW$3.1bn in 2022 was recognised. This relates to a 50% share in a hospitality and leisure asset. The Group is working on a product improvement plan which is expected to boost future earnings from this asset.

A profit after tax of ZW$8.4bn was posted, being a 27% reduction from ZW$11.5bn achieved in 2021. However, operating profit excluding the impact of property valuations increased by 57%.

Credits posted to other comprehensive income amounted to ZW$5.8bn, 12% down from ZW$6.6bn in 2021. This resulted in a ZW$14.2bn total comprehensive income which is a reduction from ZW$18.2bn posted in 2021.

Meanwhile, the total balance sheet increased by 55% from ZW$104.0bn on 31 December 2021 to close at ZW$160.8bn on 31 December 2022. This was largely driven by a 66% growth in deposits which moved from ZW$56.4bn in 2021 to ZW$93.5bn at the end of 2022.

Loans to customers increased by 85%, from ZW$24.6bn at the end of 2021 to ZW$45.3bn on 31 December 2022. This is reflective of an increase in credit appetite which, for many borrowers, was constrained by reduced absorption capacity when interest rates were reviewed upwards. The loans to deposit ratio increased marginally from 44% on 31 December 2021 to 48% as of 31 December 2022.

The funding of the balance sheet generally remained transient in nature, resulting in a significant level of resources, 33% in 2022 and 30% in 2021, being carried in the form of cash and bank balances to meet customer transactions. The overall liquidity ratio was always maintained above 50%, well above the regulatory threshold of 30%.

The Group's equity increased by 30% whilst the Bank's closing capital adequacy ratio was 34%, representing substantial headroom to underwrite new business.

Operations Update
A new internet banking platform was launched during the year and offers a vastly improved interface and service spectrum to our customers. A few teething problems were experienced at the time of migration and were resolved in short order. An improved mobile banking application was also launched during the year with great appeal to the consumer banking sector. During the year, the Bank expanded its money transfer partner network thus improving general convenience for its customers.

Lines of credit were negotiated with the European Investment Bank (EUR12.5m) and Afreximbank (US$20m) and are at varying stages of disbursement. The Bank is looking forward to expanding this network in the year ahead.

The Bank responded swiftly to the demand by its customers to provide seasonal banking facilities in Rusape and Karoi and will extend further service as necessary, subject to feasibility assessment. Generally, the Bank's systems were able to deliver to an expected level during the period under review.

Talent Management
Total staff complement at the end of the year was 528, with permanent staff constituting 88% whilst 12% were employed as fixed contract staff. A total of 1 183 attendances were recorded at 20 training courses during the year as the organisation sought to deepen its skills.

Within a very challenging macro environment, we work hard to maintain a cordial industrial relations climate through regular dialogue. Regular engagements were undertaken to share the strategic vision for the business and to promote the sharing of ideas and insights that makes the business deliver its objectives more effectively and efficiently.

Citizenship
We continued to support our communities during the period under review. The following activities were conducted in 2022:

1. **Junior Achievement Zimbabwe | Job Shadow Activities**
   Twenty-one schools across the country participated, with a total of 200 students (124 females and 76 males) being mentored. Over 150 First Capital Bank colleagues participated in this initiative.
2. **Global Money Week | Train-the-Trainer Mentorship Programme**
   Our curriculum reached 7 schools where ten A-Level students from each institution were capacitated to train other students at neighbouring schools. With the downstream knowledge sharing approach, a total of 4 664 students were impacted, 2 116 females and 2548 males in Harare.
3. **We Gotcha Mentorship Session**
   A total of 75 graduates were mentored (42 females and 33 males) by 10 colleague mentors.
4. **ZFU Chemhondoro Farming Input donation**
   The donation comprised of water pumps, diamond mesh wire, water tanks, fertilisers, and other farming implements. This will equip young farmers to produce food crops for the school and for business.

More than 3000 students and the larger community will benefit directly from this project.

Appreciation
On behalf of the entire management team, I would like to extend our sincere appreciation to our customers for all the support we get from you. As ever, we are happy to receive feedback, as that is how we improve. We promise to do more for you. Additionally, I extend my gratitude to the Board for its support and counsel and to our regulators for their guidance.

Lastly to our staff, I send my sincere appreciation for all your hard work, commitment, and belief in the brand. Without you we would not achieve the success we have.

Ciaran McSharry
(Managing Director)
21 March 2023

"Whilst a 4% positive jaws ratio was achieved for 2022, cost pressure remains an area of significant concern and future focus given the technical nature of some of the credits included under total income."

Corporate Governance Report

The Board of Directors of First Capital Bank Limited (Zimbabwe) ("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 Zimbabwe Stock Exchange Listing Rules, SI134/2019 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 Managing Director 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 Managing Director. 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 Zimbabwe 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 Managing Director.

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

Ethics
In 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 five Board meetings in the year 2022, one strategy review meeting and a Board evaluation review meeting. Each Board Committee held at least four quarterly meetings. 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 2022 is shown in the last part of this report.

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

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

Audit Committee
The primary functions of the Committee are to oversee the financial management discipline of the Bank, review the Bank's accounting policies, the contents of the financial reports, disclosure controls and procedures, management's approach to internal controls, the adequacy and scope of the external and internal audit functions, compliance with regulatory and financial reporting requirements, oversee the relationship with the Bank's external auditors, as well as providing assurance to the Board that management's control assurance processes are being implemented and are complete and effective. At each meeting, the Committee reviews reported and noted weaknesses in controls and any deficiencies in systems and the remediation plans to address them. The Committee also monitors the ethical conduct of the Bank, its executives and senior officers and advises the Board as to whether the Bank is complying with the aims and objectives for which it has been established. During the period under review, there were no material losses as a result of internal control breakdowns.
The committee is wholly comprised of independent non-executive directors. The members of the Committee as at 31 December 2022 were:-
A. Chinamo (Chairperson)
T. Moyo
K. Terry

Board Credit Committee
The Board Credit Committee is tasked with the overall review of the Bank's lending policies. At each meeting, the Committee deliberates and considers loan applications beyond the discretionary limits of management. It ensures that there are effective procedures and resources to identify and manage irregular or problem credit facilities, minimize credit loss and maximize recoveries. It also directs, monitors, reviews and considers all issues that may materially impact on the present and future quality of the Bank's credit risk management.
The Committee comprises three non-executive directors. The members of the Committee as at 31 December 2022 were: -
K. Terry (Chairperson)
H. Anadkat
K. Naik

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

The Committee comprises three non-executive directors. The members of the Committee as at 31 December 2022 were: -
T. Moyo (Chairperson)
A. Chinamo
S.N. Moyo

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

The Committee comprises three non-executive directors. The members of the Committee as at 31 December 2022 were: -
K. Naik (Chairperson)
P. Devenish
H. Anadkat

Board Risk Committee
The Board Risk Committee is charged with the responsibility to oversee the Bank's overall enterprise risk environment under three broad areas of Operational Risk, Credit Risk Management and Market Risk. These are controlled and managed independently from risk-taking functions and other committees of the Bank. The committee is responsible for the policies and procedures designed to monitor, evaluate and respond to risk trends and risk levels across the Bank ensuring that they are kept within acceptable levels.
The Committee comprises three non-executive directors. As at 31 December 2022 members of the committee were: -
S. N. Moyo (Chairperson)
A. Chinamo
M. Gursahani

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

The Committee comprises three non-executive directors. As at 31 December 2022, the Committee was made up of the following members:-
K. Terry (Chairperson)
T. Moyo
M. Gursahani

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

Executive Committee (EXCO)
The Executive Committee receives its authority from the Board of First Capital Bank Limited (Zimbabwe). The Managing Director 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 Managing Director to manage the Bank, to guide and control the overall direction of the business of the Bank and acts as a medium of communication and co-ordination between business units and the Board. The Committee delegated work and authority to management committees including but not limited to the Country Management Committee, Asset and Liability Management Committee, Enterprise Risk Management Committee, Management Credit Committee and other specialized Committees. The Committee comprises of executive directors and senior management.

Country Management Committee (CMC)
The Country Management Committee is the operational management forum responsible for the delivery of the Bank's operational plans including implementation of operational plans, annual budgeting, and periodic review of strategic plans, as well as identification and management of key risks. The Committee shall be responsible for providing direction and oversight on operations across the business. The Committee assists the Managing Director 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 2022

Main Board

Name	Total Meetings	Present	Absent
P. Devenish	5	5	Nil
T. Moyo	5	5	Nil
S. Moyo	5	5	Nil
H. Anadkat	5	5	Nil
K. Terry	5	5	Nil
K. Naik	5	4	1
A. Chinamo	5	5	Nil
M Gursahani	5	4	1
C. McSharry	5	5	Nil
F. Kapanje	5	5	Nil

Audit committee

Name	Total Meetings	Present	Absent
A. Chinamo	4	3	1
T. Moyo	4	3	1
K. Terry	4	4	Nil

Human resources & nominations committee

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

Loans review committee

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

Risk committee

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

IT Committee

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

Directors' shareholding
The following is a schedule of the directors' shareholdings in the Bank as at 31 December 2022.

P. Devenish	Nil
S. N. Moyo	Nil
T. Moyo	Nil
H. Anadkat *	36 068 751 (direct interest)
K. Terry	Nil
A. Chinamo	Nil
K. Naik	25 000 (direct interest)
C. McSharry	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.

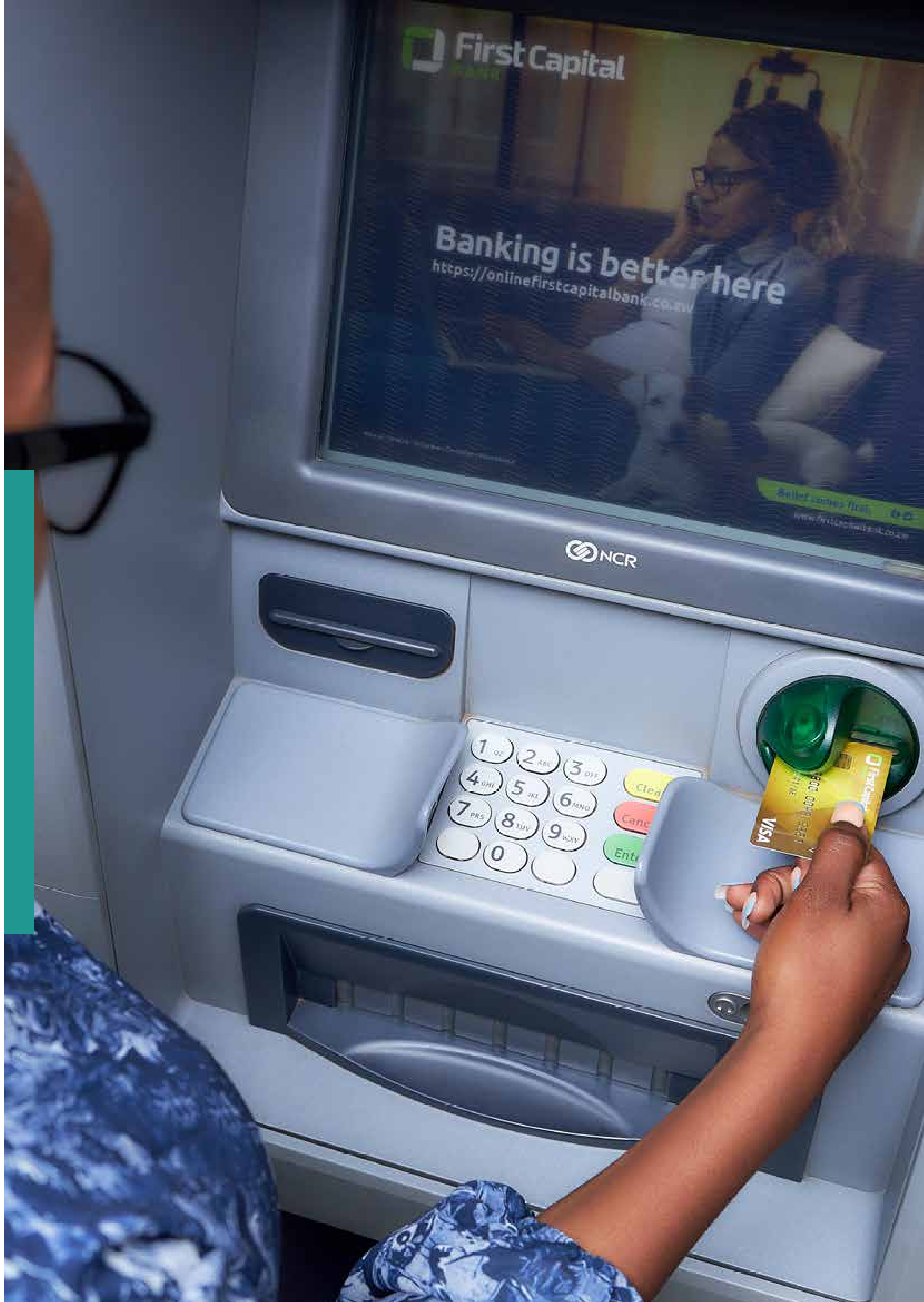
Annual financial statements
The Directors are responsible for the preparation and integrity of the financial results and related financial information contained in this report. The financial statements, which for the basis of these financial results, are prepared in accordance with International Financial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

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

By Order of the Board

Sarudzai Binha
Company Secretary

21 March 2023



DIRECTORS

Kiritkumar Naik
Independent
Non-Executive Director

Acquilina Chinamo
Independent
Non-Executive Director

Kevin Terry
Independent
Non-Executive Director

Sara Nyaradzo Moyo
Independent
Non-Executive Director

Ciaran McSharry
Managing Director

Patrick Devenish
Chairman

Hitesh Anadkat
Non-Executive Director

Tembiwe Moyo
Independent
Non-Executive Director

Fanuel Kapanje
Chief Finance Officer

Mahendra Gursahani
Non-Executive Director

DIRECTOR PROFILES

Patrick Devenish ***Independent Non-Executive Independent Chairman***

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

Ciaran McSharry ***Managing Director***

Ciaran McSharry was appointed as the Chief Finance Officer of First Capital Bank Limited (Zimbabwe) in May 2018 and subsequently as Managing Director of the bank in 2020. He holds a Bachelor of Business Studies degree and is a member of the Chartered Association of Certified Accountants. He brings a wealth of banking experience to the board, having worked for 22 years in the banking sector. He previously served as the Finance Director in different functions across the Barclays Group. He also held many high-ranking roles at the Bank of America, Lloyds Banking Group and Total UK PLC.

Hitesh Anadkat ***Non-Executive Director***

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

Sara Nyaradzo Moyo ***Independent Non-Executive Director***

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

Tembiwe Moyo ***Independent Non-Executive Director***

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

Kevin Terry ***Independent Non-Executive Director***

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

Acquilina Chinamo ***Non-Executive Director***

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

Kiritkumar Naik ***Non-Executive Director***

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

Mahendra Gursahani ***Non-Executive Director***

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

Fanuel Kapanje ***Executive Director***

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

Management Team

Hillary Kubvoruno
Head of Risk

Lovemore Mangenda
Head of Compliance

Shingai Shora
Head of Credit

Munyaradzi Kavhu
Chief Operating Officer

Angela Kamhiriri
Consumer Banking Director

Fanuel Kapanje
Chief Finance Officer

Ciaran McSharry
Managing Director

Mutemwa Ushewokunze
Commercial Director

Emily Nemapare
Head of Marketing and Communication

Brian Takaedza
Head of Treasury and Markets

Sarudzai Binha
Head of Legal and Company Secretary

Tinashe Takawira
Head of Human Resources

Farai Chirozva
Head of Internal Audit

Directors' Report

The Directors of the Group are pleased to submit their report to shareholders for the financial year ended 31 December 2022.

Share capital

The authorised share capital of the Group remained unchanged at 5 000 000 000 with a nominal value of ZWL0.01 per each share. Issued and fully paid-up shares as at 31 December 2022 amounted to 2 160 865 929 (2021: 2 160 205 959).

A total of 660 000 shares were released consequent to the exercise of rights under the share option scheme by seven members of staff. A reconciliation of options to acquire shares granted under the share option scheme managed by the Directors as at the end of the year under review is as follows:

Shares allocated to management under share option scheme	2022	2021
Balance at beginning of year	**30,253,397**	**33,663,397**
Forfeited share options	1,220,000	1,060,000
Granted share options	(860,000)	(4,470,000)
Balance at end of year	**30,613,397**	**30,253,397**

Financial Results

The Group posted an inflation adjusted profit for the year 2022 amounting to ZWL8.3b compared to a profit of ZWL11.5b in 2021. The total comprehensive income amounted to ZWL14.2b in 2022 having decreased from ZWL18.1b in 2021.

Inflation adjusted total assets as at 31 December 2022 amounted to ZWL160.8b, having increased from ZWL103.9b at 31 December 2021.

The Group's total equity increased from ZWL35.9b at 31 December 2021 to ZWL46.7b as at 31 December 2022. Core capital was USD46.2m which was above the minimum requirement of USD30m.

Capital ratios achieved as at year end were as follows:

	Historical Cost	
	2022	2021
Tier 1 Capital Ratio	24%	30%
Tier 1 & 2 Capital Ratio	35%	38%
Total Capital Adequacy Ratio	34%	37%

Dividends

The Directors declared dividends for the year totaling ZWL3.7b, with ZWL954.9m having been paid as an interim dividend whilst ZWL2.7b will be paid as a second interim dividend.

Directorate

Appointments and resignations

There were no appointments and or resignations in the current year

Director rotation

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

Mrs. Sara Moyo and Messrs. Kevin Terry and Kiritkumar Naik were re-elected to the Board by the shareholders at the Annual General Meeting of 5 May 2022, having been eligible, and after offering themselves for such re-election.

Mrs A Chinamo, Mrs T Moyo and Mr H Anadkat retire at the forthcoming Annual General Meeting. Being eligible, they all offer themselves for re-election."

Directors' remuneration

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

Going concern

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

The Group's financial statements as at 31 December 2022 have therefore been prepared on the going-concern assumption.

Auditors

Shareholders will be requested to consider the remuneration of Messrs. Deloitte & Touche (Zimbabwe) for their services with respect to the year ended 31 December 2022 and being eligible, to consider their re-appointment for the ensuing year. Auditors remuneration is contained in note 9.1.3.

By Order of the Board

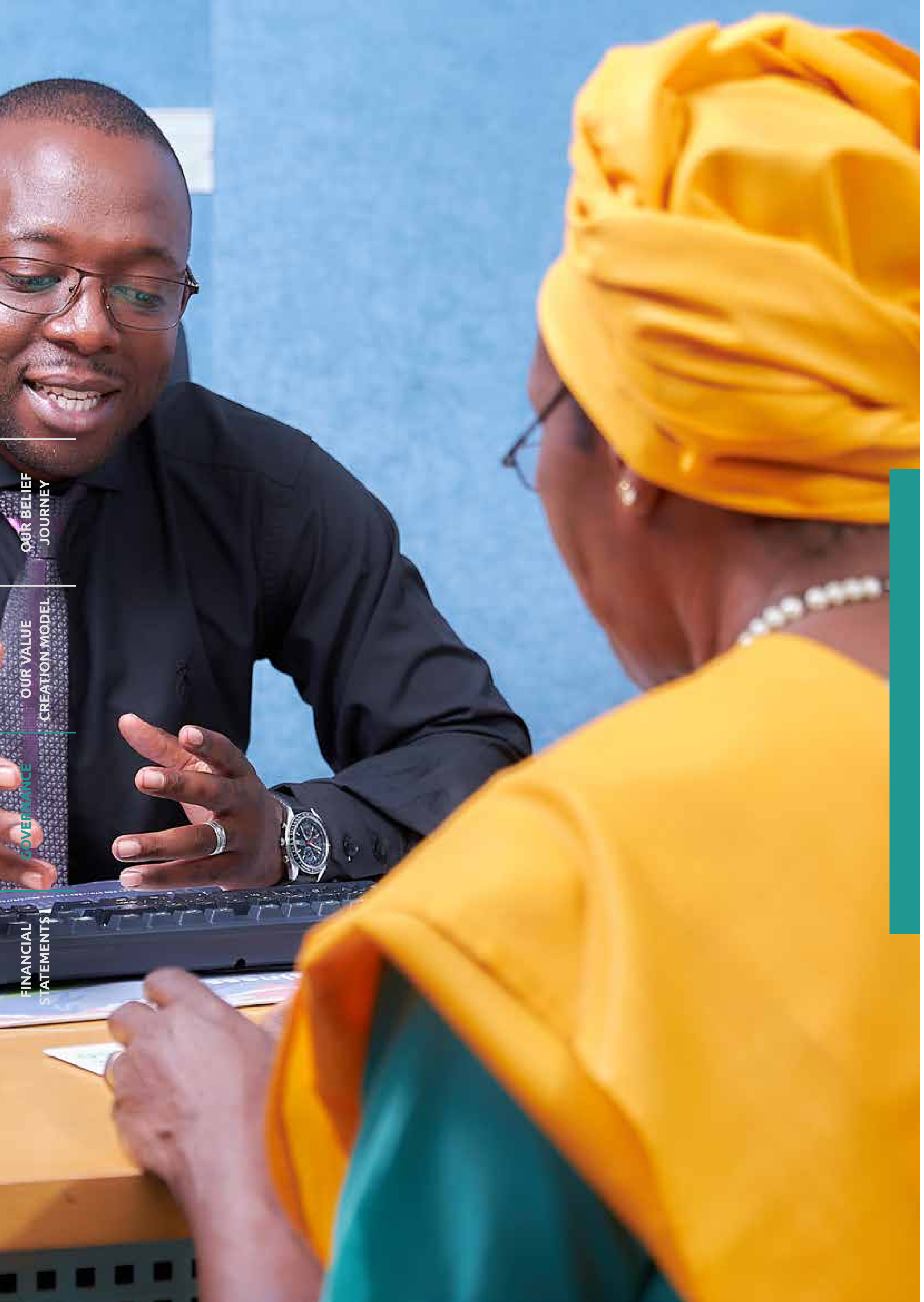
………………………………	………………………………	………………………
P Devenish	**C McSharry**	**S Binha**
(Chairman)	(Managing Director)	(Company Secretary)

HARARE
21 March 2023

Board Of Directors

As at 31 December 2022 the following were the Directors of the Group:

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



Directors' Statement of Responsibility

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

To enable the Directors to meet these responsibilities:

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

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

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

Approval of the annual financial statements
The Directors' report on page 60 and the annual financial statements of the Group which appear on pages 69-131 were approved by the Board of Directors on the 21st March 2023.

It is the responsibility of the independent auditors to report on the fair presentation of annual financial statements. The auditors' report to the shareholders of the Group is set out on pages 64-67 of this report.

P Devenish	**C McSharry**	**S Binha**
(Chairman)	(Managing Director)	(Company Secretary)

Deloitte.

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

Report on the audit of the consolidated and separate inflation adjusted financial statements

Opinion

We have audited the consolidated and separate inflation adjusted financial statements of First Capital Bank Limited and its subsidiaries (the Group) set out on pages 69-131, which comprise the consolidated and separate statements of financial position as at 31 December 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate inflation adjusted financial statements present fairly, in all material respects the consolidated and separate financial position of First Capital Bank Limited as at 31 December 2022, and its consolidated and separate financial performance and consolidated and separate statements of cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Banking Act (Chapter 24:20)

Basis for opinion

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

Key audit matters

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

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Key audit matter	How the matter was addressed"
1.Determination of expected credit losses on financial assets	
As disclosed in note 36.3.1 the expected credit losses (ECL) reflected in the inflation adjusted statement of financial position as at 31 December 2022 determined in accordance with International Financial Reporting Standard 9, "Financial Instruments" (IFRS 9), amounts to ZWL$ 833 million (2021 ZWL$ 511.8 million).	To respond to the risk, we performed audit procedures which included: • Obtained an understanding of the business processes around the impairment of financial assets and tested the design and implementation of relevant controls. • We evaluated the competence, objectivity and independence of specialists that we engaged and • Tested the completeness and accuracy of loans and advances included in the ECL calculations.
This was considered a key audit matter as the determination of the ECL requires significant judgements, including:	With the assistance of an auditor's specialist: • Reviewed the Bank's IFRS 9 based impairment provisioning policy, compared it with the requirements of IFRS 9 and performed an independent assessment on the appropriateness of the model. • Reviewed the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages.
• Models used to determine provisions are complex and might not have taken into account all relevant factors such as macroeconomic data for forecasts and the data used for historical analysis might not be accurate. "	• Obtained an understanding of the Bank's internal rating models for loans and advances and for a sample of loans and advances, we tested the appropriateness of the Bank's staging of loans and advances. • Reviewed the key data sources and assumptions for data used in the Expected Credit Loss models (the Models) used by the Bank to determine impairment provisions.
• The estimation of the key components of the expected credit loss ("ECL") provisions involves significant judgement in determination of probability of default (PD), loss given default (LGD) and exposure at default (EAD)."	• Tested the appropriateness of determining Exposure at Default (EAD) and probability of default; and • Reviewed the calculation of the Loss Given Default (used in the ECL calculations, including the appropriateness of the discounting of ECL performed by management and the resultant arithmetical calculations. • Tested the rationale of management overlays which are performed through the Bank's benchmarking process
• The current economic environment is very volatile which further heightens the risk of incorporating inaccurate forward-looking information. In addition, the increased liquidity constraints may have impacted the financial position of companies and individuals which needs to be incorporated in the determination of the expected credit losses. • The judgements and estimates used in the determination of the ECL have been detailed as per note 3 of the inflation adjusted financial statements.	• Assessed whether forward looking information has been incorporated into the Bank's ECL computations for all financial assets subject to impairment in terms of IFRS 9 and whether it is appropriate in light of the current economic environment; and • We evaluated the impact of any findings identified on the expected credit loss provision. The disclosures and accounting pertaining to the ECL was found to be appropriate in terms of the relevant accounting standards.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Directors' Statement of Responsibility and the historical cost financial information, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate inflation adjusted financial statements and our auditor's report thereon. Our opinion on the consolidated and separate inflation adjusted financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. "

In connection with our audit of the consolidated and separate inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate inflation adjusted financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the directors for the consolidated and separate inflation adjusted financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

Section 193(1)(a)

The inflation adjusted separate financial statements of the company are properly drawn up in accordance with the Act and give a true and fair view of the state of the Bank's affairs as at 31 December 2022.

Section 193(2)

We have no matters to report in respect of the Section 193(2) requirements of the Act.

Deloitte & Touche

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

27 March 2023

FINANCIAL STATEMENTS

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

....

F Kapanje
(Chief Finance Officer)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2021

	Notes	Inflation adjusted 2022 ZWL000	2021 ZWL000	Historical* 2022 ZWL000	2021 ZWL000
Interest income	4	13,299,059	9,411,441	9,542,159	2,187,593
Interest expense	5	(657,666)	(182,481)	(421,814)	(40,450)
Net interest income		**12,641,393**	**9,228,960**	**9,120,345**	**2,147,143**
Net fee and commission income	6	12,191,026	9,749,013	8,671,394	2,263,413
Net trading and foreign exchange income	7	11,521,494	3,142,440	7,382,014	726,038
Net investment and other income	8	753,466	997,797	642,251	270,616
Fair value (loss) / gain on investment property	22	(420,298)	2,805,950	2,770,874	990,860
Total non interest income		**24,045,688**	**16,695,200**	**19,466,533**	**4,250,927**
Total income		**36,687,081**	**25,924,160**	**28,586,878**	**6,398,070**
Impairment losses on financial assets	11	(683,745)	(249,281)	(683,745)	(57,110)
Net operating income		**36,003,336**	**25,674,879**	**27,903,133**	**6,340,960**
Operating expenses	9	(20,644,296)	(15,035,892)	(14,157,772)	(2,936,095)
Net monetary loss	10	(6,472,694)	(1,915,997)	-	-
Share of profit from joint venture	25	3,040,310	5,312,902	10,395,324	2,126,189
Profit before tax		**11,926,656**	**14,035,892**	**24,140,685**	**5,531,054**
Taxation	12	(3,533,876)	(2,505,717)	(2,723,624)	(609,126)
Profit for the year		**8,392,780**	**11,530,175**	**21,417,061**	**4,921,928**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Gain on revaluations	20	6,268,428	4,557,266	15,178,042	2,009,893
Deferred tax		(557,318)	(1,110,138)	(2,314,979)	(486,016)
Gain on financial assets at fair value through other comprehensive income		141,188	3,359,517	2,758,125	1,019,728
Deferred tax		(39,855)	(171,897)	(170,809)	(53,904)
Net gain on other comprehensive income		**5,812,443**	**6,634,748**	**15,450,379**	**2,489,701**
Total other comprehensive income/ (loss)		**5,812,443**	**6,634,748**	**15,450,379**	**2,489,701**
Total comprehensive income		**14,205,223**	**18,164,923**	**36,867,440**	**7,411,629**
Earnings per share					
Basic (cents per share)	13	388	534	991	228
Diluted (cents per share)	13	388	533	990	228

*Refer to note 2.1(e)

Separate Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	Inflation adjusted 2022 ZWL000	2021 ZWL000	Historical* 2022 ZWL000	2021 ZWL000
Interest income	4	13,299,059	9,411,441	9,542,159	2,187,593
Interest expense	5	(657,666)	(182,481)	(421,814)	(40,450)
Net interest income		**12,641,393**	**9,228,960**	**9,120,345**	2,147,143
Net fee and commission income	6	12,191,114	9,749,013	8,671,473	2,263,413
Net trading and foreign exchange income	7	9,457,969	3,142,440	6,045,730	726,038
Net investment and other income	8	753,466	997,797	642,251	270,616
Fair value (loss) / gain on investment property	22	(420,298)	2,805,950	2,770,874	990,860
Total non interest income		**21,982,251**	**16,695,200**	**18,130,328**	**4,250,927**
Total income		**34,623,644**	**25,924,160**	**27,250,673**	**6,398,070**
Impairment losses on financial assets	11	(683,745)	(249,281)	(683,745)	(57,110)
Net operating income		**33,939,899**	**25,674,879**	**26,566,928**	**6,340,960**
Operating expenses	9	(20,642,193)	(15,035,892)	(14,155,962)	(2,936,095)
Net monetary loss	10	(5,591,458)	(1,915,997)	-	-
Share of profits / (losses) from joint venture	25	3,040,310	5,312,902	10,395,324	2,126,189
Profit before tax		**10,746,558**	**14,035,892**	**22,806,290**	**5,531,054**
Taxation	12	(2,917,737)	(2,505,717)	(2,393,761)	(609,126)
Profit for the year		**7,828,821**	**11,530,175**	**20,412,529**	**4,921,928**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Gain / (loss) on revaluations	20	5,813,483	4,107,838	13,358,042	1,780,455
Deferred tax		(161,796)	(999,042)	(1,865,075)	(440,128)
Gain on financial assets at fair value through other comprehensive income		1,200,548	3,808,945	5,915,877	1,249,165
Deferred tax		(627,407)	(261,783)	(802,360)	(99,792)
Net gain on other comprehensive income		**6,224,828**	**6,655,958**	**16,606,484**	**2,489,700**
Total other comprehensive income		**6,224,828**	**6,655,958**	**16,606,484**	**2,489,700**
Total comprehensive income		**14,053,649**	**18,186,133**	**37,019,013**	**7,411,628**
Earnings per share					
Basic (cents per share)	13	362	534	945	228
Diluted (cents per share)		362	533	943	228

*Refer to note 2.1(e)

Consolidated Statement of Financial Position
as at 31 December 2022

	Notes	Inflation adjusted 2022 ZWL000	Inflation adjusted 2021 ZWL000	Historical* 2022 ZWL000	Historical* 2021 ZWL000
Assets					
Cash and bank balances	**14**	53,609,309	31,280,302	53,609,309	9,099,463
Derivative financial instruments	**15**	12,576	6,157	12,576	1,791
Investment securities	**16**	13,225,558	9,967,610	13,225,558	2,899,585
Loans and receivables from Banks	**17**	225,622	118,587	225,622	34,497
Loans and advances to customers	**18**	45,342,180	24,550,086	45,342,180	7,141,638
Other assets	**19**	8,001,970	9,449,956	7,710,234	2,654,391
Current tax asset	**33**	1,072,374	-	1,072,374	-
Investment properties	**22**	4,080,000	4,394,420	4,080,000	1,278,340
Investment in joint venture	**25**	13,479,449	10,601,984	13,479,449	3,084,125
Property and equipment	**20**	18,814,882	12,135,095	18,814,882	3,515,459
Intangible assets	**23**	679,309	896,900	8,941	11,982
Right of use assets	**26.1**	2,242,038	591,054	1,042,315	171,938
Total assets		**160,785,267**	**103,992,151**	**158,623,440**	**29,893,209**
Liabilities					
Derivative financial instruments	**15**	-	4,373	-	1,272
Lease liabilities	**26.2**	1,823,304	587,939	1,823,304	171,032
Deposits from banks	**27**	800,769	1,881,601	800,769	547,359
Deposits from customers	**28**	93,514,048	56,367,397	93,514,048	16,397,317
Employee benefit accruals	**29**	1,166,032	691,923	1,166,032	201,281
Other liabilities	**30**	12,184,655	4,925,197	12,183,437	1,424,672
Current tax liabilities	**33**	-	43,514	-	12,658
Balances due to group companies	**39.5**	47,628	790,854	47,628	230,060
Deferred tax liabilities	**32**	4,578,693	2,843,908	3,834,865	735,439
Total liabilities		**114,115,129**	**68,136,706**	**113,370,083**	**19,721,090**
Equity					
Capital and reserves					
Share capital	**34.1**	39,537	39,536	216	216
Share premium	**34.2**	4,371,354	4,371,261	24,160	24,085
Non - distributable reserve	**34.3**	1,426,975	1,426,975	7,785	7,785
Fair value through other comprehensive income reserve	**34.4**	3,111,479	3,302,790	3,601,907	1,014,591
Property revaluation reserve	**34.5**	11,534,121	5,823,011	15,083,797	2,220,734
General reserve	**34.6**	126,981	-	126,981	-
Share - based payment reserve	**34.7**	230,159	230,195	5,010	2,274
Retained earnings		25,829,532	20,661,677	26,403,501	6,902,434
Total equity		**46,670,138**	**35,855,445**	**45,253,357**	**10,172,119**
Total equity and liabilities		**160,785,267**	**103,992,151**	**158,623,440**	**29,893,209**

*Refer to note 2.1 (e)

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P Devenish
(Chairman)

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C McSharry
(Managing Director)

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S Binha
(Company Secretary)

HARARE
21 March 2023

Separate Statement of Financial Position
as at 31 December 2022

	Notes	Inflation adjusted 2022 ZWL000	Inflation adjusted 2021 ZWL000	Historical* 2022 ZWL000	Historical* 2021 ZWL000
Assets					
Cash and bank balances	**14**	53,609,309	31,280,302	53,609,309	9,099,463
Derivative financial instruments	**15**	12,576	6,157	12,576	1,791
Investment securities	**16**	13,225,558	9,967,610	13,225,558	2,899,585
Loans and receivables from Banks	**17**	225,622	118,587	225,622	34,497
Loans and advances to customers	**18**	45,342,180	24,550,086	45,342,180	7,141,638
Other assets	**19**	7,979,686	9,449,957	7,687,948	2,654,391
Current tax asset	**33**	1,072,374	-	1,072,374	-
Investment properties	**22**	4,080,000	4,394,420	4,080,000	1,278,340
Investment in joint venture	**25**	13,479,449	10,601,984	13,479,449	3,084,125
Property and equipment	**20**	16,434,882	10,210,040	16,434,882	2,955,459
Investment in subsidiaries	**24**	5,816,418	1,925,055	5,816,418	560,000
Intangible assets	**23**	679,309	896,900	8,941	11,982
Right of use assets	**26.1**	2,242,038	591,054	1,042,315	171,938
Total assets		**164,199,401**	**103,992,152**	**162,037,572**	**29,893,209**
Liabilities					
Derivative financial instruments	**15**	-	4,373	-	1,272
Lease liabilities	**26.2**	1,823,304	587,939	1,823,304	171,032
Deposits from banks	**27**	800,769	1,881,601	800,769	547,359
Deposits from customers	**28**	96,925,095	56,367,397	96,925,095	16,397,317
Employee benefit accruals	**29**	1,166,032	691,923	1,166,032	201,281
Other liabilities	**30**	12,184,383	4,925,199	12,183,164	1,424,672
Current tax liabilities	**33**	-	43,514	-	12,658
Balances due to group companies	**39.5**	47,628	790,854	47,628	230,060
Deferred tax liabilities	**32**	4,419,648	2,822,698	3,686,649	735,439
Total liabilities		**117,366,859**	**68,115,498**	**116,632,641**	**19,721,090**
Equity					
Capital and reserves					
Share capital	**34.1**	39,537	39,536	216	216
Share premium	**34.2**	4,371,354	4,371,261	24,160	24,085
Non - distributable reserve	**34.3**	1,426,975	1,426,975	7,785	7,785
Fair value through other comprehensive income reserve	**34.4**	4,235,473	3,662,332	6,311,658	1,198,141
Property revaluation reserve	**34.5**	11,136,366	5,484,679	13,530,151	2,037,184
General reserve	**34.6**	126,981	-	126,981	-
Share - based payment reserve	**34.7**	230,159	230,195	5,010	2,274
Retained earnings		25,265,697	20,661,676	25,398,970	6,902,434
Total equity		**46,832,542**	**35,876,654**	**45,404,931**	**10,172,119**
Total equity and liabilities		**164,199,401**	**103,992,152**	**162,037,572**	**29,893,209**

*Refer to note 2.1 (e)

……………………………………
P Devenish
(Chairman)

……………………………………
C McSharry
(Managing Director)

……………………………………
S Binha
(Company Secretary)

HARARE
21 March 2023

Consolidated Statement of Changes in Equity
for the year ended 31 December 2022

Inflation adjusted 2022	Share capital ZWL000	Share premium ZWL000	Non-distrib-utable reserve ZWL000	Fair value through other compre-hensive income ZWL000	Property revaluation reserve ZWL000	Impairment reserve ZWL000	General Reserve ZWL000	Share-based payment reserve ZWL000	Retained earnings ZWL000	Total equity ZWL000
Balance at 1 January 2022	**39,536**	**4,371,261**	**1,426,975**	**3,302,790**	**5,823,011**	**-**	**-**	**230,195**	**20,661,677**	**35,855,445**
Profit for the year	-	-	-	-	-	-	-	-	8,392,780	8,392,780
Other comprehensive income for the year	-	-	-	101,333	5,711,110	-	-	-	-	5,812,443
Total comprehensive income for the year	**-**	**-**	**-**	**101,333**	**5,711,110**	**-**		**-**	**8,392,780**	**14,205,223**
Recognition of share - based payments	-	-	-	-	-	-	-	3,451	-	3,451
Issue of ordinary shares under share-based payment plans	1	93	-	-	-	-	-	(3,487)	-	(3,393)
Impairment of fair value through other comprehensive	-	-	-	(292,644)	-	-	-	-	-	(292,644)
Regulatory impairment allowances	-	-	-	-	-	-	126,981	-	(126,981)	-
Dividends paid	-	-	-	-	-	-	-	-	(3,097,944)	(3,097,944)
Balance at 31 December 2022	**39,537**	**4,371,354**	**1,426,975**	**3,111,479**	**11,534,121**	**-**	**126,981**	**230,159**	**25,829,532**	**46,670,138**

Inflation adjusted 2021	Share capital ZWL000	Share premium ZWL000	Non-distrib-utable reserve ZWL000	Fair value through other compre-hensive income ZWL000	Property revaluation reserve ZWL000	Impairment reserve ZWL000	General Reserve	Share-based payment reserve ZWL000	Retained earnings ZWL000	Total equity ZWL000
Balance at 1 January 2021	**39,536**	**4,370,811**	**1,426,975**	**112,650**	**2,419,568**	**2,520**	**-**	**226,057**	**9,529,722**	**18,127,839**
Profit for the year	-	-	-	-	-	-	-	-	11,530,175	11,530,175
Other comprehensive income for the year	-	-	-	3,187,620	3,447,128	-	-	-	-	6,634,748
Total comprehensive income for the year	**-**	**-**	**-**	**3,187,620**	**3,447,128**	**-**		**-**	**11,530,175**	**18,164,923**
Transfer between reserves	-	-	-	2,520	-	(2,520)	-	-	-	-
Recognition of share - based payments	-	-	-	-	-	-	-	4,208	-	4,208
Issue of ordinary shares under share-based payment plans	-	450	-	-	-	-	-	(70)	-	380
Realisation of revaluation reserves	-	-	-	-	(43,685)	-	-	-	43,685	-
Dividends paid	-	-	-	-	-	-	-	-	(441,905)	(441,905)
Balance at 31 December 2021	**39,536**	**4,371,261**	**1,426,975**	**3,302,790**	**5,823,011**	**-**	**-**	**230,195**	**20,661,677**	**35,855,445**

Separate Statement of Changes in Equity
for the year ended 31 December 2022

Inflation adjusted 2022	Share capital ZWL000	Share premium ZWL000	Non- distrib-utable reserve ZWL000	Fair value through other compre-hensive income ZWL000	Property revaluation reserve ZWL000	General reserve ZWL000	Share-based payment reserve ZWL000	Retained earnings ZWL000	Total equity ZWL000
Balance at 1 January 2022	**39,536**	**4,371,261**	**1,426,975**	**3,662,332**	**5,484,679**	**-**	**230,195**	**20,661,676**	**35,876,654**
Profit for the year	-	-	-	-	-	-	-	7,828,821	7,828,821
Other comprehensive income for the year	-	-	-	573,141	5,651,687	-	-	-	6,224,828
Total comprehensive income for the year	**-**	**-**	**-**	**573,141**	**5,651,687**	**-**	**-**	**7,828,821**	**14,053,649**
Recognition of share - based payments	-	-	-	-	-	-	3,451	-	3,451
Issue of ordinary shares under share-based payment plans	1	93	-	-	-	-	(3,487)	-	(3,393)
Impairment of fair value through other comprehensive	-	-	-	-	-	-	-	-	-
Regulatory impairment allowances	-	-	-	-	-	126,981	-	(126,981)	-
Dividends paid	-	-	-	-	-	-	-	(3,097,819)	(3,097,819)
Balance at 31 December 2022	**39,537**	**4,371,354**	**1,426,975**	**4,235,473**	**11,136,366**	**126,981**	**230,159**	**25,265,697**	**46,832,542**

Inflation adjusted 2021	Share capital ZWL000	Share premium ZWL000	Non-distributable reserve ZWL000	Fair value through other compre-hensive income ZWL000	Property revaluation reserve ZWL000	Impairment reserve ZWL000	Share-based payment reserve ZWL000	Retained earnings ZWL000	Total equity ZWL000
Balance at 1 January 2021	**39,536**	**4,370,811**	**1,426,975**	**112,650**	**2,419,568**	**2,520**	**226,057**	**9,529,721**	**18,127,838**
Profit for the year	-	-	-	-	-	-	-	11,530,175	11,530,175
Other comprehensive income for the year	-	-	-	3,547,162	3,108,796	-	-	-	6,655,958
Total comprehensive income for the year	**-**	**-**	**-**	**3,547,162**	**3,108,796**	**-**	**-**	**11,530,175**	**18,186,133**
Transfer between reserves	-	-	-	2,520	-	(2,520)	-	-	-
Recognition of share - based payments	-	-	-	-	-	-	4,208	-	4,208
Issue of ordinary shares under share-based payment plans	-	450	-	-	-	-	(70)	-	380
Realisation of revaluation reserves	-	-	-	-	(43,685)	-	-	43,685	-
Dividends paid	-	-	-	-	-	-	-	(441,905)	(441,905)
Balance at 31 December 2021	**39,536**	**4,371,261**	**1,426,975**	**3,662,332**	**5,484,679**	**-**	**230,195**	**20,661,676**	**35,876,654**

Consolidated Statement of Changes in Equity
for the year ended 31 December 2022

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

Historical 2021*	Share capital ZWL000	Share premium ZWL000	Non-distrib-utable reserve ZWL000	Fair value through other compre-hensive income ZWL000	Property revaluation reserve ZWL000	Impairment reserve ZWL000	General reserve ZWL000	Share-based payment reserve ZWL000	Retained earnings ZWL000	Total equity ZWL000
Balance at 1 January 2021	**216**	**23,981**	**7,785**	**48,312**	**704,763**	**456**	**-**	**1,216**	**2,080,613**	**2,867,342**
Profit for the year	-	-	-	-	-	-	-	-	4,921,928	4,921,928
Other comprehensive income for the year	-	-	-	965,823	1,523,877	-	-	-	-	2,489,700
Total comprehensive income for the year	**-**	**-**	**-**	**965,823**	**1,523,877**	**-**	**-**	**-**	**4,921,928**	**7,411,628**
Transfer between reserves	-	-	-	456	-	(456)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	1,099	-	1,099
Issue of ordinary shares under share-based payment plans	-	104	-	-	-	-	-	(41)	-	63
Realisation of revaluation reserves	-	-	-	-	(7,906)	-	-	-	7,906	-
Dividend paid	-	-	-	-	-	-	-	-	(108,013)	(108,013)
Impairment of FVOCI financial assets	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2021	**216**	**24,085**	**7,785**	**1,014,591**	**2,220,734**	**-**	**-**	**2,274**	**6,902,434**	**10,172,119**

*Refer to note 2.1 (e)

Separate Statement of Changes in Equity
for the year ended 31 December 2022

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

Historical 2021*	Share capital ZWL000	Share premium ZWL000	Non-distributable reserve ZWL000	Fair value through other compre-hensive income ZWL000	Property revaluation reserve ZWL000	Impairment reserve ZWL000	Share-based payment reserve ZWL000	Retained earnings ZWL000	Total equity ZWL000
Balance at 1 January 2021	**216**	**23,981**	**7,785**	**48,312**	**704,763**	**456**	**1,216**	**2,080,613**	**2,867,342**
Profit for the year	-	-	-	-	-	-	-	4,921,928	4,921,928
Other comprehensive income for the year	-	-	-	1,149,373	1,340,327	-	-	-	2,489,700
Total comprehensive income for the year	**-**	**-**	**-**	**1,149,373**	**1,340,327**	**-**	**-**	**4,921,928**	**7,411,628**
Transfer between reserves	-	-	-	456	-	(456)	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	1,099	-	1,099
Issue of ordinary shares under share-based payment plans	-	104	-	-	-	-	(41)	-	63
Realisation of revaluation reserves	-	-	-	-	(7,906)	-	-	7,906	-
Dividend paid	-	-	-	-	-	-	-	(108,013)	(108,013)
Balance at 31 December 2021	**216**	**24,085**	**7,785**	**1,198,141**	**2,037,184**	**-**	**2,274**	**6,902,434**	**10,172,119**

*Refer to note 2.1 (e)

Consolidated Statement of Cash Flows
for the year ended 31 December 2022

	Notes	Inflation adjusted 2022 ZWL000	Inflation adjusted 2021 ZWL000	Historical* 2022 ZWL000	Historical* 2021 ZWL000
Cash flows from operating activities					
Profit before tax		**11,926,656**	**14,035,892**	**24,140,685**	**5,531,054**
Adjustments:					
Depreciation of property, equipment and the right of use asset impairment	9.1.2	861,683	1,687,424	922,800	62,997
Software amortisation	9.1.2	217,591	217,592	3,041	3,041
Impairment loss on financial assets	11	684,090	249,731	684,090	57,207
Share of profit from joint venture	25	(3,040,310)	(5,312,902)	(10,395,324)	(2,126,189)
Fair value loss on investment property	22	420,298	(2,805,950)	(2,770,874)	(990,860)
Dividend income	8	(290,746)	(793,480)	(206,569)	(202,255)
Loss on disposal of property and equipment	21	5,444	91,588	4,752	5,173
Interest on investment securities	4	(757,416)	(651,707)	(504,914)	(162,470)
Staff loan prepayment amortisation		606,854	589,866	(2,588)	38,356
Interest on lease liabilities	26.2	184,992	122,757	139,574	26,715
Net monetary loss		6,472,694	1,915,997	-	-
Share based payment expense		3,451	4,208	2,767	1,098
Derivatives		(12,576)	(1,785)	(12,576)	(519)
Cash flow from operating activities		**17,282,705**	**9,349,231**	**12,004,864**	**2,243,348**
Increase in loans and advances to customers		(20,792,094)	(11,515,715)	(38,844,292)	(4,823,864)
Decrease/(increase) in other assets		(599,101)	981,734	(4,541,102)	(488,527)
Increase in deposits from customers		37,146,651	7,654,673	77,116,731	7,581,331
(Decrease)/Increase in other liabilities		6,990,067	(3,278,579)	11,540,813	103,538
Corporate income tax paid	33	(3,877,095)	(2,821,767)	(3,195,019)	(671,398)
Net cash generated from operating activities		**36,151,133**	**369,577**	**54,081,995**	**3,944,428**
Cash flows from investing activities					
Purchase of property, equipment and intangible assets	20	(1,067,219)	(2,722,699)	(888,715)	(614,214)
Proceeds from sale of property and equipment	21	82,084	11,478	113,301	2,853
Purchase of equity securities	16	-	(148,965)	-	(32,537)
Dividends received		290,746	855,467	206,569	220,288
Interest received from investment securities		521,445	302,155	275,639	68,452
Purchase of investment securities		(16,904,120)	(58,858,291)	(11,179,681)	(12,258,889)
Proceeds from sale and maturities of investment securities		6,781,636	57,178,478	4,022,196	11,577,335
Net cash used in investing activities		**(10,295,428)**	**(3,382,377)**	**(7,450,691)**	**(1,036,712)**
Cash flows from financing activities					
Proceeds from issue of shares under a share based payment plan		49	275	45	63
Dividend paid		(3,097,944)	(441,905)	(1,789,013)	(108,013)
Lease liabilities payments	26	(428,803)	(398,239)	(332,490)	(58,637)
Net cash used in financing activities		**(3,526,698)**	**(839,869)**	**(2,121,458)**	**(166,587)**
Net (decrease)/increase in cash and cash equivalents		**22,329,007**	**(3,852,669)**	**44,509,846**	**2,741,129**
Cash and cash equivalents at the beginning of the year		31,280,302	35,132,971	9,099,463	6,358,334
Cash and cash equivalents at the end of the year	14	**53,609,309**	**31,280,302**	**53,609,309**	**9,099,463**

*Refer to note 2.1 (e)

Separate Statement of Cash Flows
for the year ended 31 December 2022

	Notes	Inflation adjusted 2022 ZWL000	Inflation adjusted 2021 ZWL000	Historical* 2022 ZWL000	Historical* 2021 ZWL000
Cash flows from operating activities					
Profit before tax		10,746,558	14,035,892	22,806,290	5,531,054
Adjustments:					
Depreciation of property, equipment and the right of use asset impairment	9.2.2	861,683	1,687,424	922,800	62,997
Software amortisation	9.2.2	217,591	217,592	3,041	3,041
Impairment loss on financial assets	11	684,090	249,731	684,090	57,207
Share of profit from joint venture	25	(3,040,310)	(5,312,902)	(10,395,324)	(2,126,189)
Fair value loss / (gain) on investment property	22	420,298	(2,805,950)	(2,770,874)	(990,860)
Dividend income	8	(290,746)	(793,480)	(206,569)	(202,255)
Loss on disposal of property and equipment	21	5,444	91,588	4,752	5,173
Interest on investment securities	4	(757,416)	(651,707)	(504,914)	(162,470)
Staff loan prepayment amortisation		606,854	589,864	(2,588)	38,356
Interest on lease liabilities	26.2	184,992	122,757	139,574	26,715
Net monetary loss		5,591,458	1,915,997	-	-
Share based payment expense		3,450	4,208	2,767	1,098
Derivatives		(12,576)	(1,784)	(12,576)	(519)
Cash flow from operating activities		**15,221,370**	**9,349,230**	**10,670,469**	**2,243,348**
Increase in loans and advances to customers		(20,792,094)	(11,515,715)	(38,844,292)	(4,823,864)
Decrease/(increase) in other assets		883,065	981,734	(4,404,692)	(488,527)
Increase in deposits from customers		40,557,699	7,654,673	80,527,779	7,581,331
(Decrease)/Increase in other liabilities		6,990,067	(3,278,579)	11,426,415	103,538
Corporate income tax paid	33	(3,877,095)	(2,821,767)	(3,195,019)	(671,398)
Net cash generated from operating activities		**38,983,012**	**369,576**	**56,180,660**	**3,944,428**
Cash flows from investing activities					
Purchase of property, equipment and intangible assets	20	(1,067,219)	(1,247,071)	(888,715)	(283,652)
Proceeds from sale of property and equipment	21	82,084	11,478	113,301	2,853
Purchase of equity securities	16	-	(148,965)	-	(32,537)
Investment in subsidiary	24	(2,832,004)	(1,475,627)	(2,098,666)	(330,562)
Dividends received		290,746	855,467	206,569	220,288
Interest received from investment securities		521,445	302,155	275,639	68,452
Purchase of investment securities		(16,904,120)	(58,858,291)	(11,179,681)	(12,258,889)
Proceeds from sale and maturities of investment securities		6,781,636	57,178,478	4,022,196	11,577,335
Net cash used in investing activities		**(13,127,432)**	**(3,382,376)**	**(9,549,357)**	**(1,036,712)**
Cash flows from financing activities					
Proceeds from issue of shares under a share based payment plan		49	275	45	63
Dividend paid		(3,097,819)	(441,905)	(1,789,012)	(108,013)
Lease liabilities payments	26	(428,803)	(398,239)	(332,490)	(58,637)
Net cash used in financing activities		**(3,526,573)**	**(839,869)**	**(2,121,457)**	**(166,587)**
Net (decrease)/increase in cash and cash equivalents		**22,329,007**	**(3,852,669)**	**44,509,846**	**2,741,129**
Cash and cash equivalents at the beginning of the year		31,280,302	35,132,971	9,099,463	6,358,334
Cash and cash equivalents at the end of the year	14	**53,609,309**	**31,280,302**	**53,609,309**	**9,099,463**

*Refer to note 2.1 (e)

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 incorporated in Mauritius. The Bank has a primary listing on the Zimbabwe Stock Exchange. The Bank is registered under registration number 148/1981.

1.2 Statement of compliance

The consolidated and separate annual 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 Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below. These policies have been consistently applied to all the years presented with the exception of property and equipment where all asset categories are now subject to periodic revaluations and not just the land and buildings. The policies were applied in accordance with financial reporting standards.

2.1(a) Basis of preparation

The consolidated and separate financial statements have been prepared on the basis of IAS 29 - Financial Reporting for Hyperinflationary Economies.

The Public Accountants and Auditors Board (PAAB), through circular 01/19, announced that the conditions conditions required for the application of IAS 29 had been met and all financial statements for the period ending from 1 July 2019 should be prepared on IAS 29 basis. The historical cost financial information is re-stated for the changes in purchasing power (inflation) as a result the financial statements are stated in terms of the closing Consumer Price Index ("CPI") at the end of the reporting period.

The following All items CPI indices were used to prepare the inflation adjusted financial statements:

Dates	All items CPI Index	Conversion factors
Dec-22	13,673	1.00
Dec-21	3,977	3.44

The procedures applied for the above restatement are as follows:

• Consolidated and separate financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for the prior period are restated in the same terms."

• Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at balance sheet date.

• Non-monetary assets and liabilities that are not carried at amounts current at balance sheet date and components of shareholders' equity are restated by the relevant monthly, yearly average or year-end conversion factors."

• All items in the income statement are restated by applying the relevant monthly, yearly average or year-end conversion factors with the exception of depreciation, amortisation and fair value gains and losses which applies the balance sheet approach.

The effect of inflation on the net monetary position of the Group is included in the income statement as a monetary loss adjustment.

2.1(b) 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 annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

2.1 (c) Basis of consolidation

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

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, that is when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

Subsidiaries

Subsidiaries are those investees controlled by the Group. The Group controls an investee if it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the subsidiary. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control ceases.

In the holding company's separate financial statements, investment in subsidiaries are accounted for at fair value through other comprehensive income.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2.1 (c) Basis of consolidation (continued)

Loss of Control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost and subsequently accounted for at fair value through other comprehensive income.

2.1(d) Functional and presentation currency

The consolidated financial statements are presented in Zimbabwe Dollars (ZWL), the functional currency of the Group.

2.1(e) Historic financial information

The historical amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies. As a result the auditors have not expressed an opinion on the historical financial information.

2.2 Adoption of new and revised accounting standards

During the current year, the Group has adopted all of the new and revised standards and interpretations issued by the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretation Committee (IFRIC) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2022. Further details of major new and revised accounting are in note 43.
The accounting policies applied in the audited inflation adjusted consolidated financial statements are consistent with the accounting policies in the most recent financial statements for the year ended 31 December 2022.

The principal accounting policies are set out below:

2.3 Revenue recognition

i) Net fee and commission income

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

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

ii) Net trading income

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

Income arises from both the sale and purchase of trading positions, margins which are achieved through market making and customer business and from changes in fair value caused by movements in interest and exchange rates, equity prices and other market variables.
Own credit gains/losses arise from the fair valuation of financial liabilities designated at fair value through the profit or loss component of the statement of comprehensive income.

2.4 Leasing

As a lessee

- The lease payments change due to changes in payment terms, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right of use asset

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The right of use assets are presented as a separate line in the statement of financial position.

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

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

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

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

2.5 Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

2.6 Employee benefits

Defined contribution schemes:

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

Defined benefit schemes:

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

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

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

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

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

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

The Group faces a number of actuarial risks such as;

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

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

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

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

Staff costs

Short-term employee benefits, including salaries, accrued performance costs, salary deductions and taxes are recognised over the reporting period in which the employees provide the services to which the payments relate. Performance costs are recognised to the extent that the Group has a present obligation to its employees that can be measured reliably and are recognised on an undiscounted basis over the period of service that employees are required to work to qualify for the services.
Fair value loss from staff loans relating to the differential between staff loans interest rates and market rate is expensed over the life of the loan.

2.7 Share-based payments

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

Employee services settled in equity instruments

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

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

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

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For the year ended 31 December 2022

2.8 Taxation

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

Current taxation

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

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

Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offsetting against taxable profits arising in the current or prior reporting period.
Provisions are recognised for pending tax audit issues based on estimates of whether additional taxes will be due after taking into account legal advice, progress made in the discussions or negotiations with tax authorities and previous tax precedents.

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

Deferred taxation

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Current and deferred tax not recognised in profit or loss

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

2.9 Property and equipment

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

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

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

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

2.9.1 Property and Equipment : Change in accounting policy

Moveble property and equipment previously held at cost are now held at fair value based on periodic valuation by external independent valuers, less subsequent accumulated depreciation and impairment. Below is the table indicating the impact of the change in the accounting policy:

Property and Equipment Category	Carrying amount before revaluation	Carrying amount after revaluation
	ZWL000	ZWL000
Computers	341,805	1,050,575
Other Equipment	99,786	2,080,957
Furniture and fittings	415	455,601
Motor vehicles	679,085	2,419,649
Total	**1,121,091**	**6,006,782**

2.10 Investment in subsidiary

In 2021, the Group acquired 100% shareholding in Thulile (Private) Limited which owns a piece of land measuring 18786 square metres and also holds cash.The Group consolidates this subsidiary presenting consolidated financial statements per IFRS10 requirements. Investment is subsidiary and equity of the subsidiary is eliminated when consolidating.

2.11 Investment property

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

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

2.12 Investment in joint venture

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

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

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

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

2.13 Intangible assets – Computer Software

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

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

2.13.1 Impairment of intangible assets

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

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

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

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

2.14 Provisions, contingent liabilities and undrawn commitments Provisions

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

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

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

Contingent liabilities

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

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

Undrawn commitments

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

2.15 Financial instruments

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

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

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

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

2.16 Financial assets and financial liabilities

Financial assets mapping table vs. accounting policies

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

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

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

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

2.16 Financial assets and financial liabilities (Continued)

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

i) Hold to collect contractual cash-flows - financial assets held at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

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

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

ii) Hold to collect contractual cash-flows and sell - financial assets at fair value through other comprehensive income (FVOCI)
A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

These assets include debt instruments held for liquidity management.

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

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

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

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

Modification of loans

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

2.16 Modification of loans (Continued)

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.

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

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

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

Effective interest method

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

Impairment of financial assets

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

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

Expected credit loss measurement

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

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

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

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

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

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

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

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

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

- Corporate loans with regulatory grades from 1 – 3
- Retail loans graded in bucket 0 and bucket 1 (bucket 0 no missed instalment, bucket 1 instalment overdue but less than 30 days)
- Debt securities, loans to Groups and Group balances which are performing grade
- These are a product of 12 month PD, 12 month LGD and EAD

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

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

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

iii) Lifetime ECLs (Stage 3 – default)

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

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

Note 36.5 provides more detail of how the expected credit loss allowance is measured.

Significant increase in credit risk (SICR)
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort this includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment including forward looking information, refer to note 36.3 (d) for examples of significant increase in credit risk.

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

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

Benchmarking ECL

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

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

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

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

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

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

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

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

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

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:
- The amount of impairment allowance measured in accordance with IFRS 9; and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies of IFRS 15.

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

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

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2.17 Derivative financial instruments
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.
Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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

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

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

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

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

1. Retail Banking - focuses on individual customers with product offering that incorporates direct debit facilities, current and savings accounts, investment savings products, safe custody, debit cards, consumer loans and mortgages.
2. Business Banking - focuses on small to medium enterprises with product offering similar to retail banking.
3. Corporate Banking - focuses on large corporates, multi-nationals and non-governmental organisations. Product offering includes current accounts, overdrafts, loans and foreign currency products.

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

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

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

i) Functional currency

Determination of the functional currency
This was a critical judgement area in the prior years given the existing legislation on the currency of the country compared to the substance over form of currency in use. In 2018, the transactional activity on the ground was pointing to a different functional currency than the legislated currency thereby resulting in a significant judgement on the currency. Resultantly the functional currency was determined to be ZWL and has been maintained in the current year as the appropriate functional currency. Refer to note 2.1 (d), section for functional and presentation currency.

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

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 36.2(c-e), which also sets out key sensitivities of the ECL to changes in these elements.

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

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 36.2

3. Judgements and estimates

iii) Income taxes

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

iv) Fair value of share options

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

v) Defined benefit pension scheme

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

vi) Investment property and investment in Joint Venture

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

Fair value of investment in joint venture, which is an investment in a hotel located in Victoria Falls is an area of significant judgement given the specialised nature of the property and limited hotel sales activity. The fair value has been previously determined by capitalisation of future deferred revenue.

The fair values of the above properties were determined in Zimbabwe Dollars (ZWL).

vii) FVOCI - treasury bills and bonds

These instruments are not actively traded hence the valuation inputs are unobservable. The unobservable inputs are generally determined based on inputs of similar nature or historical observations. Treasury bills are fair valued based on yields of recent treasury bill issues.

viii) FVOCI - equity instruments (Zimswitch investment)

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

Sensitivity assessment

			Sensitivity analysis		Sensitivity analysis	
Discounted Cashflow		**Valuation inputs used in model**	**Discount rate change**	**ZWL Valuation decrease**	**Discount rate change**	**ZWL Valuation increase**
	Discount Rate	29% - 85%	+500bps	17%	-500bps	16%
	Terminal Growth rate	29%	+500bps	3%	-500bps	5%

ix) Owner occupied property

The fair value of property is based on the nature, location and condition of the asset. The fair value is calculated by reference to the price that would be received to sell the property in an orderly transaction at a measurement date, or value determined by capitalisation of market rentals. Given the property pricing distortions in the market, challenges to access to sales information, valuation of properties becomes a significant judgement area with regards to the ZWL inputs applied in determining fair values.

Property value sensitivity analysis	**Consolidated ZWL000**	**Separate ZWL000**
Total Property portfolio value	**12,808,100**	**10,428,100**
Average capitalisation rate applied	8%	8%
50bps increase in capitalisation rate impact	(734,629)	(598,120)
50bps decrease in capitalisation rate impact	829,821	675,623

x) Conversion of foreign currency transactions and balances at interbank exchanges rates

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

xii) Useful lives and residual values

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

	Useful life	
Property and equipment	**2022**	**2021**
Buildings	50	50
Furniture and fittings	5	5
Computers	5	5
Office equipment	5	5
Motor vehicles	5	5
Intangible asset computer software	6	6

		Inflation adjusted		Historical	
		2022	**2021**	**2022**	**2021**
4	**Interest income**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
	Bank balances	426,875	431,824	320,671	96,574
	Loans and receivables from Banks and investment securities	757,416	651,707	504,914	162,470
	Loans and advances to customers	12,103,934	8,312,368	8,710,609	1,925,046
	Promissory notes	10,834	15,542	5,965	3,503
	Total interest income	**13,299,059**	**9,411,441**	**9,542,159**	**2,187,593**
5	**Interest expense**				
	Interest on lease liabilities	(184,992)	(122,757)	(139,574)	(26,715)
	Deposits from banks	(251,909)	(20,223)	(128,236)	(4,234)
	Customer deposits	(220,765)	(39,501)	(154,004)	(9,501)
	Total interest expense	**(657,666)**	**(182,481)**	**(421,814)**	**(40,450)**
6	**Net fee and commission income**				
6.1	**Fee and commission income-Group**				
	Account maintenance fees	2,717,661	1,874,990	1,764,833	387,188
	Insurance commission received	40,611	24,177	29,564	5,572
	Transfers and other transactional fees	4,401,999	4,043,445	3,291,364	986,152
	Guarantees	303,795	374,076	223,462	87,504
	Card based transaction fees	1,491,158	1,371,729	979,643	317,522
	Cash withdrawal fees	3,238,605	2,088,427	2,384,071	484,140
	Fee and commission income	**12,193,829**	**9,776,844**	**8,672,937**	**2,268,078**
	Fee and commission expense				
	Guarantees	(2,803)	(27,831)	(1,543)	(4,665)
	Fee and commission expense	**(2,803)**	**(27,831)**	**(1,543)**	**(4,665)**
	Net fee and commission income	**12,191,026**	**9,749,013**	**8,671,394**	**2,263,413**

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

		Inflation adjusted		Historical	
		2022	**2021**	**2022**	**2021**
6.2	**Fee and commission income-Bank**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
	Account maintenance fees	2,717,749	1,874,990	1,764,911	387,188
	Insurance commission received	40,611	24,177	29,564	5,572
	Transfers and other transactional fees	4,401,999	4,043,445	3,291,365	986,152
	Guarantees	303,795	374,076	223,462	87,504
	Card based transaction fees	1,491,158	1,371,729	979,643	317,522
	Cash withdrawal fees	3,238,605	2,088,427	2,384,071	484,140
	Fee and commission income	**12,193,917**	**9,776,844**	**8,673,016**	**2,268,078**
	Fee and commission expense				
	Guarantees	(2,803)	(27,831)	(1,543)	(4,665)
	Fee and commission expense	**(2,803)**	**(27,831)**	**(1,543)**	**(4,665)**
	Net fee and commission income	**12,191,114**	**9,749,013**	**8,671,473**	**2,263,413**

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

		Inflation adjusted		Historical	
7	**Net trading and foreign exchange income**	**2022**	**2021**	**2022**	**2021**
7.1	**Net trading and foreign exchange income-Group**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
	Net foreign exchange revaluation gain	7,373,339	332,045	4,464,412	82,886
	Net foreign exchange trading income	4,148,155	2,810,395	2,917,602	643,152
	Total	**11,521,494**	**3,142,440**	**7,382,014**	**726,038**

		Inflation adjusted		Historical	
7.2	**Net trading and foreign exchange income**	**2022**	**2021**	**2022**	**2021**
	Net trading and foreign exchange income-Bank	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
	Net foreign exchange revaluation gain	5,309,814	332,045	3,128,128	82,886
	Net foreign exchange trading income	4,148,155	2,810,395	2,917,602	643,152
	Total	**9,457,969**	**3,142,440**	**6,045,730**	**726,038**
8	**Net investment and other income**				
	Dividend income	290,746	793,480	206,569	202,255
	Loss on disposal of property and equipment	(5,444)	(91,588)	(4,752)	(5,173)
	Rental income	119,114	77,504	92,311	17,671
	Sundry income **	349,050	218,401	348,123	55,863
	Total	**753,466**	**997,797**	**642,251**	**270,616**

**Included in the 2022 sundry income is ZWL341 m of RBZ NOP support receivable which had been previously provided for but has now been settled as Treasury Bills.

		Inflation adjusted		Historical	
		2022	**2021**	**2022**	**2021**
9	**Operating expenses**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
9.1	**Operating expenses- Group**				
	Staff costs	**(8,638,550)**	**(5,565,703)**	**(5,783,015)**	**(1,175,966)**
	Infrastructure costs	(4,243,990)	(4,306,455)	(3,211,661)	(617,760)
	General expenses	(7,761,756)	(5,163,734)	(5,163,096)	(1,142,369)
	Total	**(20,644,296)**	**(15,035,892)**	**(14,157,772)**	**(2,936,095)**

		Inflation adjusted		Historical	
	Operating expenses analysis	2022	2021	2022	2021
9.1.1	**Staff costs**	ZWL000	ZWL000	ZWL000	ZWL000
	Salaries, allowances and Directors remuneration	(7,593,464)	(4,988,069)	(5,044,379)	(1,043,427)
	Medical costs	(447,787)	(262,206)	(315,676)	(60,241)
	Social security costs	(75,847)	(17,897)	(58,992)	(4,333)
	Pension costs: defined contribution plans	(518,001)	(293,323)	(361,201)	(66,867)
	Share based payments	(3,451)	(4,208)	(2,767)	(1,098)
	Total staff cost	**(8,638,550)**	**(5,565,703)**	**(5,783,015)**	**(1,175,966)**
	Average number of employees during the period:	520	491	520	491

		Inflation adjusted		Historical	
		2022	2021	2022	2021
9.1.2	**Infrastructure costs**	ZWL000	ZWL000	ZWL000	ZWL000
	Repairs and maintenance	(439,679)	(387,710)	(317,910)	(91,326)
	Heating, lighting, cleaning and rates	(481,217)	(301,770)	(360,413)	(68,558)
	Security costs	(270,104)	(190,519)	(181,945)	(44,663)
	Depreciation of property, equipment and right of use asset	(861,683)	(1,687,424)	(922,800)	(62,997)
	Software amortisation	(217,591)	(217,592)	(3,041)	(3,041)
	Operating lease - short term leases	(89,568)	(61,767)	(66,309)	(14,336)
	Connectivity, software and licences	(1,884,148)	(1,459,673)	(1,359,243)	(332,839)
	Total infrastructure costs	**(4,243,990)**	**(4,306,455)**	**(3,211,661)**	**(617,760)**

		Inflation adjusted		Historical	
		2022	2021	2022	2021
9.1.3	**General expenses**	ZWL000	ZWL000	ZWL000	ZWL000
	Consultancy, legal & professional fees	(234,364)	(227,204)	(170,647)	(51,689)
	Subscription, publications & stationery	(327,811)	(300,542)	(229,938)	(69,498)
	Marketing, advertising & sponsorship	(738,471)	(275,833)	(564,325)	(68,182)
	Travel & accommodation	(515,316)	(247,720)	(398,070)	(57,407)
	Entertainment	(1,592)	(1,416)	(1,323)	(365)
	Cash transportation	(622,438)	(518,919)	(419,337)	(116,367)
	COVID-19 costs	(215,039)	(226,373)	(118,408)	(51,032)
	Insurance costs	(479,229)	(397,077)	(343,296)	(91,090)
	Telex, telephones & communication	(702,316)	(503,316)	(495,896)	(118,119)
	Group recharges	(2,872,500)	(1,622,660)	(1,879,885)	(367,006)
	Card operating expenses	(50,230)	(205,197)	27,963	(44,084)
	Other administrative & general expenses	(1,002,450)	(637,477)	(569,934)	(107,530)
	Total general expenses	**(7,761,756)**	**(5,163,734)**	**(5,163,096)**	**(1,142,369)**
	Included in the operating expenses are the following:				
	Directors fees and remuneration:				
	For services as part of management	(397,526)	(239,872)	(218,890)	(54,075)
	For the oversight role as the director	-	-	-	-
	Total	**(397,526)**	**(239,872)**	**(218,890)**	**(54,075)**
	Auditors' remuneration:				
	Audit related services	(70,583)	(58,604)	(55,768)	(12,816)
	Review services	(24,610)	(10,632)	(13,551)	(2,397)
	Total auditors' remuneration	**(95,193)**	**(69,236)**	**(69,319)**	**(15,213)**

		Inflation adjusted		Historical	
		2022	2021	2022	2021
9.2	**Operating expenses- Bank**	ZWL000	ZWL000	ZWL000	ZWL000
	Staff costs	(8,638,550)	(5,565,703)	(5,783,015)	(1,175,966)
	Infrastructure costs	(4,243,990)	(4,306,455)	(3,211,660)	(617,760)
	General expenses	(7,759,653)	(5,163,734)	(5,161,287)	(1,142,369)
	Total	**(20,642,193)**	**(15,035,892)**	**(14,155,962)**	**(2,936,095)**

		Inflation adjusted		Historical	
	Operating expenses analysis	2022	2021	2022	2021
9.2.1	**Staff costs**	ZWL000	ZWL000	ZWL000	ZWL000
	Salaries, allowances and Directors remuneration	(7,593,464)	(4,988,069)	(5,044,379)	(1,043,427)
	Medical costs	(447,787)	(262,206)	(315,676)	(60,241)
	Social security costs	(75,847)	(17,897)	(58,992)	(4,333)
	Pension costs: defined contribution plans	(518,001)	(293,323)	(361,201)	(66,867)
	Share based payments	(3,451)	(4,208)	(2,767)	(1,098)
	Total staff cost	**(8,638,550)**	**(5,565,703)**	**(5,783,015)**	**(1,175,966)**
	Average number of employees during the period:	520	491	520	491

		Inflation adjusted		Historical	
		2022	2021	2022	2021
9.2.2	**Infrastructure costs**	ZWL000	ZWL000	ZWL000	ZWL000
	Repairs and maintenance	(439,679)	(387,710)	(317,909)	(91,326)
	Heating, lighting, cleaning and rates	(481,217)	(301,770)	(360,413)	(68,558)
	Security costs	(270,104)	(190,519)	(181,945)	(44,663)
	Depreciation of property, equipment and right of use asset	(861,683)	(1,687,424)	(922,800)	(62,997)
	Software amortisation	(217,591)	(217,592)	(3,041)	(3,041)
	Operating lease - short term leases	(89,568)	(61,767)	(66,309)	(14,336)
	Connectivity, software and licences	(1,884,148)	(1,459,673)	(1,359,243)	(332,839)
	Total infrastructure costs	**(4,243,990)**	**(4,306,455)**	**(3,211,660)**	**(617,760)**

		Inflation adjusted		Historical	
		2022	2021	2022	2021
9.2.3	**General expenses**	ZWL000	ZWL000	ZWL000	ZWL000
	Consultancy, legal & professional fees	(234,366)	(227,204)	(170,647)	(51,689)
	Subscription, publications & stationery	(327,811)	(300,542)	(229,938)	(69,498)
	Marketing, advertising & sponsorship	(738,471)	(275,833)	(564,325)	(68,182)
	Travel & accommodation	(515,316)	(247,720)	(398,070)	(57,407)
	Entertainment	(1,592)	(1,416)	(1,323)	(365)
	Cash transportation	(622,438)	(518,919)	(419,337)	(116,367)
	COVID-19 costs	(215,039)	(226,373)	(118,408)	(51,032)
	Insurance costs	(479,229)	(397,077)	(343,296)	(91,090)
	Telex, telephones & communication	(702,316)	(503,316)	(495,896)	(118,119)
	Group recharges	(2,872,500)	(1,622,660)	(1,879,885)	(367,006)
	Card operating expenses	(50,230)	(205,197)	27,964	(44,084)
	Other administrative & general expenses	(1,000,345)	(637,477)	(568,126)	(107,530)
	Total general expenses	**(7,759,653)**	**(5,163,734)**	**(5,161,287)**	**(1,142,369)**
	Included in the operating expenses are the following:				
	Directors fees and remuneration:				
	For services as part of management	(397,526)	(239,872)	(218,890)	(54,075)
	For the oversight role as the director	-	-	-	-
	Total	**(397,526)**	**(239,872)**	**(218,890)**	**(54,075)**
	Auditors' remuneration:				
	Audit related services	(70,583)	(58,604)	(55,768)	(12,816)
	Review services	(24,610)	(10,632)	(13,551)	(2,397)
	Total auditors' remuneration	**(95,193)**	**(69,236)**	**(69,319)**	**(15,213)**

10 Net monetary loss (NML)

10.1 Net monetary loss -Group

Net Monetary Loss is the cost of inflation representing loss in value on net monetary assets. The current cost of ZWL6.5 bn (2021: ZWL1.9 bn) in the statement of profit or loss and other comprehensive income was calculated using the balance sheet method.

10.2 Net monetary loss - Bank

Net Monetary Loss is the cost of inflation representing loss in value on net monetary assets. The current cost of ZWL5.6bn (2021: ZWL1.9 bn) in the statement of profit or loss and other comprehensive income was calculated using the balance sheet method.

		Inflation adjusted		Historical	
11	**Impairment losses on financial assets**	2022	2021	2022	2021
	Stage 1	ZWL000	ZWL000	ZWL000	ZWL000
	Loans and advances to customers	(298,719)	(128,814)	(298,719)	(27,708)
	Balances with banks - local & nostro	(7,145)	(9,257)	(7,145)	(439)
	Investment securities - treasury bills & bonds	(129,785)	(38,535)	(129,785)	(8,772)
	Other assets	37,309	(4,074)	37,309	(3,970)
	Total	**(398,340)**	**(180,680)**	**(398,340)**	**(40,889)**
	Stage 2				
	Loans and advances to customers	(91,828)	(7,064)	(91,828)	(1,686)
	Total	**(91,828)**	**(7,064)**	**(91,828)**	**(1,686)**
	Stage 3				
	Loans and advances to customers	(193,922)	(61,987)	(193,922)	(14,632)
	Total	**(193,922)**	**(61,987)**	**(193,922)**	**(14,632)**
	Total impairment raised during the period	(684,090)	(249,731)	(684,090)	(57,207)
	Recoveries of loans and advances previously written off	345	450	345	97
	Impairment losses recognised in profit/ loss	**(683,745)**	**(249,281)**	**(683,745)**	**(57,110)**

		Inflation adjusted		Historical	
12	**Taxation**	2022	2021	2022	2021
12.1	**Income tax recognised in profit or loss- Group**	ZWL000	ZWL000	ZWL000	ZWL000
	Current tax				
	Normal tax - current year	(2,396,265)	(2,853,760)	(2,109,987)	(653,896)
	Total current tax	**(2,396,265)**	**(2,853,760)**	**(2,109,987)**	**(653,896)**
	Deferred tax				
	Deferred tax (expense)/credit recognised in the current year	(1,137,611)	348,043	(613,637)	44,770
	Total deferred tax	**(1,137,611)**	**348,043**	**(613,637)**	**44,770**
	Total income tax charge recognised in the current year	**(3,533,876)**	**(2,505,717)**	**(2,723,624)**	**(609,126)**

12.1 Taxation Group (continued)

12.1.1	Inflation adjusted		Historical	
Income tax recognised in profit or loss: reconciliation of tax expense amount	**2022 ZWL000**	**2021 ZWL000**	**2022 ZWL000**	**2021 ZWL000**
Profit for the year	**11,926,658**	**14,035,891**	**24,140,685**	**5,531,054**
Income tax expense calculated at 24.72%	(2,948,270)	(3,469,672)	(5,967,577)	(1,367,276)
Effect of income that is exempt from taxation*	2,218,705	2,425,690	2,600,148	667,698
Effect of expenses that are not deductible in determining taxable profit**	(3,475,860)	(1,245,136)	(232,474)	(104,946)
Other	671,549	(216,599)	876,279	195,398
Income tax expense recognised in profit or loss	**(3,533,876)**	**(2,505,717)**	**(2,723,624)**	**(609,126)**
Statutory tax rate	24.72%	24.72%	24.72%	24.72%
Effective income tax rate	29.63%	17.85%	11.28%	11.01%

	Inflation adjusted		Historical	
Income tax recognised in profit or loss: reconciliation of tax expense amount	**2022 ZWL000**	**2021 ZWL000**	**2022 ZWL000**	**2021 ZWL000**
Profit for the year				
Income tax expense calculated at 24.72%	24.72%	24.72%	24.72%	24.72%
Effect of income that is exempt from taxation*	(18.60%)	(17.28%)	(10.77%)	(12.07%)
Effect of expenses that are not deductible in determining taxable profit**	29.14%	8.87%	0.96%	1.90%
Other	(5.63%)	1.54%	(3.63%)	(3.53%)
Income tax expense recognised in profit or loss	**29.63%**	**17.85%**	**11.28%**	**11.01%**

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

	Inflation adjusted		Historical	
Income tax recognised in other comprehensive income	**2022 ZWL000**	**2021 ZWL000**	**2022 ZWL000**	**2021 ZWL000**
Deferred tax				
Property revaluations	(557,318)	(1,110,138)	(2,314,979)	(486,016)
Fair value remeasurement of FVOCI financial assets	(39,855)	(171,897)	(170,809)	(53,904)
Total income tax through other comprehensive income	**(597,173)**	**(1,282,035)**	**(2,485,788)**	**(539,920)**

12.2 Income tax recognised in profit or loss -Bank

Current tax				
Normal tax - current year	(2,109,987)	(2,853,760)	(2,109,987)	(653,896)
Total current tax	**(2,109,987)**	**(2,853,760)**	**(2,109,987)**	**(653,896)**
Deferred tax				
Deferred tax credit/(expense) recognised in the current year	(807,750)	348,043	(283,774)	44,770
Total deferred tax	**(807,750)**	**348,043**	**(283,774)**	**44,770**
Total income tax charge recognised in the current year	**(2,917,737)**	**(2,505,717)**	**(2,393,761)**	**(609,126)**

	Inflation adjusted		Historical	
Income tax recognised in profit or loss: reconciliation of tax expense amount	**2022 ZWL000**	**2021 ZWL000**	**2022 ZWL000**	**2021 ZWL000**
Profit for the year	10,746,559	14,035,891	22,806,290	5,531,053
Income tax expense calculated at 24.72%	(2,656,549)	(3,469,672)	(5,637,715)	(1,367,276)
Effect of income that is exempt from taxation*	2,218,705	2,425,690	2,930,011	667,698
Effect of expenses that are not deductible in determining taxable profit**	(3,295,045)	(1,245,136)	(232,474)	(104,946)
Other	810,888	(216,599)	546,417	195,398
Income tax expense recognised in profit or loss	**(2,922,001)**	**(2,505,717)**	**(2,393,761)**	**(609,126)**
Statutory tax rate	24.72%	24.72%	24.72%	24.72%
Effective income tax rate	27.19%	17.85%	10.50%	11.01%

	Inflation adjusted		Historical	
Income tax recognised in profit or loss: reconciliation of tax expense amount	**2022 ZWL000**	**2021 ZWL000**	**2022 ZWL000**	**2021 ZWL000**
Profit for the year				
Income tax expense calculated at 24.72%	24.72%	24.72%	24.72%	24.72%
Effect of income that is exempt from taxation*	(20.65%)	(17.28%)	(12.85%)	(12.07%)
Effect of expenses that are not deductible in determining taxable profit**	30.66%	8.87%	1.02%	1.90%
Other	(7.55%)	1.54%	(2.40%)	(3.53%)
Income tax expense recognised in profit or loss	**27.19%**	**17.85%**	**10.50%**	**11.01%**

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

	Inflation adjusted		Historical	
13 Earnings per share **13.1 Earnings per share-Group** **13.1.1 Basic earnings per share**	**2022 ZWL000**	**2021 ZWL000**	**2022 ZWL000**	**2021 ZWL000**
Earnings attributable to ordinary equity holders	**8,392,780**	**11,530,175**	**21,417,061**	**4,921,928**
	2022 Number of shares	**2021 Number of shares**	**2022 Number of shares**	**2021 Number of shares**
Issued shares at the beginning of the reporting year	2,160,205,929	2,158,585,929	2,160,205,929	2,158,585,929
Weighted shares issued during the year	175,000	775,000	175,000	775,000
Weighted average number of ordinary shares	**2,160,380,929**	**2,159,360,929**	**2,160,380,929**	**2,159,360,929**
	Cents	**Cents**	**Cents**	**Cents**
Basic earnings per share (cents)	**388**	**534**	**991**	**228**

	Inflation adjusted		Historical	
13.1.2 Diluted earnings per share	**2022 ZWL000**	**2021 ZWL000**	**2022 ZWL000**	**2021 ZWL000**
Earnings attributable to ordinary equity holders	**8,392,780**	**11,530,175**	**21,417,061**	**4,921,928**
	2022 Number of shares	**2021 Number of shares**	**2022 Number of shares**	**2021 Number of shares**
Weighted average number of ordinary shares	2,160,380,929	2,159,360,929	2,160,380,929	2,159,360,929
Adjustment for share options issued at no value	3,985,845	3,418,752	3,985,845	3,418,752
Diluted average number of ordinary shares	**2,164,366,774**	**2,162,779,681**	**2,164,366,774**	**2,162,779,681**
	Cents	**Cents**	**Cents**	**Cents**
Diluted earnings per share (cents)	**388**	**533**	**990**	**228**

	Inflation adjusted		Historical	
13.2 Earnings per share-Bank **13.2.1 Basic earnings per share**	**2022 ZWL000**	**2021 ZWL000**	**2022 ZWL000**	**2021 ZWL000**
Earnings attributable to ordinary equity holders	**7,828,821**	**11,530,174**	**20,412,529**	**4,921,928**
	2022 Number of shares	**2021 Number of shares**	**2022 Number of shares**	**2021 Number of shares**
Issued shares at the beginning of the reporting year	2,160,205,929	2,158,585,929	2,160,205,929	2,158,585,929
Weighted shares issued during the year	175,000	775,000	175,000	775,000
Weighted average number of ordinary shares	**2,160,380,929**	**2,159,360,929**	**2,160,380,929**	**2,159,360,929**
	Cents	**Cents**	**Cents**	**Cents**
Basic earnings per share (cents)	**362**	**534**	**945**	**228**

	Inflation adjusted		Historical	
13.2.2 Diluted earnings per share	**2022 ZWL000**	**2021 ZWL000**	**2022 ZWL000**	**2021 ZWL000**
Earnings attributable to ordinary equity holders	**7,828,821**	**11,530,174**	**20,412,529**	**4,921,928**
	2022 Number of shares	**2021 Number of shares**	**2022 Number of shares**	**2021 Number of shares**
Weighted average number of ordinary shares	2,160,380,929	2,159,360,929	2,160,380,929	2,159,360,929
Adjustment for share options issued at no value	3,985,845	3,418,752	3,985,845	3,418,752
Diluted average number of ordinary shares	**2,164,366,774**	**2,162,779,681**	**2,164,366,774**	**2,162,779,681**
	Cents	**Cents**	**Cents**	**Cents**
Diluted earnings per share (cents)	**362**	**533**	**943**	**228**

	Inflation adjusted		Historical	
14 Cash and bank balances	**2022 ZWL000**	**2021 ZWL000**	**2022 ZWL000**	**2021 ZWL000**
Balances with central bank	**20,112,478**	**6,857,776**	**20,112,478**	**1,994,932**
Statutory reserve balance with central bank	4,970,047	2,111,830	4,970,047	614,333
Cash on hand - foreign currency	14,154,342	10,466,330	14,154,342	3,044,663
Cash on hand - local currency	81,253	178,044	81,253	51,793
Balances due from group companies	187,999	132,839	187,999	38,643
Balances with banks abroad	14,108,368	11,537,805	14,108,368	3,356,356
Cash and bank balances	**53,614,487**	**31,284,624**	**53,614,487**	**9,100,720**
Expected credit losses	(5,178)	(4,322)	(5,178)	(1,257)
Net Cash and bank balances*	**53,609,309**	**31,280,302**	**53,609,309**	**9,099,463**

*Cash and bank balances include restricted amounts relating to Reserve Bank of Zimbabwe (card transaction cash security, ZWL1.6b (2021: ZWL 835m) and statutory reserve for customer deposits, ZWL 5.0b (2021: ZWL 2.1b) and foreign bank security deposits (Crown Agency Bank, ZWL 3.4b (2021: ZWL 2.8b)

15 Derivative financial instruments

The Group uses cross-currency swaps to manage the foreign currency risks arising from asset and deposit balances held which are denominated in foreign currencies. Forward exchange contracts are for trading and foreign currency risk management purposes.

Carrying amount

The fair value of the derivative financial instruments represents the present value of the positive or negative cash flows, which would have occurred if the rights and obligations arising from that instrument were closed out in an orderly market place transaction at year end.

Contract amount

The gross notional amount is the sum of the absolute value of all bought and sold contracts. The amount cannot be used to assess the market risk associated with the position and should be used only as a means of assessing the Bank's participation in derivative contracts.

	Inflation adjusted		Historical	
	2022	**2021**	**2022**	**2021**
Foreign exchange derivatives - assets	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
Foreign exchange swaps				
Notional contract amount - Asset	1,210,160	5,951,807	1,210,160	1,731,385
Notional contract amount - Liability	(1,197,584)	(5,945,650)	(1,197,584)	(1,729,594)
Carrying amount	**12,576**	**6,157**	**12,576**	**1,791**
Foreign exchange derivatives - liabilities				
Foreign exchange spot trades				
Notional contract amount - Asset	-	1,334,761	-	388,283
Notional contract amount - Liability	-	(1,339,134)	-	(389,555)
Carrying amount	**-**	**(4,373)**	**-**	**(1,272)**

		Inflation adjusted		Historical	
		2022	**2021**	**2022**	**2021**
16	**Investment securities**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
	Treasury bills and bonds	9,234,650	6,189,709	9,234,650	1,800,591
	Promissory notes	-	61,510	-	17,893
	Equity securities	3,990,908	3,716,391	3,990,908	1,081,101
	Balance at the end of the year	**13,225,558**	**9,967,610**	**13,225,558**	**2,899,585**

		Inflation adjusted		Historical	
		2022	**2021**	**2022**	**2021**
16.1	**Treasury bills and bonds**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
	Balance at beginning of year	**6,189,709**	**5,353,479**	**1,800,591**	**968,868**
	Additions	16,904,120	58,505,514	11,132,604	12,179,361
	Accrued interest	391,862	610,280	391,862	154,840
	Monetary adjustment	(6,874,843)	(1,115,424)	-	-
	Maturities	(7,232,147)	(57,204,511)	(3,951,263)	(11,515,088)
	Changes in fair value	(144,051)	40,371	(139,144)	12,610
	Balance at the end of the year	**9,234,650**	**6,189,709**	**9,234,650**	**1,800,591**

As at 31 December 2022, ZWL40 million (2021:790 million) of the Treasury bills and bonds was used as security against borrowings from third parties.

		Inflation adjusted		Historical	
		2022	**2021**	**2022**	**2021**
16.2	**Promissory notes**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
	Balance at beginning of year	**61,510**	**-**	**17,893**	**-**
	Additions	85,494	352,777	47,077	79,528
	Accrued interest	5,965	2,716	5,965	612
	Maturities	(70,934)	(276,122)	(70,935)	(62,247)
	Monetary adjustments	(82,035)	(17,861)	-	-
	Balance at 31 December	**-**	**61,510**	**-**	**17,893**

		Inflation adjusted		Historical	
		2022	**2021**	**2022**	**2021**
16.3	**Equity securities**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
	Balance at beginning of year	3,716,391	277,482	1,081,101	50,219
	Changes in fair value	274,517	3,289,944	2,909,807	998,345
	Additions	-	148,965	-	32,537
	Balance at 31 December	**3,990,908**	**3,716,391**	**3,990,908**	**1,081,101**

ZWL 4.8b worth of Treasury bills investment securities are held to collect contractual cash flows and sell if the need arises. These are measured at fair value. The remaining balance of ZWL 4.5bn were issued by RBZ as settlement of legacy debt obligations. These have been fair valued at initial recognition and subsequently measured at amortised cost.

A total of ZWL139 m credit losses have been recognised in the year ended 31 December 2022.

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

No treasury bills were held for trading purposes as at 31 December 2022.

		Inflation adjusted		Historical	
		2022	**2021**	**2022**	**2021**
17	**Loans and receivables from Banks**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
	Clearing balances with other banks	225,622	118,587	225,622	34,497
	Total carrying amount of Loans and receivables from Banks	**225,622**	**118,587**	**225,622**	**34,497**

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

		Retail Banking	Business Banking	Corporate and Investment Banking	Total
18	**Loans and advances to customers**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
	Historical and inflation adjusted 2022				
	Term loans	11,743,988	2,236,515	27,159,992	41,140,495
	Mortgage loans	84,722	-	-	84,722
	Overdrafts	33,959	1,234,636	3,534,358	4,802,953
	Gross loans and advances to customers	**11,862,669**	**3,471,151**	**30,694,350**	**46,028,170**
	Less: allowance for expected credit losses				
	Stage1	(293,329)	(4,383)	(79,689)	(377,401)
	Stage2	(30,755)	(61,154)	(7,332)	(99,241)
	Stage3	(150,172)	(6,782)	(52,394)	(209,348)
	Allowance for expected credit losses	**(474,256)**	**(72,319)**	**(139,415)**	**(685,990)**
	Net loans and advances to customers	**11,388,413**	**3,398,832**	**30,554,935**	**45,342,180**

	Retail Banking	Business Banking	Corporate and Investment Banking	Total
Inflation adjusted 2021	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
Term loans	6,074,495	2,622,159	11,631,373	20,328,027
Mortgage loans	62,894	-	-	62,894
Overdrafts	11,891	914,810	3,581,449	4,508,150
Gross loans and advances to customers	**6,149,280**	**3,536,969**	**15,212,822**	**24,899,071**
Less: allowance for expected credit losses				
Stage1	(92,802)	(34,462)	(143,214)	(270,478)
Stage2	(7,174)	(7,972)	(10,333)	(25,479)
Stage3	(41,973)	(11,055)	-	(53,028)
Allowance for expected credit losses	**(141,949)**	**(53,489)**	**(153,547)**	**(348,985)**
Net loans and advances to customers	**6,007,331**	**3,483,480**	**15,059,275**	**24,550,086**

	Retail Banking	Business Banking	Corporate and Investment Banking	Total
Historical 2021	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
Term loans	1,767,075	762,788	3,383,575	5,913,438
Mortgage loans	18,296	-	-	18,296
Overdrafts	3,459	266,119	1,041,846	1,311,424
Gross loans and advances to customers	**1,788,830**	**1,028,907**	**4,425,421**	**7,243,158**
Less: allowance for expected credit losses				
Stage1	(26,996)	(10,025)	(41,661)	(78,682)
Stage2	(2,087)	(2,319)	(3,006)	(7,412)
Stage3	(12,210)	(3,216)	-	(15,426)
Allowance for expected credit losses	**(41,293)**	**(15,560)**	**(44,667)**	**(101,520)**
				-
Net loans and advances to customers	**1,747,537**	**1,013,347**	**4,380,754**	**7,141,638**

		Inflation adjusted		Historical	
19	**Other assets**	**2022**	**2021**	**2022**	**2021**
19.1	**Other assets- Group**	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
	Prepayments and stationery	2,238,222	914,786	1,973,980	235,768
	Card security deposit and settlement balances	1,615,679	865,000	1,615,679	251,629
	Customer auction funds receivable	259,185	3,608,447	259,185	1,049,700
	Other receivables	3,260,818	3,437,283	3,260,819	999,908
	Receivables from Reserve Bank of Zimbabwe	7,320	13,981	7,320	4,067
	Unamortized balance of staff loans benefit	620,874	739,276	593,379	150,793
	Total before expected credit losses	**8,002,098**	**9,578,773**	**7,710,362**	**2,691,865**
	Less: Expected credit loss	(128)	(128,817)	(128)	(37,474)
	Total other assets	**8,001,970**	**9,449,956**	**7,710,234**	**2,654,391**
	Current	3,238,201	6,292,188	3,038,776	1,656,539
	Non - current	4,763,769	3,157,768	4,671,458	997,852
	Total	**8,001,970**	**9,449,956**	**7,710,234**	**2,654,391**

		Inflation adjusted		Historical	
		2022	2021	2022	2021
19.2	**Other assets- Bank**	ZWL000	ZWL000	ZWL000	ZWL000
	Prepayments and stationery	2,238,222	914,786	1,973,980	235,768
	Card security deposit and settlement balances	1,615,679	865,000	1,615,679	251,629
	Customer auction funds receivable	259,185	3,608,447	259,185	1,049,700
	Other receivables	3,238,534	3,437,283	3,238,535	1,002,818
	Receivables from Reserve Bank of Zimbabwe	7,320	13,981	7,318	1,157
	Unamortized balance of staff loans benefit	620,874	739,277	593,379	150,793
	Total before expected credit losses	**7,979,814**	**9,578,774**	**7,688,076**	**2,691,865**
	Less: Expected credit loss	(128)	(128,817)	(128)	(37,474)
	Total other assets	**7,979,686**	**9,449,957**	**7,687,948**	**2,654,391**
	Current	3,215,917	6,292,189	3,016,490	1,656,539
	Non - current	4,763,769	3,157,768	4,671,458	997,852
	Total	**7,979,686**	**9,449,957**	**7,687,948**	**2,654,391**

20 Property and equipment

20.1 Property and equipment- Group

	Land and buildings	Computers	Equipment	Furniture and fittings	Motor vehicles	Total
Inflation adjusted 2022	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Balance at beginning of year	**11,516,334**	**278,188**	**36,799**	**7,429**	**296,345**	**12,135,095**
Additions	255,253	174,083	125,299	1,739	510,845	1,067,219
Revaluation	1,382,737	708,769	1,981,170	455,186	1,740,565	6,268,427
Disposals	-	(62,287)	(35,832)	(770)	(109,323)	(208,212)
Transfers to Investment property	(105,830)	-	-	-	-	(105,830)
Depreciation charge on disposals	-	1,037	9,560	769	109,325	120,691
Depreciation charge & Impairment charge	(240,394)	(49,215)	(36,039)	(8,752)	(128,108)	(462,508)
Carrying amount at end of the year	**12,808,100**	**1,050,575**	**2,080,957**	**455,601**	**2,419,649**	**18,814,882**
Cost or valuation	12,808,100	1,050,575	2,080,957	455,601	2,419,649	18,814,882
Accumulated depreciation and impairment	-	-	-	-	-	-
Carrying amount at end of the year	**12,808,100**	**1,050,575**	**2,080,957**	**455,601**	**2,419,649**	**18,814,882**
Inflation adjusted 2021						
Balance at beginning of year	**5,107,509**	**119,608**	**49,577**	**15,641**	**52,128**	**5,344,461**
Additions	2,026,898	271,306	73,651	13,750	337,094	2,722,699
Revaluation	4,557,266	-	-	-	-	4,557,266
Disposals	(40,674)	(17,222)	(64,500)	-	(33,946)	(156,342)
Depreciation charge on disposals	-	4,263	18,996	-	30,014	53,273
Depreciation charge & Impairment charge	(134,665)	(99,767)	(40,925)	(21,962)	(88,944)	(386,263)
Carrying amount at end of the year	**11,516,334**	**278,188**	**36,799**	**7,429**	**296,345**	**12,135,095**
Cost or valuation	11,516,334	1,684,413	684,880	358,982	1,036,635	15,281,244
Accumulated depreciation and impairment	-	(1,406,225)	(648,081)	(351,553)	(740,290)	(3,146,149)
Carrying amount at end of the year	**11,516,334**	**278,188**	**36,799**	**7,429**	**296,345**	**12,135,095**

Property and equipment	Land and buildings	Computers	Equipment	Furniture and fittings	Motor Assets under vehicles	Total
Historical 2022	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Balance at beginning of year	**3,350,110**	**65,623**	**21,741**	**5,325**	**72,660**	**3,515,459**
Additions	252,586	135,053	81,732	488	418,856	888,715
Revaluation	9,364,803	914,302	2,161,221	477,920	2,259,796	15,178,042
Disposals	-	(682)	(1,851)	(4)	(123,854)	(126,391)
Transfers to Investment property	(30,786)	-	-	-	-	(30,786)
Depreciation charge on disposals	-	346	80	3	7,909	8,338
Depreciation charge	(128,613)	(64,067)	(181,966)	(28,131)	(215,718)	(618,495)
Carrying amount at end of year	**12,808,100**	**1,050,575**	**2,080,957**	**455,601**	**2,419,649**	**18,814,882**
Cost or valuation	12,808,100	1,050,575	2,080,957	455,601	2,419,649	18,814,882
Accumulated depreciation and impairment	-	-	-	-	-	-
Carrying amount at end of the year	**12,808,100**	**1,050,575**	**2,080,957**	**455,601**	**2,419,649**	**18,814,882**
Historical 2021						
Balance at beginning of year	**924,352**	**10,182**	**7,032**	**2,329**	**814**	**944,709**
Additions	449,011	64,345	17,913	3,703	79,242	614,214
Revaluation	2,009,893	-	-	-	-	2,009,893
Disposals	(7,996)	(94)	(352)	-	(228)	(8,670)
Depreciation charge on disposals	212	23	104	-	304	643
Depreciation charge	(25,362)	(8,833)	(2,956)	(707)	(7,472)	(45,330)
Carrying amount at end of year	**3,350,110**	**65,623**	**21,741**	**5,325**	**72,660**	**3,515,459**
Cost or valuation	3,350,110	82,426	28,065	7,714	83,131	3,551,446
Accumulated depreciation and impairment	-	(16,803)	(6,324)	(2,389)	(10,471)	(35,987)
Carrying amount at end of the year	**3,350,110**	**65,623**	**21,741**	**5,325**	**72,660**	**3,515,459**

20 Property and equipment (continued)

In view of the magnitude of the economic volatility on the market, property and equipment is carried at valuation amounts. In terms of accounting policy 2.9 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 (2021-Integrated Properties (Private) Limited by reference to inputs from the market deriving from transactions denominated in ZWL only.

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

If property and equipment were stated on the historical cost basis, the carrying amount would be ZWL 4.1 billion (2021: ZWL 1.1 billion).

20.2 Property and equipment- Bank

	Land and buildings	Computers	Equipment	Furniture and fittings	Motor vehicles	Total
Inflation adjusted 2022	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Balance at beginning of year	**9,591,279**	**278,188**	**36,799**	**7,429**	**296,345**	**10,210,040**
Additions	255,253	174,083	125,299	1,739	510,845	1,067,219
Revaluation	927,793	708,769	1,981,170	455,186	1,740,565	5,813,483
Disposals	-	(62,287)	(35,832)	(770)	(109,323)	(208,212)
Transfers to Investment property	(105,830)	-	-	-	-	(105,830)
Depreciation charge on disposals	-	1,037	9,560	769	109,325	120,691
Depreciation charge & Impairment charge	(240,395)	(49,215)	(36,039)	(8,752)	(128,108)	(462,509)
Carrying amount at end of the year	**10,428,100**	**1,050,575**	**2,080,957**	**455,601**	**2,419,649**	**16,434,882**
Cost or valuation	10,428,100	1,050,575	2,080,957	455,601	2,419,649	16,434,882
Accumulated depreciation and impairment	-	-	-	-	-	-
Carrying amount at end of the year	**10,428,100**	**1,050,575**	**2,080,957**	**455,601**	**2,419,649**	**16,434,882**
Inflation adjusted 2021	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Balance at beginning of year	**5,107,509**	**119,608**	**49,577**	**15,641**	**52,128**	**5,344,463**
Additions	551,271	271,306	73,651	13,750	337,094	1,247,071
Impairment	4,107,836	-	-	-	-	4,107,836
Disposals	(40,674)	(17,222)	(64,500)	-	(33,946)	(156,341)
Depreciation charge on disposals	-	4,263	18,996	-	30,014	53,272
Depreciation charge & Impairment charge	(134,663)	(99,767)	(40,925)	(21,962)	(88,945)	(386,262)
Carrying amount at end of the year	**9,591,279**	**278,188**	**36,799**	**7,429**	**296,345**	**10,210,040**
Cost or valuation	9,591,279	1,684,413	684,880	358,982	1,036,635	13,356,189
Accumulated depreciation and impairment	-	(1,406,225)	(648,081)	(351,553)	(740,290)	(3,146,149)
Carrying amount at end of the year	**9,591,279**	**278,188**	**36,799**	**7,429**	**296,345**	**10,210,040**

Property and equipment	Land and buildings	Computers	Equipment	Furniture and Fittings	Motor vehicles	Total
Historical 2022	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Balance at beginning of year	**2,790,110**	**65,623**	**21,741**	**5,325**	**72,660**	**2,955,459**
Additions	252,586	135,053	81,732	488	418,856	888,715
Revaluation	7,544,803	914,302	2,161,221	477,920	2,259,796	13,358,042
Disposals	-	(682)	(1,851)	(4)	(123,855)	(126,392)
Transfers to Investment property	(30,786)	-	-	-	-	(30,786)
Depreciation charge on disposals	-	346	80	4	7,910	8,340
Depreciation charge	(128,613)	(64,068)	(181,966)	(28,131)	(215,718)	(618,496)
Carrying amount at end of year	**10,428,100**	**1,050,574**	**2,080,957**	**455,602**	**2,419,649**	**16,434,882**
Cost or valuation	10,428,100	1,050,574	2,080,957	455,602	2,419,649	16,434,882
Accumulated depreciation and impairment	-	-	-	-	-	-
Carrying amount at end of the year	**10,428,100**	**1,050,574**	**2,080,957**	**455,602**	**2,419,649**	**16,434,882**
Historical 2021						
Balance at beginning of year	**924,352**	**10,182**	**7,032**	**2,329**	**814**	**944,709**
Additions	118,449	64,345	17,913	3,703	79,242	283,652
Revaluation	1,780,455	-	-	-	-	1,780,455
Disposals	(7,996)	(94)	(352)	-	(228)	(8,670)
Depreciation charge on disposals	212	23	104	-	304	643
Depreciation charge	(25,362)	(8,833)	(2,956)	(707)	(7,472)	(45,330)
Carrying amount at end of year	**2,790,110**	**65,623**	**21,741**	**5,325**	**72,660**	**2,955,459**
Cost or valuation	2,790,110	82,426	28,065	7,714	83,131	2,991,446
Accumulated depreciation and impairment	-	(16,803)	(6,324)	(2,389)	(10,471)	(35,987)
Carrying amount at end of the year	**2,790,110**	**65,623**	**21,741**	**5,325**	**72,660**	**2,955,459**

In view of the magnitude of the economic volatility on the market, property and equipment is carried at valuation amounts. In terms of accounting policy 2.9 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 (2021-Integrated Properties (Private) Limited by reference to inputs from the market deriving from transactions denominated in ZWL only.

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

If property and equipment were stated on the historical cost basis, the carrying amount would be ZWL 4.1 billion (2021: ZWL 1.1 billion).

		Inflation adjusted		Historical	
		2022	2021	2022	2021
21	**Proceeds on disposal of property and equipment**	ZWL000	ZWL000	ZWL000	ZWL000
	Carrying amount of property and equipment disposed of	87,528	103,066	118,053	8,026
	Loss on disposal	(5,444)	(91,588)	(4,752)	(5,173)
	Proceeds on disposal	**82,084**	**11,478**	**113,301**	**2,853**

		Inflation adjusted		Historical	
		2022	2021	2022	2021
22	**Investment properties**	ZWL000	ZWL000	ZWL000	ZWL000
	Balance at beginning of the year	4,394,420	1,588,470	1,278,340	287,480
	Reclassification from property and equipment	105,878	-	30,786	-
	Fair value changes	(420,298)	2,805,950	2,770,874	990,860
	Balance at the end of the year	**4,080,000**	**4,394,420**	**4,080,000**	**1,278,340**
	Rental income derived from investment properties	**119,114**	**77,504**	**92,311**	**17,671**

The fair value of investment property was determined by external, independent property valuers, Integrated Properties (Pvt) Ltd (2021: Integrated Properties (Pvt) Ltd), having the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group`s investment property portfolio annually.

Properties were valued using ZWL denominated inputs for both 2022 and 2021.

The fair value measurement of the investment property has been categorised as Level 3 in the fair value hierarchy (Note 36) based on the inputs to the valuation technique used.

Operating costs incurred on investment properties during the year were ZWL39.6 million (2021: ZWL 23.4 million) inflation adjusted and 21.8 million (2021: ZWL 4.5 million) historical basis. Investment property comprises commercial properties that are leased to third parties. No contingent rents are charged.

		Inflation adjusted		Historical	
		2022	2021	2022	2021
23	**Intangible assets**	ZWL000	ZWL000	ZWL000	ZWL000
	Balance at beginning of year	896,900	1,114,493	11,982	15,023
	Amortisation	(217,591)	(217,593)	(3,041)	(3,041)
	Balance at 31 December	**679,309**	**896,900**	**8,941**	**11,982**
	Cost	1,450,610	1,450,608	20,276	20,276
	Accumulated amortisation	(771,301)	(553,708)	(11,335)	(8,294)
	Balance at 31 December	**679,309**	**896,900**	**8,941**	**11,982**

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

		Inflation adjusted		Historical	
		2022	2021	2022	2021
24	**Investment in subsidiary- Bank**	ZWL000	ZWL000	ZWL000	ZWL000
	Balance at beginning of year	1,925,055	-	560,000	-
	Additions	2,832,004	1,475,627	2,098,666	330,562
	Changes in fair value	1,059,359	449,428	3,157,752	229,438
	Balance at 31 December	**5,816,418**	**1,925,055**	**5,816,418**	**560,000**

The Group owns 100% in Thulile (Private) Limited, a company that owns a piece of land measuring 18 786 sqm and also holds cash. The property is currently not leased out and is earmarked for further development over the next two years. The value of the subsidiary is equivalent to value of the piece of land held as well as the cash held by Thulile. The land is revalued every three years or annually when there is significamt change in value.

		Inflation adjusted		Historical	
		2022	2021	2022	2021
25	**Investment in joint venture**	ZWL000	ZWL000	ZWL000	ZWL000
	Summarised financial information				
	Revenue	742,897	396,946	553,182	89,485
	Fair value gain (loss) on investment property	5,688,072	10,894,132	21,424,352	4,410,983
	Profit for the year	6,080,620	10,625,803	20,790,647	4,252,378
	Total comprehensive income	**6,080,620**	**10,625,803**	**20,790,647**	**4,252,378**
	Non - current assets	27,880,000	22,191,928	27,880,000	6,455,648
	Current assets	466,484	167,215	466,484	48,643
	Non - current liabilities	1,394,000	1,109,595	1,394,000	322,782
	Current liabilities	**35,624**	**20,794**	**35,624**	**6,049**
	Group's interest in investment				
	Group's interest at beginning of year	10,601,984	5,392,719	3,084,125	975,969
	Current year share of total comprehensive income in joint venture	3,040,310	5,312,902	10,395,324	2,126,189
	Monetary adjustment	(162,845)	(41,647)	-	-
	Dividends received during the year	-	(61,990)	-	(18,033)
	Carrying amount of investment at year end	**13,479,449**	**10,601,984**	**13,479,449**	**3,084,125**

The Group owns 50% investment in Makasa Sun (Pvt) Ltd. The other 50% is owned by First Capital Pension Fund. Makasa Sun (Pvt) Ltd owns a hotel located in the tourist resort town of Victoria Falls, Zimbabwe which it leases out.

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		Inflation adjusted		Historical	
26	**Leases**	2022	2021	2022	2021
26.1	**Right of use asset**	ZWL000	ZWL000	ZWL000	ZWL000
	Balance at beginning of year	591,054	1,593,458	171,938	99,973
	Additions	2,057,814	335,417	1,178,754	97,573
	Terminated	(6,887)	(36,659)	(915)	(6,635)
	Impairment	-	(859,125)	-	-
	Depreciation for the year	(399,943)	(442,037)	(307,462)	(18,973)
	Balance at 31 December	**2,242,038**	**591,054**	**1,042,315**	**171,938**
26.2	**Lease liabilities**				
	Maturity analysis - contractual undiscounted cash flows				
	Less than one year	891,171	231,171	891,171	67,248
	One to five years	1,169,389	556,527	1,169,389	161,894
	More than five years	235,757	289,315	235,757	84,162
	Total	**2,296,317**	**1,077,013**	**2,296,317**	**313,304**
	Lease liabilities included in statement of financial position				
	Current	727,094	115,063	727,094	33,472
	Non - current	1,096,210	472,876	1,096,210	137,560
	Balance at 31 December	**1,823,304**	**587,939**	**1,823,304**	**171,032**
	Amounts recognised in profit/ loss				
	Interest on lease liabilities	(184,992)	(122,757)	(139,574)	(26,715)
	Expenses - short term & low value leases	(89,568)	(61,767)	(66,309)	(14,336)
	Depreciation charge for the year	(399,943)	(442,037)	(307,462)	(18,973)
	Total	**(674,503)**	**(626,561)**	**(513,345)**	**(60,024)**
	Statement of cash-flows - Leases				
	Total cash outflows	**(428,803)**	**(398,239)**	**(332,490)**	**(58,637)**
27	**Deposits from banks**				
	Bank balances due to foreign banks	27,313	490,893	27,313	142,801
	Interbank money market deposit	-	902,820	-	262,631
	Clearance balances due to local banks	773,456	487,888	773,456	141,927
	Total Deposits from banks	**800,769**	**1,881,601**	**800,769**	**547,359**

		Inflation adjusted		Historical	
28	**Deposits from customers**	2022	2021	2022	2021
28.1	**Deposits from customers-Group**	ZWL000	ZWL000	ZWL000	ZWL000
	Retail	20,238,125	11,365,124	20,238,125	3,306,123
	Business banking	8,274,466	6,612,060	8,274,466	1,923,453
	Corporate and investment banking	59,267,301	34,150,815	59,267,301	9,934,497
	Total	**87,779,892**	**52,127,999**	**87,779,892**	**15,164,073**
	Call deposits				
	Retail	2,164,114	3,108	2,164,114	904
	Business Banking	74,789	113,358	74,789	32,976
	Corporate and investment banking	273,589	712,232	273,589	207,189
	Total	**2,512,492**	**828,698**	**2,512,492**	**241,069**
	Savings accounts				
	Retail	23,726	30,701	23,726	8,931
	Business banking	629	104	629	30
	Total	**24,355**	**30,805**	**24,355**	**8,961**
	Other				
	Corporate and investment banking	3,197,309	3,379,895	3,197,309	983,214
	Total	**3,197,309**	**3,379,895**	**3,197,309**	**983,214**
	Total deposits from customers	**93,514,048**	**56,367,397**	**93,514,048**	**16,397,317**

Included in the total deposits above are foreign currency deposits of ZWL 65.4 billion (2021: ZWL25.1bn). Also, included in customer accounts are deposits of ZWL3.2 billion (2021:ZWL3.4bn) held as collateral for loans advanced and letters of credit.Deposits from customers are financial instruments classified as liabilities at amortised cost. Fair value of deposits from customers approximates carrying amount because of the short term nature of these deposits.

		Inflation adjusted		Historical	
		2022	2021	2022	2021
28.2	**Deposits from customers- Group**				
	Demand deposits	ZWL000	ZWL000	ZWL000	ZWL000
	Retail	20,238,125	11,365,124	20,238,125	3,306,123
	Business Banking	8,274,466	6,612,060	8,274,466	1,923,453
	Corporate and investment Banking	62,678,348	34,150,815	62,678,348	9,934,497
	Total	**91,190,939**	**52,127,999**	**91,190,939**	**15,164,073**
	Call deposits				
	Retail	2,164,114	3,108	2,164,114	904
	Business Banking	74,789	113,358	74,789	32,976
	Corporate and investment Banking	273,589	712,233	273,589	207,189
	Total	**2,512,492**	**828,699**	**2,512,492**	**241,069**
	Savings accounts				
	Retail	23,726	30,701	23,726	8,931
	Business Banking	631	103	631	30
	Total	**24,357**	**30,804**	**24,357**	**8,961**
	Other				
	Corporate and investment Banking	3,197,307	3,379,895	3,197,307	983,214
	Total	**3,197,307**	**3,379,895**	**3,197,307**	**983,214**
	Total deposits from customers	**96,925,095**	**56,367,397**	**96,925,095**	**16,397,317**

Included in the total deposits above are foreign currency deposits of ZWL 68.8b (2021: ZWL25.1b). Also included in customer accounts are deposits of ZWL3.2b (2021:ZWL3.4b) held as collateral for loans advanced and letters of credit.Deposits from customers are financial instruments classified as liabilities at amortised cost. Fair value of deposits from customers approximates carrying amount because of their short tenure.

28.3 Deposits from customers- Bank

	Inflation adjusted				Historical			
	2022		2021		2022		2021	
Concentration of customer deposits	ZWL000	%	ZWL000	%	ZWL000	%	ZWL000	%
Trade and services	26,382,330	28	22,618,131	33	26,382,330	28	6,579,631	40
Energy and minerals	1,320,530	1	225,427	1	1,320,530	1	65,577	-
Agriculture	1,355,329	1	1,564,795	12	1,355,329	1	455,199	3
Construction and property	894,122	1	1,690,484	2	894,122	1	491,763	3
Light and heavy industry	20,588,147	22	5,824,083	11	20,588,147	22	1,694,230	10
Physical persons	22,425,965	25	11,428,311	17	22,425,965	25	3,324,504	20
Transport and distribution	9,762,730	10	6,541,922	11	9,762,730	10	1,903,050	12
Financial services	10,784,895	12	6,474,244	13	10,784,895	12	1,883,363	12
Total	**93,514,048**	**100**	**56,367,397**	**100**	**93,514,048**	**100**	**16,397,317**	**100**

28.4 Deposits from customers-Bank

	Inflation adjusted				Historical			
	2022		2021		2022		2021	
Concentration of customer deposits	ZWL000	%	ZWL000	%	ZWL000	%	ZWL000	%
Trade and services	29,793,378	31	22,618,131	33	29,793,378	31	6,579,631	40
Energy and minerals	1,320,530	1	225,427	1	1,320,530	1	65,577	-
Agriculture	1,355,329	1	1,564,795	12	1,355,329	1	455,199	3
Construction and property	894,122	1	1,690,484	2	894,122	1	491,763	3
Light and heavy industry	20,588,147	21	5,824,083	11	20,588,147	21	1,694,230	10
Physical persons	22,425,965	24	11,428,311	17	22,425,965	24	3,324,504	20
Transport and distribution	9,762,730	10	6,541,922	11	9,762,730	10	1,903,050	12
Financial services	10,784,894	11	6,474,244	13	10,784,894	11	1,883,363	12
Total	**96,925,095**	**100**	**56,367,397**	**100**	**96,925,095**	**100**	**16,397,317**	**100**

		Inflation adjusted		Historical	
		2022	2021	2022	2021
29	**Employee benefit accruals**	ZWL000	ZWL000	ZWL000	ZWL000
	Staff retention				
	Balance at beginning of year	642,178	274,169	186,810	49,620
	Provisions made during the year	209,654,018	955,209	115,442,203	217,225
	Provisions used during the year	(393,788,713)	(361,831)	(114,553,425)	(80,035)
	Monetary adjustments	184,568,105	(225,369)	-	-
	Balance at end of year	**1,075,588**	**642,178**	**1,075,588**	**186,810**
	Outstanding employee leave				
	Balance at beginning of year	49,745	34,709	14,471	6,281
	Provisions made during the year	137,947	36,325	75,958	8,190
	Provisions used during the year	52	-	15	-
	Monetary adjustments	(97,300)	(21,289)		
	Balance at end of year	**90,444**	**49,745**	**90,444**	**14,471**
	Total provisions at end of year	**1,166,032**	**691,923**	**1,166,032**	**201,281**

The staff retention incentive represents an accrual for a 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.

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		Inflation adjusted		Historical	
30	**Other liabilities**	2022	2021	2022	2021
30.1	**Other liabilities-Group**	ZWL000	ZWL000	ZWL000	ZWL000
	Accrued expenses	1,500,416	597,895	1,500,685	173,928
	Internal accounts	6,205,166	1,037,904	6,203,679	293,856
	Other foreign currency claims	4,412,208	2,394,006	4,412,208	696,418
	Withholding taxes including IMTT	66,865	895,392	66,865	260,470
	Balance at 31 December	**12,184,655**	**4,925,197**	**12,183,437**	**1,424,672**

		Inflation adjusted		Historical	
		2022	2021	2022	2021
30.2	**Other liabilities- Bank**	ZWL000	ZWL000	ZWL000	ZWL000
	Accrued expenses	1,500,416	597,895	1,500,416	173,928
	Internal accounts	6,204,893	1,037,905	6,203,674	293,856
	Other foreign currency claims	4,412,208	2,394,006	4,412,208	696,418
	Withholding taxes including IMTT	66,866	895,393	66,866	260,470
	Balance at 31 December	**12,184,383**	**4,925,199**	**12,183,164**	**1,424,672**

31 Retirement benefit plans

First Capital Bank Pension Fund

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

The plan assets comprise of property, bank balance, equity instruments and money market deposits at 31 December 2022.

		Inflation adjusted		Historical	
		2022	2021	2022	2021
31.1	**Composition of pension fund plan assets**	ZWL000	ZWL000	ZWL000	ZWL000
	Cash and bank balances	548,309	359,009	548,309	104,436
	Equity and unity trusts	6,627,983	6,346,870	6,627,983	1,846,309
	Money market	1,030,284	347,015	1,030,284	100,947
	Properties	18,894,462	16,937,829	18,894,462	4,927,227
	Other	37,093	30,684	37,093	8,926
	Total	**27,138,131**	**24,021,407**	**27,138,131**	**6,987,845**

31.2 Defined contribution plans

The defined contribution pension plan, to which the Group contributes 18% (2021: 18%), is provided for permanent employees. Over and above the Group's contribution, the employee contributes 6.5% (2021: 6.5%) of the basic salary. Under this scheme, retirement benefits are determined by reference to the employees' and the Group's contributions to date and the performance of the Fund.

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

31.3 Defined benefit pension plans

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

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

Summary of the valuation is shown below:

		Inflation adjusted		Historical	
		2022	2021	2022	2021
31.4	**Summary valuation of the pension obligation**	ZWL000	ZWL000	ZWL000	ZWL000
	Present value of pensioner obligation (Defined Benefit)	5,440,009	3,494,123	5,440,009	1,016,443
	Active members liability (Defined Contribution)	12,018,968	7,678,829	12,018,968	2,233,777
	Deferred pensioners	4,690,460	1,633,506	4,690,460	475,188
	Other liabilities - risk pools	493,294	290,144	493,294	84,403
	Other sundry liabilities	94,775	48,140	94,775	14,004
	Total liabilities	**22,737,506**	**13,144,742**	**22,737,506**	**3,823,815**
	Total assets	**27,138,131**	**24,021,407**	**27,138,131**	**6,987,845**
	Net surplus	**4,400,625**	**10,876,665**	**4,400,625**	**3,164,030**

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

31.4 Summary valuation of the pension obligation (continued)

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

	Inflation adjusted		Historical	
	2022	2021	2022	2021
Movement in present value of obligation	ZWL000	ZWL000	ZWL000	ZWL000
Opening present value	3,494,123	3,363,323	1,016,443	608,691
Interest cost	37,003	92,946	20,375	20,953
Surplus allocated to pensioners	8,320,104	1,894,918	4,581,315	427,177
Benefits paid	(324,144)	(175,678)	(178,484)	(39,604)
Remeasurement of obligation	654	(3,434)	360	(774)
Monetary adjustment	(6,087,731)	(1,677,950)	-	-
Present value at 31 December	**5,440,009**	**3,494,125**	**5,440,009**	**1,016,443**

Principal actuarial assumptions

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

Sensitivity of key principal assumptions	Increase in Defined benefit obligation			
	ZWL000	ZWL000	ZWL000	ZWL000
Decrease in discount rate (0.5%)	260,803	202,897	260,803	59,023
Increase in life expectancy (1 year)	163,508	106,985	163,508	31,122

32 Deferred tax-Group

Deferred tax balances

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

	Inflation adjusted		Historical	
Deferred tax	2022	2021	2022	2021
Deferred tax balances	ZWL000	ZWL000	ZWL000	ZWL000
Deferred tax assets	(899,441)	(1,289,244)	(993,532)	(374,924)
Deferred tax liabilities	5,478,134	4,133,152	4,828,397	1,110,363
Total deferred tax liability	**4,578,693**	**2,843,908**	**3,834,865**	**735,439**

Deferred tax assets and liabilities are attributable to the following:

Inflation adjusted 2022	Balance at period start	Recognised in P/L	Recognised in OCI	Recognised directly in equity	Balance at period end
(Assets)/liabilities	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Property and equipment	2,734,490	418,790	557,319	-	3,710,599
Investment property	219,724	(15,721)	-	-	204,003
Investment securities	298,817	-	39,855	-	338,671
Impairments	(112,310)	(92,317)	-	-	(204,627)
Prepaid expenses	88,748	(88,752)	-	-	(4)
Deferred revenue	(147,122)	55,830	-	-	(91,292)
Provisions	(146,820)	(42,762)	-	-	(189,582)
Other items	(91,619)	902,543	-	-	810,925
Total	**2,843,908**	**1,137,611**	**597,174**	**-**	**4,578,693**
Inflation adjusted 2021					
Assets/(liabilities)	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Property and equipment	1,807,593	(183,241)	1,110,138	-	2,734,490
Investment property	79,426	140,299	-	-	219,724
Investment securities	126,920	-	171,897	-	298,817
Impairments	(129,556)	17,246	-	-	(112,310)
Prepayments	24,438	64,311	-	-	88,748
Deferred revenue	(88,295)	(58,828)	-	-	(147,122)
Provisions	(94,376)	(52,444)	-	-	(146,820)
Other items	183,767	(275,386)	-	-	(91,619)
Total	**1,909,917**	**(348,043)**	**1,282,035**	**-**	**2,843,908**
Historical 2022					
Assets/(liabilities)	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Property and equipment	713,532	315,304	2,314,979	-	3,343,815
Investment property	63,917	140,083	-	-	204,000
Investment securities	102,656	-	170,810	-	273,466
Impairments	(34,530)	(137,251)	-	-	(171,781)
Deferred revenue	(40,772)	(37,054)	-	-	(77,826)
Provisions	(42,711)	(175,154)	-	-	(217,865)
Other items	(26,653)	507,709	-	-	481,056
Total	**735,439**	**613,637**	**2,485,789**	**-**	**3,834,865**
Historical 2021					
Assets/(liabilities)	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Property and equipment	199,785	27,731	486,016	-	713,532
Investment property	14,374	49,543	-	-	63,917
Investment securities	48,752	-	53,904	-	102,656
Impairments	(22,936)	(11,594)	-	-	(34,530)
Deferred revenue	(15,833)	(24,939)	-	-	(40,772)
Provisions	(17,081)	(25,630)	-	-	(42,711)
Other items	33,228	(59,881)	-	-	(26,653)
Total	**240,289**	**(44,770)**	**539,920**	**-**	**735,439**

32.1 Deferred tax- Bank

Deferred tax balances

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

	Inflation adjusted		Historical	
	2022	2021	2022	2021
Deferred tax	ZWL000	ZWL000	ZWL000	ZWL000
Deferred tax balances				
Deferred tax assets	(899,441)	(1,289,244)	(993,532)	(374,924)
Deferred tax liabilities	5,319,089	4,111,942	4,680,181	1,110,363
Total deferred tax liability	**4,419,648**	**2,822,698**	**3,686,649**	**735,439**

Deferred tax assets and liabilities are attributable to the following:

Inflation adjusted 2022	Balance at period start	Recognised in P/L	Recognised in OCI	Recognised directly in equity	Balance at period end
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
(Assets)/liabilities					
Property and equipment	2,734,490	418,790	161,796	-	3,315,076
Investment property	219,724	(15,721)	-	-	204,003
Investment securities	277,607	-	627,404	-	905,011
Impairments	(112,310)	(92,317)	-	-	(204,627)
Prepaid expenses	88,748	(88,752)	-	-	(4)
Deferred revenue	(147,122)	55,831	-	-	(91,291)
Provisions	(146,820)	(42,762)	-	-	(189,582)
Other items	(91,619)	572,681	-	-	481,062
Total	**2,822,698**	**807,750**	**789,200**	**-**	**4,419,648**
Inflation adjusted 2021					
Assets/(liabilities)	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Property and equipment	1,918,689	(183,241)	999,042	-	2,734,490
Investment property	79,426	140,299	-	-	219,724
Investment securities	15,823	-	261,783	-	277,607
Impairments	(129,556)	17,246	-	-	(112,310)
Prepaid expenses	24,438	64,311	-	-	88,748
Deferred revenue	(88,295)	(58,828)	-	-	(147,122)
Provisions	(94,376)	(52,444)	-	-	(146,820)
Other items	183,767	(275,386)	-	-	(91,619)
Total	**1,909,916**	**(348,043)**	**1,260,825**	**-**	**2,822,698**
Historical 2022					
Assets/(liabilities)	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Property and equipment					
Investment property	63,917	140,083	-	-	204,000
Investment securities	102,656	-	802,361	-	905,017
Impairments	(34,530)	(137,251)	-	-	(171,781)
Deferred revenue	(40,772)	(37,054)	-	-	(77,826)
Provisions	(42,711)	(175,154)	-	-	(217,865)
Other items	(26,653)	507,710	-	-	481,057
Total	**735,439**	**283,774**	**2,667,436**	**-**	**3,686,649**
Historical 2021					
Assets/(liabilities)	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Property and equipment	245,673	27,731	440,128	-	713,532
Investment property	14,374	49,543	-	-	63,917
Investment securities	2,864	-	99,792	-	102,656
Impairments	(22,936)	(11,594)	-	-	(34,530)
Deferred revenue	(15,833)	(24,939)	-	-	(40,772)
Provisions	(17,081)	(25,630)	-	-	(42,711)
Other items	33,228	(59,881)	-	-	(26,653)
Total	**240,289**	**(44,770)**	**539,920**	**-**	**735,439**

		Inflation adjusted		Historical	
33	**Taxation**	2022	2021	2022	2021
33.1	**Taxation payable- Group**	ZWL000	ZWL000	ZWL000	ZWL000
	Tax payable at the beginning of the year	(43,514)	(166,651)	(12,658)	(30,160)
	Current tax expense	(2,396,265)	(2,853,760)	(2,109,987)	(653,896)
	Taxation paid	3,877,095	2,821,767	3,195,019	671,398
	Monetary adjustment	(364,942)	155,130	-	-
	Tax payable/(receivable) at the end of the year	**1,072,374**	**(43,514)**	**1,072,374**	**(12,658)**
33.2	**Taxation payable-Bank**	ZWL000	ZWL000	ZWL000	ZWL000
	Tax payable at the beginning of the year	(43,514)	(166,651)	(12,658)	(30,160)
	Current tax expense	(2,109,987)	(2,853,760)	(2,109,987)	(653,896)
	Taxation paid	3,877,095	2,821,767	3,195,019	671,398
	Monetary adjustment	(651,220)	155,130	-	-
	Tax payable at the end of the year	**1,072,374**	**(43,514)**	**1,072,374**	**(12,658)**

		Inflation adjusted		Historical	
34	**Share capital and reserves**	**2022**	**2021**	**2022**	**2021**
	Authorised shares	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
	Issued and fully paid	2,161,805,929	2,158,585,929	2,161,805,929	2,160,205,929
	Shares allocated to management share option scheme	30,187,408	33,663,397	30,187,408	30,253,397
	Shares under control of directors	2,808,006,663	2,807,750,674	2,808,006,663	2,809,540,674
	Total authorised shares	**5,000,000,000**	**5,000,000,000**	**5,000,000,000**	**5,000,000,000**
	Authorised share capital				
	Ordinary shares (5 000 000 000 shares of ZWL0.01 cents per share)	500	500	500	500

		Inflation adjusted		Historical	
34.1	**Issued share capital**	**2022**	**2021**	**2022**	**2021**
	Issued and fully paid shares	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
	Balance at beginning of year	2,160,205,929	2,158,585,929	2,160,205,929	2,158,585,929
	Exercise of share options	660,000	1,620,000	660,000	1,620,000
	Balance at end of year	**2,160,865,929**	**2,160,205,929**	**2,160,865,929**	**2,160,205,929**
	Ordinary shares	39,537	39,536	216	216
	Share premium	4,371,354	4,371,261	24,160	24,085
	Total	**4,410,891**	**4,410,797**	**24,376**	**24,301**

The total authorised number of ordinary shares at year end was 5 billion (2021: 5 billion). The Group's shares have a nominal value of ZWL0.01 cents per share. The unissued share capital is under the control of the directors subject to the restrictions imposed by the Companies and Other Entities Act (Chapter 24.31), the Zimbabwe Stock Exchange listing requirements and the Articles and Memorandum of Association of the Bank.

34.2 Share premium

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

34.3 Non - distributable reserves

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

	Inflation adjusted		Historical	
	2022	**2021**	**2022**	**2021**
	ZWL000	**ZWL000**	**ZWL000**	**ZWL000**
Non - distributable reserve	1,426,975	1,426,975	7,785	7,785
Balance at end of year	**1,426,975**	**1,426,975**	**7,785**	**7,785**

34.4 Fair value through other comprehensive income reserve

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

	Inflation adjusted		Historical	
Fair value through other comprehensive income reserve-Group	**2022**	**2021**	**2022**	**2021**
	ZWL000	**ZWL000**	**ZWL000**	**ZWL000**
Fair value through other comprehensive income reserve	3,111,479	3,302,790	3,601,907	1,014,591
Balance at end of year	**3,111,479**	**3,302,790**	**3,601,907**	**1,014,591**

	Inflation adjusted		Historical	
	2022	**2021**	**2022**	**2021**
Fair value through other comprehensive income reserve-Bank	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
Fair value through other comprehensive income reserve	4,235,473	3,662,332	6,311,658	1,198,141
Balance at end of year	**4,235,473**	**3,662,332**	**6,311,658**	**1,198,141**

34.5 Revaluation reserve

Revaluation movement on property and equipment is classified under revaluation reserve. Additional detail on revaluation of assets is contained in note 20.

	Inflation adjusted		Historical	
	2022	**2021**	**2022**	**2021**
Revaluation reserve - Group	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
Revaluation reserve	11,534,121	5,823,011	15,083,797	2,220,734
Balance at end of year	**11,534,121**	**5,823,011**	**15,083,797**	**2,220,734**

	Inflation adjusted		Historical	
	2022	**2021**	**2022**	**2021**
Revaluation reserve - Bank	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
Revaluation reserve	11,136,366	5,484,679	13,530,151	2,037,184
Balance at end of year	**11,136,366**	**5,484,679**	**13,530,151**	**2,037,184**

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34.6 General Reserve

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

Group and Bank	Inflation adjusted		Historical	
	2022	**2021**	**2022**	**2021**
General Reserve	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
Balance at end of year	**126,981**	**-**	**126,981**	**-**

34.7 Share based payment reserve

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

	Inflation adjusted		Historical	
	2022	**2021**	**2022**	**2021**
	ZWL000	**ZWL000**	**ZWL000**	**ZWL000**
Share based payment reserve	230,159	230,195	5,010	2,274
Balance at end of year	**230,159**	**230,195**	**5,010**	**2,274**

34.8 Local managerial share option scheme

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

The following assumptions were input into the valuation model:

- Volatility of 81.83%
- Nominal risk free rate of return of 80%
- Expected option exercise date is 2 years after vesting period.

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

34.9 Movements during the period

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

		2022	2021	
	Number of share options	**Weighted average exercise price**	**Number of share options**	**Weighted average exercise price**
Outstanding at beginning of the year	6,400,000	0.05	4,610,000	0.05
Granted during the year	860,000	0.07	4,470,000	0.07
Forfeited during the year	(1,220,000)	0.03	(1,060,000)	0.03
Exercised during the year	(660,000)	-	(1,620,000)	-
Outstanding at 31 December	**5,380,000**	**-**	**6,400,000**	**-**
Exercisable at 31 December	710,000	0.13	1,320,000	0.13
Weighted average contractual life of options outstanding at end of period (years)	1.96	-	1.91	-

35 Financial instruments-Group

	Inflation adjusted		Historical	
35.1 Classification of assets and liabilities	**2022**	**2021**	**2022**	**2021**
Financial assets	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
Financial assets at fair value through profit and loss				
Derivative financial assets	12,576	6,157	12,576	1,791
RBZ receivable - Net Open Position support	-	3,083,333	-	896,944
Total	**12,576**	**3,089,490**	**12,576**	**898,735**
Financial assets at amortised cost				
Cash and bank balances	53,609,309	31,280,303	53,609,309	9,099,463
Treasury bills	4,570,550	-	4,570,550	-
Loans and advances to customers	45,342,180	24,550,086	45,342,180	7,141,638
Clearing balances due from other banks	225,622	118,586	225,622	34,497
Other assets*	5,143,002	4,841,377	5,143,002	1,408,360
Total	**108,890,663**	**60,790,352**	**108,890,663**	**17,683,958**
* Excludes prepayments and stationery.				
Financial assets at fair value through other comprehensive income				
Treasury bills and promissory notes	4,664,100	6,251,219	4,664,100	1,818,484
Unquoted equity securities	3,990,908	3,716,391	3,990,908	1,081,101
Total	**8,655,008**	**9,967,610**	**8,655,008**	**2,899,585**
Total Financial assets	**117,558,247**	**73,847,452**	**117,558,247**	**21,482,278**

35.1 Classification of assets and liabilities (continued)

	Inflation adjusted		Historical	
Financial liabilities	**2022**	**2021**	**2022**	**2021**
Financial liabilities at fair value through profit and loss	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
Derivative financial liabilities	-	4,373	-	1,272
Total	**-**	**4373**	**-**	**1272**
Financial liabilities at amortised cost				
Customer deposits	93,514,048	56,367,397	93,514,048	16,397,317
Deposits from other banks	800,769	1,881,601	800,769	547,359
Other liabilities*	12,153,077	4,730,600	12,152,807	1,376,135
Lease liability	1,823,304	587,939	1,823,304	171,032
Balances due to group companies	47,628	790,854	47,628	230,060
Total Financial liabilities	**108,338,826**	**64,358,391**	**108,338,556**	**18,721,903**

*Excludes deferred income

35.2 Financial instruments-Bank

	Inflation adjusted		Historical	
Classification of assets and liabilities	**2022**	**2021**	**2022**	**2021**
Financial assets	**ZWL000**	**ZWL000**	**ZWL000**	**ZWL000**
Financial assets at fair value through profit and loss				
Derivative financial assets	12,576	6,157	12,576	1,791
Reserve Bank of Zimbabwe receivable - NOP support	-	3,083,333	-	896,944
Total	**12,576**	**3,089,490**	**12,576**	**898,735**
Financial assets at amortised cost				
Cash and bank balances	53,609,309	31,280,303	53,609,309	9,099,463
Treasury bills	4,570,550	-	4,570,550	-
Loans and advances to customers	45,342,180	24,550,086	45,342,180	7,141,638
Clearing balances due from other Banks	225,622	118,586	225,622	34,497
Other assets*	5,120,717	4,841,377	5,120,717	1,408,360
Total	**108,868,378**	**60,790,352**	**108,868,378**	**17,683,958**

* Excludes prepayments and stationery.

Financial assets at fair value through other comprehensive income				
Treasury bills and promissory notes	4,664,100	6,251,218	4,664,100	1,818,484
Unquoted equity securities	9,807,326	5,641,447	9,807,326	1,641,101
Total	**14,471,426**	**11,892,665**	**14,471,426**	**3,459,585**
Total Financial assets	**123,352,380**	**75,772,507**	**123,352,380**	**22,042,278**
Financial liabilities				
Financial liabilities at fair value through profit and loss				
Derivative financial liabilities	-	4,373	-	1,272
Total	**-**	**4373**	**-**	**1272**
Financial liabilities at amortised cost				
Customer deposits	96,925,095	56,367,397	96,925,095	16,397,317
Deposits from other banks	800,769	1,881,601	800,769	547,359
Other liabilities**	12,152,807	4,730,600	12,152,807	1,376,135
Lease liability	1,823,304	587,939	1,823,304	171,032
Balances due to group companies	47,628	790,854	47,628	230,060
Total Financial liabilities	**111,749,603**	**64,358,391**	**111,749,603**	**18,721,903**

**Excludes deferred income

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

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.
Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

Historical and inflation adjusted 2022	Level 2 ZWL000	Level 3 ZWL000	Total ZWL000
Recurring fair value measurements			
Financial assets			
Derivative assets	12,576	-	12,576
Treasury bills	-	4,664,100	4,664,100
Unquoted equity instruments	-	3,990,908	3,990,908
Balance at 31 December 2022	**12,576**	**8,655,008**	**8,667,584**
Financial liabilities			
Derivative liabilities	-	-	-
Balance at 31 December 2022	**-**	**-**	**-**
Non - financial assets			
Property and equipment	-	18,814,882	18,814,882
Investment property	-	4,080,000	4,080,000
Investment in joint venture - underlying property	-	13,243,000	13,243,000
Investment in subsidiary		-	-
Balance at 31 December 2022	**-**	**36,137,882**	**36,137,882**

Inflation adjusted 2021	Level 2 ZWL000	Level 3 ZWL000	Total ZWL000
Recurring fair value measurements			
Financial assets			
Derivative assets	6,157	-	6,157
RBZ NOP Support receivable	-	3,083,334	3,083,334
Treasury bills	-	6,189,709	6,189,709
Unquoted equity instruments	-	5,641,447	5,641,447
Balance at 31 December 2021	**6,157**	**14,914,490**	**14,920,647**
Financial liabilities			
Derivative liabilities	4,373	-	4,373
Balance at 31 December 2021	**4,373**	**-**	**4,373**
Non - financial assets			
Property and equipment	-	39,588,536	39,588,536
Investment property	-	4,394,420	4,394,420
Investment in joint venture - underlying property	-	10,541,166	10,541,166
Balance at 31 December 2021	**-**	**54,524,122**	**54,524,122**
Historical 2021			
Recurring fair value measurements			
Financial assets			
Derivative assets	1,791	-	1,791
RBZ NOP Support receivable	-	896,944	896,944
Treasury bills	-	1,800,591	1,800,591
Unquoted equity instruments	-	1,641,101	1,641,101
Balance at 31 December 2021	**1,791**	**4,338,636**	**4,340,427**
Financial liabilities			
Derivative liabilities	1,272	-	1,272
Balance at 31 December 2021	**1,272**	**-**	**1,272**
Non - financial assets			
Land and buildings	-	3,350,110	3,350,110
Investment property	-	1,278,340	1,278,340
Investment in joint venture - underlying asset	-	3,066,433	3,066,433
Balance at 31 December 2021	**-**	**7,694,883**	**7,694,883**

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

Fair value hierarchy

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

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

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

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

Historical and inflation adjusted 2022	Level 2 ZWL000	Level 3 ZWL000	Total ZWL000
Recurring fair value measurements			
Financial assets			
Derivative assets	12,576	-	12,576
Treasury bills	-	4,664,100	4,664,100
Unquoted equity instruments	-	9,807,326	9,807,326
Balance at 31 December 2022	**12,576**	**14,471,426**	**14,484,002**
Financial liabilities			
Derivative liabilities	-	-	-
Balance at 31 December 2022	**-**	**-**	**-**
Non - financial assets			
Land and buildings	-	16,434,882	16,434,882
Investment property	-	4,080,000	4,080,000
Investment in joint venture - underlying asset	-	13,243,000	13,243,000
Balance at 31 December 2022	**-**	**33,757,882**	**33,757,882**

Inflation adjusted 2021	Level 2 ZWL000	Level 3 ZWL000	Total ZWL000
Recurring fair value measurements			
Financial assets			
Derivative assets	6,157	-	6,157
RBZ NOP Support receivable	-	3,083,334	3,083,334
Treasury bills	-	6,189,709	6,189,709
Unquoted equity instruments	-	5,641,447	5,641,447
Balance at 31 December 2021	**6,157**	**14,914,490**	**14,920,647**
Financial liabilities			
Derivative liabilities	1,272	-	1,272
Balance at 31 December 2021	**1,272**	**-**	**1,272**
Non - financial assets			
Land and buildings	-	9,591,279	9,591,279
Investment property	-	4,394,420	4,394,420
Investment in joint venture - underlying asset	-	10,541,166	10,541,166
Balance at 31 December 2021	**-**	**24,526,865**	**24,526,865**

Historical 2021 Recurring fair value measurements Financial assets	Level 2 ZWL000	Level 3 ZWL000	Total ZWL000
Derivative assets	1,791	-	1,791
RBZ NOP Support receivable	-	896,944	896,944
Treasury bills	-	1,800,591	1,800,591
Unquoted equity instruments	-	1,081,101	1,081,101
Balance at 31 December 2021	**1,791**	**3,778,636**	**3,780,427**
Financial liabilities			
Derivative liabilities	1,272	-	1,272
Balance at 31 December 2021	**1,272**	**-**	**1,272**
Non - financial assets			
Land and buildings	-	2,790,110	2,790,110
Investment property	-	1,278,340	1,278,340
Investment in joint venture - underlying asset	-	3,066,433	3,066,433
Balance at 31 December 2021	**-**	**7,134,883**	**7,134,883**

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

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

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

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

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

Category of asset/liability	Valuation applied	Significant unobservable inputs	Range of estimates utilised for the unobservable inputs
Unquoted equity financial instrument	Discounted cash flow	Cashflows and discount rates	29% to 85%
Land and buildings	Market/ income approach	Capitalisation rates	7% to 9%
Investment properties	Market/income approach	Capitalisation rates	7% to 9%
Treasury bills	Discounted cash flow	Market Yield – not actively traded	7%

35.5.1 Reconciliation of recurring level 3 fair value measurements- Group

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

Inflation adjusted 2021	Investment securities ZWL000	Investment properties ZWL000	RBZ net open position Receivable ZWL000	Investment in Joint venture - Property ZWL000	Investment in subsidiary ZWL000	Total ZWL000
Balance at 1 January 2021	**5,630,962**	**1,588,470**	**4,858,138**	**5,366,453**	**-**	**17,444,023**
Additions	59,007,256	-	-	-	-	59,007,256
Monetary adjustment	(1,133,287)	-	(1,835,728)	-	-	(2,969,015)
Accrued interest	612,996	-	341,185	-	-	954,181
Maturities	(57,480,632)	-	(971,359)	5,174,713	-	(53,277,278)
Total gains and (losses) recognised in profit or loss	-	2,805,950	691,098	-	-	3,497,048
Total gains and losses recognised in other comprehensive income	3,330,315	-	-	-	-	3,330,315
Balance at 31 December 2021	**9,967,610**	**4,394,420**	**3,083,334**	**10,541,166**	**-**	**27,986,530**

Historical 2021	Investment securities ZWL000	Investment properties ZWL000	RBZ net open position Receivable ZWL000	Investment in Joint venture - Property ZWL000	Total ZWL000
Balance at 1 January 2021	**1,638,053**	**462,087**	**1,413,236**	**1,561,105**	**5,074,481**
Additions	17,165,254	-	-	-	17,165,254
Accrued interest	178,321	-	99,251	-	277,572
Monetary adjustment	(329,676)	-	(534,015)	-	(863,691)
Maturities	(16,721,158)	-	(282,569)	-	(17,003,727)
Total gains and (losses) recognised in profit or loss	-	816,253	201,041	1,505,328	2,522,622
Total gains and losses recognised in other comprehensive income	968,791	-	-	-	968,791
Balance at 31 December 2021	**2,899,585**	**1,278,340**	**896,944**	**3,066,433**	**8,141,302**

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

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

	Inflation adjusted				Historical			
	2022 Carrying amount ZWL000	2022 Fair value ZWL000	2021 Carrying amount ZWL000	2021 Fair value ZWL000	2022 Carrying amount ZWL000	2022 Fair value ZWL000	2021 Carrying amount ZWL000	2021 Fair value ZWL000
Financial Assets								
Cash and bank balances	53,609,309	53,609,309	31,280,303	31,280,303	53,609,309	53,609,309	9,099,463	9,099,463
Loans and receivables from Banks	225,622	225,622	118,587	118,587	225,622	225,622	34,497	34,497
Treasury bills -NOP	4,570,550	4,570,550	24,550,086	24,550,086	4,570,550	4,570,550	-	-
Loans and advances to customers	45,342,179	45,342,179	4,841,377	4,841,377	45,342,179	45,342,179	7,141,638	7,141,638
Other assets	5,143,002	5,143,002	60,790,352	60,790,352	5,143,002	5,143,002	1,408,360	1,408,360
Total assets	**108,890,662**	**108,890,662**	**121,580,705**	**121,580,705**	**108,890,662**	**108,890,662**	**17,683,958**	**17,683,958**
Financial Liabilities								
Deposits from banks	800,769	800,769	56,367,397	56,367,397	800,769	800,769	547,359	547,359
Deposits from customers	93,514,048	93,514,048	587,939	587,939	93,514,048	93,514,048	16,397,317	16,397,317
Lease liability	1,823,304	1,823,304	4,730,600	4,730,600	1,823,304	1,823,304	171,032	171,032
Other liabilities	12,152,808	12,152,808	790,854	790,854	12,153,077	12,153,077	1,376,135	1,376,135
Balances due to group companies	47,628	47,628	64,358,391	64,358,391	47,628	47,628	230,060	230,060
Total	**108,338,557**	**108,338,557**	**126,835,181**	**126,835,181**	**108,338,826**	**108,338,826**	**18,721,903**	**18,721,903**

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

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

	Inflation adjusted				Historical			
	2022 Carrying amount ZWL000	2022 Fair value ZWL000	2021 Carrying amount ZWL000	2021 Fair value ZWL000	2022 Carrying amount ZWL000	2022 Fair value ZWL000	2021 Carrying amount ZWL000	2021 Fair value ZWL000
Financial Assets								
Cash and bank balances	53,609,309	53,609,309	31,280,303	31,280,303	53,609,309	53,609,309	9,099,463	9,099,463
Loans and receivables from Banks	225,622	225,622	118,587	118,587	225,622	225,622	34,497	34,497
Treasury bills -NOP	4,570,550	4,570,550	24,550,086	24,550,086	4,570,550	4,570,550	-	-
Loans and advances to customers	45,342,179	45,342,179	4,841,377	4,841,377	45,342,179	45,342,179	7,141,638	7,141,638
Other assets	5,143,002	5,143,002	60,790,352	60,790,352	5,143,002	5,143,002	1,408,360	1,408,360
Total assets	**108,890,662**	**108,890,662**	**121,580,705**	**121,580,705**	**108,890,662**	**108,890,662**	**17,683,958**	**17,683,958**
Financial Liabilities								
Deposits from banks	800,769	800,769	56,367,397	56,367,397	800,769	800,769	547,359	547,359
Deposits from customers	96,925,095	96,925,095	587,939	587,939	93,514,048	93,514,048	16,397,317	16,397,317
Lease liability	1,823,304	1,823,304	4,730,600	4,730,600	1,823,304	1,823,304	171,032	171,032
Other liabilities	12,152,808	12,152,808	790,854	790,854	12,153,077	12,153,077	1,376,135	1,376,135
Balances due to group companies	47,628	47,628	64,358,391	64,358,391	47,628	47,628	230,060	230,060
Total	**111,749,604**	**111,749,604**	**126,835,181**	**126,835,181**	**108,338,826**	**108,338,826**	**18,721,903**	**18,721,903**

36 Risk management

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

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

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

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

36.1 Capital risk management

Capital risk – is the risk that the Group is unable to maintain adequate levels of capital which could lead to an inability to support business activity or failure to meet regulatory requirements. Capital risk is mostly managed for the bank.
The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:
- To comply with the capital requirements set by the banking regulators;
- To safeguard the bank's ability to continue as a going concern so that it can continue to provide returns
- To maintain a strong capital base to support the development of its business.

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

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

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

	2022 ZWL000	2021 ZWL000
Share capital	216	216
Share premium	24,160	24,085
Accumulated profits	25,398,970	6,902,434
Share based payment reserve	5,010	2,274
Fair value through OCI reserve	6,311,658	1,198,141
Currency translation reserve	3,508	3,508
Total core capital	**31,743,522**	**8,130,658**
Less market and operational risk capital	(2,678,732)	(643,080)
Tier 1 capital	**29,064,789**	**7,487,578**
Currency translation reserve movement	4,277	4,277
Revaluation reserves	13,530,151	2,037,184
General provisions (limited to 1.25% of weighted risk assets)	377,401	78,682
Tier 2 capital	**13,911,829**	**2,120,143**
Total tier 1 & 2 capital	**42,976,618**	**9,607,721**
Market risk	503,088	70,453
Operational risk	2,175,645	572,627
Tier 3 capital	**2,678,733**	**643,080**
Total tier 1, 2 & 3 capital base	45,655,351	10,250,801
Deductions from capital	(3,990,908)	(1,081,101)
Total capital base	41,664,443	9,169,700
Credit risk weighted assets	88,629,784	17,004,942
Operational risk equivalent assets	27,195,562	7,157,836
Market risk equivalent assets	6,288,596	880,665
Total risk weighted assets (RWAs)	**122,113,942**	**25,043,443**
Tier 1 capital ratio	**24%**	**30%**
Tier 1 and 2 capital ratio	**35%**	**38%**
Total capital adequacy ratio	**34%**	**37%**

36.1 Capital risk management (continued)

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

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

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

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

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

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

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

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

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

(b)Credit risk grading

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

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

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

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

36.2 Credit risk (continued)

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

Retail exposures

Stage 1	12 Month PD	Central Group Grades 1 to3 (Internal grades bucket 0 & bucket 1)
Stage 2	Life Time PD	Central Group Grades 4 to 7 (Internal grades bucket 2 & bucket 3)
Stage 3	Default PD	Central Group 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.

Default

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

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

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

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

ECLs measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. The 12 month ECL is calculated for the following exposures:

- Corporate loans with regulatory grades from 1 - 3
- Retail loans graded in bucket 0 and bucket 1
- Debt securities, loans to banks and bank balances which are not past due; and
- These are a product of 12 months PD, 12 months LGD and EAD.

ii) Life time ECLs (Stage 2 - significant increase in credit risk refer to 36.3 (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 2021/22	Previous ratings 2020/21
Crown Agency	BB	BB

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

Counterparty	2021	2020
VISA	AA-	AA-
MasterCard International	A+	A+

36.3.1 Maximum credit risk exposure

Historical and inflation adjusted 2022	Maximum credit risk exposure				ECL Reconciliation			
Loans and advances to customers	**Stage 1 ZWL000**	**Stage 2 ZWL000**	**Stage 3 ZWL000**	**Total ZWL000**	**Stage 1 ZWL000**	**Stage 2 ZWL000**	**Stage 3 ZWL000**	**Total ZWL000**
Corporate	27,740,598	5,278,827	153,499	33,172,924	79,689	7,332	52,394	139,415
Business Banking	793,242	10,231	5,380	808,853	4,383	61,154	6,782	72,318
Retail	11,674,473	183,245	188,673	12,046,391	293,329	30,755	150,171	474,255
Total	**40,208,313**	**5,472,303**	**347,552**	**46,028,168**	**377,401**	**99,241**	**209,347**	**685,988**
Balances with central Bank								
Savings bonds and treasury bills	9,234,650	-	-	9,234,650	139,013	-	-	139,013
Bank balances	25,083,161	-	-	25,083,161	2,819	-	-	2,819
Total	**34,317,811**	**-**	**-**	**34,317,811**	**141,832**	**-**	**-**	**141,832**
Balances with other Banks and settlement balances								
Settlement balances - local currency	225,622	-	-	225,622	2,028	-	-	2,028
Bank balances - foreign currency	14,293,844	-	-	14,293,844	3,003	-	-	3,003
Total	**14,519,466**	**-**	**-**	**14,519,466**	**5,031**	**-**	**-**	**5,031**
Other assets								
RBZ receivable other	7,320	-	-	7,320	-	-	-	-
Other assets	1,874,863	-	-	1,874,863	128	-	-	128
Total	**1,882,183**	**-**	**-**	**1,882,183**	**128**	**-**	**-**	**128**
Total on balance sheet	**90,927,773**	**5,472,303**	**347,552**	**96,747,628**	**524,392**	**99,241**	**209,347**	**832,980**
Guarantees and letters of credit								
Guarantees	610,243	-	-	610,243	-	-	-	-
Letters of credit	3,436,418	-	-	3,436,418	-	-	-	-
Total	**4,046,661**	**-**	**-**	**4,046,661**	**-**	**-**	**-**	**-**

36.3.1 Maximum credit risk exposure

Inflation adjusted 2021	Maximum credit risk exposure				ECL Reconciliation			
Loans and advances to customers	**Stage 1 ZWL000**	**Stage 2 ZWL000**	**Stage 3 ZWL000**	**Total ZWL000**	**Stage 1 ZWL000**	**Stage 2 ZWL000**	**Stage 3 ZWL000**	**Total ZWL000**
Corporate	12,889,273	2,323,322	-	15,212,595	143,214	10,333	-	153,547
Business Banking	3,371,593	38,274	127,102	3,536,969	34,462	7,972	11,055	53,489
Retail	5,811,646	175,510	162,351	6,149,507	92,801	7,174	41,973	141,948
Total	**22,072,512**	**2,537,106**	**289,453**	**24,899,071**	**270,477**	**25,479**	**53,028**	**348,984**
Balances with central Bank								
Savings bonds and treasury bills	6,189,709	-	-	6,189,709	31,722	-	-	31,722
Bank balances	8,969,607	-	-	8,969,607	698	-	-	698
Total	**15,159,316**	**-**	**-**	**15,159,317**	**32,420**	**-**	**-**	**32,420**
Balances with other Banks and settlement balances								
Settlement balances - local currency	118,587	-	-	118,587	1,674	-	-	1,674
Bank balances - foreign currency	11,667,021	-	-	11,667,021	3,620	-	-	3,620
Total	**11,785,608**	**-**	**-**	**11,785,608**	**5,294**	**-**	**-**	**5,294**
Other assets								
RBZ receivable NOP support	3,083,334	-	-	3,083,334	125,263	-	-	125,263
RBZ receivable other	3,977	-	-	3,977	-	-	-	-
Other assets	4,483,450	-	-	4,483,450	-138	-	-	-138
Total	**7,570,761**	**-**	**-**	**7,570,761**	**125,125**	**-**	**-**	**125,125**
Total on balance sheet	**56,588,197**	**2,537,106**	**289,453**	**59,414,757**	**433,316**	**25,479**	**53,028**	**511,824**
Guarantees and letters of credit								
Guarantees	417,307	-	-	417,307	-	-	-	-
Letters of credit	2,801,485	-	-	2,801,485	-	-	-	-
Total	**3,218,792**	**-**	**-**	**3,218,792**	**-**	**-**	**-**	**-**

36.3.1 Maximum credit risk exposure (continued)

Historical 2021	Maximum credit risk exposure				ECL Reconciliation			
Loans and advances to customers	**Stage 1 ZWL000**	**Stage 2 ZWL000**	**Stage 3 ZWL000**	**Total ZWL000**	**Stage 1 ZWL000**	**Stage 2 ZWL000**	**Stage 3 ZWL000**	**Total ZWL000**
Corporate	3,749,499	675,856	-	4,425,355	41,661	3,006	-	44,667
Business Banking	980,799	11,134	36,974	1,028,907	10,025	2,319	3,216	15,560
Retail	1,690,612	51,056	47,228	1,788,896	26,996	2,087	12,210	41,293
Total	**6,420,910**	**738,046**	**84,202**	**7,243,158**	**78,682**	**7,412**	**15,426**	**101,520**
Balances with central Bank								
Savings bonds and treasury bills	1,800,591	-	-	1,800,591	9,228	-	-	9,228
Bank balances	2,609,265	-	-	2,609,265	203	-	-	203
Total	**4,409,856**	**-**	**-**	**4,409,856**	**9,431**	**-**	**-**	**9,431**
Balances with other Banks and settlement balances								
Settlement balances - local currency	34,497	-	-	34,497	487	-	-	487
Bank balances - foreign currency	3,393,945	-	-	3,393,945	1,053	-	-	1,053
Total	**3,428,442**	**-**	**-**	**3,428,442**	**1,540**	**-**	**-**	**1,540**
Other assets								
RBZ receivable NOP support	896,944	-	-	896,944	36,439	-	-	36,439
RBZ receivable other	1,157	-	-	1,157	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	**898,101**	**-**	**-**	**898,101**	**36,439**	**-**	**-**	**36,439**
Total on balance sheet	**15,157,309**	**738,046**	**84,202**	**15,979,557**	**126,092**	**7,412**	**15,426**	**148,930**
Guarantees and letters of credit								
Guarantees	121,395	-	-	121,395	-	-	-	-
Letters of credit	814,954	-	-	814,954	-	-	-	-
Total	**936,349**	**-**	**-**	**936,349**	**-**	**-**	**-**	**-**

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

Inflation adjusted 2022	Stage 1 - 12 month ECL ZWL000	Stage 2 - Lifetime ECL not credit impaired ZWL000	Stage 3 - Lifetime ECL credit impaired ZWL000	Total ZWL000
Balance at beginning of the year	647,460	39,123	84,442	771,025
Movement with P&L impact				
New financial assets purchased or originated	684,090	-	-	684,090
Transfers from stage 1 to stage 2	(285,750)	285,750	-	-
Transfers from stage 2 to stage 3	-	(193,922)	193,922	-
Write offs	-	-	-	-
Total	**398,340**	**91,828**	**193,922**	**684,090**
Movement with no P&L impact				
Bad debts written off	-	-	-	-
Monetary adjustment	(307,265)	(18,076)	(37,600)	(362,941)
Balance at 31 December 2022	**738,535**	**112,875**	**240,764**	**1,092,174**

Inflation adjusted 2021	Stage 1 - 12 month ECL ZWL000	Stage 2 - Lifetime ECL not credit impaired ZWL000	Stage 3 - Lifetime ECL credit impaired ZWL000	Total ZWL000
Balance at beginning of the year	470,563	31,645	19,538	521,745
Movement with P&L impact	-		-	
New financial assets purchased or originated	249,532	-	-	249,532
Transfers from stage 1 to stage 2	(72,382)	72,382	-	-
Transfers from stage 2 to stage 3	-	(64,903)	64,903	-
Transfer to provisions	-	-	-	-
Write offs	(253)	-	-	(253)
Balance at 31 December 2021	**647,460**	**39,123**	**84,441**	**771,024**

Historical 2021	Stage 1 - 12 month ECL ZWL000	Stage 2 - Lifetime ECL not credit impaired ZWL000	Stage 3 - Lifetime ECL credit impaired ZWL000	Total ZWL000
Balance at beginning of the year	136,887	9,205	5,684	151,776
Movement with P&L impact	-			
New financial assets purchased or originated	72,589	-	-	72,589
Transfers from stage 1 to stage 2	(21,056)	21,056	-	-
Transfers from stage 2 to stage 3	-	(18,880)	18,880	-
Transfer to provisions	-	-	-	-
Write offs	(74)	-	-	(74)
Balance at 31 December 2021	**188,346**	**11,381**	**24,564**	**224,291**

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

Industry/Sector	Historical and inflation adjusted 2022 ZWL000	%	Inflation adjusted 2021 ZWL000	%	Historical 2021 ZWL000	%
Trade and services	5,828,615	13%	6,679,983	27%	1,943,212	27%
Energy and minerals	102,191	0%	-	0%	-	0%
Agriculture	9,582,694	21%	3,944,992	15%	1,147,601	15%
Light and heavy industry	10,534,608	22%	2,724,981	11%	792,699	11%
Physical persons	12,047,485	26%	6,149,280	25%	1,788,830	25%
Transport and distribution	7,626,341	17%	4,433,815	18%	1,289,800	18%
Financial services	306,234	1%	966,020	4%	281,016	4%
Total	**46,028,168**	**100%**	**24,899,071**	**100%**	**7,243,158**	**100%**

Historical and inflation adjusted 2022 Industry/Sector	Total loans ZWL000	Non performing loans ZWL000	Write offs ZWL000	Recoveries ZWL000	Impairment allowance ZWL000
Trade and services	5,828,615	-	-	-	36,318
Energy and minerals	102,191	-	-	-	637
Agriculture	9,582,694	-	-	-	59,709
Light and heavy industry	10,534,608	153,499	-	-	65,641
Physical persons	12,047,485	188,673	-	345	474,257
Transport and distribution	7,626,341	5,380	-	-	47,519
Financial services	306,234	-	-	-	1,908
Gross value at 31 December 2022	**46,028,168**	**347,552**	**-**	**345**	**685,989**

Inflation adjusted 2021 Industry/Sector	Total loans ZWL000	Non performing loans ZWL000	Write offs ZWL000	Recoveries ZWL000	Impairment allowance ZWL000
Trade and services	6,679,983	11,564	-	-	-
Energy and minerals	-	-	-	-	-
Agriculture	3,944,992	98,312	-	-	11,055
Light and heavy industry	2,724,981	-	-	-	-
Physical persons	6,149,280	162,351	9,426	333	41,973
Transport and distribution	4,433,815	17,226	-	-	-
Financial services	966,020	-	-	-	-
Gross value at 31 December 2021	**24,899,071**	**289,453**	**9,426**	**333**	**53,028**

Historical 2021 Industry/Sector	Total loans ZWL000	Non performing loans ZWL000	Write offs ZWL000	Recoveries ZWL000	Impairment allowance ZWL000
Trade and services	1,943,212	3,364	-	-	-
Energy and minerals	-	-	-	-	-
Agriculture	1,147,601	28,599	-	-	3,216
Light and heavy industry	792,699	-	-	-	-
Physical persons	1,788,830	47,228	2,742	97	12,210
Transport and distribution	1,289,800	5,011	-	-	-
Financial services	281,016	-	-	-	-
Gross value at 31 December 2021	**7,243,158**	**84,202**	**2,742**	**97**	**15,426**

36.3.4 Collateral held for exposure

An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers are as shown below:

	Inflation adjusted		Historical	
	2022 ZWL000	2021 ZWL000	2022 ZWL000	2021 ZWL000
Performing loans	106,872,600	15,249,594	15,805,945	4,436,118
Non-performing loans	859,355	45,342	244,991	13,190
Total	**107,731,955**	**15,294,936**	**16,050,936**	**4,449,308**

The retail portfolio is fully insured.

36.4 Market risk

The group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The group separates exposures to market risk into either trading or banking book. Trading portfolios include those positions arising from market–making transactions where the group acts as principal with clients or with the market; this is mainly to support client trading activity. Non trading book primarily arises from the management of the Bank's retail and commercial banking assets and liabilities.

Market risk measurement techniques

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk.

36.4.1 Foreign exchange risk

This is a risk that the value of a financial liability or asset denominated in foreign currency will fluctuate due to changes in the exchange rate. The Bank takes on exposures to the effects of fluctuations in the prevailing foreign currency exchange rates in the financial position and cash flows. Mismatches on foreign exchange assets and liabilities are minimised through the daily monitoring of the net foreign exchange exposure by treasury. Currency swaps are also used to manage foreign exchange risk where necessary.

The table below summarises the Bank's financial instruments at carrying amounts, categorised by currency.

Historical and inflation adjusted 2022 at 31 December 2022	USD (ZWL Equiv) ZWL000	GBP (ZWL Equiv) ZWL000	Rand (ZWL Equiv) ZWL000	Other currency (ZWL Equiv) ZWL000	Total ZWL000
Assets					
Cash and bank balances	34,782,578	1,385,371	574,710	1,556,960	38,299,619
Investment securities	2,625,469	-	-	-	2,625,469
Loans and advances to customers	37,598,647	213	3,099	72	37,602,031
Other assets	11,096,482	-	-	-	11,096,482
Total financial assets	**86,103,176**	**1,385,584**	**577,809**	**1,557,032**	**89,623,601**
Liabilities					
Deposits from banks	247	-	22,391	4,923	27,561
Deposits from customers	68,246,502	101,886	516,275	285,456	69,150,119
Other liabilities	14,905,392	24,795	17,571	19,733	14,967,491
Total financial liabilities	**83,152,141**	**126,681**	**556,237**	**310,112**	**84,145,171**
Net currency positions	**2,951,035**	**1,258,903**	**21,572**	**1,246,920**	**5,478,430**
Exchange rate sensitivity to Profit for the year					
Exchange rate increase of 20%	590,207	251,781	4,314	249,384	1,095,686
Exchange rate decrease of 20%	(590,207)	(251,781)	(4,314)	(249,384)	(1,095,686)

Exchange rates applied in 2021	**USD**	**GBP**	**Rand**	**EUR**	**CND**
ZWL closing rate	687	831	40	735	500

Other foreign

Inflation adjusted 2021	USD (ZWL Equiv) ZWL000	GBP (ZWL Equiv) ZWL000	Rand (ZWL Equiv) ZWL000	Other currency (ZWL Equiv) ZWL000	Total ZWL000
Assets					
Cash and bank balances	13,552,276	620,581	4,242,916	3,910,892	22,326,664
Investment securities	142,027	-	-	-	142,027
Loans and advances to customers	7,800,687	127	1,753	41	7,802,609
Other assets	7,789,213	-	-	-	7,789,213
Foreign exchange swaps	-	-	-	-	-
Total financial assets	**29,284,203**	**620,708**	**4,244,669**	**3,910,933**	**38,060,513**
Liabilities					
Deposits from banks	550	-	-	-	550
Deposits from customers	24,587,450	71,064	279,609	323,162	25,261,285
Other liabilities	9,462,517	56,273	13,625	124,668	9,657,084
Balances due to group companies	790,854	-	-	-	790,854
Total financial liabilities	**34,841,371**	**127,337**	**293,234**	**447,830**	**35,709,773**
Net currency positions	**(5,557,168)**	**493,371**	**3,951,435**	**3,463,103**	**2,350,740**
Exchange rate sensitivity to Profit for the year					
Exchange rate increase of 20%	(121,146)	10,755	86,141	75,496	51,246
Exchange rate decrease of 20%	121,146	(10,755)	(86,141)	(75,496)	(51,246)

Exchange rates applied in 2021	**USD**	**GBP**	**Rand**	**EUR**	**CND**
ZWL closing rate	109	146	7	123	85

Historical 2021 at 31 December 2021	USD (ZWL Equiv) ZWL000	GBP (ZWL Equiv) ZWL000	Rand (ZWL Equiv) ZWL000	Other currency (ZWL Equiv) ZWL000	Total ZWL000
Assets					
Cash and bank balances	3,942,367	180,527	1,234,267	1,137,681	6,494,842
Investment securities	41,316	-	-	-	41,316
Loans and advances to customers	2,269,226	37	510	12	2,269,785
Other assets	2,265,888	-	-	-	2,265,888
Foreign exchange swaps	-	-	-	-	-
Total financial assets	**8,518,797**	**180,564**	**1,234,777**	**1,137,693**	**11,071,831**
Liabilities					
Deposits from banks	160	-	-	-	160
Deposits from customers	7,152,507	20,652	81,339	94,008	7,348,506
Other liabilities	2,752,653	16,370	3,964	36,266	2,809,253
Balances due to group companies	230,060	-	-	-	230,060
Total financial liabilities	**10,135,380**	**37,022**	**85,303**	**130,274**	**10,387,979**
Net currency positions	**(1,616,583)**	**143,542**	**1,149,474**	**1,007,419**	**683,852**

36.4.1 Foreign exchange risk (continued)

Key techniques to measure exposure to FX risk is through monitoring of net open position as well as stress testing;

(i) Net Open Position (NOP) Management

Foreign exchange risk is manged through daily monitoring of the net foreign exchange exposure by Treasury. Currency swaps are also used to manage foreign exchange risk where necessary.This is achieved through limiting exposure per currency against total qualifying capital held. In compliance with regulatory provisions, exposure to a single currency is limited to 10% of total qualifying capital while total exposure is limited to 20% of the same.

(ii) Stress tests

Stress tests provide an indication of losses that could arise in extreme positions.

The stress measure for foreign currency risk is based on determining currency volatility for the past seven years and applying it to the average net open position for the past year assuming a 40 day holding period as per Basel guidelines.

Summarised stressed foreign currency position of the bank as at 31 December 2022

Currency	Average NOP	Risk Position	Worst Daily Vols	Stress Factor	Risk Measure
USD	3,200,825	3,200,825	8.4%	52.9%	1,692,658
GBP	1,688,322	1,688,322	8.4%	53.4%	901,151
Rand	9,302	9,302	7.0%	44.0%	4,093
Other currencies	1,047,292	1,053,085	5.3%	33.4%	531,317
Total	**5,945,741**	**5,951,534**			**3,129,219**

Summarised stressed foreign currency position of the bank as at 31 December 2021

Currency	Average NOP	Risk Position	Worst Daily Vols	Stress Factor	Risk Measure
USD	302,519	302,519	8.4%	52.9%	159,978
GBP	54,863	54,863	8.4%	53.4%	29,283
Rand	20,773	20,773	7.0%	44.0%	9,140
Other currencies	102,300	102,305	7.9%	50.2%	51,346
Total	**480,455**	**480,460**			**249,747**

36.4.2 Interest rate risk

Interest rate risk is the risk that the group will be adversely affected by changes in the level or volatility of market interest rates. The group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The responsibility of managing interest rate risk lies with the Assets and Liabilities Committee (ALCO). On a day to day basis, risks are managed through a number of management committees. Through this process, the Group monitors compliance within the overall risk policy framework and ensures that the framework is kept up to date. Risk management information is provided on a regular basis to the Risk and Control Committee and the Board.

36.4.2 Interest rate risk (continued)

The table below summarises interest rate risk exposure- Group

Historical and inflation adjusted 31-Dec-22	Up to 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6 months to 1 year ZWL000	years 1 to 5 ZWL000	Over 5 years historical adjusted ZWL000	Non-interest bearing Historical ZWL000	Total Historical ZWL000	Non-interest bearing inflation adjusted ZWL000	Total inflation adjusted ZWL000
Assets										
Cash and bank balances	30,877,450	-	-	-	-	-	22,731,859	53,609,309	22,731,859	53,609,309
Derivative financial assets	12,576	-	-	-	-	-	-	12,576	-	12,576
Investment securities	-	237,968	3,288,911	1,137,220	-	-	8,561,459	13,225,558	8,561,459	13,225,558
Loans and receivables from Banks	-	-	-	-	-	-	225,622	225,622	225,622	225,622
Loans and advances to customers	44,405,193	44,727	66,047	131,705	694,508	-	-	45,342,180	-	45,342,180
Other assets	593,379	-	-	-	-	-	7,116,855	7,710,234	7,408,591	8,001,970
Current tax asset	-	-	-	-	-	-	1,072,374	1,072,374	1,072,374	1,072,374
Property and equipment	-	-	-	-	-	-	18,814,882	18,814,882	18,814,882	18,814,882
Investment properties	-	-	-	-	-	-	4,080,000	4,080,000	4,080,000	4,080,000
Investment in joint venture	-	-	-	-	-	-	13,479,449	13,479,449	13,479,449	13,479,449
Intangible assets	-	-	-	-	-	-	8,941	8,941	679,309	679,309
Right of use assets	-	-	-	-	-	-	1,042,315	1,042,315	2,242,038	2,242,038
Total assets	**75,888,598**	**282,695**	**3,354,958**	**1,268,925**	**694,508**	**-**	**77,133,756**	**158,623,440**	**79,295,583**	**160,785,267**
Liabilities										
Derivative financial liabilities	-	-	-	-	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-	1,823,304	1,823,304	1,823,304	1,823,304
Deposits from banks	7,092	-	-	-	-	-	793,677	800,769	793,677	800,769
Deposits from customers	59,106,443	704,092	1,477,228	2,954,456	23,420,148	5,851,681	-	93,514,048	-	93,514,048
Employee benefit accruals	-	-	-	-	-	-	1,166,032	1,166,032	1,166,032	1,166,032
Other liabilities	-	-	-	-	-	-	12,183,437	12,183,437	12,184,655	12,184,655
Deferred tax liabilities	-	-	-	-	-	-	3,834,865	3,834,865	4,578,693	4,578,693
Current tax liabilities	-	-	-	-	-	-	-	-	-	-
Due to group companies	-	-	-	-	-	-	47,628	47,628	47,628	47,628
Total liabilities	**59,113,535**	**704,092**	**1,477,228**	**2,954,456**	**23,420,148**	**5,851,681**	**19,848,943**	**113,370,083**	**20,593,989**	**114,115,129**
Interest rate Re - pricing gap	16,775,063	(421,397)	1,877,730	(1,685,531)	(22,725,640)	(5,851,681)	57,284,813	45,253,357	58,701,594	46,670,138
Cumulative gap	**16,775,063**	**16,353,666**	**18,231,396**	**16,545,865**	**(6,179,775)**	**(12,031,456)**	**45,253,357**	**-**	**46,670,138**	**-**

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For the year ended 31 December 2022

Inflation adjusted	Up to 1 month	months 1 to 3	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years historical historical adjusted	Non-interest bearing inflation adjusted	Total inflation adjusted
31-Dec-21	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL001	ZWL000
Assets								
Cash and bank balances	17,692,991	-	-	-	-	-	13,587,312	31,280,303
Derivative financial assets	6,157	-	-	-	-	-	-	6,157
Investment securities	118,586	1,789,965	2,964,908	1,107,774	388,576	-	3,597,801	9,967,610
Loans and receivables from Banks	118,587	-	-	-	-	-	-	118,587
Loans and advances to customers		144	28	113	1,127,288	42,736	-	24,550,086
	23,379,776							
Other assets	-	-	-	-	-	2,986,765	6,463,191	9,449,956
Property and equipment	-	-	-	-	-	-	12,135,095	12,135,095
Investment properties	-	-	-	-	-	-	4,394,420	4,394,420
Investment in joint venture	-	-	-	-	-	-	10,601,984	10,601,984
Intangible assets	-	-	-	-	-	-	896,900	896,900
Right of use assets	-	-	-	-	-	-	591,054	591,054
Total assets	**41,316,097**	**1,790,109**	**2,964,936**	**1,107,887**	**1,515,864**	**3,029,501**	**52,267,758**	**103,992,151**
Liabilities								
Derivative financial liabilities	4,373	-	-	-	-	-	-	4,373
Lease liabilities	-	-	-	-	-	-	587,939	587,939
Deposits from banks	490,893	-	-	902,820	-	-	487,888	1,881,601
Deposits from customers	35,474,582	591,549	882,665	1,765,327	14,122,618	3,530,655	-	56,367,397
Employee benefit accruals	-	-	-	-	-	-	691,923	691,923
Other liabilities	-	-	-	-	-	-	4,925,199	4,925,199
Deferred tax liabilities	-	-	-	-	-	-	2,822,698	2,822,698
Current tax liabilities	-	-	-	-	-	-	43,513	43,513
Due to group companies	-	-	-	-	-	-	790,854	790,854
Total liabilities	**35,969,848**	**591,549**	**882,665**	**2,668,147**	**14,122,618**	**3,530,655**	**10,350,015**	**68,115,497**
Interest rate Re - pricing gap	5,346,250	1,198,560	2,082,270	(1,560,261)	(12,606,754)	(501,154)	41,917,743	35,876,654
Cumulative gap	**5,346,250**	**6,544,810**	**8,627,080**	**7,066,819**	**(5,539,935)**	**(6,041,089)**	**35,876,654**	**-**

Notes to the Consolidated and Separate Annual Financial Statements (continued)
For the year ended 31 December 2022

36.4.2a Interest rate risk (continued)

The table below summarises interest rate risk exposure- Bank

Historical and inflation adjusted	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	years 1 to 5	Over 5 years historical adjusted	Non-interest bearing Historical	Total Historical	Non-interest bearing inflation adjusted	Total inflation adjusted
31-Dec-22	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Assets										
Cash and bank balances		-	-	-	-	-	22,731,859	53,609,309	22,731,859	53,609,309
	30,877,450									
Derivative financial assets	12,576	-	-	-	-	-	-	12,576	-	12,576
Investment securities	-	237,968	3,288,911	1,137,221	-	-	8,561,458	13,225,558	8,561,458	13,225,558
Loans and receivables from Banks	-	-	-	-	-	-	225,622	225,622	225,622	225,622
Loans and advances to customers	44,405,193	44,727	66,047	131,705	694,508	-	-	45,342,180	-	45,342,180
Other assets	593,379	-	-	-	-	-	7,094,569	7,687,948	7,386,307	7,979,686
Property and equipment	-	-	-	-	-	-	16,434,882	16,434,882	16,434,882	16,434,882
Investment properties	-	-	-	-	-	-	4,080,000	4,080,000	4,080,000	4,080,000
Investment in joint venture	-	-	-	-	-	-	13,479,449	13,479,449	13,479,449	13,479,449
Investment in Subsidiaries	-	-	-	-	-	-	5,816,418	5,816,418	5,816,418	5,816,418
Intangible assets	-	-	-	-	-	-	8,941	8,941	679,309	679,309
Current tax asset	-	-	-	-	-	-	1,072,374	1,072,374	1,072,374	1,072,374
Right of use assets	-	-	-	-	-	-	1,042,315	1,042,315	2,242,038	2,242,038
Total assets	**75,888,598**	**282,695**	**3,354,958**	**1,268,926**	**694,508**	**-**	**80,547,887**	**162,037,572**	**82,709,716**	**164,199,401**
Liabilities										
Derivative financial liabilities	-	-	-	-	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-	1,823,304	1,823,304	1,823,304	1,823,304
Deposits from banks	7,092	-	-	-	-	-	793,677	800,769	793,677	800,769
Deposits from customers	62,517,490	704,092	1,477,228	2,954,456	23,420,148	5,851,681	-	96,925,095	-	96,925,095
Employee benefit accruals	-	-	-	-	-	-	1,166,032	1,166,032	1,166,032	1,166,032
Other liabilities	-	-	-	-	-	-	12,183,164	12,183,164	12,183,166	12,183,166
Deferred tax liabilities	-	-	-	-	-	-	3,686,649	3,686,649	3,686,650	3,686,650
Current tax liabilities	-	-	-	-	-	-	-	-	-	-
Due to group companies	-	-	-	-	-	-	47,628	47,628	47,628	47,628
Total liabilities	**62,524,582**	**704,092**	**1,477,228**	**2,954,456**	**23,420,148**	**5,851,681**	**19,700,454**	**116,632,641**	**19,700,457**	**116,632,644**
Interest rate Re - pricing gap		(421,397)	1,877,730	(1,685,530)	(22,725,640)	(5,851,681)	60,847,433	45,404,931	63,009,259	47,566,757
	13,364,016									
Cumulative gap	**13,364,016**	**12,942,619**	**14,820,349**	**13,134,819**	**(9,590,821)**	**(15,442,502)**	**45,404,931**		**47,566,757**	

Inflation adjusted	month Up to 1	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years historical historical adjusted	Non-interest bearing inflation adjusted	Total inflation adjusted
31-Dec-21	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL001	ZWL000
Assets								
Cash and bank balances	17,692,991	-	-	-	-	-	13,587,312	31,280,303
Derivative financial assets	6,157	-	-	-	-	-	-	6,157
Investment securities	118,586	1,789,965	2,964,908	1,107,774	388,576	-	3,597,802	9,967,611
Loans and receivables from Banks	118,587	-	-	-	-	-	-	118,587
Loans and advances to customers	23,379,776	144	28	113	1,127,288	42,736	-	24,550,086
Other assets	-	-	-	-	-	2,986,765	6,463,191	9,449,956
Property and equipment	-	-	-	-	-	-	10,210,040	10,210,040
Investment properties	-	-	-	-	-	-	4,394,420	4,394,420
Investment in joint venture	-	-	-	-	-	-	10,601,984	10,601,984
Investment in Subsidiaries	-	-	-	-	-	-	1,925,055	1,925,055
Intangible assets	-	-	-	-	-	-	896,900	896,900
Right of use assets	-	-	-	-	-	-	591,054	591,054
Total assets	**41,316,097**	**1,790,109**	**2,964,936**	**1,107,887**	**1,515,864**	**3,029,501**	**52,267,758**	**103,992,152**
Liabilities								
Derivative financial liabilities	4,373	-	-	-	-	-	-	4,373
Lease liabilities	-	-	-	-	-	-	587,939	587,939
Deposits from banks	490,893	-	-	902,820	-	-	487,888	1,881,601
Deposits from customers	35,474,582	591,549	882,665	1,765,327	14,122,618	3,530,655	-	56,367,396
Employee benefit accruals	-	-	-	-	-	-	691,923	691,923
Other liabilities	-	-	-	-	-	-	4,925,199	4,925,199
Deferred tax liabilities	-	-	-	-	-	-	2,822,698	2,822,698
Current tax liabilities	-	-	-	-	-	-	43,513	43,513
Due to group companies	-	-	-	-	-	-	790,855	790,855
Total liabilities	**35,969,848**	**591,549**	**882,665**	**2,668,147**	**14,122,618**	**3,530,655**	**10,350,015**	**68,115,497**
Interest rate Re - pricing gap	5,346,250	1,198,560	2,082,270	(1,560,261)	(12,606,754)	(501,154)	41,917,743	35,876,655
Cumulative gap	**5,346,250**	**6,544,810**	**8,627,080**	**7,066,820**	**(5,539,934)**	**(6,041,088)**	**35,876,654**	

36.4.2 Interest rate risk (continued)
Net interest income sensitivity ("NII")

NII measures the sensitivity of annual earnings to changes in interest rates. NII is calculated at a 15% and 3% change in local currency and foreign currency interest rates respectively.

The Bank's interest income sensitivity is shown below:

	Inflation adjusted		Historical	
Net interest income sensitivity	**2022 Impact on earnings ZWL000**	**2021 Impact on earnings ZWL000**	**2022 Impact on earnings ZWL000**	**2021 Impact on earnings ZWL000**
Local currency				
1500bps increase in interest rates	(321,507)	5,582,215	(177,032)	366,074
1500bps decrease in interest rates	321,507	(5,582,215)	177,032	(366,074)
Benchmark	-	-	-	-
Foreign currency				
500bps increase in interest rates	649,979	46,554	357,899	10,495
500bps decrease in interest rates	(649,979)	(46,554)	(357,899)	(10,495)
Benchmark	-	-	-	-

36.5 Liquidity risk

Liquidity risk is the risk that the group may fail to meet its payment obligations when they fall due and to replace funds when they are withdrawn, the consequences of which may be the failure to meet the obligations to repay deposits and fulfil commitments to lend. Liquidity risk is inherent in all banking operations and can be affected by a range of group specific and market wide events. The efficient management of liquidity is essential to the group in maintaining confidence in the financial markets and ensuring that the business is sustainable.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Bank's short, medium and long term funding and liquidity management requirements.

Liquidity risk management objectives are;

• Growing and diversifying funding base to support asset growth and other strategic initiatives, balanced with strategy to reduce the weighted funding cost;
• To maintain the market confidence in the group;
• Maintaining adequate levels of surplus liquid asset holdings in order to remain within the liquidity risk appetite;
• Set early warning indicators to identify the emergence of increased liquidity risk or vulnerabilities;
• To maintain a contingency funding plan that is comprehensive.

Liquidity risk management process

Liquidity risk is managed as;
a) Business as usual referring to the management of cash inflows and outflows of the group in the ordinary course of business.
b) Stress liquidity risk – refers to management of liquidity risk during times of unexpected outflows. The group's Assets and Liabilities Committee ("ALCO") monitors and manages liquidity risk. The Bank's liquidity management process as carried out by the ALCO and Treasury units includes:
• Day to day funding and monitoring of future cash flows to ensure that funding requirements are met;
• Maintaining a high balance of cash or near cash balances that can easily be liquidated as protection against unforeseen funding gaps;
• Monitoring liquidity ratios against internal and regulatory benchmarks;
• Limits are set across the business to control liquidity risk;
• Early warning indicators are set to identify the emergence of increased liquidity risk and;
• Sources of liquidity are regularly reviewed by ALCO to maintain a wide diversification of source of funding;
• Managing concentration of deposits.

	Inflation adjusted		Historical	
Liquidity ratios	**2022 ZWL000**	**2021 ZWL000**	**2022 ZWL000**	**2021 ZWL000**
Total liquid assets	51,660,713	34,803,938	51,660,713	10,124,491
Deposits and other short term liabilities	103,618,792	60,507,947	103,618,792	17,601,806
Liquidity ratio	50%	58%	50%	58%
Reserve Bank of Zimbabwe minimum	30%	30%	30%	30%

Liquidity profiling as at 31 December 2022
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.

36.5 Liquidity risk (Continued)

On balance sheet items as at 31 December 2022
Historical and inflation adjusted 2022

Assets held for managing liquidity risk- Group (contractual maturity dates)

	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
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Cash and bank balances	45,534,621	591,423	923,200	1,846,401	4,713,663	-	53,609,308	53,609,309
Derivative financial assets	12,576	-	-	-	-	-	12,576	12,576
Investment securities	-	237,968	3,288,911	1,137,221	11,770,696	-	16,434,796	13,225,558
Loans and receivables from Banks	-	-	-	-	225,623	-	225,623	225,622
Loans and advances to customers	11,755,927	9,463,129	6,776,303	7,635,308	10,397,503	-	46,028,170	45,342,180
Other assets	1,615,679	1,248,159	-	5,942,196	17,590,202	18,814,883	45,211,119	46,208,195
Total assets	**58,918,803**	**11,540,679**	**10,988,414**	**16,561,126**	**44,697,687**	**18,814,883**	**161,521,592**	**158,623,440**
Liabilities								
Derivative financial liabilities	-	-	-	-	-	-	-	-
Lease liabilities	58,181	117,704	180,203	371,006	1,096,210	-	1,823,304	1,823,304
Deposits from banks	800,769	-	-	-	-	-	800,769	800,769
Deposits from customers	2,642,324	11,278,871	17,332,242	38,190,702	24,069,909	-	93,514,048	93,514,048
Provisions	-	-	-	1,051,634	-	-	1,051,634	1,166,032
Other liabilities	-	1,871,473	-	10,261,891	7,079,133	45,071,712	64,284,209	61,271,658
Balances due to Group companies	-	47,628	-	-	-	-	47,628	47,628
Total liabilities - (contractual maturity)	**3,501,274**	**13,315,676**	**17,512,445**	**49,875,233**	**32,245,252**	**45,071,712**	**161,521,592**	**158,623,439**
Liquidity gap	55,417,529	(1,774,997)	(6,524,031)	(33,314,107)	12,452,435	(26,256,829)	-	-
Cumulative liquidity gap	**55,417,529**	**53,642,532**	**47,118,501**	**13,804,394**	**26,256,829**	**-**		

Contingent liabilities and commitments as at 31 December 2022

Historical and inflation adjusted 2022	Less than 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6-Dec months ZWL000	1 to 5 years ZWL000	Total ZWL000
Assets						
Commitment to lend	587,499	941,112	703,941	339,817	926,646	3,499,015
Total assets	587,499	941,112	703,941	339,817	926,646	3,499,015
Liabilities						
Commitment to lend	3,499,015	-	-	-	-	3,499,015
Total liabilities	**3,499,015**	**-**	**-**	**-**	**-**	**3,499,015**
Liquidity gap	(2,911,516)	941,112	703,941	339,817	926,646	-
Cumulative liquidity gap	**(2,911,516)**	**(1,970,404)**	**(1,266,463)**	**(926,646)**	**-**	**-**

On balance sheet items as at 31 December 2022
Historical and inflation adjusted 2022

Assets held for managing liquidity risk- Bank (contractual maturity dates)

	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
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Cash and bank balances	45,534,621	591,423	923,200	1,846,401	4,713,663	-	53,609,308	53,609,309
Derivative financial assets	12,576	-	-	-	-	-	12,576	12,576
Investment securities	-	237,968	3,288,911	1,137,221	11,770,696	-	16,434,796	13,225,558
Loans and receivables from Banks	-	-	-	-	225,623	-	225,623	225,622
Loans and advances to customers	11,755,927	9,463,129	6,776,303	7,635,308	10,397,503	-	46,028,170	45,342,180
Other assets	1,615,679	1,555,737	-	5,942,196	23,406,620	16,434,883	48,955,115	49,622,328
Total assets	**58,918,803**	**11,848,257**	**10,988,414**	**16,561,126**	**50,514,105**	**16,434,883**	**165,265,588**	**162,037,573**
Liabilities								
Derivative financial liabilities	-	-	-	-	-	-	-	-
Lease liabilities	58,181	117,704	180,203	371,006	1,096,210	-	1,823,304	1,823,304
Deposits from banks	800,769	-	-	-	-	-	800,769	800,769
Deposits from customers	6,053,371	11,278,871	17,332,242	38,190,702	24,069,909	-	96,925,095	96,925,095
Provisions	-	-	-	1,051,634	-	-	1,051,634	1,166,032
Other liabilities	-	1,871,203	-	10,261,891	7,079,133	45,404,931	64,617,158	61,274,745
Current income tax liabilities	-	-	-	-	-			
Balances due to Group companies	-	47,628	-	-	-	-	47,628	47,628
Total liabilities - (contractual maturity)	**6,912,321**	**13,315,406**	**17,512,445**	**49,875,233**	**32,245,252**	**45,404,931**	**165,265,588**	**162,037,573**
Liquidity gap	52,006,482	(1,467,149)	(6,524,031)	(33,314,107)	18,268,853	(28,970,048)	-	-
Cumulative liquidity gap	**52,006,482**	**50,539,333**	**44,015,302**	**10,701,195**	**28,970,048**	**-**		

36.5 Liquidity risk (Continued)

Contingent liabilities and commitments as at 31 December 2022

Historical and inflation adjusted 2022	Less than 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6-Dec months ZWL000	1 to 5 years ZWL000	Total ZWL000
Assets						
Commitment to lend	587,499	941,112	703,941	339,817	926,646	3,499,015
Total assets	**587,499**	**941,112**	**703,941**	**339,817**	**926,646**	**3,499,015**
Liabilities						
Commitment to lend	3,499,015	-	-	-	-	3,499,015
Total liabilities	**3,499,015**	**-**	**-**	**-**	**-**	**3,499,015**
Liquidity gap	(2,911,516)	941,112	703,941	339,817	926,646	-
Cumulative liquidity gap	**(2,911,516)**	**(1,970,404)**	**(1,266,463)**	**(926,646)**	**-**	**-**

On balance sheet items as at 31 December 2021

Inflation adjusted 2021 Assets held for managing liquidity risk (contractual maturity dates)	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
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Cash and bank balances	28,483,142	-	2,801,485	-	-	-	31,284,627	31,280,303
Derivative financial assets	6,157	-	-	-	-	-	6,157	6,157
Investment securities	3,928,784	1,732,141	2,244,199	1,707,063	355,424	-	9,967,610	9,967,610
Loans and receivables from Banks	118,587	-	-	-	-	-	118,587	118,587
Loans and advances to customers	5,037,213	5,033,535	4,145,136	2,692,558	7,934,837	56,023	24,899,301	24,550,086
Other assets	4,303,035	191,567	287,352	574,701	2,568,058	-	7,924,714	9,449,956
Total assets	**41,876,918**	**6,957,243**	**9,478,171**	**4,974,322**	**10,858,319**	**56,023**	**74,200,996**	**75,372,698**
Liabilities								
Derivative financial liabilities	4,373	-	-	-	-	-	4,373	4,373
Lease liabilities	19,543	39,085	58,315	114,228	556,527	289,315	1,077,013	587,939
Deposits from banks	1,881,601	-	-	-	-	-	1,881,601	1,881,601
Deposits from customers	52,236,654	4,114,861	-	15,882	-	-	56,367,397	56,367,397
Provisions	-	-	691,923	-	-	-	691,923	691,923
Other liabilities	4,853,934	-	-	-	-	-	4,853,934	4,925,199
Current income tax liabilities	43,513	-	-	-	-	-	43,513	43,513
Balances due to Group companies	790,854	-	-	-	-	-	790,854	790,854
Total liabilities - (contractual maturity)	**59,830,472**	**4,153,946**	**750,239**	**130,110**	**556,527**	**289,315**	**65,710,608**	**65,292,799**
Liquidity gap	17,953,554)	2,803,296	8,727,933	4,844,213	10,301,793	(233,293)	8,490,388	10,079,899
Cumulative liquidity gap	**(17,953,554)**	**(1,388,398)**	**(366,612)**	**100,102**	**1,710,201**	**8,490,388**		

Contingent liabilities and commitments as at 31 December 2021

Inflation adjusted 2021	Less than 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6 to 12 months ZWL000	1 to 5 years ZWL000	Total ZWL000
Assets						
Commitment to lend	53,766	177,911	54,047	71,136	26,965	383,825
Total assets	**53,766**	**177,911**	**54,047**	**71,136**	**26,965**	**383,825**
Liabilities						
Commitment to lend	383,825	-	-	-	-	383,825
Total liabilities	**383,825**	**-**	**-**	**-**	**-**	**383,825**
Liquidity gap	(330,059)	177,911	54,047	71,136	26,965	-
Cumulative liquidity gap	**(330,059)**	**(152,148)**	**(98,101)**	**(26,965)**	**-**	**-**

On balance sheet items as at 31 December 2021

Historical 2022 Assets held for managing liquidity risk (contractual maturity dates)	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
	ZWL000	ZWL000	ZWL000	ZWL000		ZWL000	ZWL000	ZWL000
Cash and bank balances	8,285,767	-	814,954	-	-	-	9,100,721	9,099,463
Derivative financial assets	1,791	-	-	-	-	-	1,791	1,791
Investment securities	1,142,886	503,881	652,839	496,586	103,393	-	2,899,585	2,899,585
Loans and receivables from Banks	34,497	-	-	-	-	-	34,497	34,497
Loans and advances to customers	1,465,329	1,464,259	1,205,823	783,267	2,308,250	16,297	7,243,225	7,141,639
Other assets	1,251,756	55,727	83,591	167,181	747,050	-	2,305,305	2,654,391
Total assets	**12,182,026**	**2,023,867**	**2,757,207**	**1,447,034**	**3,158,693**	**16,297**	**21,585,124**	**21,831,366**
Liabilities								
Derivative financial liabilities	1,272	-	-	-	-	-	1,272	1,272
Lease liabilities	5,685	11,370	16,964	33,229	161,894	84,162	313,304	171,032
Deposits from banks	547,359	-	-	-	-	-	547,359	547,359
Deposits from customers	15,195,681	1,197,016	-	4,620	-	-	16,397,317	16,397,317
Provisions	-	-	201,281	-	-	-	201,281	201,281
Other liabilities	1,412,013	-	-	-	-	-	1,412,013	1,424,671
Current income tax liabilities	12,658	-	-	-	-	-	12,658	12,658
Balances due to Group companies	230,060	-	-	-	-	-	230,060	230,060
Total liabilities - (contractual maturity)	**17,404,728**	**1,208,386**	**218,245**	**37,849**	**161,894**	**84,162**	**19,115,264**	**18,985,651**
Liquidity gap	(5,222,702)	815,481	2,538,962	1,409,185	2,996,799	(67,865)	2,469,860	2,845,715
Cumulative liquidity gap	**(5,222,702)**	**(4,407,221)**	**(1,868,259)**	**(459,074)**	**2,537,725**	**2,469,860**		

36.5 Liquidity risk (Continued)

Contingent liabilities and commitments as at 31 December 2021

Historical 2021	Less than 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6 to 12 months ZWL000	1 to 5 years ZWL000	Total ZWL000
Assets						
Commitment to lend	258,502	381,207	81,787	24,291	11,830	238,791
Total assets	**258,502**	**381,207**	**81,787**	**24,291**	**11,830**	**238,791**
Liabilities						
Commitment to lend	258,502	381,207	81,787	51,382	11,830	238,791
Total liabilities	**258,502**	**381,207**	**81,787**	**51,382**	**11,830**	**238,791**
Liquidity gap	-	-	-	(27,091)	-	-
Cumulative liquidity gap	**-**	**-**	**-**	**(27,090)**	**(27,091)**	**(27,091)**

37 Other risks

Strategic risk
The roles of the Chairman and the Managing Director are not vested in the same person. The executive team formulates the strategy under the guidance of the Board which approves it. The executive directors bear the responsibility to execute the approved strategy. The Board reviews the performance and suitability of the strategy at least quarterly.

Legal and compliance risk
The Risk Management Committee ensures that the management and operations of the Bank's business is done within the established governance and regulatory control framework of the Reserve Bank of Zimbabwe and other regulatory bodies. A dedicated legal and compliance unit is in place to monitor legal and compliance requirements and ensure that they are met on a daily basis.

Reputation risk
The group adheres to very strict reputation standards set based on its chosen set of values. The Human Resources Committee of the Board assists the Board in ensuring that staff complies with set policies and practices consistent with the reputation demands of both the group and the industry. The compliance unit and human resources function monitor compliance by both management and staff with the group's ethical codes and compliance standards in managing conduct risk.

Operational risk
This is the risk of losses arising from inadequate or failed internal processes, people and/or systems or from external events. A significant part of the group's operations are automated and processed in the core banking system. Key banking operations in corporate and investment banking, retail and business banking and treasury are heavily dependent on the group's core banking system. The core banking system also supports key accounting processes for financial assets, financial liabilities and revenue including customer interface on mobile, internet banking and related electronic platforms.

Practices to minimise operational risk are embedded across all transaction cycles. Risk workshops are held for the purpose of identifying major risks in the operating environment and methods of mitigating the risks. The group employs the standardised approach to determine capital required to cover operational risk. Each function carries out a risk and control assessment of their processes on a regular basis. The assessment results are reviewed by Operational Risk Management department. Internal Audit audits selected functions at given times.

Risks and Ratings
The Central Bank conducts regular examinations of bank and financial institutions it regulates. The last on-site examination of the bank was as at 30 June 2016 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 ratings

CAMELS component	Latest Rating - June 2016	
Capital	1	Strong
Asset quality	2	Satisfactory
Management	2	Satisfactory
Earnings	1	Strong
Liquidity and funds management	2	Satisfactory
Sensitivity to market risk	1	Strong

Summary risk matrix - June 2016 on-site supervision

Type of risk	Level of inherent risk	Adequacy of risk management systems	Overall composite risk	Direction of overall composite risk
Credit	Low	Strong	Low	Stable
Liquidity	Moderate	Acceptable	Moderate	Stable
Foreign exchange	Low	Strong	Low	Stable
Interest rate	Low	Strong	Low	Stable
Strategic risk	Moderate	Strong	Moderate	Stable
Operational risk	Moderate	Strong	Moderate	Stable
Legal and compliance	Moderate	Acceptable	Moderate	Stable
Reputation	Moderate	Strong	Moderate	Stable
Overall	Moderate	Strong	Moderate	Stable

37 Other risks (continued)

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 Group'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	Previous credit ratings
	2021/22	2020/21
Global Credit Rating Co.	A+(ZW)	A+(ZW)

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

The group has four broad business segments:
1. Retail banking - focuses on individual customers with product offering that incorporates direct debit facilities, current and savings accounts, investment savings products, safe custody, debit cards, consumer loans and mortgages.
2. Business banking – focuses on small to medium enterprises with product offering suited to the size of the commercial entities.
3. Corporate banking - focuses on large corporates, multi-nationals and non-governmental organisations. Product offering includes current accounts, overdrafts, loans and foreign currency products.
4. Treasury - focuses on management of the overall Group operating asset balances and balance sheet structure. Main products include financial instruments and foreign currency trading

38 Segment reporting (continued)

Segment results of operations-Bank

Inflation adjusted 2022- Bank	Retail Banking ZWL000	Corporate Banking ZWL000	Business Banking ZWL000	Treasury ZWL000	Total ZWL000
Net interest income	3,718,604	6,673,856	1,467,551	781,382	12,641,393
Net fee and commission income	6,916,344	4,005,779	1,194,653	74,338	12,191,114
Net trading and foreign exchange income	-	-	-	9,457,969	9,457,969
Net investment and other income	-	-	-	753,466	753,466
Fair value gain on investment property	-	-	-	(420,298)	(420,298)
Total Income	**10,634,948**	**10,679,635**	**2,662,204**	**10,646,857**	**34,623,644**
Impairment losses on financial assets	(472,671)	(97,562)	(50,165)	(63,347)	(683,745)
Net operating income	**10,162,277**	**10,582,073**	**2,612,039**	**10,583,510**	**33,939,899**
Staff costs	(2,707,404)	(4,547,067)	(131,166)	(1,252,913)	(8,638,550)
Infrastructure costs (excluding depreciation)	(2,749,007)	(644,740)	(65,194)	(785,049)	(4,243,990)
General expenses	(3,880,130)	(1,759,050)	(416,231)	(1,704,242)	(7,759,653)
Operating expenses	**(9,336,541)**	**(6,950,857)**	**(612,591)**	**(3,742,204)**	**(20,642,193)**
Segment contribution	**825,736**	**3,631,216**	**1,999,448**	**6,841,306**	**13,297,706**
Net monetary loss	-	-	-	-	(5,591,458)
Share of profits of joint venture	-	-	-	-	3,040,310
Taxation					(2,917,737)
Profit /(loss) for the year					**7,828,821**
Total assets	**11,388,413**	**30,554,934**	**3,398,833**	**118,857,221**	**164,199,401**
Total liabilities	**22,425,965**	**66,149,246**	**8,349,884**	**20,441,764**	**117,366,859**

Inflation adjusted 2021- Bank	Retail Banking ZWL000	Corporate Banking ZWL000	Business Banking ZWL000	Treasury ZWL000	Total ZWL000
Net interest income	2,534,208	4,597,366	1,101,857	995,529	9,228,960
Net fee and commission income	6,488,512	1,538,370	1,722,131	-	9,749,013
Net trading and foreign exchange income				3,142,440	3,142,440
Net investment and other income	-	-	-	997,797	997,797
Fair value gain on investment property	-	-	-	2,805,950	2,805,950
Total Income	**9,022,720**	**6,135,736**	**2,823,988**	**7,941,716**	**25,924,160**
Impairment losses on financial assets	(105,806)	(50,629)	(31,719)	(61,127)	(249,281)
Net operating income	**8,916,914**	**6,085,107**	**2,792,269**	**7,880,589**	**25,674,879**
Staff costs	(3,351,820)	(854,126)	(364,035)	(995,722)	(5,565,703)
Infrastructure costs (excluding depreciation)	(2,532,084)	(598,548)	(216,541)	(959,282)	(4,306,455)
General expenses	(2,440,551)	(809,854)	(238,820)	(1,674,508)	(5,163,733)
Operating expenses	**(8,324,455)**	**(2,262,528)**	**(819,396)**	**(3,629,512)**	**(15,035,892)**
Segment contribution	**592,459**	**3,822,579**	**1,972,873**	**4,251,077**	**10,638,987**
Net monetary loss					(1,915,998)
Share of profits of joint ventures					5,312,902
Taxation					(2,505,717)
Profit /(loss) for the year					**11,530,174**
Total assets	**6,007,333**	**15,059,271**	**3,483,480**	**79,442,068**	**103,992,152**
Total liabilities	**11,398,933**	**38,242,943**	**6,725,520**	**11,748,102**	**68,115,498**

Historical 2022- Bank	Retail Banking ZWL000	Corporate Banking ZWL000	Business Banking ZWL000	Treasury ZWL000	Total ZWL000
Net interest income	2,682,849	4,814,966	1,058,789	563,741	9,120,345
Net fee and commission income	4,919,548	2,849,362	849,749	52,814	8,671,473
Net trading and foreign exchange income	-	-	-	6,045,730	6,045,730
Net investment and other income	-	-	-	642,251	642,251
Fair value gain on investment property	-	-	-	2,770,874	2,770,874
Total Income	**7,602,397**	**7,664,328**	**1,908,538**	**10,075,410**	**27,250,673**
Impairment losses on financial assets	(472,671)	(97,562)	(50,165)	(63,347)	(683,745)
Net operating income	**7,129,726**	**7,566,766**	**1,858,373**	**10,012,063**	**26,566,928**
Staff costs	(3,820,781)	(1,035,673)	(87,808)	(838,753)	(5,783,015)
Infrastructure costs	(2,080,325)	(487,910)	(49,336)	(594,089)	(3,211,660)
General expenses	(2,580,845)	(1,170,021)	(276,853)	(1,133,568)	(5,161,287)
Operating expenses	**(8,481,951)**	**(2,693,604)**	**(413,997)**	**(2,566,410)**	**(14,155,962)**
Segment contribution	**(1,352,225)**	**4,873,162**	**1,444,376**	**7,445,653**	**12,410,966**
Share of profits /(losses) of joint ventures					10,395,324
Taxation					(2,393,761)
Profit /(loss) for the year					20,412,529
Total assets	**11,633,532**	**31,212,583**	**3,471,988**	**115,719,469**	**162,037,572**
Total liabilities	**23,071,339**	**64,543,677**	**8,590,177**	**20,427,449**	**116,632,642**

38 Segment reporting (continued)

Historical 2021	Retail Banking ZWL000	Corporate Banking ZWL000	Business Banking ZWL000	Treasury ZWL000	Total ZWL000
Net interest income	589,591	1,069,590	256,350	231,612	2,147,143
Net fee and commission income	1,506,428	357,161	399,824	-	2,263,413
Net trading and foreign exchange income	121,058	90,732	111,506	402,742	726,038
Net investment and other income	-	-	-	270,616	270,616
Fair value gain on investment property	-	-	-	990,860	990,860
Total Income	**2,217,077**	**1,517,483**	**767,680**	**1,895,830**	**6,398,070**
Impairment losses on financial assets	(24,240)	(11,599)	(7,267)	(14,004)	(57,110)
Net operating income	**2,192,837**	**1,505,884**	**760,413**	**1,881,826**	**6,340,960**
					-
Staff costs	(708,199)	(180,467)	(76,916)	(210,384)	(1,175,966)
Infrastructure costs	(343,834)	(69,676)	(24,195)	(114,015)	(551,720)
Depreciation and amortisation	(35,897)	(10,236)	(3,856)	(16,051)	(66,040)
General expenses	(539,921)	(179,163)	(52,834)	(370,451)	(1,142,369)
Operating expenses	**(1,627,851)**	**(439,542)**	**(157,801)**	**(710,901)**	**(2,936,095)**
Segment contribution	**564,986**	**1,066,342**	**602,612**	**1,170,925**	**3,404,865**
					-
Share of profits /(losses) of joint ventures					2,126,189
Taxation					(609,126)
Profit /(loss) for the year					**4,921,928**
Total assets	**1,747,537**	**4,380,754**	**1,013,347**	**22,751,570**	**29,893,209**
Total liabilities	**3,315,958**	**11,124,900**	**1,956,459**	**3,323,773**	**19,721,090**

39 Related parties

The Group is controlled by Afcarme Zimbabwe Holdings (Private) Limited incorporated and domiciled in Zimbabwe which owns 53% (2021: 53%) of the ordinary shares. 15% is held by an Employee Share Ownership Trust (ESOT) and the remaining 32% of the shares are widely held. The ultimate parent of the Group is FMBcapital Holdings PLC incorporated in Mauritius. There are other companies which are related to First Capital Bank through common shareholdings or common directorship.

39.1 Key management compensation

	Inflation adjusted		Historical	
	2022 ZWL000	2021 ZWL000	2022 ZWL000	2021 ZWL000
Salaries and other short term benefits	918,159	161,059	505,568	161,059
Post-employment contribution plan	8,900	8,754	4,901	8,754
Share based payments	2,482	839	1,367	651
Total	**929,541**	**170,652**	**511,836**	**170,464**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly. These include the Managing Director, Chief Finance Officer, Head of Risk, Commercial Director, Chief Operating Officer, Consumer Grouping Director, Chief Internal Auditor, Head of Compliance, Company Secretary and Head of Human Resources.

39.2 Loans to key management

	Inflation adjusted		Historical	
	2022 ZWL000	2021 ZWL000	2022 ZWL000	2021 ZWL000
Loans outstanding at 1 January	16,658	57,263	16,658	16,658
Loans issued during the year	165,135	88,488	165,135	25,741
Loans repayments during the year	(9,375)	(7,981)	(9,375)	(2,322)
Loans outstanding at 31 December	**172,418**	**137,770**	**172,418**	**40,077**

The above loans to directors and other key management personnel are insured and repayable monthly over 4 years at average interest rates of 15% (2021:15%). Loans and advances to non-executive directors during the year ended 31 December 2022 were nil (2021: nil). The loans to directors were issued under conditions similar to other staff loans.

No impairment losses have been recognised in respect of loans and advanced to related parties (2021: nil)

39.3 Deposits from executive directors and key management

	Inflation adjusted		Historical	
	2022 ZWL000	2021 ZWL000	2022 ZWL000	2021 ZWL000
Deposits at 1 January	13,831	47,545	13,831	13,831
Deposits received during the year	871,836	246,067	871,836	71,581
Deposits repaid during the year	(871,242)	(279,876)	(871,242)	(81,416)
Deposits at 31 December	**14,425**	**13,736**	**14,425**	**3,996**

39.4 Balances with related parties - related through common directorship and shareholding

	Inflation adjusted				Historical			
	Deposits	Loans and advances	Deposits	Loans and advances	Deposits	Loans and advances	Deposits	Loans and advances
	2022	2022	2021	2021	2022	2022	2021	2021
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
First Capital Group Pension Fund	-	-	344,320	-	-	-	100,163	-
Makasa Sun (Private) Limited	415,753	-	77,428	-	415,753	-	22,524	-
NicozDiamond Insurance Limited	4,677	-	69,928	-	4,677	-	20,342	-
Lotus Stationary Manufacturers (Pvt) Ltd	-	-	4,706	-	-	-	1,369	-
St Georges College	28,774	-	16,109	-	28,774	-	4,686	-
Thulile Investments	3,411,047	-	-	-	3,411,047	-		
Total	**3,860,251**	**-**	**512,491**	**-**	**3,860,251**	**-**	**149,084**	**-**
Current	3,860,251	-	512,491	-	3,860,251	-	149,084	-
Non - current	-	-	-	-	-	-	-	-
Total	**3,860,251**	**-**	**512,491**	**-**	**3,860,251**	**-**	**149,084**	**-**

Repayments on the loans to the related parties were made on due dates and new loans were also granted.

39.5 Balances with group companies

	Inflation adjusted		Historical	
	2022	2021	2022	2021
	ZWL000	ZWL000	ZWL000	ZWL000
Group balances due from group companies	187,999	132,839	187,999	38,643
Total	**187,999**	**132,839**	**187,999**	**38,643**
Other balances due to group companies	(7,113)	-	(7,113)	-
Other balances due to group companies	(40,515)	(790,854)	(40,515)	(230,060)
Total	**(47,628)**	**(790,854)**	**(47,628)**	**(230,060)**

40 Capital commitments and contingencies

	Inflation adjusted		Historical	
	2022	2021	2022	2021
	ZWL000	ZWL000	ZWL000	ZWL000
Authorised and contracted for	-	-	-	-
Authorised but not yet contracted for	3,700,986	3,325,416	3,700,986	967,366
Total capital commitments	**3,700,986**	**3,325,416**	**3,700,986**	**967,366**

41 Contingent assets and liabilities

Loan commitments	3,499,015	383,825	3,499,015	416,366
Guarantees and letters of credit	4,046,661	1,217,772	4,046,661	936,348
Total	**7,545,676**	**1,601,597**	**7,545,676**	**1,352,714**

42 Events after the reporting date

There were no events noted after reporting date that required to be adjusted for or disclosed in the consolidated financial results of First Capital Group Limited.

43 New accounting pronouncements

43.1 Standards, amendments and interpretations that are relevant to the Group.
Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Bank has not early adopted the new and amended standards in preparing these financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences for example leases. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Other standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.
• Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
• IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
• Definition of Accounting Estimates (Amendments to IAS 8)
• Lease Liability in a Sale and Leaseback (Amendments to IFRS16)
• Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

Shareholder Statistics

Top 20 shareholders

Names	Shares	Percentage
AFCARME ZIMBABWE HOLDINGS (PVT) LTD	1,134,268,206	52.5%
1912 EMPLOYEE SHARE OWNERSHIP TRUST	322,998,026	14.9%
OLD MUTUAL LIFE ASS CO ZIM LTD	87,605,828	4.1%
STANBIC NOMINEES (PVT) LTD	82,426,507	3.8%
BARCLAYS ZIMBABWE NOMINEES P/L	52,934,670	2.4%
SCB NOMINEES 033667800001	45,072,495	2.1%
AMAVAL INVESTMENTS (PVT) LTD	37,929,816	1.8%
HITESH ANADKAT	36,068,751	1.7%
DINKRAIN INVESTMENTS	33,269,440	1.5%
MORGAN AND CO MULTI-SECTOR ETF	24,206,047	1.1%
PUBLIC SERVICE COMMISS PF-ABC	22,487,106	1.0%
NSSA STAFF PENSION FUND - ABC	18,464,490	0.9%
RUMBIDZAI DAHWA	16,028,345	0.7%
HIPPO VALLEY ESTATES PF-IMARA	11,079,406	0.5%
DANCHEN INVESTMENTS	10,932,348	0.5%
AVENELL INVESTMENTS (PVT) LTD	9,803,832	0.5%
MUNDELL FAMILY TRUST	7,937,816	0.4%
NATIONAL FOODS P F-IMARA	6,160,560	0.3%
AMZIM PENSION FUND - IMARA	5,316,848	0.2%
ALFRED CHAAVURE	4,991,142	0.2%
Selected Shares	**1,969,981,679**	**91.2%**
Non - Selected Shares	**190,884,250**	**8.8%**
Issued Shares	**2,160,865,929**	**100.0%**

Analysis of shareholding For the year ended 31 December 2022

Analysis by volume	Shares	%	Shareholders	Share holders %
1-5000	8,817,932	0.41%	5669	62.48%
5001-10000	6,583,281	0.30%	963	10.61%
10001-25000	21,525,307	1.00%	1289	14.21%
25001-50000	23,025,590	1.07%	691	7.62%
50001-100000	11,210,990	0.52%	165	1.82%
100001-200000	15,132,388	0.70%	107	1.18%
200001-500000	23,585,222	1.09%	72	0.79%
500001-1000000	20,776,042	0.96%	31	0.34%
1000001 and Above	2,030,209,177	93.95%	86	0.95%
Totals	**2,160,865,929**	**100%**	**9073**	**100%**

Analysis by industry	Shares	%	Shareholders	Share holders %
Financial service -majority shareholder	1,134,268,206	52%	1	0.01%
Employee Share Ownership Trust	322,998,026	15%	1	0.01%
Pension Funds	206,995,567	10%	138	1.52%
Insurance companies	52,934,670	2%	12	0.13%
Individuals	116,091,654	5%	7629	84.08%
Nominee companies	118,362,988	5%	244	2.69%
Financials organisations	72,249	0%	11	0.12%
Other	209,142,569	10%	1,037	11.43%
Total	**2,160,865,929**	**100%**	**9073**	**100%**

OUR FOOTPRINT

Avondale Branch
LOCATION- King George Rd Box A199, Avondale
TELEPHONE +263 242 303708/303743
FAX +263 242 336302

Beitbridge Branch
LOCATION 348 Justia Rd P O Box 27 Beitbridge
TELEPHONE +263 86 2262/2751
FAX +263 81 2622

Bindura Branch
LOCATION 25 Main Street PO Box 52 Bindura
TELEPHONE +263 71 6255
FAX +263 71 6048

Borrowdale Branch
LOCATION TM Supermarket Complex Borrowdale Rd Box BW140, Borrowdale
TELEPHONE +263 242 851131/882280/
FAX +263 242 882778

Bulawayo Affluent Centre
LOCATION P O BOX FM 625 Famona, Bulawayo 97A Robert Mugabe Way, Bulawayoa
TELEPHONE +263 9 883004

Chinhoyi Branch
LOCATION St No 5308, Magamba Way PO Box 200 Chinhoyi
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FAX +263 67 23242

Chiredzi Branch
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FAX +263 31 3112

Corporate Banking Centre
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FAX +263 242 757071

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FAX +263 59 2528

Gweru Branch
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FAX +263 54 25220

Harare Street Branch
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TELEPHONE +263 242 749038
FAX 758976

Highlands Branch
LOCATION Enterprise Rd Box HG 99 Highlands
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FAX 746623

JMN Nkomo Street Branch
LOCATION 100 JMN Nkomo Street PO Box 702 Bulawayo
TELEPHONE +263 9 881121/7
FAX +263 9 76928

Kadoma Branch
LOCATION Stand 156, Herbert Chitepo, Kadoma Kadoma
TELEPHONE +263 68 26822/ 26823

Kwekwe Branch
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FAX +263 55 68241

Marondera Branch
LOCATION Cnr Hotel St/The Green PO Box 37 Marondera
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FAX +263 7924707

Msasa Branch
LOCATION 120/121 Mutare Rd Msasa, Harare
TELEPHONE +263 242 447844-8
FAX +263 242 447 848

NGO Centre
LOCATION 2 Premium Close Mt Pleasant,
Harare P O Box, CY 881
TELEPHONE +263 242 369570-80
FAX +263 242 369589

Premier Banking Centre
LOCATION First Mutual Oce Prk, P.O Box BW 865 Borrowdale First Mutual Oce Prk, Borrowdale Rd, Harare
TELEPHONE +263 242 852720-9

Victoria Falls
LOCATION No. 254 Livingstone Way PO Box 26 Vic Falls
TELEPHONE +263 13 3375
FAX +263 13 3385

ATM LOCATIONS
Arundel Shopping Centre
Avondale Branch Harare
Cripps Road Branch Harare
First Street Branch Harare
Highlands Branch
Harare Airport Harare
Borrowdale Branch
JMN Nkomo Street Branch Bulawayo
Affluent Centre Bulawayo
Belmont Branch Bulawayo
Chiredzi Branch Chiredzi
Marondera Branch Marondera
Mutare Branch Mutare
Victoria Falls Branch Victoria Falls

AGM PROXY FORM

For use at the Annual General Meeting ("AGM") of First Capital Bank Limited to be held virtually on Thursday the 4th of May 2023 at 15:00 hours.

I / We ………

of……
(address)

Being member/members of First Capital Bank Limited ("The Company")

Being the registered holder(s) of ……………………………………………………………… shares in the company

Hereby appoint:………

of……
(address)

Or failing him or her ……………………………………………………………………………………………………

of……
(address)

As my/our proxy to vote for me/us on my/our behalf at the AGM of the Company to be held on Thursday, 4 May 2023, at 1500 hours and at any adjournment thereof, for the purpose of considering and, if deemed fit passing, with or without modification, the resolutions to be proposed thereat in accordance with the following instructions:

#	Resolutions	For	Against	Abstain
ORDINARY BUSINESS:				
1	To receive, consider and adopt the Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2022.			
2	To confirm the payment of an interim dividend of ZWL44.2 cents per shares in September 2022 and a second interim dividend of ZWL126.7 cents per share in April 2023, giving a total dividend of ZWL170.9 cents per share for the financial year ended 31 December 2022.			
3	Re-election of Directors:			
	3.1 To note the retirement of Mrs A Chinamo in terms of Article 102 of the Articles of Association. Being eligible in terms of Article 104 of the Articles of Association, Mrs A Chinamo offers herself for re-election.			
	3.2 To note the retirement of Mrs T Moyo in terms of Article 102 of the Articles of Association. Being eligible in terms of Article 104 of the Articles of Association, Mrs T Moyo offers herself for re-election.			
	3.3 To note the retirement of Mr H Anadkat in terms of Article 102 of the Articles of Association. Being eligible in terms of Article 104 of the Articles of Association, Mr H Anadkat offers himself for re-election.			
4	To approve directors' fees and remuneration for the year ended 31 December 2022.			
5	To approve the remuneration of the auditors for the year ended 31 December 2022.			
6	To re-appoint Messrs Deloitte & Touche Chartered Accountants as auditors of the Company for the current year.			

Signed this ………………….day of ……………………………………………… 2023

Signature(s) of member ……………………………………………………………………

NOTES TO PROXY

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

It is important that this information is read before completing the Proxy Form.

i. In terms of Section 171 of the Companies and Other Business Entities Act (Chapter 24:31), members are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their place. A proxy need not also be a member of the Company. A Director or Officer of the Company shall not be appointed as a proxy for a Shareholder.

ii. Article 81 of the Company's Articles of Association provides that the instrument appointing a proxy shall be deposited at the registered office of the Company addressed to the Company Secretary or at the office of the Transfer Secretaries not less than 48 hours before the time appointed for the holding of the AGM.

iii. Shareholders in the form of a corporate body must provide documentary evidence establishing the authority of a person signing the Form of Proxy in a representative capacity; this authority must take the form of a resolution of the corporate body.

iv. The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:
   a) under a power of attorney
   b) on behalf of a company
   c) in a representative capacity which is completed and received other than in accordance with these notes.

v. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided. The person whose name appears first on the form of proxy will, unless his/her name has been deleted, be entitled to act as a proxy to the exclusion of those whose names follow.

vi. A Shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate space/s provided as well as by means of a cross whether the Shareholder wishes to vote, for, against or abstain from the resolutions. Failure to comply with the above will be deemed to authorize the proxy to vote or abstain from voting at the AGM as he/she deems fit in respect of all the Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or by his/her proxy or cast them in the same way.

vii. Deletion of any printed matter and the completion of any blank spaces need not be signed or initialed. Any alteration or correction must be initialed by the signatory or signatories. The proxy form must be signed and dated for it to be valid.

viii. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.

ix. The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.

x. Please ensure that name(s) of the member(s) on the form of proxy and the voting form are the same as those on the share register.

Transfer Secretaries
Corpserve Registrars (Private) Limited
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First Capital
BANK