



# First Capital BANK

## The bank for doing business



# AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## Chairman's Statement

### Operating environment

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

Against the backdrop of sustained headwinds, the local economy is estimated to have grown by 5.5% in 2023 slower than the 6.5% achieved in 2022. A fragile currency management framework saw the Zimbabwean dollar depreciating by 788% during the year to close at ZW\$6,104.00 against the US dollar, creating a pass-through effect on local currency inflation. Measured on a currency weighted basis, year-on year blended inflation closed 2023 at 26.52% compared to a restated 56% at the end of 2022.

### Change in functional currency

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

### Earnings performance

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

### Capitalization and liquidity

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

### Dividends

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

### Outlook

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

### Our commitment

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

### Appreciation

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

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

Thank you.

**Patrick Devenish**

19 April 2024

## Chief Executive Officer's Report

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

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

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

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Profit after tax as reported	10,620	12,212	274,639,555	21,417,061
Day 1 adjustment:				
Investment in Joint venture	3,689	-	-	-
Investment properties	1,079	-	-	-
<b>Adjusted profit after tax</b>	<b>15,388</b>	<b>12,212</b>	<b>274,639,555</b>	<b>21,417,061</b>
Other comprehensive (loss)/ income as reported	(4,604)	8,456	200,870,693	15,450,379
Day 1 adjustment:				
Property plant & equipment	4,414	-	-	-
Investment securities	1,405	-	-	-
<b>Adjusted other comprehensive income</b>	<b>1,215</b>	<b>8,456</b>	<b>200,870,693</b>	<b>15,450,379</b>
<b>Total comprehensive (loss)/ income as reported</b>				
Day 1 adjustment:				
Investment in Joint venture	3,689	-	-	-
Investment properties	1,079	-	-	-
Property plant & equipment	4,414	-	-	-
Investment securities	1,405	-	-	-
<b>Adjusted total comprehensive income</b>	<b>16,6032</b>	<b>20,668</b>	<b>475,510,248</b>	<b>36,867,440</b>
<b>Impact on earnings per share</b>				
Earnings per share as reported (cents)	0.49	0.57	12,710	991
<b>Adjusted earnings per share (cents)</b>	<b>0.71</b>	<b>0.57</b>	<b>12,710</b>	<b>991</b>

The commentary below is based on the adjusted financial performance.

### Business performance

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

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

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

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

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

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

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

### Lines of credit

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

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

### Our service delivery transformation

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

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

### Our people

Our people drive our business.

We have made consistent efforts in capacity building through a robust up-skilling framework. We continue to impact the youth through our Internship programmes and more than 30 interns and graduate trainees were able to access unique learning opportunities in the year under review.

Employee relations remained cordial throughout the year.

### Our Environmental Sustainability Governance (ESG) Framework

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

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

- We held our first-ever Hustle Expo to bridge the trade gap within our hustlerepreneur network of over 20 000 women in business, a further addition to the monthly enterprise touchpoints.
- Collaborative efforts with Junior Achievement Zimbabwe towards participation in the annual Global Money Week and Job Shadow exercise, with over 11 200 students across the country being impacted through financial literacy training.
- Associate volunteerism remains a key pillar of our community investment, we held a Make a Difference week to allow knowledge transfer from our skilled workforce. A total of 17 projects and 2584 beneficiaries from schools, orphanages and hospitals were impacted.

### Looking ahead

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

### Appreciation

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

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

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

**Tapera Mushoriwa**

19 April 2024



# First Capital BANK

## I believe, I can and I will



# AUDITED FINANCIAL RESULTS

## FOR THE YEAR ENDED 31 DECEMBER 2023

### Corporate Governance Report

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

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

#### Board responsibilities

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

#### Board Chairman and non-executive directors

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

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

#### Executive directors

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

#### Directors' remuneration

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

#### Board diversity

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

#### Access to information

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

#### Share dealings / Insider trading.

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

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

#### Communication with stakeholders

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

#### Internal Audit

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

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

#### Declaration of interest

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

#### Ethics

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

#### Director induction and development

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

#### Board activities

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

#### Board and director evaluation

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

#### Board committees

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

#### Audit Committee

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

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

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

#### Board Credit Committee

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

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

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

#### Loans Review Committee

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

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

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

#### Human Resources and Nominations Committee

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

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

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

#### Board Risk Committee

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

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

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

#### Board IT Committee

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

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

- K. Terry (Chairperson)
- T. Moyo
- M. Gursahani

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



# First Capital BANK

**Talk to the bank that believes in you**



## AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

### Executive Committee (EXCO)

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

### Country Management Committee (CMC)

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

### Assets and Liabilities Committee (ALCO)

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

### Board and Committees attendance 2023

#### Main Board

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

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

#### Audit committee

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

#### Human resources & nominations committee

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

#### Loans review committee

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

### Risk committee

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

### IT Committee

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

### Credit Committee

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

### Directors' shareholding

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

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

\*Mr Hitesh Anadkat also holds an indirect interest in Afcarne 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 form 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, Faniel Kapanje CA (Z) PAAB Registered Accountant No. 2295.

### Compliance

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

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

### Outlook

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

### Conclusion

I wish to thank our customers and other stakeholders for their continued support. I extend my appreciation to fellow directors, management and staff for their sterling efforts during the year under review

By Order of the Board

**Sarudzai Binha**  
Company Secretary

19 April 2024



## AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

### Audit Opinion

The audited financial results should be read in conjunction with the complete set of financial statements for the year ended 31 December 2023 which have been audited by Deloitte & Touche. An unmodified audit opinion was issued thereon. The determination of expected credit losses on financial assets has been identified as a key audit matter for the year and is included in the audit report. The audit report has been made available for inspection at the Company's registered office and on the Company and VFEX websites and is appended to these results. The engagement partner responsible for this audit is Lawrence Nyajeka PAAB Practice Certificate Number: 0598.

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

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

\*\*\*Refer to note 2.4.2

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

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

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

### Historical unaudited\*\*\*

Historical unaudited***	Share capital ZWL000	Share premium ZWL000	Non-distributable reserve ZWL000	Fair value through other comprehensive income ZWL000	Property revaluation reserve ZWL000	General Reserve ZWL000	Share-based payment reserve ZWL000	Retained earnings ZWL000	Total equity ZWL000
Profit for the year	-	-	-	31,759,147	169,111,546	-	-	274,639,555	274,639,555
Other comprehensive income for the year	-	-	-	-	-	-	-	-	200,870,693
<b>Total comprehensive income for the year</b>	-	-	-	31,759,147	169,111,546	-	-	274,639,555	475,510,248
Recognition of share-based payments	-	-	-	-	-	-	7,479	-	7,479
Regulatory impairment allowances	-	-	-	-	-	5,921,746	-	(5,921,746)	-
Dividend paid	-	-	-	-	-	-	-	(17,854,901)	(17,854,901)
<b>Balance at 31 December 2023</b>	<b>216</b>	<b>24,160</b>	<b>7,785</b>	<b>35,361,054</b>	<b>184,195,343</b>	<b>6,048,727</b>	<b>12,489</b>	<b>277,266,409</b>	<b>502,916,183</b>

Historical unaudited***	Share capital ZWL000	Share premium ZWL000	Non-distributable reserve ZWL000	Fair value through other comprehensive income ZWL000	Property revaluation reserve ZWL000	General Reserve ZWL000	Share-based payment reserve ZWL000	Retained earnings ZWL000	Total equity ZWL000
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
<b>Total comprehensive income for the year</b>	-	-	-	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)
<b>Balance at 31 December 2022</b>	<b>216</b>	<b>24,160</b>	<b>7,785</b>	<b>3,601,907</b>	<b>15,083,797</b>	<b>126,981</b>	<b>5,010</b>	<b>26,403,501</b>	<b>45,253,357</b>

\*\*\*Refer to note 2.4.2



# AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Notes	Audited		Historical unaudited***	
	2023 USD000	2022 USD000	2023 ZWL000	Restated 2022 ZWL000
<b>Cash flows from operating activities</b>				
<b>Profit before tax</b>	14,626	17,354	310,077,380	24,140,685
Adjustments:				
Depreciation of property, equipment and right of use asset impairment	3,870	1,254	7,889,681	922,800
Software amortisation	376	317	3,041	3,041
Impairment loss on financial assets	4,638	995	34,421,644	684,090
Loss arising from change in valuation of treasury bills	2,864	-	17,485,985	-
Unrealised profit from Foreign currency position**	(12,565)	(10,728)	(107,052,523)	(3,128,128)
Share of profit/(loss) from joint venture	5,273	(4,424)	(115,107,786)	(10,395,324)
Fair value loss on investment property	2,225	612	(25,722,522)	(2,770,874)
Dividend income	(382)	(423)	(921,957)	(206,569)
Loss on disposal of property and equipment	63	8	155,586	4,752
Interest on investment securities	(2,842)	(1,118)	(7,224,437)	(510,879)
Amortisation of staff loan benefits	12	883	(608,056)	(2,588)
Interest on lease liabilities	389	269	1,583,195	139,574
Interest accrued on deposits *	1,314	688	5,681,012	421,814
Net monetary loss	-	9,418	-	-
Share based payment expense	1	5	7,479	2,767
Interest income accrued on loans, promissory notes and bank balances *	(24,677)	(19,350)	(87,183,956)	(9,542,159)
<b>Cash flow from operating activities</b>	<b>(4,815)</b>	<b>(4,240)</b>	<b>33,483,766</b>	<b>(236,998)</b>
Increase in loans and advances to customers*	(45,878)	(30,083)	(479,097,452)	(38,126,520)
(Increase)/decrease in other assets**	(14,722)	2,311	(45,116,843)	(35,271,112)
Increase in deposits from customers**	35,599	60,585	659,451,222	78,367,521
Increase in other liabilities**	4,039	15,417	56,793,888	11,546,777
Corporate income tax paid	(3,769)	(5,641)	(19,760,798)	(3,195,019)
Interest received on loans, promissory notes and bank balances *	22,497	15,980	82,122,850	8,824,387
Interest paid on deposits*	(1,022)	(661)	(6,551,137)	(1,672,604)
<b>Net cash (used in)/generated from operating activities</b>	<b>(8,071)</b>	<b>53,668</b>	<b>281,325,495</b>	<b>20,236,432</b>
<b>Cash flows from investing activities</b>				
Purchase of property, equipment and intangible assets	(2,577)	(1,553)	(8,797,362)	(888,715)
Proceeds from sale of property and equipment	135	119	448,523	113,301
Purchase of gold-backed digital tokens	(4,320)	-	(20,558,083)	-
Dividends received	382	423	921,957	206,569
Interest received from investment securities	599	774	3,202,126	275,639
Purchase of investment securities	(11,404)	(24,596)	(28,341,330)	(11,179,681)
Proceeds from sale and maturities of investment securities	8,907	9,867	23,818,250	4,022,196
<b>Net cash used in investing activities</b>	<b>(8,278)</b>	<b>(14,966)</b>	<b>(29,305,919)</b>	<b>(7,450,691)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares under a share based payment plan	-	-	-	45
Increase in balances due to banks	22,968	-	148,252,751	-
Dividend paid	(5,914)	(4,508)	(17,854,901)	(1,789,013)
Lease liabilities payments	(642)	(624)	(3,920,732)	(332,490)
<b>Net cash generated from/(used in) financing activities</b>	<b>16,412</b>	<b>(5,132)</b>	<b>126,477,118</b>	<b>(2,121,458)</b>
<b>Net increase in cash and cash equivalents</b>	<b>63</b>	<b>33,570</b>	<b>378,496,694</b>	<b>10,664,283</b>
Cash and cash equivalents at the beginning of the year	78,002	45,513	53,609,309	9,099,463
Exchange (loss)/gain on foreign cash balances**	(7,188)	(1,081)	634,922	33,845,563
<b>Cash and cash equivalents at the end of the year</b>	<b>70,877</b>	<b>78,002</b>	<b>432,740,926</b>	<b>53,609,309</b>

\*Refer to note 2.4.2

\*\*Prior year numbers were restated to disclose separately interest received, paid and accrued. Refer to note 12.1 for further details.

\*\*\*Prior year numbers were restated to disclose separately effects of exchange rate movement. Refer to note 12.1 for further details.

**NOTES TO THE AUDITED FINANCIAL STATEMENTS**  
for the year ended 31 December 2023

**1 General information**

**1.1 Nature of business**

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 FMCapital Holdings PLC which is incorporated in Mauritius. The Bank is listed on the Victoria Falls Stock Exchange and is registered under registration number 148/1981.

**1.2 Statement of compliance**

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

**2 Accounting policies**

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

**2.1 Basis of preparation**

The consolidated and separate financial results have been prepared and presented on the basis that they reflect the information necessary to be fair in accordance with IFRS standards as well as the requirements of the Companies and Other Business Entities Act (Chapter 24:31) and the Banking Act (Chapter 24:20).

**2.2 Basis of measurement**

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

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

**2.3 Basis of consolidation**

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

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

**2.4 Functional and presentation currency**

**2.4.1 Change in functional currency**

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

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

Other factors evaluated to support the change in functional currency from ZWL to USD include:

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

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

**2.4.2 Impact of change in functional currency**

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

The effects of these adjustments are summarised below:

**Impact on property and equipment**

Asset	IAS 29 ZWL Value @ 31 December 2022 ZWL000	USD Equivalent* USD000	Reduction in property and equipment USD000	Reduction in Deferred Tax USD000	Reduction in other comprehensive income USD000
Land and Buildings	12,808,100	18,636	(3,640)	(900)	(2,740)
Motor Vehicles	2,419,649	3,521	(674)	-	(674)
Equipment	2,080,957	3,028	(580)	-	(580)
Furniture and Fittings	455,601	663	(127)	-	(127)
Computers	1,050,575	1,529	(293)	-	(293)
<b>Total</b>	<b>18,814,882</b>	<b>27,377</b>	<b>(5,314)</b>	<b>(900)</b>	<b>(4,414)</b>

**Impact on joint venture and investment property**

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

**Impact on investment securities**

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

\* Converted at the 31 December 2022 rate of 687.28/USD1.00.

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

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

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

**2.6 Material estimates and judgements**

Estimates, judgements and assumptions made by management which would have significant effects on the audited consolidated financial statements are on the following areas:

- a) Determination of the functional currency
- b) Measurement of the expected credit losses on financial assets
- c) Fair value computations on securities, investment properties, property and equipment
- d) Useful lives of property and equipment; and
- e) Computation of tax liabilities

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

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

5	Net fee and commission income	Audited		Historical unaudited	
		2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
	<b>Fee and commission income-Group</b>	<b>5,896</b>	<b>3,954</b>	<b>22,835,653</b>	<b>1,764,833</b>
	Account maintenance fees	163	59	755,101	29,564
	Insurance commission received	10,858	6,405	40,326,607	3,291,364
	Transfers and other transactional fees	181	442	520,934	223,462
	Guarantees	1,667	2,170	5,091,181	979,643
	Card based transaction fees	6,829	4,712	26,516,968	2,384,071
	<b>Fee and commission income</b>	<b>25,594</b>	<b>17,742</b>	<b>96,046,444</b>	<b>8,672,937</b>
	<b>Fee and commission expense</b>	<b>(15)</b>	<b>(4)</b>	<b>(58,202)</b>	<b>(1,543)</b>
	Guarantees	(15)	(4)	(58,202)	(1,543)
	<b>Net fee and commission income</b>	<b>25,579</b>	<b>17,738</b>	<b>95,988,242</b>	<b>8,671,394</b>

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

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

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

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

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

8.1.2	Infrastructure costs	Audited		Historical unaudited	
		2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
	Repairs and maintenance	(1,078)	(640)	(3,941,4	



# AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE AUDITED FINANCIAL STATEMENTS  
for the year ended 31 December 2023 (continued)

8.1.3	General expenses	Audited		Historical unaudited	
		2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
	Consultancy, legal & professional fees	(750)	(341)	(3,303,412)	(170,647)
	Subscription, publications & stationery	(1,362)	(477)	(2,167,334)	(229,938)
	Marketing, advertising & sponsorship	(1,099)	(1,074)	(4,606,940)	(564,325)
	Travel & accommodation	(1,042)	(750)	(3,883,834)	(398,070)
	Loss arising from change in valuation of treasury bills	(2,864)	-	(17,485,985)	-
	Cash transportation	(710)	(906)	(2,451,304)	(419,337)
	COVID-19 costs	-	(313)	-	(118,408)
	Insurance costs	(596)	(697)	(2,022,249)	(343,296)
	Telex, telephones & communication	(1,288)	(1,022)	(3,934,783)	(495,896)
	Group recharges	(5,726)	(4,179)	(21,691,251)	(1,879,885)
	Card operating expenses	(787)	(73)	(3,208,218)	(27,963)
	Other administrative & general expenses	(2,649)	(1,462)	(5,018,714)	(515,331)
	<b>Total</b>	<b>(18,873)</b>	<b>(11,294)</b>	<b>(69,774,024)</b>	<b>(5,163,096)</b>

Included in the operating expenses are the following:

**Directors fees and remuneration:**

For services as part of management	(712)	(578)	(2,653,581)	(218,890)
For the oversight role as the director	(183)	(96)	(757,408)	(43,171)
<b>Total</b>	<b>(895)</b>	<b>(674)</b>	<b>(3,410,989)</b>	<b>(262,061)</b>

**Auditors' remuneration:**

Audit related services	(199)	(103)	(821,654)	(55,768)
Review services	(25)	(36)	(103,223)	(13,551)
<b>Total</b>	<b>(224)</b>	<b>(139)</b>	<b>(924,877)</b>	<b>(69,319)</b>

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

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

11	Taxation	Audited		Historical unaudited	
		2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
	<b>Income tax recognised in profit or loss</b>				
	Current tax				
	Normal tax - current year	(2,966)	(3,487)	(17,629,937)	(2,109,987)
	<b>Total</b>	<b>(2,966)</b>	<b>(3,487)</b>	<b>(17,629,937)</b>	<b>(2,109,987)</b>
	Deferred tax				
	Deferred tax expense recognised in the current year	(1,040)	(1,655)	(17,807,888)	(613,637)
	<b>Total</b>	<b>(1,040)</b>	<b>(1,655)</b>	<b>(16,394,588)</b>	<b>(613,637)</b>
	<b>Total income tax charge recognised in the current year</b>	<b>(4,006)</b>	<b>(5,142)</b>	<b>(35,437,825)</b>	<b>(2,723,624)</b>

12	Cash and bank balances	Audited		Historical unaudited	
		2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
	<b>Balances with central bank</b>	<b>19,436</b>	<b>29,264</b>	<b>118,718,057</b>	<b>20,112,478</b>
	Statutory reserve balance with central bank	17,798	7,234	108,651,624	4,970,047
	Cash on hand - foreign currency	23,049	20,595	140,693,365	14,154,342
	Cash on hand - local currency	14	118	87,235	81,253
	Balances due from group companies	246	274	1,503,484	187,999
	Balances with banks abroad	10,341	20,527	63,131,143	14,108,368
	<b>Cash and bank balances</b>	<b>70,884</b>	<b>78,012</b>	<b>432,784,908</b>	<b>53,614,487</b>
	Expected credit losses	(7)	(11)	(43,982)	(5,178)
	<b>Net Cash and bank balances*</b>	<b>70,877</b>	<b>78,002</b>	<b>432,740,926</b>	<b>53,609,309</b>

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

**12.1 Restatement of the Statement of cash flows for the year ended 31 December 2022**  
In the prior period, the statement of cash flows did not present separately interest received, paid & accrued and the impact of exchange rate movement on the cash and cash equivalents which was not in line with IAS 7. For this reason, the 2022 comparatives have been restated to disclose separately interest received and accrued as well as the effects of exchange rate movement on cash and cash equivalents.

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

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

	As previously reported-translated-2022 ZWL000	Historical unaudited Adjustments		Restated 2022 ZWL000
		ZWL000	ZWL000	
<b>Cash flows from operating activities</b>				
<b>Profit before tax</b>		<b>24,140,685</b>	-	<b>24,140,685</b>
<b>Adjustments:</b>				
Unrealised profit from foreign currency position**	-	(3,128,128)	(3,128,128)	
Interest income accrued on loans, promissory notes and bank balances *	-	(9,542,159)	(9,542,159)	
Interest accrued on deposits *	-	421,814	421,814	
Cash flow from operating activities	12,004,864	(12,241,862)	(236,998)	
Increase in loans and advances to customers*	(38,844,292)	717,772	(38,126,520)	
Decrease/(increase) in other assets**	(4,541,102)	(30,730,010)	(35,271,112)	
Increase in deposits from customers**	77,116,731	1,250,790	78,367,521	
Interest received on loans, promissory notes and bank balances *	-	8,824,387	8,824,387	
Interest paid on deposits*	-	(1,672,604)	(1,672,604)	
Net cash generated from operating activities	12,004,864	41,604,445	53,609,309	
<b>Net increase in cash and cash equivalents before exchange gain on foreign cash balances</b>	<b>44,509,846</b>	<b>(33,845,562)</b>	<b>10,664,283</b>	
Exchange (loss)/gain on foreign cash balances**	-	33,845,563	33,845,563	
<b>Net increase in cash and cash equivalents during the year</b>	<b>44,509,846</b>	-	<b>44,509,846</b>	

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

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

13.1	Treasury bills and bonds	Audited		Historical unaudited	
		2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
	<b>Balance at beginning of year</b>	<b>13,436</b>	<b>9,006</b>	<b>9,234,650</b>	<b>1,800,591</b>
	Additions	11,404	24,596	28,341,330	11,132,604
	Accrued interest	809	570	4,486,320	391,862
	Monetary adjustment	-	(10,003)	-	-
	Loss arising from change in valuation of treasury bills	(2,864)	-	(17,485,985)	-
	Maturities	(17,633)	(10,523)	(23,818,250)	(3,951,263)
	Changes in fair value	454	(210)	33,465,208	(139,144)
	<b>Balance at the end of the year</b>	<b>5,606</b>	<b>13,436</b>	<b>34,223,273</b>	<b>9,234,650</b>

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

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

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

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

13.3	Equity securities	Audited		Historical unaudited	
		2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
	Balance at beginning of year	5,807	5,407	3,990,908	1,081,101
	Changes in fair value	(212)	400	33,100,024	2,909,807
	Impact of change in functional currency	(1,475)	-	-	-
	<b>Balance at 31 December</b>	<b>4,116</b>	<b>5,807</b>	<b>37,090,932</b>	<b>3,990,908</b>

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

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

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

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

15	Loans and advances to customers	Audited			
		Retail Banking USD000	Business Banking USD000	Corporate and Investment Banking USD000	Total USD000
	<b>2022</b>				
	Term loans	17,211	3,255	39,517	59,983
	Overdrafts	49	1,726	5,143	6,988
	<b>Gross loans and advances to customers</b>	<b>17,260</b>	<b>5,051</b>	<b>44,660</b>	<b>66,971</b>
	<b>Less allowance for expected credit losses:</b>				
	Stage1	(427)	(6)	(116)	(549)
	Stage2	(44)	(89)	(11)	(144)
	Stage3	(219)	(10)	(76)	(305)
	<b>Allowance for expected credit losses</b>	<b>(690)</b>	<b>(105)</b>	<b>(203)</b>	<b>(998)</b>
	<b>Net loans and advances to customers</b>				

## AUDITED FINANCIAL RESULTS

### FOR THE YEAR ENDED 31 DECEMBER 2023

#### NOTES TO THE AUDITED FINANCIAL STATEMENTS For the year ended 31 December 2023 (continued)

17	Property and equipment	Audited					
		Land and buildings	Computers	Equipment	Furniture and fittings	Motor vehicles	Total
		USD000	USD000	USD000	USD000	USD000	USD000
2023		<b>18,636</b>	<b>1,529</b>	<b>3,028</b>	<b>663</b>	<b>3,521</b>	<b>27,377</b>
	Balance at beginning of year	(3,640)	(293)	(580)	(127)	(674)	(5,314)
	Impact of change in functional currency*	-	-	-	-	-	-
	Additions	1,091	549	491	92	450	2,673
	Revaluation*	-	-	(4)	-	-	(21)
	Disposals	-	-	4	-	10	14
	Depreciation charge on disposals	-	-	-	-	-	-
	Depreciation & Impairment charge	(534)	(578)	(57)	(696)	(2,177)	(3,365)
	<b>Carrying amount at end of the year</b>	<b>15,775</b>	<b>2,834</b>	<b>2,742</b>	<b>591</b>	<b>2,996</b>	<b>24,938</b>
	Cost or valuation	15,775	2,834	2,742	591	2,996	24,938
	Accumulated depreciation and impairment	-	-	-	-	-	-
	<b>Carrying amount at end of the year</b>	<b>15,775</b>	<b>2,834</b>	<b>2,742</b>	<b>591</b>	<b>2,996</b>	<b>24,938</b>

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

2022	Property and equipment	Audited					
		Land and buildings	Computers	Equipment	Furniture and fittings	Motor vehicles	Total
		ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
2022		<b>16,756</b>	<b>405</b>	<b>54</b>	<b>11</b>	<b>431</b>	<b>17,657</b>
	Balance at beginning of year	372	182	3	743	1,553	3,253
	Additions	2,012	1,031	2,883	662	2,533	9,121
	Revaluation	-	(91)	(52)	(1)	(159)	(303)
	Disposals	-	-	-	-	-	-
	Transfers to Investment property	(154)	-	-	-	-	(154)
	Depreciation charge on disposals	-	2	14	1	159	176
	Depreciation & Impairment charge	(350)	(72)	(52)	(13)	(186)	(673)
	<b>Carrying amount at end of the year</b>	<b>18,636</b>	<b>1,528</b>	<b>3,029</b>	<b>663</b>	<b>3,521</b>	<b>27,377</b>
	Cost or valuation	18,636	1,528	3,029	663	3,521	27,377
	Accumulated depreciation and impairment	-	-	-	-	-	-
	<b>Carrying amount at end of the year</b>	<b>18,636</b>	<b>1,528</b>	<b>3,029</b>	<b>663</b>	<b>3,521</b>	<b>27,377</b>

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

2022	Property and equipment	Historical unaudited					
		Land and buildings	Computers	Equipment	Furniture and fittings	Motor vehicles	Total
		ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
2022		<b>3,350,110</b>	<b>65,623</b>	<b>21,741</b>	<b>5,325</b>	<b>72,660</b>	<b>3,515,459</b>
	Balance at beginning of year	252,586	135,053	81,732	488	418,856	888,715
	Additions	9,364,803	914,302	2,161,221	477,920	2,259,796	15,178,042
	Revaluation	-	(682)	(1,851)	(4)	(123,854)	(126,391)
	Disposals	-	-	-	-	-	-
	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)
	<b>Carrying amount at end of the year</b>	<b>12,808,100</b>	<b>1,050,575</b>	<b>2,080,957</b>	<b>455,601</b>	<b>2,419,649</b>	<b>18,814,882</b>
	Cost or valuation	12,808,100	1,050,575	2,080,957	455,601	2,419,649	18,814,882
	Accumulated depreciation and impairment	-	-	-	-	-	-
	<b>Carrying amount at end of the year</b>	<b>12,808,100</b>	<b>1,050,575</b>	<b>2,080,957</b>	<b>455,601</b>	<b>2,419,649</b>	<b>18,814,882</b>

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

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

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

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

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

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

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

Properties were valued using USD denominated inputs for 2023 and ZWL denominated inputs for 2022.

The fair value measurement of the investment property has been categorised as Level 3 in the fair value hierarchy (Note 31) based on the inputs to the valuation technique used.

Operating costs incurred on investment properties during the year were USD0.05m (2022: USD0.58m). Investment property comprises commercial properties that are leased to third parties. No contingent rents are charged.

19	Intangible assets	Audited		Historical unaudited	
		2023	2022	2023	2022
	Balance at beginning of year	988	1,305	8,941	11,982
	Amortisation	(376)	(317)	(3,042)	(3,041)
	<b>Balance at 31 December</b>	<b>612</b>	<b>988</b>	<b>5,899</b>	<b>8,941</b>
	Cost	2,111	2,111	20,276	20,276
	Accumulated amortisation	(1,499)	(1,122)	(14,377)	(11,335)
	<b>Balance at 31 December</b>	<b>612</b>	<b>988</b>	<b>5,899</b>	<b>8,941</b>

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

20	Non-current assets held for sale	Audited		Historical unaudited	
		2023	2022	2023	2022
	Transfer from the investment property	2,217	-	19,956,522	-
	<b>Balance at 31 December</b>	<b>2,217</b>	<b>-</b>	<b>19,956,522</b>	<b>-</b>

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

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

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

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

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

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

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

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

22.2	Lease liabilities Maturity analysis - contractual undiscounted cash flows	Audited		Historical unaudited	
		2023	2022	2023	2022
		USD000	USD000	ZWL000	ZWL000
	Less than one year	1,304	1,297	7,804,099	891,171
	One to five years	1,769	1,701	10,588,947	1,169,389
	More than five years	453	343	2,710,282	235,757
	<b>Total</b>	<b>3,526</b>	<b>3,341</b>	<b>21,103,328</b>	<b>2,296,317</b>

22.2	Lease liabilities included in statement of financial position	Audited		Historical unaudited	
		2023	2022	2023	2022
		USD000	USD000	ZWL000	ZWL000
	Current	823	1,058	4,926,336	727,094
	Non-current	1,999	1,595	12,303,372	1,096,210
	<b>Balance at 31 December</b>	<b>2,822</b>	<b>2,653</b>	<b>17,229,708</b>	<b>1,823,304</b>

22.2	Amounts recognised in profit/loss	Audited		Historical unaudited	
		2023	2022	2023	2022
		USD000	USD000	ZWL000	ZWL000
	Interest on lease liabilities	(389)	(269)	(1,583,195)	(139,574)
	Expenses - short term & low value leases	(169)	(130)	(635,448)	(66,309)
	Depreciation charge for the year	(1,691)	(582)	(2,541,041)	(307,462)
	<b>Total</b>	<b>(2,249)</b>	<b>(981)</b>	<b>(4,759,684)</b>	<b>(513,345)</b>

22.2	Statement of cash-flows - Leases	Audited		Historical unaudited	
		2023	2022	2023	2022
		USD000	USD000	ZWL000	ZWL000



# AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE AUDITED FINANCIAL STATEMENTS  
for the year ended 31 December 2023 (continued)

26	Other liabilities	Audited		Historical unaudited	
		2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
	Accrued expenses	965	2,183	13,353,196	1,500,685
	Provisions and clearing accounts	3,669	9,029	23,264,884	6,203,679
	Other claims	-	6,420	-	4,412,208
	Withholding taxes	1,551	97	1,551	66,865
	<b>Total</b>	<b>6,185</b>	<b>17,729</b>	<b>36,619,631</b>	<b>12,183,437</b>

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

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

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

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

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

**27.3 Defined benefit pension plan**  
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:

27.4	Summary valuation of the pension obligation	Audited		Historical unaudited	
		2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
	Present value of pensioner obligation (Defined Benefit)	6,300	7,915	38,459,752	5,440,009
	Active members liability (Defined Contribution)	15,162	17,488	92,559,804	12,018,968
	Deferred and preserved pensioners	6,277	6,825	38,319,344	4,690,460
	Other liabilities - risk pools	792	718	4,834,940	493,294
	Other sundry liabilities	85	137	518,901	94,775
	<b>Total liabilities</b>	<b>28,616</b>	<b>33,083</b>	<b>174,692,742</b>	<b>22,737,506</b>
	<b>Total assets</b>	<b>34,848</b>	<b>39,486</b>	<b>212,736,672</b>	<b>27,138,131</b>
	<b>Net surplus</b>	<b>6,232</b>	<b>6,403</b>	<b>38,043,930</b>	<b>4,400,625</b>

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

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

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
<b>Movement in present value of obligation</b>				
Opening present value	7,915	5,084	48,318,879	1,016,443
Interest cost	18	54	109,885	20,375
Surplus allocated to pensioners	5,420	12,106	33,087,596	4,581,315
Benefits paid	(682)	(472)	(4,163,421)	(178,484)
Remeasurement of obligation	654	1	3,992,489	360
Impact of exchange rate movement	(7,025)	(8,858)	(42,885,676)	-
<b>Present value at 31 December</b>	<b>6,300</b>	<b>7,915</b>	<b>38,459,752</b>	<b>5,440,009</b>

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

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

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

**29 Share capital and reserves**

Authorised shares	2023		2022	
	Shares	Value	Shares	Value
Issued and fully paid			2,160,865,929	2,160,865,929
Shares allocated to management share option scheme			31,073,397	30,613,397
Shares under control of directors			2,808,060,674	2,808,520,674
<b>Total authorised shares</b>	<b>5,000,000,000</b>	<b>5,000,000,000</b>	<b>5,000,000,000</b>	<b>5,000,000,000</b>

**29.1 Issued share capital**

Issued and fully paid shares	2023		2022	
	Shares	Value	Shares	Value
Balance at beginning of year			2,160,865,929	2,160,205,929
Exercise of share options			-	660,000
<b>Balance at end of year</b>	<b>2,160,865,929</b>	<b>2,160,865,929</b>	<b>2,160,865,929</b>	<b>2,160,865,929</b>

  

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

The total authorised number of ordinary shares at year end was 5 billion (2022: 5 billion). The unissued share capital is under the control of the directors subject to the restrictions imposed by the Companies and Other Entities Act (Chapter 24:31), the Zimbabwe Stock Exchange listing requirements and the Articles and Memorandum of Association of the Bank.

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

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Share premium	6,360	6,360	24,160	24,160
<b>Balance at end of year</b>	<b>6,360</b>	<b>6,360</b>	<b>24,160</b>	<b>24,160</b>

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

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

**29.4 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.

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

**29.5 Revaluation reserve**  
Revaluation movement on property and equipment is classified under revaluation reserve. Additional detail on revaluation of assets is contained in note 17.

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Revaluation reserve	14,687	16,782	184,195,343	15,083,797
<b>Balance at end of year</b>	<b>14,687</b>	<b>16,782</b>	<b>184,195,343</b>	<b>15,083,797</b>

**29.6 General reserve**  
The reserve was created to house excess regulatory Expected credit loss above IFRS 9 provisions.

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

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

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

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

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

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

**29.8.1 Movements during the period**  
The following reconciles the share options outstanding at the beginning and end of the year:

	2023		2022	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
<b>Outstanding at beginning of the year</b>	<b>5,380,000</b>	<b>0.05</b>	<b>6,400,000</b>	<b>0.05</b>
Granted during the year	1,090,000	0.02	860,000	0.07
Forfeited during the year	(1,550,000)	-	(1,220,000)	0.03
Exercised during the year	-	-	(660,000)	-
<b>Outstanding at 31 December</b>	<b>4,920,000</b>	<b>-</b>	<b>5,380,000</b>	<b>-</b>
<b>Exercisable at 31 December</b>	<b>1,290,000</b>	<b>-</b>	<b>710,000</b>	<b>0.13</b>

Weighted average contractual life of options outstanding at end of period (years)

2023	2.47	2022	1.96
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**30 Financial instruments**

Classification of assets and liabilities	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
<b>Financial assets</b>				
<b>Financial assets at fair value through profit and loss</b>				
Gold backed digital gold tokens	3,329	-	20,321,742	-
<b>Total</b>	<b>3,329</b>	<b>-</b>	<b>20,321,742</b>	<b>-</b>

**Financial assets at amortised cost**

	2023	2022	2023	2022
Cash and bank balances	70,877	78,002	432,740,926	53,609,309
Treasury bills	2,535	6,650	15,706,900	4,570,550
Loans and advances to customers	86,062	65,973	525,386,237	45,342,180
Clearing balances due from other banks	6,465	328	39,467,073	225,622
Other assets*	4,476	7,501	19,912,482	5,143,002
<b>Total</b>	<b>170,415</b>	<b>158,454</b>	<b>1,033,213,618</b>	<b>108,890,663</b>

\* Excludes unamortised staff loan benefits and prepayments and stationery.

**Financial assets at fair value through other comprehensive income**

	2023	2022	2023	2022
Treasury bills and promissory notes	3,071	6,786	18,516,374	4,664,100
Unquoted equity securities	4,116	5,807	37,090,932	3,990,908
<b>Total</b>	<b>7,187</b>	<b>12,593</b>	<b>55,607,306</b>	<b>8,655,008</b>

**Financial liabilities at amortised cost**

	2023	2022	2023	2022
Customer deposits	123,152	136,063	751,814,663	93,514,048
Balances due to other banks	24,416	1,165	149,053,520	800,769
Other liabilities*	6,185	17,683	36,619,630	12,152,807
Lease liability	2,822	2,653	17,229,708	1,823,304
Balances due to group companies	1,198	69	7,311,571	47,628
<b>Total Financial liabilities</b>	<b>157,773</b>	<b>157,633</b>	<b>962,029,092</b>	<b>108,338,556</b>

\* Excludes deferred income

**Fair value hierarchy of assets and liabilities held at fair value**  
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).

2023	Fair value measurements			Total USD000
	Level 1 USD000	Level 2 USD000	Level 3 USD000	
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Gold-backed digital tokens	3,329	-	-	3,329
Treasury bills	-	-	3,071	3,071
Unquoted equity instruments	-	-	4,116	4,116
<b>Balance at 31 December 2023</b>	<b>3,329</b>	<b>-</b>	<b>7,187</b>	<b>10,516</b>
<b>Non-financial assets</b>				
Property and equipment	-	-	24,938	24,938
Investment property	-	-	1,494	1,494
Investment in joint venture	-	-	14,340	14,340
Non-Current Assets held for sale	-	-	2,217	2,217
<b>Balance at 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>42,989</b>	<b>42,989</b>















# First Capital BANK

## The bank for doing business



# AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE AUDITED FINANCIAL STATEMENTS  
for the year ended 31 December 2023 (continued)

### 35 Other risks (continued)

#### Interpretation of risk matrix

#### Level of inherent risk

**Low** - reflects lower than average probability of an adverse impact on a banking institution's capital and earnings. Losses in a functional area with low inherent risk would have little negative impact on the banking institution's overall financial condition.

**Moderate** - could reasonably be expected to result in a loss which could be absorbed by a banking institution in the normal course of business.

**High** - reflects a higher than average probability of potential loss. High inherent risk could reasonably be expected to result in a significant and harmful loss to the banking institution.

#### Adequacy of risk management systems

**Weak** - risk management systems are inadequate or inappropriate given the size, complexity and risk profile of the banking institution. Institution's risk management systems are lacking in important ways and therefore a cause of more than normal supervisory attention. The internal control systems will be lacking in important aspects, particularly as indicated by continued exceptions or by the failure to adhere to written policies and procedures.

**Acceptable** - management of risk is largely effective but lacking to some modest degree. While the institution might be having some minor risk management weaknesses, these have been recognised and are being addressed. Management information systems are generally adequate.

**Strong** - management effectively identifies and controls all types of risk posed by the relevant functional areas or per inherent risk.

The Board and senior management are active participants in managing risk and ensure appropriate policies and limits are put in place.

The policies comprehensively define the Bank's risk tolerance. Responsibilities and accountabilities are effectively communicated.

#### Overall composite risk

**Low** - would be assigned to low inherent risk areas. Moderate risk areas may be assigned to a low composite risk where internal controls and risk management systems are strong and effectively mitigate much of the risk.

**Moderate** - risk management systems appropriately mitigates inherent risk. For a given low risk area, significant weaknesses in the risk management systems may result in a moderate composite risk assessment. On the other hand, a strong risk management system may reduce the risk so that any potential financial loss from the activity would have only a moderate negative impact on the financial condition of the organisation.

**High** - risk management systems do not significantly mitigate the high inherent risk. Thus, the activity could potentially result in a financial loss that would have a significant impact on the Bank's overall condition.

#### Direction of overall composite risk

**Increasing** - based on the current information, risk is expected to increase in the next 12 months.

**Decreasing** - based on current information, risk is expected to decrease in the next 12 months.

**Stable** - based on current information, risk is expected to be stable in the next 12 months.

#### External Credit Ratings

Rating agent	Latest credit ratings	Previous credit ratings
Global Credit Rating Co.	2022/23 A+(ZW)	2021/22 A+(ZW)

### 36 Related parties

The Group is controlled by Afcarime Zimbabwe Holdings (Private) Limited incorporated and domiciled in Zimbabwe which owns 52% (2022: 52%) of the ordinary shares. 15% is held by an Employee Share Ownership Trust (ESOT) and the remaining 33% of the shares are widely held. The ultimate parent of the Group is FMBcapital Holdings PLC incorporated in Mauritius. There are other companies which are related to First Capital Bank through common shareholdings or common directorship.

### 36.1 Key management compensation

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Salaries and other short term benefits	2,233	1,336	4,342,079	505,568
Post-employment contribution plan	101	12	334,985	4,901
Share based payments	-	4	-	1,367
<b>Total</b>	<b>2,334</b>	<b>1,352</b>	<b>4,677,064</b>	<b>511,836</b>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly. These include the Chief Executive Officer, Chief Finance Officer, Head of Risk, Commercial Director, Chief Operating Officer, Consumer Banking Director, Chief Internal Auditor, Head of Compliance, Company Secretary and Head of Human Resources.

### 36.2 Loans to key management

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
<b>Loans outstanding at 1 January</b>	<b>251</b>	<b>24</b>	<b>172,418</b>	<b>16,658</b>
Loans issued during the year	302	240	2,545,303	165,135
Loans repayments during the year	(78)	(13)	(179,737)	(9,375)
<b>Loans outstanding at 31 December</b>	<b>475</b>	<b>251</b>	<b>2,897,458</b>	<b>172,418</b>

The above loans to directors and other key management personnel are insured and repayable monthly over 4 years at average interest rates of 15% (2022:15%). Loans and advances to non-executive directors during the year ended 31 December 2023 were nil (2022: nil). The loans to directors were issued under conditions similar to other staff loans.

No impairment losses have been recognised in respect of loans and advanced to related parties (2022: nil)

### 36.3 Deposits from executive directors and key management

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
<b>Deposits at 1 January</b>	<b>21</b>	<b>20</b>	<b>14,425</b>	<b>13,831</b>
Deposits received during the year	1,725	1,269	2,259,939	871,836
Deposits repaid during the year	(1,414)	(1,268)	(248,922)	(871,242)
<b>Deposits at 31 December</b>	<b>332</b>	<b>21</b>	<b>2,025,442</b>	<b>14,425</b>

### 36.4 Balances with related parties - related through common directorship and shareholding

	Audited				Historical unaudited			
	2023		2022		2023		2022	
	Deposits USD000	Loans and advances USD000	Deposits USD000	Loans and advances USD000	Deposits ZWL000	Loans and advances ZWL000	Deposits ZWL000	Loans and advances ZWL000
First Capital Bank Pension Fund	931	-	-	-	5,685,093	-	-	-
Boost Fellowship	10	-	-	-	58,423	-	-	-
Canelands Trust	70	-	-	-	429,916	-	-	-
Cimas Holdings	354	-	-	-	2,158,523	-	-	-
Dulys Holdings	50	-	-	-	307,077	-	-	-
Hippo Valley Estates	83	-	-	-	504,346	-	-	-
Lotus Stationary Manufacturers (Pvt) Ltd	9	-	-	-	56,810	-	-	-
Makasa Sun Private Limited	52	262	605	-	317,324	1,602,204	3,692,881	-
NCP Distillers Zimbabwe	1	-	-	-	4,483	-	-	-
Nicoz diamond insurance	32	-	7	-	197,770	-	41,543	-
St Georges College	64	-	42	-	388,892	-	255,582	-
Tobacco Industry and Marketing Board Triangle Limited	93	-	-	-	570,041	-	-	-
United Refineries Zimbabwe Sugar Sales	528	590	-	-	3,225,869	3,599,826	-	-
United Refineries Zimbabwe Sugar Sales	58	-	-	-	352,027	-	-	-
Zimbabwe Sugar Sales	289	-	-	-	1,764,175	-	-	-
<b>Total</b>	<b>2,624</b>	<b>852</b>	<b>654</b>	<b>-</b>	<b>16,020,769</b>	<b>5,202,031</b>	<b>3,990,006</b>	<b>-</b>
Current	2,624	852	654	-	16,020,769	5,202,031	3,990,006	-
Non - current	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,624</b>	<b>852</b>	<b>654</b>	<b>-</b>	<b>16,020,769</b>	<b>5,202,031</b>	<b>3,990,006</b>	<b>-</b>

Repayments on the loans to the related parties were made on due dates and new loans were also granted.

### 36.5 Balances due to group companies

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Bank balances due from group companies	246	274	1,503,484	187,999
<b>Total</b>	<b>246</b>	<b>274</b>	<b>1,503,484</b>	<b>187,999</b>
Other balances due from group companies	31	(10)	194,061	(7,113)
Other balances due to group companies	(1,229)	(59)	(7,505,632)	(40,515)
<b>Total</b>	<b>(1,198)</b>	<b>(69)</b>	<b>(7,311,571)</b>	<b>(47,628)</b>

### 36.6 Subsequent events

Zimbabwe introduced a new currency named Zig (Zimbabwe Gold) through Statutory Instrument 60 of 2024. The new currency is backed by foreign currencies, gold and precious minerals. The currency came into effect on the 6th of April 2024 replacing the ZWL (Zimbabwean Dollar) which ceased to be the national currency. This was treated as a non-adjusting event.