

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 $19^{\rm th}$ 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.

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.

Outlook

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.

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

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

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

| 3 | | ا است | Of the street of | istorical unaudited | | | |
|--------------------------------|---------|--------|------------------|---------------------|--|--|--|
| | | | | | | | |
| | 2023 | 2022 | 2023 | | | | |
| | USD000 | USD000 | ZWL000 | ZWL000 | | | |
| Profit after tax as reported | 10,620 | 12 212 | 274,639,555 | 21 417 061 | | | |
| Day 1 adjustment : | 10,020 | 12,212 | 214,039,333 | 21,417,001 | | | |
| Investment in Joint venture | 3,689 | _ | _ | | | | |
| Investment properties | 1.079 | _ | _ | | | | |
| Adjusted profit after tax | 15,388 | 12.212 | 274,639,555 | 21.417.061 | | | |
| | | , | | | | | |
| Other comprehensive (loss)/ | | | | | | | |
| income as reported | (4,604) | 8,456 | 200,870,693 | 15,450,379 | | | |
| Day 1 adjustment : | , , , , | | - | | | | |
| Property plant & equipment | 4,414 | - | - | | | | |
| Investment securities | 1,405 | - | - | | | | |
| Adjusted other comprehensive | | | | | | | |
| income | 1,215 | 8,456 | 200,870,693 | 15,450,379 | | | |
| | | | | | | | |
| Total comprehensive (loss)/ | | | - | | | | |
| income as reported | | | | | | | |
| Day 1 adjustment : | | | | | | | |
| Investment in Joint venture | 3,689 | - | - | | | | |
| Investment properties | 1,079 | - | - | | | | |
| Property plant & equipment | 4,414 | - | - | | | | |
| Investment securities | 1,405 | - | - | | | | |
| Adjusted total comprehensive | | | | | | | |
| income | 16,6032 | 20,668 | 475,510,248 | 36,867,440 | | | |
| | | | | | | | |
| Impact on earnings per share | | | - | | | | |
| Earnings per share as reported | 0.40 | 0.57 | 12.710 | 00 | | | |
| (cents) | 0.49 | 0.57 | 12,710 | 991 | | | |
| Adjusted earnings per share | 0.74 | 0.53 | 12.740 | 004 | | | |
| (cents) | 0.71 | 0.57 | 12,710 | 991 | | | |

The commentary below is based on the adjusted financial 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 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.

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

Operating expenses increased by 55% from US\$30m in 2022 to USD46.7m in the year Tapera Mushoriwa 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 mediumsized 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 up 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

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

Looking ahead

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

2023 compared to 22% at 31 December 2022. USD denominated deposits increased by 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.

The Bank posted a consolidated adjusted profit after tax of USD15,4m for the year 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.



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

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 $and \, managing \, the \, business \, of \, the \, Board \, through \, setting \, its \, agenda, \, taking \, full \, account \, of \, issues \, and \, concerns \, of \, the \, Board, \, establishing \, and \, concerns \, of \, the \, Board \, through \, setting \, its \, agenda, \, taking \, full \, account \, of \, issues \, and \, concerns \, of \, the \, Board \, through \, setting \, its \, agenda, \, taking \, full \, account \, of \, issues \, and \, concerns \, of \, the \, Board \, through \, setting \, its \, agenda, \, taking \, full \, account \, of \, issues \, and \, concerns \, of \, the \, Board \, through \, setting \, its \, agenda, \, taking \, full \, account \, of \, issues \, and \, concerns \, of \, the \, Board \, through \, setting \, its \, agenda, \, taking \, full \, account \, of \, issues \, and \, concerns \, of \, the \, Board \, through \, setting \, its \, agenda, \, taking \, full \, account \, of \, issues \, and \, concerns \, of \, the \, Board \, through \, setting \, its \, agenda, \, taking \, full \, account \, of \, issues \, and \, concerns \, of \, the \, Board \, through \, setting \, its \, agenda, \, taking \, its \, agenda, \, taking$ 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.

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

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.

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

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

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.

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.

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

A. Chinamo (Chairperson)

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

Loans Review Committee

This Committee has the overall responsibility for the complete review of the guality 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.



FOR THE YEAR ENDED 31 DECEMBER 2023

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

| 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 |
| К. Теггу | 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.

| Addit 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 K. Naik | Total Meetings | Present | Absent |
|-----------------|----------------|---------|--------|
| K. Naik | 4 | 4 | Nil |
| P. Devenish | 4 | 3 | 1 |
| H. Anadkat | 4 | 4 | Nil |

Loans review committee

First Capital

| Loans review committee | | | |
|------------------------|----------------|---------|--------|
| Name | Total Meetings | Present | Absent |
| T. Moyo | 5 | 5 | Nil |
| A Chinamo | 5 | 5 | Nil |
| S.N. Moyo | 5 | 5 | Nil |

IT Committee

Name

| INGILLE | I Ducat Meetings | FIESEIIC | Ausenic |
|--------------|------------------|----------|---------|
| S.N. Moyo | 4 | 4 | Nil |
| A. Chinamo | 4 | 4 | Nil |
| M. Gursahani | 4 | 4 | Nil |
| | | | |

| Credit Committee | | | |
|------------------|---|---|-----|
| M Gursahani | 5 | 5 | Nil |
| T. Moyo | 5 | 5 | Nil |
| К. Теггу | 5 | 5 | Nil |

Total Meetings

Present

Absent

| 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' shar | reholdings 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) |
| К. Теггу | 111951 (direct interest) |
| A. Chinamo | Nil |
| K. Naik | 25 000 (direct interest) |
| T. Mushoriwa | Nil |
| F. Kapanje | Nil |
| M Cursahani | Nil |

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

Annual financial statements

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

Compliance

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

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

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 Iwish to thank our customers and other stakeholders for their continued support. I extend my appreciation to fellow directors, management and other stakeholders for their continued support. I extend my appreciation to fellow directors, management and other stakeholders for their continued support. I extend my appreciation to fellow directors, management and other stakeholders for their continued support. I extend my appreciation to fellow directors, management and other stakeholders for their continued support. I extend my appreciation to fellow directors, management and other stakeholders for their continued support. I extend my appreciation to fellow directors, management and other stakeholders for their continued support and other stakeholders for the support and support and other stakeholders for the support and other s

and staff for their sterling efforts during the year under review

By Order of the Board

Sarudzai Binha

Company Secretary

Belief comes first.



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

| for the year ended 31 December 2023 | 1 | Audited | | Historical un | audited*** |
|--|-------|--------------------------|------------------------|----------------------------------|-------------------------------|
| | Notes | 2023 | 2022 | 2023 | 2022 |
| Interest income | 3 | USD000 | USD000 | ZWL000 | ZWL000 9,542,159 |
| | | 24,677 | 19,350 | 87,183,956 | |
| Interest expense Net interest income | 4 | (1,703) 22,974 | (957) 18,393 | (7,264,207) 79,919,749 | (421,814) 9,120,345 |
| Net litterest littolile | | 22,314 | 10,373 | 13,313,143 | 9,120,343 |
| Net fee and commission income | 5 | 25,579 | 17,739 | 95,988,242 | 8,671,394 |
| Net trading and foreign exchange income | 6 | 24,265 | 16,764 | 185,401,297 | 7,382,014 |
| Net investment and other income | 7 | 643 | 1,096 | 2,046,635 | 642,251 |
| Fair value (loss)/ gain on investment property | 18 | (2,225) | (612) | 25,722,522 | 2,770,874 |
| Total non interest income | | 48,262 | 34,987 | 309,158,696 | 19,466,533 |
| Total income | | 71,236 | 53,380 | 389,078,445 | 28,586,878 |
| Impairment losses on financial assets | 10 | (4.638) | (995) | (34.421.644) | (683.745) |
| Net operating income | 10 | 66,598 | 52.385 | 354.656.801 | 27,903,133 |
| | | | 0_,000 | ,, | |
| Operating expenses | 8 | (46,699) | (30,038) | (159,687,207) | (14,157,772) |
| Net monetary loss | 9 | 1 1 | (9,417) | | |
| Share of (loss)/ profit from joint venture | 21 | (5,273) | 4,424 | 115,107,786 | 10,395,324 |
| Profit before tax | | 14,626 | 17,354 | 310,077,380 | 24,140,685 |
| Taxation | 11 | (4,006) | (5,142) | (35,437,825) | (2,723,624) |
| Profit for the year | | 10,620 | 12,212 | 274,639,555 | 21,417,061 |
| Other comprehensive income | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | |
| (Loss)/ gain on revaluations | 17 | (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 | | (1,184) | 399 | 33,096,554 | 2,909,808 |
| income | | (1,104) | 377 | 33,070,334 | 2,505,000 |
| Deferred tax charge | | (1,168) | (58) | (1,937,732) | (170,809) |
| Items that will be reclassified subsequently to profit or loss: | | (1,100) | (50) | (1,231,132) | (170,005) |
| (Loss)/ gain on financial assets at fair value through other comprehensive inc | ome | (157) | (195) | 600,325 | (151,683) |
| 12033// gain on maneral assess de rain value en oagri outlet comprehensive me | OTTIC | (131) | (123) | 000,525 | (131,003) |
| Net (loss)/ gain on other comprehensive income | | (4,604) | 8,456 | 200,870,693 | 15,450,379 |
| Total comprehensive income | | 6,016 | 20,668 | 475,510,248 | 36,867,440 |
| Earnings per share | | | | | |
| Basic (cents per share) | | 0.49 | 0.57 | 12,710 | 991 |
| Diluted (cents per share) | | 0.49 | 0.56 | 12,682 | 990 |
| Zilotta (cerias per silote) | | 0.15 | 0.50 | 12,002 | 330 |

Consolidated Statement of Financial Position as at 31 December 2023

| as at 31 December 2023 | | Audited | | Historical unaudited** | |
|---|-------|----------------|----------------|------------------------|----------------|
| | Notes | 2023 USD000 | 2022 USD000 | 2023 ZWL000 | 2022 ZWL000 |
| Assets | Hotes | 035000 | 030000 | 2442000 | 2441000 |
| Cash and bank balances | 12 | 70,877 | 78,002 | 432,740,926 | 53,609,309 |
| Current tax asset | | 248 | 1,560 | 1,867,451 | 1,072,374 |
| Non-current assets held for sale | 20 | 2,217 | -, | 19,956,522 | |
| Loans and receivables from banks | 14 | 6,465 | 328 | 39,467,073 | 225,622 |
| Loans and advances to customers | 15 | 86,062 | 65,973 | 525,386,237 | 45,342,180 |
| Other assets | 16 | 11,694 | 11,661 | 53,392,090 | 7,722,810 |
| Investment securities | 13 | 13,168 | 19,243 | 91,635,947 | 13,225,558 |
| Investment properties | 18 | 1,494 | 5,936 | 9,846,000 | 4,080,000 |
| Investment in joint venture | 21 | 14,340 | 19,613 | 128,587,235 | 13,479,449 |
| Intangible assets | 19 | 612 | 988 | 5,899 | 8,941 |
| Property and equipment | 17 | 24,938 | 27,377 | 224,424,893 | 18,814,882 |
| Right of use assets | 22.1 | 3,828 | 3,262 | 7,657,632 | 1,042,315 |
| Total assets | | 235,943 | 233,943 | 1,534,967,905 | 158,623,440 |
| | | | | | |
| Liabilities | | | | | |
| Deposits from customers | 24 | 123,152 | 136,063 | 751,814,663 | 93,514,048 |
| Employee benefit accruals | 25 | 1,839 | 1,697 | 13,130,118 | 1,166,032 |
| Balances due to group companies | 36.5 | 1,198 | 69 | 7,311,571 | 47,628 |
| Balances due to banks | 23 | 24,416 | 1,165 | 149,053,520 | 800,769 |
| Other liabilities | 26 | 6,185 | 17,729 | 36,619,631 | 12,183,437 |
| Deferred tax liabilities | 28 | 8,323 | 6,662 | 56,892,511 | 3,834,865 |
| Lease liabilities | 22.2 | 2,822 | 2,653 | 17,229,708 | 1,823,304 |
| Total liabilities | | 167,935 | 166,038 | 1,032,051,722 | 113,370,083 |
| Equity | | | | | |
| Capital and reserves | | | | | |
| Share capital | 29.1 | 58 | 58 | 216 | 216 |
| Share premium | 29.2 | 6,360 | 6,360 | 24,160 | 24,160 |
| Non - distributable reserve | 29.3 | 2,076 | 2,076 | 7,785 | 7,785 |
| Fair value through other comprehensive income reserve | 29.4 | 2,018 | 4,527 | 35,361,054 | 3,601,907 |
| Property revaluation reserve | 29.5 | 14,687 | 16,782 | 184,195,343 | 15,083,797 |
| General reserve | 29.6 | 1,155 | 185 | 6,048,727 | 126,981 |
| Share - based payment reserve | 29.7 | 336 | 335 | 12,489 | 5,010 |
| Retained earnings | | 41,318 | 37,582 | 277,266,409 | 26,403,501 |
| Total equity | | 68,008 | 67,905 | 502,916,183 | 45,253,357 |
| Total equity and liabilities | | 235,943 | 233,943 | 1,534,967,905 | 158,623,440 |

***Refer to note 2.4.2

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

***Refer to note 2.4.2

Audited

| Share capital USD000 | Share premium USD000 | distributable | | Property revaluation reserve USD000 | General Reserve USD000 | payment reserve USD000 | Retained earnings USD000 | Total equity USD000 |
|-------------------------|----------------------------|----------------------|---------------|---|------------------------------|------------------------------|---|---|
| 58 | 6,360 | 2,076 | 4,527 | 16,782 | 185 | 335 | 37,582 | 67,905 |
| - | - | - | - | - | - | - | 10,620 | 10,620 |
| - | - | - | (2,509) | (2,095) | - | - | - | (4,604) |
| - | - | - | (2,509) | (2,095) | | - | 10,620 | 6,016 |
| _ | _ | - | - | - | - | 1 | - | 1 |
| - | - | - | - | - | 970 | - | (970) | - |
| - | - | - | - | - | - | - | (5,914) | (5,914) |
| 58 | 6,360 | 2,076 | 2,018 | 14,687 | 1,155 | 336 | 41,318 | 68,008 |
| | | | | | | | | |
| | | Share capital USD000 | Share capital | Share capital USD000 premium USD000 reserve USD000 income USD000 58 6,360 2,076 4,527 - - - - - - - (2,509) - - - (2,509) - - - - - - - - - - - - - - - - - - - - - - - - | Share capital USD000 | Share capital USD000 | Share capital USD000 Share premium USD000 distributable reserve USD000 comprehensive income USD000 revaluation reserve USD000 General Reserve USD000 payment reserve USD000 58 6,360 2,076 4,527 16,782 185 335 - - - - - - - - - - - (2,509) (2,095) - - - - - (2,509) (2,095) - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - | Share capital USD000 Share premium USD000 distributable reserve USD000 comprehensive income USD000 revaluation reserve USD000 General Reserve USD000 payment reserve uSD000 Retained earnings USD000 58 6,360 2,076 4,527 16,782 185 335 37,582 - - - - - - - 10,620 - - - (2,509) (2,095) - - 10,620 - - - (2,509) (2,095) - - 10,620 - - - - - - - 10,620 - |

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

| Historical unaudited*** | Share capital ZWL000 | Share premium ZWL000 | Non- distributable reserve ZWL000 | Fair value through other comprehensive income ZWL000 | Property revaluation reserve ZWL000 | General reserve ZWL000 | Share-based payment reserve ZWL000 | Retained earnings ZWL000 | Total equity ZWL000 |
|--|----------------------------|----------------------------|--|--|--|------------------------------|---|--------------------------------|-----------------------------------|
| Balance at 1 January 2023 | 216 | 24,160 | 7,785 | 3,601,907 | 15,083,797 | 126,981 | 5,010 | 26,403,501 | 45,253,357 |
| Profit for the year | | | | 24 750 447 | 150 111 515 | | | 274,639,555 | 274,639,555 |
| Other comprehensive income for the year Total comprehensive income for the year | • | - | - | 31,759,147 31,759,147 | 169,111,546 169,111,546 | <u> </u> | - | 274,639,555 | 200,870,693 475,510,248 |
| Recognition of share-based payments | - | - | - | - | - | | 7,479 | (5.024.746) | 7,479 |
| Regulatory impairment allowances Dividend paid | - | - | - | - | - | 5,921,746 | - | (5,921,746) (17,854,901) | (17,854,901) |
| Balance at 31 December 2023 | 216 | 24,160 | 7,785 | 35,361,054 | 184,195,343 | 6,048,727 | 12,489 | 277,266,409 | 502,916,183 |

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

***Refer to note 2.4.2



FOR THE YEAR ENDED 31 DECEMBER 2023

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

| for the year ended 31 December 2023 | l | Audited | | Historical un | audited*** Restated |
|--|-------|-------------------|-------------------|-----------------------------|--------------------------|
| | Notes | 2023 USD000 | 2022 USD000 | 2023 ZWL000 | 2022 ZWL000 |
| Carlo Clarico Carros carros contratos con contratos contratos con contratos con contratos con contratos con contratos contratos con contratos contratos con contratos contrato | | | | | |
| Cash flows from operating activities Profit before tax | | 14,626 | 17,354 | 310,077,380 | 24,140,685 |
| Adiustments: | | 14,020 | 17,334 | 310,077,360 | 24,140,00 |
| Depreciation of property, equipment and right of use asset impairment | 8.1.2 | 3,870 | 1,254 | 7,889,681 | 922,800 |
| Software amortisation | 8.1.2 | 376 | 317 | 3,041 | 3,04 |
| mpairment loss on financial assets | 10 | 4,638 | 995 | 34,421,644 | 684,090 |
| oss arising from change in valuation of treasury bills. Inrealised profit from foreign currency position** | 8.2.3 | 2,864 | (10.720) | 17,485,985 (107,052,523) | (3,128,128 |
| Share of profit/(loss) from joint venture | 21 | (12,565) 5,273 | . , , | (115,107,786) | (10,395,324 |
| Fair value loss on investment property | 18 | 2,225 | (4,424) | (25,722,522) | (2,770,874 |
| Dividend income | 7 | (382) | (423) | (921,957) | (206,569 |
| Loss on disposal of property and equipment | 17.1 | 63 | , ` <u> </u> | 155,586 | 4,752 |
| nterest on investment securities | 3 | (2,842) | (1,118) | (7,224,437) | (510,879) |
| Amortisation of staff loan benefits | 22.2 | 12 | 883 | (608,056) | (2,588) |
| nterest on lease liabilities nterest accrued on deposits * | 22.2 | 389 1,314 | 269 688 | 1,583,195 5,681,012 | 139,574 421,814 |
| Net monetary loss | | 1,514 | 9,418 | 3,001,012 | 421,015 |
| Share based payment expense | | 1 | , S | 7,479 | 2,767 |
| nterest income accrued on loans, promisory notes and bank balances * | | (24,677) | (19,350) | (87,183,956) | (9,542,159) |
| Cash flow from operating activities | | (4,815) | (4,240) | 33,483,766 | (236,998) |
| ncrease 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) |
| ncrease in deposits from customers** | | 35,599 | 60,585 | 659,451,222 | 78,367,521 |
| ncrease in other liabilities** Corporate income tax paid | | 4,039 | 15,417 (5,641) | 56,793,888 | 11,546,777 |
| nterest received on loans, promisory notes and bank balances * | | (3,769) 22,497 | 15,980 | (19,760,798) 82,122,850 | (3,195,019) 8,824,387 |
| nterest received on loans, promisory notes and bank balances nterest paid on deposits* | | (1,022) | (661) | (6,551,137) | (1,672,604 |
| Net cash (used in)/generated from operating activities | | (8,071) | 53,668 | 281,325,495 | 20,236,432 |
| Cash flows from investing activities | | (0,071) | 33,000 | 201,323,493 | 20,230,432 |
| Purchase of property, equipment and intangible assets | 17 | (2,577) | (1,553) | (8,797,362) | (888,715 |
| Proceeds from sale of property and equipment | 17.1 | 135 | 119 | 448.523 | 113,301 |
| Purchase of gold-backed digital tokens | 13.2 | (4,320) | - | (20,558,083) | 115,50 |
| Dividends received | 13.2 | 382 | 423 | 921,957 | 206,569 |
| Interest received from investment securities | | 599 | 774 | 3,202,126 | 275,639 |
| Purchase of investment securities | | (11,404) | (24,596) | (28,341,330) | (11,179,681 |
| Proceeds from sale and maturities of investment securities | | 8,907 | 9,867 | 23,818,250 | 4,022,196 |
| Net cash used in investing activities | | (8,278) | (14,966) | (29,305,919) | (7,450,691) |
| Cash flows from financing activities Proceeds from issue of shares under a share based payment plan | | | , , , , , , | | 45 |
| ncrease in balances due to banks | | 22,968 | | 148,252,751 | 4. |
| Dividend paid | | (5,914) | (4,508) | (17,854,901) | (1,789,013 |
| ease liabilities payments | 22 | (642) | (624) | (3,920,732) | (332,490 |
| Net cash generated from/(used in) financing activities | | 16,412 | (5,132) | 126,477,118 | (2,121,458) |
| Net increase in cash and cash equivalents | | 63 | 33,570 | 378,496,694 | 10,664,283 |
| Cash and cash equivalents at the beginning of the year | | 78,002 | 45,513 | 53,609,309 | 9,099,463 |
| Exchange (loss)/gain on foreign cash balances** | | (7,188) | (1,081) | 634,922 | 33,845,563 |
| Cash and cash equivalents at the end of the year | | 70,877 | 78,002 | 432,740,926 | 53,609,309 |

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

General information 1 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 FMBcapital Holdings PLC which is incorporated in Mauritius. The Bank is listed on the Victoria Falls Stock Exchange and is registered under registration number 148/1981.

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.

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 preparationThe 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).

Basis of measurement

The consolidated and separate financial statements for the period are measured on historical cost basis except for the following:

i) Fair value through OCI equity investments and debt instruments measured at fair value

ii) Fair value through profit and loss debt instruments for trading measured at fair value

- Investment property measured at fair value
 Property and equipment measured at fair value using the revaluation method
 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

Basis of consolidation

nsolidated 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

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

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

- the USD has become the dominant currency on the Bank's balance sheet, constituting more than 80% of both financial assets and financial liabilities;
- more than 60% of revenue earned is denominated in USD;
- the USD is the currency that mainly influences the Bank's labour, technology and other costs incurred in the provision of
- 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.

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

The effects of these adjustments are summarised below

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

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

| Impact on investment securities | IAS 29 ZWL Value @ 31 December 2022 | USD Equivalent* | Reduction in investment securities | Reduction in Deferred Tax | comprensive |
|---------------------------------|--|--------------------|------------------------------------|------------------------------|-------------|
| Asset | ZWL000 | USD000 | USD000 | USD000 | income |
| 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".

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.

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:

Determination of the functional currency Measurement of the expected credit losses on financial assets

 $\dot{\text{Fair value computations}} \ \dot{\text{on securities, investment properties, property and equipment}}$

Useful lives of property and equipment; and Computation of tax liabilities

Average number of employees during the period:

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

| Audited | | Historical unaudited | | |
|---------|---|---|---|--|
| 2023 | 2022 | 2023 | 2022 | |
| USD000 | USD000 | ZWL000 | ZWL000 | |
| (389) | (269) | (1,583,195) | (139,574) | |
| (846) | (367) | (4,302,102) | (128,236) | |
| (468) | (321) | (1,378,910) | (154,004) | |
| (1,703) | (957) | (7,264,207) | (421,814) | |
| | 2023 USD000 (389) (846) (468) | USD000 USD000 (389) (269) (846) (367) (468) (321) | 2023 2022 2023 USD000 USD000 ZWL000 (389) (269) (1,583,195) (846) (367) (4,302,102) (468) (321) (1,378,910) | |

| Net fee and commission income | Aud | ited | Historical unaudited | | |
|--|--------|--------|----------------------|------------|--|
| | 2023 | 2022 | 2023 | 2022 | |
| Fee and commission income-Group | USD000 | USD000 | ZWL000 | ZWL000 | |
| Account maintenance fees | 5,896 | 3,954 | 22,835,653 | 1,764,833 | |
| Insurance commission received | 163 | · 59 | 755,101 | 29,564 | |
| Transfers and other transactional fees | 10,858 | 6,405 | 40,326,607 | 3,291,364 | |
| Guarantees | 181 | 442 | 520,934 | 223,462 | |
| Card based transaction fees | 1,667 | 2,170 | 5,091,181 | 979,643 | |
| Cash withdrawal fees | 6,829 | 4,712 | 26,516,968 | 2,384,071 | |
| Fee and commission income | 25,594 | 17,742 | 96,046,444 | 8,672,937 | |
| Fee and commission expense | (15) | (4) | (50 202) | (1 5 4 2) | |

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

| | Audited | 1 | Historical unaudited | | |
|---|---------|--------|----------------------|-----------|--|
| Net trading and foreign exchange income | 2023 | 2022 | 2023 | 2022 | |
| | USD000 | USD000 | ZWL000 | ZWL000 | |
| Net foreign exchange revaluation gain | 12,565 | 10,728 | 151,071,899 | 4,464,412 | |
| Net foreign exchange trading income | 11,700 | 6,036 | 34,329,398 | 2,917,602 | |
| Total | 24,265 | 16,764 | 185,401,297 | 7,382,014 | |

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

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

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

| | | Audi | Audited | | Historical unaudited | | |
|-------|--|---------|---------|-------------|----------------------|--|--|
| | | 2023 | 2022 | 2023 | 2022 | | |
| 8.1.2 | Infrastructure costs | USD000 | USD000 | ZWL000 | ZWL000 | | |
| | Repairs and maintenance | (1,078) | (640) | (3,941,491) | (317,910) | | |
| | Heating, lighting, cleaning and rates | (885) | (700) | (3,441,677) | (360,413) | | |
| | Security costs | (526) | (393) | (1,843,598) | (181,945) | | |
| | Depreciation of property, equipment and right of | (3,870) | (1,254) | (7,889,681) | (922,800) | | |
| | use asset | | | | | | |
| | Software amortisation | (376) | (317) | (3,041) | (3,041) | | |
| | Operating lease - short term leases | (169) | (130) | (635,448) | (66,309) | | |
| | Connectivity, software and licences | (4,305) | (2.741) | (9,466,993) | (1.359,243) | | |

(11,209)

Historical unaudited

Historical unaudited

Total

(6,175) (27,221,929) (3,211,661)



13.2

14

15

AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

11

12

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

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

| | Audit | ed | Historical unaudited | |
|--|-------------------|---------------------|--------------------------------------|---------------------------------------|
| Impairment losses on financial assets Stage 1 | 2023 USD000 | 2022 USD000 | 2023 ZWL000 | 2022 ZWL000 |
| Loans and advances to customers | (432) | (435) | (5,614,416) | (298,719) |
| Balances with banks - local & nostro Investment securities - treasury bills & bonds Other assets | 4 (19) (71) | (10) (189) 55 | (36,132) (1,209,485) (432,910) | (7,145) (129,785) 37,309 |
| Total | (518) | (579) | (7.292,943) | (398,340) |
| Stage 2 Loans and advances to customers Total | 126 126 | (134) (134) | (12,863) (12,863) | (91,828 <u>)</u> (91,828) |
| Stage 3 Loans and advances to customers | (4.246) | (282) | (27.115.838) | (193,922) |
| Total | (4,246) | (282) | (27,115,838) | (193,922) |
| Total impairment raised during the period Recoveries of loans and advances previously written off | (4,638) | (995) | (34,421,644) | (684,090) 345 |
| Impairment losses recognised in profit/loss | (4,638) | (995) | (34,421,644) | (683,745) |
| Taxation | Audit | ed | Historical (| ınaudited |
| | 2023 | 2022 | 2023 | 2022 |

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

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

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

12.1 Restatement of the Statement of cash flows for the year ended 31 December 2022

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

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

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

| Net increase in cash and cash equivalents during the year | 32,489 | - | 32,489 |
|---|--|------------------|---------------|
| | His | torical unaudite | d l |
| | As previously reported- translated-2022 | Adjustments | Restated 2022 |
| | ZWL000 | ZWL000 | ZWL000 |
| Cash flows from operating activities | | | |
| Profit before tax | 24,140,685 | - | 24,140,685 |
| Adjustments: | | | |
| Unrealised profit from foreign currency position** | - | (3,128,128) | (3,128,128) |
| Interest income accrued on loans, promisory notes and bank balances * | - | (9,542,159) | (9,542,159) |
| Interest accrued on deposits * | - | 421,814 | 421,814 |
| Cash flow from operating activities | 12,004,864 | (12,241,862) | (236,998) |
| Increase in loans and advances to customers* | (38,844,292) | 717,772 | (38,126,520) |
| Decrease/(increase) in other assets** | (4,541,102) | (30,730,010) | (35,271,112) |
| Increase in deposits from customers** | 77,116,731 | 1,250,790 | 78,367,521 |
| Interest received on loans, promisory 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 |
| Net increase in cash and cash equivalents before exchange gain on foreign | 44,509,846 | (33,845,562) | 10,664,283 |
| cash balances | | | |
| Exchange (loss)/gain on foreign cash balances** | - | 33,845,563 | 33,845,563 |
| Net increase in cash and cash equivalents during the year | 44,509,846 | - | 44,509,846 |

*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.

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

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

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

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

| | | Audited | | Historical unaudited | |
|---|------------------------------|---------|--------|----------------------|--------|
| | | 2023 | 2022 | 2023 | 2022 |
| 2 | Gold-backed digital tokens | USD000 | USD000 | ZWL000 | ZWL000 |
| | Balance at beginning of year | - | - | - | - |
| | Additions | 4,320 | - | 20,558,083 | - |
| | Fair value loss | (991) | - | (236,341) | - |
| | Ralance at 31 December | 3 3 2 0 | _ | 20 321 7/2 | _ |

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

| | Audited | | miscoricat unaudiced | |
|---|--|--|---|--|
| | 2023 | 2022 | 2023 | 2022 |
| Equity securities | USD000 | USD000 | ZWL000 | ZWL000 |
| Balance at beginning of year | 5,807 | 5,407 | 3,990,908 | 1,081,101 |
| Changes in fair value | (212) | 400 | 33,100,024 | 2,909,807 |
| Impact of change in functional currency | (1,479) | - | - | - |
| Balance at 31 December | 4,116 | 5,807 | 37,090,932 | 3,990,908 |
| | Balance at beginning of year Changes in fair value Impact of change in functional currency | Equity securities2023 USD000Balance at beginning of year5,807Changes in fair value(212)Impact of change in functional currency(1,479) | Equity securities 2023 USD000 2020 USD000 Balance at beginning of year 5,807 5,407 Changes in fair value Impact of change in functional currency (212) 400 | Equity securities 2023 USD000 2022 USD000 2WL000 ZWL000 Balance at beginning of year 5,807 5,407 3,990,908 Changes in fair value (212) 400 33,100,024 Impact of change in functional currency (1,479) - |

Historical upaudited

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

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

 ${\it Clearing \ balances \ with \ other \ banks \ include \ \ Zimswitch \ transactions \ net \ settlement \ receivables.}$

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

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

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

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

| | Audit | ed | Historical unaudited | | |
|---|--------|--------|----------------------|-----------|--|
| Other assets | 2023 | 2022 | 2023 | 2022 | |
| | USD000 | USD000 | ZWL000 | ZWL000 | |
| Prepayments and stationery | 7,290 | 3,257 | 33,912,647 | 1,973,980 | |
| Card security deposit and settlement balances | 2,544 | 2,351 | 15,528,405 | 1,615,679 | |
| Customer auction funds receivable | · - | 377 | · · · · - | 259,185 | |
| Other receivables | - | 4,762 | - | 3,273,395 | |
| Receivables from Reserve Bank of Zimbabwe | - | 11 | - | 7,320 | |
| Unamortized balance of staff loans benefit | 1,931 | 903 | 4,384,076 | 593,379 | |
| Total before expected credit losses | 11,765 | 11,661 | 53,825,128 | 7,722,938 | |
| Less expected credit loss: | (71) | - | (433,038) | (128) | |
| Total other assets | 11,694 | 11,661 | 53,392,090 | 7,722,810 | |
| C | 7 702 | 4.720 | 24575 627 | 2.054.252 | |
| Current | 7,702 | 4,730 | 34,575,627 | 3,051,352 | |
| Non - current | 3,992 | 6,931 | 18,816,463 | 4,671,458 | |
| Total | 11,694 | 11,661 | 53,392,090 | 7,722,810 | |

16



FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

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

| | | | | Furniture | | |
|---|--------------------|-----------|-----------|-----------------|----------------|--------|
| | Land and buildings | Computers | Equipment | and fittings | Motor vehicles | Total |
| 2022 | USD000 | USD000 | USD000 | USD000 | USD000 | USD000 |
| Balance at beginning of year | 16,756 | 405 | 54 | 11 | 431 | 17,657 |
| Additions | 372 | 253 | 182 | 3 | 743 | 1,553 |
| Revaluation | 2,012 | 1,031 | 2,883 | 662 | 2,533 | 9,121 |
| Disposals | · - | (91) | (52) | (1) | (159) | (303) |
| Transfers to Investment property | (154) | ` _ | ` - | `- | ` | (154) |
| Depreciation charge on disposals | ` - | 2 | 14 | 1 | 159 | `176 |
| Depreciation & Impairment charge | (350) | (72) | (52) | (13) | (186) | (673) |
| Carrying amount at end of the year | 18,636 | 1,528 | 3,029 | 663 | 3,521 | 27,377 |
| Cost or valuation | | | | | | |
| Accumulated depreciation and impairment | - | - | - | - | - | - |
| Carrying amount at end of the year | 18.636 | 1.528 | 3.029 | 663 | 3,521 | 27.377 |

| | | Historical unaudited | | | | | |
|---|---------------------|----------------------|---------------------|-----------|--------------------------|-------------|--|
| Property and equipment | | | | Furniture | | | |
| | Land and | | | and | | | |
| 2022 | buildings ZWL000 | Computers ZWL000 | Equipment ZWL000 | fittings | Motor vehicles ZWL000 | Total | |
| 2023 | | | | ZWL000 | | ZWL000 | |
| Balance at beginning of year | 12,808,100 | 1,050,575 | 2,080,957 | 455,601 | 2,419,649 | 18,814,882 | |
| Additions | - | 5,207,345 | 1,562,213 | 79,500 | 1,948,304 | 8,797,362 | |
| Revaluation | 130,279,110 | 20,702,310 | 21,305,794 | 5,277,704 | 25,203,033 | 202,767,951 | |
| Disposals | - | - | (28,011) | - | (608,877) | (636,888) | |
| Depreciation charge on disposals | - | - | 487 | - | 32,292 | 32,779 | |
| Depreciation charge | (1,130,210) | (985,827) | (1,402,883) | (285,878) | (1,546,395) | (5,351,193) | |
| Carrying amount at end of year | 141,957,000 | 25,974,403 | 23,518,557 | 5,526,927 | 27,448,006 | 224,424,893 | |
| Cost or valuation | 141,957,000 | 25,974,403 | 23,518,557 | 5,526,927 | 27,448,006 | 224,424,893 | |
| Accumulated depreciation and impairment | - | - | - | - | - | - | |
| Carrying amount at end of the year | 141,957,000 | 25,974,403 | 23,518,557 | 5,526,927 | 27,448,006 | 224,424,893 | |

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

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

| | Audited | | Historical unaudited | | |
|--|---------|--------|----------------------|-----------|--|
| | 2023 | 2022 | 2023 | 2022 | |
| Proceeds on disposal of property and equipment | USD000 | USD000 | ZWL000 | ZWL000 | |
| Carrying amount of property and equipment disposed off | 198 | 127 | 604,109 | 118,053 | |
| Loss on disposal | (63) | (8) | (155,586) | (4,752) | |
| Proceeds on disposal | 135 | 119 | 448,523 | 113,301 | |
| | Audited | 1 | Historical un | audited | |
| | 2023 | 2022 | 2023 | 2022 | |
| Investment properties | USD000 | USD000 | ZWL000 | ZWL000 | |
| Balance at beginning of the year | 5,936 | 6,394 | 4,080,000 | 1,278,340 | |
| Impact of change in functional currency* | (1,136) | · - | | | |
| Transfer from property and equipment | ` ' - | 154 | - | 30,786 | |
| Transfer to non current assets held for sale | (2,217) | - | (19,956,522) | · - | |
| Change in fair value * | (1,089) | (612) | 25,722,522 | 2,770,874 | |
| Balance at the end of the year | 1,494 | 5,936 | 9,846,000 | 4,080,000 | |
| | | | | | |
| Rental income derived from investment properties | 282 | 173 | 1,128,840 | 92,311 | |

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

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.

| Audited | | Historical unaudited | |
|---------|---|---|---|
| 2023 | 2022 | 2023 | 2022 |
| USD000 | USD000 | ZWL000 | ZWL000 |
| 988 | 1,305 | 8,941 | 11,982 |
| (376) | (317) | (3,042) | (3,041) |
| 612 | 988 | 5,899 | 8,941 |
| | | | |
| | | | 20,276 |
| (1,499) | (1,122) | (14,377) | (11,335) |
| 612 | 988 | 5.899 | 8,941 |
| | 2023 USD000 988 (376) 612 2,111 (1,499) | 2023 USD000 2022 USD000 988 1,305 (376) (317) 612 988 2,111 2,111 (1,499) (1,122) | 2023 USD000 2022 USD000 2023 ZWL000 988 (376) 1,305 (317) 8,941 (3,042) 612 988 988 5,899 2,111 (1,499) 2,111 (1,122) 20,276 (14,377) |

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

| Non - current assets held for sale | | | | |
|---------------------------------------|--------|--------|------------|-----------|
| | Audi | ited | Historical | unaudited |
| | 2023 | 2022 | 2023 | 2022 |
| | USD000 | USD000 | ZWL000 | ZWL000 |
| Transfer from the investment property | 2,217 | - | 19,956,522 | - |
| Balance at 31 December | 2.217 | | 19.956.522 | - |

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

| 7.00 | iteu | miscorical unaudiced | | |
|----------|---|--------------------------------|--|--|
| 2023 | 2022 | 2023 | 2022 | |
| USD000 | USD000 | ZWL000 | ZWL000 | |
| | | | | |
| - | 1,081 | 2,007,339 | 553,182 | |
| (2,800) | 8,276 | 242,120,000 | 21,424,352 | |
| (7,765) | - | - | - | |
| (10,546) | 8,847 | 230,215,573 | 20,790,647 | |
| (10,546) | 8,847 | 230,215,573 | 20,790,647 | |
| | 2023 USD000 - (2,800) (7,765) (10,546) | 2023 2022 USD000 USD000 USD000 | 2023 USD000 2022 USD000 2023 ZWL000 - 1,081 (2,800) 2,007,339 8,276 242,120,000 (7,765) - (10,546) 8,847 8,847 230,215,573 | |

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

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

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

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

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

Audited

Historical unaudited

| | Auditeu | | miscoricat ur | |
|--|--|--|---|--|
| | 2023 | 2022 | 2023 | 2022 |
| Leases | USD000 | USD000 | ZWL000 | ZWL000 |
| Right of use asset | | | | |
| Balance at beginning of year | 3,262 | 860 | 1,042,315 | 171,938 |
| Additions | 2,257 | 2,994 | 9,156,358 | 1,178,754 |
| Terminated | 2,231 | | 2,130,330 | |
| | (4.504) | (10) | (0.544.044) | (915) |
| Depreciation for the year | (1,691) | (582) | (2,541,041) | (307,462) |
| Balance at 31 December | 3,828 | 3,262 | 7,657,632 | 1,042,315 |
| | | | | |
| | Audited | | Historical un | audited |
| Lease liabilities | 2023 | 2022 | 2023 | 2022 |
| Maturity analysis - contractual undiscounted cash flows | USD000 | USD000 | ZWL000 | ZWL000 |
| Less than one year | 1,304 | 1,297 | 7,804,099 | 891,171 |
| | | | | |
| One to five years | 1,769 | 1,701 | 10,588,947 | 1,169,389 |
| More than five years | 453 | 343 | 2,710,282 | 235,757 |
| Total | 3,526 | 3,341 | 21,103,328 | 2,296,317 |
| | | | | |
| Lease liabilities included in statement of financial position | | | | |
| | 823 | 1 000 | 1026226 | 727.004 |
| Current | | 1,058 | 4,926,336 | 727,094 |
| Non - current | 1,999 | 1,595 | 12,303,372 | 1,096,210 |
| Balance at 31 December | 2,822 | 2,653 | 17,229,708 | 1,823,304 |
| | | | | |
| Amounts recognised in profit/ loss | | | | |
| Interest on lease liabilities | (389) | (269) | (1,583,195) | (139,574) |
| Expenses - short term & low value leases | (169) | (130) | (635,448) | (66,309) |
| | | | | |
| Depreciation charge for the year | (1,691) | (582) | (2,541,041) | (307,462) |
| <u>Total</u> | (2,249) | (981) | (4,759,684) | (513,345) |
| | | | | |
| Statement of cash-flows - Leases | | | | |
| Total cash outflows | (642) | (624) | (3,920,732) | (332,490) |
| | • | | | |
| | Audited | 1 | Historical un | audited |
| | 2023 | 2022 | 2023 | 2022 |
| Balances due to banks | USD000 | USD000 | ZWL000 | ZWL000 |
| | | | | |
| Bank balances due to banks abroad | 1,690 | 40 | 10,319,689 | 27,313 |
| Local interbank money market deposit | 1,530 | - | 9,336,320 | - |
| Offshore lines of credit | 16,466 | - | 100,520,362 | - |
| Classes halases due ha lasel has le | | | | |
| Clearance parances due to local panks | | 1 125 | | 773 456 |
| Clearance balances due to local banks Total Denosits from banks | 4,730 | 1,125 1 165 | 28,877,149 | 773,456 800 769 |
| Total Deposits from banks | | 1,125 1,165 | | 773,456 800,769 |
| | 4,730 24,416 | | 28,877,149 149,053,520 | 800,769 |
| Total Deposits from banks | 4,730 24,416 Audited | 1,165 | 28,877,149 149,053,520 Historical un | 800,769 audited |
| | 4,730 24,416 Audited 2023 | 1,165 2022 | 28,877,149 149,053,520 Historical un 2023 | 800,769 audited 2022 |
| Total Deposits from banks | 4,730 24,416 Audited | 1,165 | 28,877,149 149,053,520 Historical un | 800,769 audited |
| Total Deposits from banks Deposits from customers | 4,730 24,416 Audited 2023 | 1,165 2022 | 28,877,149 149,053,520 Historical un 2023 | 800,769 audited 2022 |
| Total Deposits from banks Deposits from customers Demand deposits | 4,730 24,416 Audited 2023 USD000 | 1,165 2022 USD000 | 28,877,149 149,053,520 Historical un 2023 ZWL000 | 800,769 audited 2022 ZWL000 |
| Total Deposits from banks Deposits from customers Demand deposits Retail | 4,730 24,416 Audited 2023 USD000 | 2022 USD000 29,447 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 | 800,769 naudited 2022 ZWL000 20,238,125 |
| Total Deposits from banks Deposits from customers Demand deposits Retail Business banking | 4,730 24,416 Audited 2023 USD000 28,612 13,663 | 2022 USD000 29,447 12,039 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 | 800,769 haudited 2022 ZWL000 20,238,125 8,274,466 |
| Total Deposits from banks Deposits from customers Demand deposits Retail Business banking Corporate and investment banking | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 | 2022 USD000 29,447 12,039 86,234 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 | 800,769 naudited 2022 ZWL000 20,238,125 8,274,466 59,267,299 |
| Total Deposits from banks Deposits from customers Demand deposits Retail Business banking | 4,730 24,416 Audited 2023 USD000 28,612 13,663 | 2022 USD000 29,447 12,039 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 | 800,769 haudited 2022 ZWL000 20,238,125 8,274,466 |
| Total Deposits from banks Deposits from customers Demand deposits Retail Business banking Corporate and investment banking | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 | 2022 USD000 29,447 12,039 86,234 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 | 800,769 naudited 2022 ZWL000 20,238,125 8,274,466 59,267,299 |
| Total Deposits from banks Deposits from customers Demand deposits Retail Business banking Corporate and investment banking Total | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 | 2022 USD000 29,447 12,039 86,234 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 | 800,769 naudited 2022 ZWL000 20,238,125 8,274,466 59,267,299 |
| Total Deposits from banks Deposits from customers Demand deposits Retail Business banking Corporate and investment banking Total Call deposits | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 117,622 | 2022 USD000 29,447 12,039 86,234 127,720 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 718,055,547 | 800,769 naudited 2022 ZWL000 20,238,125 8,274,466 59,267,299 87,779,890 |
| Total Deposits from banks Deposits from customers Demand deposits Retail Business banking Corporate and investment banking Total Call deposits Retail Retail | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 117,622 | 2022 USD000 29,447 12,039 86,234 127,720 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 718,055,547 | 800,769 naudited 2022 zwL000 20,238,125 8,274,466 59,267,299 87,779,890 |
| Total Deposits from banks Deposits from customers Demand deposits Retail Business banking Corporate and investment banking Total Call deposits Retail Business Banking | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 117,622 | 2022 USD000 29,447 12,039 86,234 127,720 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 718,055,547 2,429,680 7,362,295 | 800,769 naudited 2022 ZWL000 20,238,125 8,274,466 59,267,299 87,779,890 2,164,114 74,789 |
| Total Deposits from banks Deposits from customers Demand deposits Retail Business banking Corporate and investment banking Total Call deposits Retail Business Banking Corporate and investment banking | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 117,622 398 1,206 3,378 | 2022 USD000 29,447 12,039 86,234 127,720 3,149 109 398 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 718,055,547 2,429,680 7,362,295 20,621,753 | 800,769 naudited 2022 ZWL000 20,238,125 8,274,465 59,267,299 87,779,890 2,164,114 74,789 273,589 |
| Total Deposits from banks Deposits from customers Demand deposits Retail Business banking Corporate and investment banking Total Call deposits Retail Business Banking | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 117,622 | 2022 USD000 29,447 12,039 86,234 127,720 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 718,055,547 2,429,680 7,362,295 | 800,769 naudited 2022 ZWL000 20,238,125 8,274,466 59,267,299 87,779,890 2,164,114 74,789 |
| Total Deposits from banks Deposits from customers Demand deposits Retail Business banking Corporate and investment banking Total Call deposits Retail Business Banking Corporate and investment banking | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 117,622 398 1,206 3,378 | 2022 USD000 29,447 12,039 86,234 127,720 3,149 109 398 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 718,055,547 2,429,680 7,362,295 20,621,753 | 800,769 naudited 2022 ZWL000 20,238,125 8,274,465 59,267,299 87,779,890 2,164,114 74,789 273,589 |
| Total Deposits from banks Deposits from customers Demand deposits Retail Business banking Corporate and investment banking Total Call deposits Retail Business Banking Corporate and investment banking | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 117,622 398 1,206 3,378 | 2022 USD000 29,447 12,039 86,234 127,720 3,149 109 398 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 718,055,547 2,429,680 7,362,295 20,621,753 | 800,769 naudited 2022 ZWL000 20,238,125 8,274,465 59,267,299 87,779,890 2,164,114 74,789 273,589 |
| Total Deposits from banks Deposits from customers Demand deposits Retail Business banking Corporate and investment banking Total Call deposits Retail Business Banking Corporate and investment banking Total Savings accounts | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 117,622 398 1,206 3,378 4,982 | 2022 USD000 29,447 12,039 86,234 127,720 3,149 109 398 3,656 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 718,055,547 2,429,680 7,362,295 20,621,753 30,413,728 | 800,769 naudited 2022 ZWL000 20,238,125 8,274,466 59,267,299 87,779,890 2,164,114 74,789 273,589 2,512,492 |
| Total Deposits from banks Deposits from customers Demand deposits Retail Business banking Corporate and investment banking Total Call deposits Retail Business Banking Corporate and investment banking Total Savings accounts Retail | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 117,622 398 1,206 3,378 | 2022 USD000 29,447 12,039 86,234 127,720 3,149 109 398 3,656 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 718,055,547 2,429,680 7,362,295 20,621,753 | 800,769 naudited 2022 zwL000 20,238,125 8,274,466 59,267,299 87,779,890 2,164,114 74,789 273,589 2,512,492 |
| Total Deposits from banks Deposits from customers Demand deposits Retail Business banking Corporate and investment banking Total Call deposits Retail Business Banking Corporate and investment banking Total Savings accounts Retail Business banking | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 117,622 398 1,206 3,378 4,982 | 1,165 2022 USD000 29,447 12,039 86,234 127,720 3,149 109 398 3,656 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 718,055,547 2,429,680 7,362,295 20,621,753 30,413,728 | 800,769 haudited 2022 ZWL000 20,238,125 8,274,466 59,267,299 87,779,890 2,164,114 74,789 273,589 2,512,492 |
| Total Deposits from banks Deposits from customers Demand deposits Retail Business banking Corporate and investment banking Total Call deposits Retail Business Banking Corporate and investment banking Total Savings accounts Retail | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 117,622 398 1,206 3,378 4,982 | 2022 USD000 29,447 12,039 86,234 127,720 3,149 109 398 3,656 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 718,055,547 2,429,680 7,362,295 20,621,753 30,413,728 | 800,769 naudited 2022 zwL000 20,238,125 8,274,466 59,267,299 87,779,890 2,164,114 74,789 273,589 2,512,492 |
| Total Deposits from banks Deposits from customers Demand deposits Retail Business banking Corporate and investment banking Total Call deposits Retail Business Banking Corporate and investment banking Total Savings accounts Retail Business banking Total | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 117,622 398 1,206 3,378 4,982 | 1,165 2022 USD000 29,447 12,039 86,234 127,720 3,149 109 398 3,656 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 718,055,547 2,429,680 7,362,295 20,621,753 30,413,728 | 800,769 haudited 2022 ZWL000 20,238,125 8,274,466 59,267,299 87,779,890 2,164,114 74,789 273,589 2,512,492 |
| Total Deposits from banks Demand deposits Retail Business banking Corporate and investment banking Total Call deposits Retail Business Banking Corporate and investment banking Total Savings accounts Retail Business banking Total Source of the property of the prope | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 117,622 398 1,206 3,378 4,982 | 1,165 2022 USD000 29,447 12,039 86,234 127,720 3,149 109 398 3,656 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 718,055,547 2,429,680 7,362,295 20,621,753 30,413,728 | 800,769 naudited 2022 ZWL000 20,238,125 8,274,465 59,267,299 87,779,890 2,164,114 74,789 273,589 2,512,492 23,726 631 24,357 |
| Total Deposits from banks Demosits from customers Demand deposits Retail Business banking Corporate and investment banking Total Call deposits Retail Business Banking Corporate and investment banking Total Savings accounts Retail Business banking Total Other Corporate and investment banking | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 117,622 398 1,206 3,378 4,982 23 23 | 2022 USD000 29,447 12,039 86,234 127,720 3,149 109 398 3,656 34 1 35 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 718,055,547 2,429,680 7,362,295 20,621,753 30,413,728 140,409 140,409 | 800,769 naudited 2022 ZWL000 20,238,125 8,274,466 59,267,299 87,779,890 2,164,114 74,789 273,589 2,512,492 23,726 631 24,357 3,197,309 |
| Total Deposits from banks Demand deposits Retail Business banking Corporate and investment banking Total Call deposits Retail Business Banking Corporate and investment banking Total Savings accounts Retail Business banking Total Source of the property of the prope | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 117,622 398 1,206 3,378 4,982 | 1,165 2022 USD000 29,447 12,039 86,234 127,720 3,149 109 398 3,656 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 718,055,547 2,429,680 7,362,295 20,621,753 30,413,728 140,409 140,409 | 800,769 naudited 2022 ZWL000 20,238,125 8,274,466 59,267,299 87,779,890 2,164,114 74,789 273,589 2,512,492 23,726 631 24,357 3,197,309 |
| Total Deposits from banks Demosits from customers Demand deposits Retail Business banking Corporate and investment banking Total Call deposits Retail Business Banking Corporate and investment banking Total Savings accounts Retail Business banking Total Other Corporate and investment banking | 4,730 24,416 Audited 2023 USD000 28,612 13,663 75,347 117,622 398 1,206 3,378 4,982 23 23 | 2022 USD000 29,447 12,039 86,234 127,720 3,149 109 398 3,656 34 1 35 | 28,877,149 149,053,520 Historical un 2023 ZWL000 174,668,323 83,408,825 459,978,399 718,055,547 2,429,680 7,362,295 20,621,753 30,413,728 | 800,769 naudited 2022 ZWL000 20,238,125 8,274,465 59,267,299 87,779,890 2,164,114 74,789 273,589 2,512,492 23,726 631 24,357 |

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

| | | Audited | | | Historical unaudiced | | | |
|------------------------------------|---------|---------|---------|------|----------------------|----------|--------------|-------|
| | 2023 | | 2022 | | 2023 | | | 2022 |
| Concentration of customer deposits | USD000 | % | USD000 | % | ZWL000 | % | ZWL000 | % |
| Trade and services | 42,322 | 34 | 38,386 | 28 | 258,369,934 | 38 | 26,382,330 | 28 |
| Energy and minerals | 572 | 0 | 1,921 | 1 | 3,491,901 | 0 | 1,320,530 | 1 |
| Agriculture | 3,032 | 2 | 1,972 | 1 | 18,509,519 | 2 | 1,355,329 | 1 |
| Construction and property | 779 | 1 | 1,301 | 1 | 4,755,579 | 1 | 894,122 | 1 |
| Light and heavy industry | 21,383 | 17 | 29,956 | 22 | 130,537,283 | 16 | 20,588,147 | 22 |
| Physical persons | 30,033 | 24 | 32,630 | 25 | 183,340,368 | 23 | 22,425,965 | 25 |
| Transport and distribution | 9.106 | 7 | 14.205 | 10 | 55,589,604 | 7 | 9.762.730 | 10 |
| Financial services | 15,925 | 13 | 15,692 | 12 | 97,220,475 | 12 | 10,784,895 | 12 |
| Total | 123,152 | 100 | 136,063 | 100 | 751,814,663 | 100 | 93,514,048 | 100 |
| | | | | | | | | |
| | | | Aud | ited | H | istorica | al unaudited | |
| | | | 202 | | 2022 | 202 | | 2022 |
| =l | | | HCDAC | | LICEAGO | | ~ | 1 000 |

| 2023 | 2022 | 2023 | 2022 |
|---------|---|--------------|--|
| USD000 | USD000 | ZWL000 | ZWL000 |
| | | | |
| 1,565 | 934 | 1,075,588 | 186,810 |
| 2,276 | 740 | 20,995,038 | 115,442,203 |
| (1,441) | (403) | (10,327,875) | (114,553,425) |
| (789) | 294 | - | - |
| 1,611 | 1,565 | 11,742,751 | 1,075,588 |
| | | | |
| 132 | 72 | 90,444 | 14,471 |
| 177 | 201 | 1,296,923 | 75,958 |
| (81) | 0 | - | 15 |
| 1 - | (141) | - | - |
| 228 | 132 | 1,387,367 | 90,444 |
| 1,839 | 1,697 | 13,130,118 | 1,166,032 |
| | 1,565 2,276 (1,441) (789) 1,611 132 177 (81) | USD000 | USD000 USD000 ZWL000 1,565 934 1,075,588 2,276 740 20,995,038 (1,441) (403) (10,327,875) (789) 294 - 1,611 1,565 11,742,751 132 72 90,444 177 201 1,296,923 (81) 0 - - (141) - 228 132 1,387,367 |

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



20

123,152 136,063 751,814,663 93,514,048

25

Total deposits from customers



FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2023 (continued)

| | | Audited | Historical unaudited | | |
|--------------------------------|--------|---------|----------------------|------------|--|
| Other liabilities | 2023 | 2022 | 2023 | | |
| | USD000 | USD000 | ZWL000 | | |
| Accrued expenses | 965 | 2,183 | 13,353,196 | 1,500,685 | |
| Provions 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 | |
| Total | 6,185 | 17,729 | 36,619,631 | 12,183,437 | |

Retirement benefit plan 27

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.

29.5 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.

| | | Audite | ed | Historical u | naudited | |
|------|---|--------|--------|--------------|------------|----|
| | | 2023 | 2022 | 2023 | 2022 | |
| 27.1 | Composition of pension fund plan assets | USD000 | USD000 | ZWL000 | ZWL000 | |
| | Cash and bank balances | 373 | 798 | 2,279,215 | 548,309 | |
| | Equity and unity trusts | 3,065 | 9,644 | 18,709,553 | 6,627,983 | 29 |
| | Money market | 3,423 | 1,499 | 20,895,878 | 1,030,284 | |
| | Properties | 27,740 | 27,492 | 169,345,005 | 18,894,462 | |
| | Other | 247 | 53 | 1,507,021 | 37,093 | |
| | Total | 34,848 | 39,486 | 212,736,672 | 27,138,131 | |

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 planThe 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:

| | | Audited | | Historical unaud | lited | |
|------|---|---------|--------|------------------|------------|----|
| | | 2023 | 2022 | 2023 | 2022 | |
| 27.4 | Summary valuation of the pension obligation | USD000 | USD000 | ZWL000 | 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 | |
| | Total liabilities | 28,616 | 33,083 | 174,692,742 | 22,737,506 | |
| | Total assets | 34,848 | 39,486 | 212,736,672 | 27,138,131 | 29 |
| | Net surplus | 6,232 | 6,403 | 38.043.930 | 4,400,625 | |

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

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

| | Audited | | Historical unaudi | ted | |
|---|----------------|--------------------------|-------------------|----------------|----|
| Movement in present value of obligation | 2023 USD000 | 2022 USD000 | 2023 ZWL000 | 2022 ZWL000 | |
| 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 | 30 |
| Impact of exchange rate movement | (7.025) | (8,858) | (42,885,676) | - | 30 |
| Present value at 31 December | 6,300 | 7,915 | 38,459,752 | 5,440,009 | |
| Principal actuarial assumptions Discount rate Average remaining life in years of pensioner retiring at 60 - Male Average remaining life in years of pensioner retiring at 60 - Female | 2% 18 22 | 2% 18 22 | 2% 18 22 | 2% 18 22 | |
| Sensitivity of key principal assumptions | | Increase in Defined bene | efit obligation | | |
| Decrease in discount rate (0.5%) | 346 | 379 | 2,112,234 | 260,803 | |
| Increase in life expectancy (1 year) | 227 | 238 | 1,385,772 | 163,508 | |

Pre-2009 Compensation for Loss of Value

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

Deferred tax 28

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

| | | USD000 | USD000 | ZWL000 | ZWL000 |
|------|---|------------------|---------|------------------|---------------|
| | Deferred tax balances | | | | |
| | Deferred tax assets | (2,609) | (1,309) | (16,432,699) | (993,532) |
| | Deferred tax liabilities | 10,932 | 7,971 | 73,325,210 | 4,828,397 |
| | Total deferred tax liability | 8,323 | 6,662 | 56,892,511 | 3,834,865 |
| 29 | Share capital and reserves | | | 2023 | 2022 |
| | Authorised shares | | | Shares | Shares |
| | Issued and fully paid | | | 2,160,865,929 | 2,160,865,929 |
| | Shares allocated to management share option sche | me | | 31,073,397 | 30,613,397 |
| | Shares under control of directors | | | 2,808,060,674 | 2,808,520,674 |
| | Total authorised shares | | | 5,000,000,000 | 5,000,000,000 |
| | Authorised share capital Ordinary shares (5 000 000 000 shares of ZWL0.01 | cents per share) | | 500 | 500 |
| 29.1 | Issued share capital | | | 2023 | 2022 |
| | Issued and fully paid shares | | | Shares | Shares |
| | Balance at beginning of year | | | 2,160,865,929 | 2,160,205,929 |
| | Exercise of share options | | | <u> </u> | 660,000 |
| | Balance at end of year | | | 2,160,865,929 | 2,160,865,929 |
| | | Audited | 1 | Historical unaud | ited |
| | | 2023 | 2022 | 2023 | 2022 |
| | | USD000 | USD000 | ZWL000 | ZWL000 |
| | Ordinary shares | 58 | 58 | 216 | 216 |
| | Share premium | 6,360 | 6,360 | 24,160 | 24,160 |
| | Total | 6,418 | 6.418 | 24,376 | 24.376 |

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

29.2 Share premium

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

| | A | Audited | | audited |
|------------------------|--------|---------|--------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| | USD000 | USD000 | ZWL000 | ZWL000 |
| Share premium | 6,360 | 6,360 | 24,160 | 24,160 |
| Balance at end of year | 6,360 | 6,360 | 24,160 | 24,160 |

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 2022 | | 2023 | 2022 |
| | USD000 | USD000 | ZWL000 | ZWL000 |
| Non - distributable reserve | 2,076 | 2,076 | 7,785 | 7,785 |
| Balance at end of year | 2,076 | 2,076 | 7,785 | 7,785 |

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 | 2022 | 2023 | 2022 | |
| | USD000 | USD000 | ZWL000 | ZWL000 | |
| Fair value through other comprehensive income | 2,018 | 4,527 | 35,361,054 | 3,601,907 | |
| reserve | | | | | |
| Balance at end of year | 2 018 | A 527 | 35 361 054 | 3 601 907 | |

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 | | 184,195,343 | 15,083,797 |
| Balance at end of year | 14,687 | 16,782 | 184,195,343 | 15,083,797 |

General reserve

29.7

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

| | Au | ıdited | Historical unaudited | | |
|------------------------|--------|--------|----------------------|---------|--|
| | 2023 | 2022 | 2023 | 2022 | |
| General Reserve | USD000 | USD000 | ZWL000 | ZWL000 | |
| Balance at end of year | 1,155 | 185 | 6,048,727 | 126,981 | |

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

| | A | udited | Historical una | udited |
|-----------------------------|--------|--------|----------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | USD000 | USD000 | ZWL000 | ZWL000 |
| Share based payment reserve | 336 | 335 | 12,489 | 5,010 |
| Balance at end of year | 336 | 335 | 12 489 | 5.010 |

Managerial share option scheme 29.8

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.

Movements during the periodThe following reconciles the share options outstanding at the beginning and end of the years

| | 2023 | | 2022 | |
|--|-------------------------|---------------------|--------------------|---------------------|
| | | Weighted | | Weighted |
| | Number of share | average exercise | Number of share | average exercise |
| | options | price | options | price |
| Outstanding at beginning of the year | 5,380,000 | 0.05 | 6,400,000 | 0.05 |
| Granted during the year | 1,090,000 | 0.02 | 860,000 | 0.07 |
| Forfeited during the year | (1,550,000) | - | (1,220,000) | 0.03 |
| Exercised during the year | 4 000 000 | - | (660,000) | - |
| Outstanding at 31 December | 4,920,000 | - | 5,380,000 | 0.13 |
| Exercisable at 31 December | 1,290,000 | - | 710,000 | 0.13 |
| Weighted average contractual life of options | 0.47 | | | |
| outstanding at end of period (years) | 2.47 | - | 1.96 | - |
| Financial instruments | Audite | | Historical una | |
| Classification of assets and liabilities | 2023 | 2022 | 2023 | 2022 |
| Financial assets | USD000 | USD000 | ZWL000 | ZWL000 |
| Financial assets at fair value through profit | | | | |
| and loss | | | | |
| Gold backed digital gold tokens | 3,329 | - | 20,321,742 | - |
| Total | 3,329 | - | 20,321,742 | - |
| | | | | |
| Financial assets at amortised cost | | | | |
| Cash and bank balances | 70,877 | 78,002 | 432,740,926 | 53,609,309 |
| Treasury bills | 2,535 | 6,650 | 15,706,900 | 4,570,550 |
| Loans and advances to customers | 86,062 | 65,973 | 525,386,237 | 45,342,180 |
| Clearing balances due from other banks | 6,465 | 328 | 39,467,073 | 225,622 |
| Other assets* | 4,476 | 7,501 | 19,912,482 | 5,143,002 |
| Total | 170,415 | 158,454 | 1,033,213,618 | 108,890,663 |
| * Excludes unamortised staff loan benefits and prep | payments and stationery | '. | | |
| eta a stata a contrat fata a de la contrat d | | | | |
| Financial assets at fair value through other comp | | 6.706 | 40 546 274 | 4.664.400 |
| Treasury bills and promissory notes | 3,071 | 6,786 | 18,516,374 | 4,664,100 |
| Unquoted equity securities Total | 4,116 | 5,807 | 37,090,932 | 3,990,908 |
| Total Financial assets | 7,187 180,931 | 12,593 171.047 | 55,607,306 | 8,655,008 |
| Total Financial assets | 180,931 | 171,047 | 1,109,142,666 | 117,545,671 |
| Financial liabilities at amortised cost | | | | |
| Customer deposits | 123,152 | 136,063 | 751,814,663 | 93,514,048 |
| Balances due to other banks | 24,416 | 1,165 | 149,053,520 | 800,769 |
| Other liabilities* | 6.185 | 17,683 | 36,619,630 | 12,152,807 |
| Lease liability | 2.822 | 2,653 | 17,229,708 | 1,823,304 |
| Palancos duo to group companios | 1 100 | 2,033 | 7 211 571 | 1,023,304 |

Fair value hierarchy of assets and liabilities held at fair value

Total Financial liabilities

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

Historical unaudited

2022

31



FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2023 (continued)

| Fair value hierarchy of assets and liabilities held at | | | | |
|--|---------|---------|---------|--------|
| | Level 1 | Level 2 | Level 3 | Total |
| 2022 | USD000 | USD000 | USD000 | USD000 |
| Recurring fair value measurements | | | | |
| Financial assets | | | | |
| Treasury bills | - | - | 6,786 | 6,786 |
| Unquoted equity instruments | - | - | 5,807 | 5,807 |
| Balance at 31 December 2022 | - | - | 12,593 | 12,593 |
| Non - financial assets | | | | |
| Property and equipment | - | - | 27,376 | 27,376 |
| Investment property | - | - | 5,936 | 5,936 |
| Investment in joint venture | - | - | 19,613 | 19,613 |
| Palance at 21 December 2022 | | | E2 02E | E2 02E |

| | Historical unaudited | | | | |
|--|----------------------|-------------------|-------------------|-----------------|--|
| 2023 | Level 1 ZWL000 | Level 2 ZWL000 | Level 3 ZWL000 | Total ZWL000 | |
| Recurring fair value measurements Financial assets | ZWLOOO | | ZWLOOU | ZWLOOU | |
| Gold-backed digital tokens | 20,321,742 | - | - | 20,321,742 | |
| Treasury bills | | - | 18,516,374 | 18,516,374 | |
| Unquoted equity instruments | - | - | 37,090,932 | 37,090,932 | |
| Balance at 31 December 2023 | 20,321,742 | • | 55,607,306 | 75,929,048 | |

| Balance at 31 December 2023 | - | - | - | |
|----------------------------------|---|---|---|--|
| Non-Current Assets held for sale | | | | |
| nvestment in joint venture | | | | |
| nvestment property | | | | |
| Property and equipment | | | | |
| Non - financial assets | | | | |
| | | | | |

| 2022 | ZWL000 | ZWL000 | ZWL000 | ZWL000 |
|-----------------------------------|--------|--------|------------|------------|
| Recurring fair value measurements | | | | |
| Financial assets | | | | |
| Treasury bills | - | - | 4,664,100 | 4,664,100 |
| Unquoted equity instruments | - | - | 3,990,908 | 3,990,908 |
| Balance at 31 December 2022 | - | 12,576 | 8,655,008 | 8,655,008 |
| | | | | |
| Non - financial assets | | | | |
| Property and equipment | - | - | 18,814,882 | 18,814,882 |
| Investment property | - | - | 4,080,000 | 4,080,000 |
| Investment in joint venture | - | - | 13,243,000 | 13,243,000 |
| Balance at 31 December 2022 | - | - | 36.137.882 | 36.137.882 |

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

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

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

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

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

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

Reconciliation of recurring level 3 fair value measurements

| | Audited | | | | |
|--|------------------------------------|------------------------------------|---|---|-----------------|
| 2023 | Investment securities USD000 | Investment properties USD000 | Non-current asset held for sale USD000 | Investment in Joint venture USD000 | Total USD000 |
| Balance at 1 January 2023 | 19,243 | 5,936 | - | 19,613 | 44,792 |
| Impact of change in functional currency | (1,479) | (1,136) | - | (3,213) | (5,828) |
| Additions | 15,724 | - | - | - | 15,724 |
| Accrued interest | 809 | - | - | - | 809 |
| Maturities | (17,633) | - | - | - | (17,633) |
| Impairment | (2,864) | - | - | - | (2,864) |
| Transfer to non-current assets held for sale | - | (2,217) | 2,217 | | - |
| Total losses recognised in profit or loss | (991) | (1,089) | - | (2,060) | (4,140) |
| Total gains recognised in other comprehensive income | 359 | | - | - 11 | 359 |
| Balance at 31 December 2023 | 13,168 | 1,494 | 2,217 | 14,340 | 31,219 |

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

| | Historical unaudited | | | | |
|---|----------------------|--------------|-------------|-------------|--------------|
| | | | Non-current | Investment | |
| | Investment | Investment | asset held | in Joint | |
| | securities | properties | for sale | venture | Total |
| 2023 | ZWL000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 |
| Balance at 1 January 2023 | 13,225,558 | 4,080,000 | - | 13,479,449 | 30,785,007 |
| Additions | 48,899,413 | - 1 | - | - | 48,899,413 |
| Accrued interest | 4,486,320 | - | - | - | 4,486,320 |
| Maturities | (23,818,250) | - | - | - | (23,818,250) |
| Loss arising from change in valuation of treasury bills | (17,485,985) | - | - | - | (17,485,985) |
| Transfer to non-current assets held for sale | - | (19,956,522) | 19,956,522 | - | - |
| Total gains and losses recognised in profit or loss | (236,341) | 25,722,522 | - | 115,107,786 | 140,593,967 |
| Total gains and losses recognised in other comprehensive income | 66,565,233 | - | - | - | 66,565,233 |
| Balance at 31 December 2023 | 91.635.948 | 9.846.000 | 19.956.522 | 128.587.235 | 250.025.705 |

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

Fair value of financial instruments not held at fair value
The disclosed fair values of these financial assets and financial liabilities measured at amortised cost approximate their carrying value

| because of their short term nature. | | | | | |
|-------------------------------------|----------|------------|----------|------------|--|
| | Audited | | | | |
| | 2023 | | 2022 | | |
| | Carrying | | Carrying | | |
| | amount | Fair value | amount | Fair value | |
| | USD000 | USD000 | USD000 | USD000 | |
| Financial Assets | | | | | |
| Cash and bank balances | 70,877 | 70,877 | 78,002 | 78,002 | |
| Loans and receivables from Banks | 6,465 | 6,465 | 328 | 328 | |
| Treasury bills | 2,535 | 2,535 | 6,650 | 6,650 | |
| Loans and advances to customers | 86,062 | 86,062 | 65,973 | 65,973 | |
| Other assets | 4,475 | 4,475 | 7,483 | 7,483 | |
| Total | 170,414 | 170,414 | 158,436 | 158,436 | |
| Financial Liabilities | • | - | • | | |
| Deposits from banks | 24,416 | 24,416 | 1,165 | 1,165 | |
| Deposits from customers | 123,152 | 123,152 | 136,063 | 136,063 | |
| Lease liability | 2,822 | 2,822 | 2,653 | 2,653 | |
| Other liabilities | 5,988 | 5,988 | 17,682 | 17,682 | |
| Balances due to group companies | 1,198 | 1,198 | 69 | 69 | |
| Total | 157,576 | 157,576 | 157,633 | 157,632 | |

Risk management

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

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

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

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

Capital risk management - Bank

Capital risk – is the risk that the Group is unable to maintain adequate levels of capital which could lead to an inability to support business activity or failure to meet regulatory requirements. Capital risk is mostly managed for the bank. The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position,

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

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

- bank's regulatory capital comprises of three tiers; Tier 1 Capital: comprises contributed capital, accumulated profits, share based payment reserve and currency translation
- reserve.

 Tier 2 Capital: comprises impairment allowance, revaluation reserve and part of currency translation reserve.

 Tier 3 Capital: comprises operational and market risk capital.

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

Historical unaudited

| | Auuit | | mistoricat unauditeu | |
|---|---------|---------|----------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| | USD000 | USD000 | ZWL000 | ZWL000 |
| Share capital | 58 | 58 | 216 | 216 |
| Share premium | 6,360 | 6,360 | 24,160 | 24,161 |
| Accumulated profits | 40,511 | 37,582 | 232,318,810 | 25,398,970 |
| Share based payment reserve | 336 | 335 | 12,489 | 5,010 |
| Fair value through OCI reserve | 3,122 | 4,527 | 93,225,246 | 6,311,658 |
| Non-distributable reserve | 2,076 | 2,076 | 3,508 | 3,508 |
| Total core capital | 52,463 | 50,938 | 325,584,429 | 31,743,523 |
| Less market and operational risk capital | (3,588) | (2,679) | (22,778,144) | (2,678,733) |
| Less exposures to insiders | (262) | 11111 | (1,599,437) | - 1 |
| Tier 1 capital | 48,613 | 48,259 | 301,206,848 | 29,064,790 |
| Currency translation reserve movement | 1 | 2,071 | 4,277 | 4,277 |
| Revaluation reserves | 14,601 | 19,686 | 165,697,847 | 13,530,151 |
| General provisions (limited to 1.25% of weighted risk assets) | 982 | 549 | 10,731,763 | 78,682 |
| Tier 2 capital | 15,584 | 22,306 | 176,433,887 | 13,613,110 |
| • | | | | |
| Total tier 1 & 2 capital | 64,197 | 70,565 | 477,640,735 | 42,677,900 |
| Market risk | 720 | 732 | 4,393,475 | 503,088 |
| Operational risk | 2,868 | 3,166 | 18,384,669 | 2,175,645 |
| Tier 3 capital | 3,588 | 3,898 | 22,778,144 | 2,678,733 |
| | | | | |
| Total tier 1, 2 & 3 capital base | 67,785 | 74,463 | 500,418,879 | 45,356,633 |
| Deductions from capital | (4,233) | (5,807) | (37,090,932) | (3,990,908) |
| Total capital base | 63,552 | 68,656 | 463,327,947 | 41,365,725 |
| | | | | |
| Credit risk weighted assets | 182,636 | 128,957 | 1,103,355,510 | 88,629,784 |
| Operational risk equivalent assets | 35,851 | 39,570 | 229,808,363 | 27,195,562 |
| Market risk equivalent assets | 8,996 | 9,150 | 54,918,442 | 6,288,596 |
| Total risk weighted assets (RWAs) | 227,483 | 177,677 | 1,388,082,315 | 122,113,942 |
| Tier 1 capital ratio | 21% | 27% | 22% | 24% |
| Tier 1 and 2 capital ratio | 28% | 40% | 34% | 35% |
| Total capital adequacy ratio | 28% | 39% | 33% | 34% |

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

Market risk capital - is assessed using regulatory guidelines which consider the risk characteristics of the different trading book assets. Risk components are transformed into risk weighted assets and, therefore, capital requirements, based on predetermined exposure and Operational risk capital - is assessed using the standardised approach. This approach is tied to average gross income over three years per

regulated business lines as indicator of scale of operations. Total capital charge for operational risk equals the sum of charges per business

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

34.1.1 Credit risk

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

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

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

- Mortgages over residential and commercial properties; Charges over business assets such as premises, inventory and accounts receivable, moveable assets and shares; and
- The legal department is responsible for conducting sufficient legal review to confirm that the approved collateral is legally effective. The ratio of value of loan to value of security is assessed on grant date and continuously monitored.

Corporate Exposures

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

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

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

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

www.firstcapitalbank.co.zw



34.1.4 Maximum credit risk exposure

Loans and advances to

Balances with central

Savings bonds and Treasury

Gold-backed digital tokens

Balances with other Banks and settlement balances

Settlement balances - loca currency Bank balances - Foreign

currency Interbank placements Total Other assets Card security deposit and settlement balances

Total on balance sheet Guarantees and letters

Loans and advances to

Balances with central

Bank Savings bonds and treasury

Balances with other Banks

and settlement balances

Bank balances - foreign

Other assets RBZ receivable other Other assets

Total on balance sheet Guarantees and letters

Loans and advances to

Balances with central Bank

Total Balances with other Banks

and settlement balances Settlement balances - local

Bank balances - Foreign

Card security deposit and settlement balances
Total

Total on balance sheet Guarantees and letters

Loans and advances to

Total Balances with central

Balances with other Banks

and settlement balances

Settlement balances - loca currency Bank balances - foreign

Corporate Business Banking

Savings bonds and

treasury bills

Bank balances

CUFFENCY
Total
Other assets

Other assets Total

Guarantees Letters of credit

credit

RBZ receivable other

Total on balance sheet Guarantees and letters of

Interbank placements
Total

2023

Bank

bills Bank balances

Total

Total

of credit Guarantees Letters of credit **Total**

customers

bills Bank balances **Total**

currency

currency

Total

Total

Total

2023

customers

Business Banking

Bank balances

currency

Other assets

of credit Guarantees Letters of credit

Total

2022

Bank

Total

customers

of credit Guarantees Letters of credit

Corporate Business Banking

customers

Business Banking

Audited

Total

5,827

37.234

46,390

10,588

2,613 56,597

Total USD000

48,267

66,971

13,436

49,932

328

20.798

21,126

2,739

888

Historical unaudited

Total

ZWL000

283,851,286

4,764,991

64,634,626

15,948,594 **15,948,594**

838,857,073 66,094,660 51,088,184 956,039,917 7,817,338 112,104 21,231,424 29,160,866

ZWL000

808.853

9,234,650

34,317,811

225,622

14,293,844

4,519,466

96,747,628

610,243

12,046,391 **46,028,168**

3 329

USD000

Stage 1

221

ECL Re

Stage 2

FCL Reconciliation

Stage 2 USD000

144

Stage 2 ZWL000

44,952 12,209

Stage 2 ZWL000

99.241

Stage 3 ZWL000

52,394 6,782

209.347

36,628

4,843

16,829

Stage 1 ZWL000

377,401

139,013

2,819 **141,832**

2,028

3,003

524.392

Stage 1 USD000

Stage 3 USD000

305

Stage 3

Tota

1,826 1,511

4.478

221

224

Total USD000

203 105

202

1,211

ZWL00

11,145,623 9,224,235

4,843

16,829

ZWL000

139,41

139,013

2,819 **141,832**

2,028

3,003

5,031

832.980

USD00

ım credit risk exposur

m credit risk exposure

Stage 3 USD000

223

Stage 2 USD000

Stage 3

Stage 2

Stage 1

5,827

37,234

46.390

781

10,588

2,613 137.402

USD000

58,503

328

20.798

21,126

888

Stage 1 ZWL000

62,796,980

1.940.850

45,304,678

Stage 3 ZWL000

153,499

5.380

175,749,628 27,944,368

35,571,772 227,369,681

4,764,991

15,948,594

Stage 1 ZWL000

27,740,598

9,234,650

34,317,811

225,622

14,293,844

14,519,466

1,874,863 **1,882,183**

90,927,773

Stage 2 ZWL000

5,278,827 10,231

AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

34.1.1 Credit risk (continued) (c) Expected credit losses measurement (ECLs)

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

ECLs are discounted at the effective interest rate of portfolio

- The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed
- The Group uses a portfolio approach to calculate ECLs. The portfolios are segmented into retail, corporate and treasury and
- Expected credit losses are the probability weighted discounted product of the Probability of Default (PD), Exposure at

Default (EAD), and Loss Given Default (LGD), defined as follows:

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

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

| Corporate exposures | | |
|--------------------------|----------------|---|
| Stage 1 | 12 Month PD | Central Group Grades 1 to 3 (Internal Category 1) |
| Stage 2 | Life Time PD | Central Group Grades 4 to 7 (Internal Category 2) |
| Stage 3 | Default PD | Central Group Grades 8 to 10 (Internal Category 3) |
| Retail exposures Stage 1 | 12 Month PD | Central Group Grades 1 to3 (Internal grades bucket 0 & |
| Stage 1 | 12 Month PD | |
| Chaca 3 | Life Time PD | bucket 1) |
| Stage 2 | Life fillie PD | Central Group Grades 4 to 7 (Internal grades bucket 2 |
| | | & bucket 3) |
| Stage 3 | Default PD | Central Group Grades 8 to 10 (internal grades bucket 4) |

(b) Credit risk grading Treasury exposures

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

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

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

Default

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

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

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

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

ECLs measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next

- 12 months. The 12 month ECL is calculated for the following exposures:

 Corporate loans with regulatory grades from 1 3

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

ii) Life time ECLs (Stage 2 - significant increase in credit risk refer to 37.3 (d)

- ECLs are measured based on expected credit losses on a lifetime basis. It is measured for the following exposures;
 Corporate loans with regulatory grades from grade 4 to grade 7
 Retail loans in bucket 2 to 3 (bucket 2 is 31 days to 60 days past due, bucket 3 is 61 days to 89 days past due)
- Debt securities, loans to banks and bank balances where the credit risk has significantly increased since initial recognition; and
- These are a product of lifetime PD, lifetime LGD and EAD.

iii) Life time ECLs (Stage 3 - default)

- IN LINE CLIBE ELLS (Scage 3 default)

 ECLs are measured based on expected credit losses on a lifetime basis. This is measured on the following exposures.

 All credit impaired/ in default corporate and retail loans and advances to banks and other debt securities in default.

 These are corporates in regulatory grade 8 10 and retail loans in bucket 4

 Exposures which are 90 days+ past due; and

 These are a product of default PD, lifetime LGD and EAD.

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

The assessment of significant increase in credit risk incorporates forward looking information and is performed on a monthly basis at a portfolio level for all retail loans. Corporate and treasury exposures are assessed individually and reviewed monthly and monitored by an independent team in Credit Risk department, together with quarterly reviews by the Impairment Committee and Board Loans Review Committee of exposures against performance criteria.

- Significant increase in credit risk Quantitative measures
 Corporate loans if the loan is reclassified from regulatory grades 1 3 to grades 4 7
 Retail loans if the loan is reclassified from buckets 0 and 1 to buckets 2 to 3
- Treasury exposures which are past due.

Significant increase in credit risk - Qualitative measures retail and corporate

There are various quantitative measures which include:

• Retail - Retrenchment, Dismissal, Salary diversion, employer facing difficulties

Corporate - Adverse business changes, changes in economic conditions, quality challenges, among others.

(e) Benchmarking Expected Credit Loss Corporate and treasury Corporate portfolio assessment is performed by way of a collective assessment semi-empirical IFRS 9 model (the ECL Model) developed in

assessment is performed on all customer loans and advances after having defined a minimum exposure threshold. ECL for Treasury exposures is based on benchmarked PDs and LGDs due to lack of historical data ECL for Retail exposures are based on model output with no benchmarking comparative since enough historical default data was available when designing the calculation model.

consultation with external consultants supported by available historic information to support the modelling of PD. I GD and FAD. Individual

(f) Forward – looking information incorporated in the ECL models

the assessment of SICR and the calculation of ECLs both incorporate forward-looking information. The group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on the ECL vary by financial instrument. Expert judgment has also been applied in this process.

(q) Write offs

The Group will write off retail accounts following charge off of the account if the equivalent of an instalment is not recovered cumulatively over a 12-month period post charge off. Corporate accounts are written off once security has been realised depending on the residual balance and further recovery prospects. The corporate write off policy is not rules based, or time bound. (h) ECL model governance
The models used for PD, EAD and LGD calculations are governed on a day to day through the Impairments Committee. This committee relating

comprises of senior managers in risk, finance and the business. Decisions and key judgements made by the Impairments Committee relating to the impairments and model overrides will be taken to Board Risk, Board Loans and Board Audit Committee.

(i)Maximum exposure to credit risk by credit quality grade before credit enhancements
The group has an internal rating scale which is mapped into the Basel II grading system. The internal rating is broadly classified into;

performing loans, standard monitoring and non-performing. Performing loans

Loans and advances not past due and which are not part of renegotiated loans are considered to be performing assets, these are graded as

per RBZ credit rating scale as grade 1 - 3.

Standard monitoring grade These are loans and advances which are less than 90 days past due and in some cases not past due but the business has significant concern

on the performance of that exposure, as per RBZ credit rating scale these are grade 4 - 7.

First Capital

These are loans and overdrafts on which interest is no longer accrued or included in income unless the customer pays back. These nonperforming (past due) assets include balances where the principal amount and / or interest is due and unpaid for 90 days or more, as per RBZ credit rating scale these are grade 8 - 10.

Loans and advances renegotiated

Bank balances with other banks are held with banks which have the following credit ratings:

| Counterparty Crown Agency | Latest ratings 2022/23 | Previous ratings 2021/22 BB |
|--|------------------------|--------------------------------|
| Other asset balances are held by counter parties with the following ratings; | | |
| Counterparty | 2023 | 2022 |
| VISA | AA- | AA- |
| MasterCard International | A+ | A+ |

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

Belief comes first. www.firstcapitalbank.co.zw



34.3

AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2023 (continued)

34.1.5

| Credit risk concentration of loans and advance | Audited | | Historical unaud | ited |
|--|-------------|-----|------------------|----------|
| | 2023 | | 2022 | |
| Industry/Sector | USD000 | % | USD000 | % |
| Trade and services | 1,162 | 1 | 8,481 | 13 |
| Energy and minerals | 2 | - | 148 | |
| Agriculture | 17,634 | 19 | 13,943 | 21 |
| Light and heavy industry | 17,450 | 20 | 15,329 | 22 |
| Physical persons | 38,581 | 43 | 17,529 | 26 |
| Transport and distribution | 11,919 | 13 | 11,096 | 17 |
| Financial services | 3,792 | 4 | 446 | 1 |
| Total | 90,540 | 100 | 66,972 | 100 |
| | | | | |
| | 2023 | | 2022 | |
| Industry/Sector | ZWL000 | % | ZWL000 | % |
| Trade and services | 7,099,810 | 1 | 5,828,615 | 13 |
| Energy and minerals | 14,297 | - | 102,191 | - |
| Agriculture | 107,644,684 | 19 | 9,582,694 | 21 |
| Light and heavy industry | 106,525,631 | 20 | 10,534,608 | 22 |
| Physical persons | 235,526,303 | 43 | 12,047,485 | 26 |
| Transport and distribution | 72,761,008 | 13 | 7,626,341 | 17 |
| Financial services | 23,149,851 | 4 | 306,234 | 1 |
| Total | 552,721,584 | 100 | 46,028,168 | 100 |

| 2023 Industry/Sector | Total loans USD000 | Non performing loans USD000 | Write offs USD000 | Recoveries USD000 | Impairment allowance USD000 |
|---------------------------------|-----------------------|--------------------------------------|----------------------|----------------------|-----------------------------------|
| Trade and services | 1,162 | 3,859 | 82 | - | 861 |
| Energy and minerals | 2 | 2 | - | - | |
| Agriculture | 17,634 | 3,821 | 990 | - | 2,321 |
| Light and heavy industry | 17,450 | | - | - | 50 |
| Physical persons | 38,581 | 306 | - | - | 1,176 |
| Transport and distribution | 11,919 | 381 | - | - | 37 |
| <u>Financial services</u> | 3,792 | - | - | - | 33 |
| Gross value at 31 December 2023 | 90,540 | 8,369 | 1,072 | - | 4,478 |
| | | | | | |

| 2022 Industry/Sector | Total loans USD000 | Non performing loans USD000 | Write offs USD000 | Recoveries USD000 | Impairment allowance USD000 |
|---------------------------------|-----------------------|--------------------------------------|----------------------|----------------------|-----------------------------------|
| Trade and services | 8,481 | - | | - | 53 |
| Energy and minerals | 148 | - | - | - | 1 |
| Agriculture | 13,943 | - | - | - | 87 |
| Light and heavy industry | 15,328 | 223 | - | - | 96 |
| Physical persons | 17,529 | 275 | - | 1 | 690 |
| Transport and distribution | 11,096 | 8 | - | - | 69 |
| <u>Financial services</u> | 446 | - | - | - | 2 |
| Gross value at 31 December 2022 | 66,971 | 506 | - | 1 | 998 |

| | | Histo | rical unaudited | | |
|---------------------------------|-----------------------|--------------------------------------|----------------------|----------------------|----------------------------------|
| 2023 Industry/Sector | Total loans ZWL000 | Non performing loans ZWL000 | Write offs ZWL000 | Recoveries ZWL000 | Impairmen allowance ZWL000 |
| Trade and services | 7,099,810 | 23,560,392 | - | - | 5,255,759 |
| Energy and minerals | 14,297 | 14,297 | - | - | 71. |
| Agriculture | 107,644,684 | 23,324,672 | - | - | 14,384,847 |
| Light and heavy industry | 106,525,631 | 1,865,512 | - | - | 306,65 |
| Physical persons | 235,526,303 | 2,323,311 | - | - | 6,965,488 |
| Transport and distribution | 72,761,010 | · · · · - | - | - | 223,129 |
| Financial services | 23,149,851 | - | - | - | 198,760 |
| Gross value at 31 December 2023 | 552,721,586 | 51,088,184 | - | - | 27,335,340 |
| | | | | | |

| 2022 Industry/Sector | Total loans ZWL000 | Non performing loans ZWL000 | Write offs ZWL000 | Recoveries ZWL000 | Impairment allowance ZWL000 |
|---------------------------------|-----------------------|--------------------------------------|----------------------|----------------------|-----------------------------------|
| Trade and services | 5,828,615 | - | - | - | 36,318 |
| Energy and minerals | 102,191 | - | - | - | 637 |
| Agriculture | 9,582,694 | - | - | - | 59,709 |
| Light and heavy industry | 10,534,608 | 153,499 | - | - | 65,641 |
| Physical persons | 12,047,485 | 188,673 | - | 345 | 474,257 |
| Transport and distribution | 7,626,341 | 5,380 | - | - | 47,519 |
| Financial services | 306,234 | - | - | - | 1,907 |
| Gross value at 31 December 2022 | 46,028,168 | 347,552 | - | 345 | 685,988 |

Collateral held for exposure

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

| | Audit | ed | Historical | unaudited |
|----------------------|---------|---------|-------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| | USD000 | USD000 | ZWL000 | ZWL000 |
| Performing loans | 73,982 | 155,500 | 451,639,587 | 15,805,945 |
| Non-performing loans | 26,178 | 1,250 | 159,809,428 | 244,991 |
| Total | 100,160 | 156.750 | 611.449.015 | 16.050.936 |

The retail portfolio is fully insured.

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

The group separates exposures to market risk into either trading or banking book. Trading portfolios include those positions arising from market-making transactions where the group acts as principal with clients or with the market; this is mainly to support client trading activity.

Non trading book primarily arises from the management of the Bank's retail and commercial banking assets and liabilities.

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

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

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

| | | | Audited | | |
|--|-------------|-------------|-------------|---------------|----------|
| | ZWL | GBP | | ther currency | |
| 2023 | (USD Equiv) | (USD Equiv) | (USD Equiv) | (USD Equiv) | Total |
| at 31 December 2023 | USD000 | USD000 | USD000 | USD000 | USD000 |
| Assets | | | | | |
| Cash and bank balances | 11,640 | 236 | 2,017 | 1,288 | 15,181 |
| Investment securities | 769 | - | | | 769 |
| Loans and receivables from banks | 1,465 | - | - | - | 1,46 |
| Loans and advances to customers | 6,228 | - | - | - | 6,228 |
| Other assets | 4,182 | - | - | - | 4,182 |
| Total financial assets | 24,284 | 236 | 2,017 | 1,288 | 27,825 |
| Liabilities Deposits from banks | 1,590 | - | - | - | 1,590 |
| Deposits from customers | 23,276 | 181 | 1,203 | 527 | 25,187 |
| Other liabilities | 11,916 | 38 | 24 | 771 | 12,74 |
| Total financial liabilities | 36,782 | 219 | 1,227 | 1,298 | 39,520 |
| Net currency positions | (12,498) | 17 | 790 | (10) | (11,701) |
| Exchange rate sensitivity to Profit for the year | | | | | |
| Exchange rate increase of 20% | 2,500 | (3) | (158) | 2 | 2,34 |
| Exchange rate decrease of 20% | (2,500) | 3 | 158 | (2) | (2,340 |
| Exchange rates applied in 2023 | ZWL | GBP | Rand | EUR | CNE |
| USD closing rate | 6 104 72 | 1 27 | 18 39 | 1 11 | 1 3 |

| Foreign exchange risk (continued) | | Hist | orical unaudited | | |
|--|--|---|--|---|---|
| | USD | GBP | | ther currency | |
| 2023 | (ZWLEquiv) | (ZWLEquiv) | (ZWLEquiv) | (ZWLEquiv) | Total |
| at 31 December 2023 Assets | ZWL000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 |
| Cash and bank balances | 343,633,843 | 1,437,882 | 8,523,490 | 7,865,012 | 361,460,227 |
| Investment securities | 25,229,587 | 1,757,002 | 0,323,430 | 7,003,012 | 25,229,587 |
| Loans and receivables from banks | 30,523,613 | _ | _ | _ | 30,523,613 |
| Loans and advances to customers | 525,971,843 | 1,993 | 25,618 | 663 | 526,000,117 |
| Other assets | 42,045,040 | 1,555 | | - | 42,045,040 |
| Total financial assets | 967,403,926 | 1,439,875 | 8,549,108 | 7,865,675 | 985,258,584 |
| | | | | | |
| Liabilities | | | | | |
| Deposits from banks | 134,028,119 | | 5,319,217 | - | 139,347,336 |
| Deposits from customers | 636,389,803 | 1,105,598 | 7,333,748 | 3,218,985 | 648,048,134 |
| Other liabilities | 113,449,621 | 332,819 | (4,113,574) | 4,705,661 | 114,374,527 |
| Total financial liabilities | 883,867,543 | 1,438,417 | 8,539,391 | 7,924,646 | 901,769,998 |
| Net currency positions | 83,536,383 | 1,459 | 9,716 | (58,972) | 83,488,586 |
| Exchange rate sensitivity to Profit for the year | | | | | |
| Exchange rate increase of 20% | 16,707,277 | 292 | 1,943 | (11,794) | 16,697,717 |
| Exchange rate decrease of 20% | (16,707,277) | (292) | (1,943) | 11,794 | (16,697,717) |
| Exchange rates applied in 2023 | USD | GBP | Rand | EUR | CND |
| USD closing rate | 6,104.72 | 7,771.01 | 333.33 | 6.746.94 | 500.00 |
| OSD Closing race | 0,104.72 | 7,771.01 | 333.33 | 0,740.54 | 300.00 |
| | USD | GBP | | ther currency | |
| 2022 | (ZWLEquiv) | (ZWLEquiv) | (ZWLEquiv) | (ZWLEquiv) | Total |
| at 31 December 2022 | ZWL000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 |
| Assets Cash and bank balances | 24 702 570 | 1 205 271 | F74 710 | 1 556 060 | 20 200 610 |
| | 34,782,578 | 1,385,371 | 574,710 | 1,556,960 | 38,299,619 |
| Investment securities Loans and advances to customers | 2,625,469 37,598,647 | <u>.</u> | - | - | 2,625,469 |
| | | | | | 27 (02 024 |
| Other accets | | 213 | 3,099 | 72 | |
| Other assets Total financial assets | 11,096,482 | - | <u> </u> | - | 11,096,482 |
| Total financial assets | | 213 - 1,385,584 | 3,099 - 577,809 | 72 - 1,557,032 | 11,096,482 |
| Total financial assets Liabilities | 11,096,482 86,103,176 | - | 577,809 | 1,557,032 | 11,096,482 89,623,601 |
| Total financial assets Liabilities Deposits from banks | 11,096,482 86,103,176 247 | 1,385,584 | 577,809 22,391 | 1,557,032 4,923 | 11,096,482 89,623,601 27,561 |
| Total financial assets Liabilities Deposits from banks Deposits from customers | 11,096,482 86,103,176 247 68,246,502 | 1,385,584 | 577,809 22,391 516,275 | 4,923 285,456 | 11,096,482 89,623,601 27,561 69,150,119 |
| Total financial assets Liabilities Deposits from banks Deposits from customers Other liabilities | 11,096,482 86,103,176 247 68,246,502 14,905,392 | 1,385,584 101,886 24,795 | 22,391 516,275 17,571 | 4,923 285,456 19,733 | 11,096,482 89,623,601 27,561 69,150,119 14,967,491 |
| Total financial assets Liabilities Deposits from banks Deposits from customers Other liabilities Total financial liabilities | 11,096,482 86,103,176 247 68,246,502 14,905,392 83,152,141 | 1,385,584 101,886 24,795 126,681 | 22,391 516,275 17,571 556,237 | 1,557,032 4,923 285,456 19,733 310,112 | 11,096,482 89,623,601 27,561 69,150,119 14,967,491 84,145,171 |
| Total financial assets Liabilities Deposits from banks Deposits from customers Other liabilities Total financial liabilities | 11,096,482 86,103,176 247 68,246,502 14,905,392 | 1,385,584 101,886 24,795 | 22,391 516,275 17,571 | 4,923 285,456 19,733 | 11,096,482 89,623,601 27,561 69,150,119 14,967,491 84,145,171 |
| Total financial assets Liabilities Deposits from banks Deposits from customers Other liabilities Total financial liabilities | 11,096,482 86,103,176 247 68,246,502 14,905,392 83,152,141 | 1,385,584 101,886 24,795 126,681 | 22,391 516,275 17,571 556,237 | 1,557,032 4,923 285,456 19,733 310,112 | 11,096,482 89,623,601 27,561 69,150,119 14,967,491 84,145,171 |
| Total financial assets Liabilities Deposits from banks Deposits from customers Other liabilities Total financial liabilities Net currency positions | 11,096,482 86,103,176 247 68,246,502 14,905,392 83,152,141 | 1,385,584 101,886 24,795 126,681 | 22,391 516,275 17,571 556,237 | 1,557,032 4,923 285,456 19,733 310,112 | 27,561 69,150,119 14,967,491 84,145,171 5,478,430 |
| Total financial assets Liabilities Deposits from banks Deposits from customers Other liabilities Total financial liabilities Net currency positions Exchange rate sensitivity to Profit for the year | 11,096,482 86,103,176 247 68,246,502 14,905,392 83,152,141 2,951,035 | 1,385,584 101,886 24,795 126,681 1,258,903 | 577,809 22,391 516,275 17,571 556,237 21,572 | 4,923 285,456 19,733 310,112 1,246,920 | 27,561 69,150,119 14,967,491 84,145,171 5,478,430 |
| Total financial assets Liabilities Deposits from banks Deposits from customers Other liabilities Total financial liabilities Net currency positions Exchange rate sensitivity to Profit for the year Exchange rate increase of 20% Exchange rate decrease of 20% | 11,096,482 86,103,176 247 68,246,502 14,905,392 83,152,141 2,951,035 590,207 (590,207) | 1,385,584 101,886 24,795 126,681 1,258,903 251,781 (251,781) | 577,809 22,391 516,275 17,571 556,237 21,572 4,314 (4,314) | 4,923 285,456 19,733 310,112 1,246,920 | 11,096,482 89,623,601 27,561 69,150,119 14,967,491 84,145,171 5,478,430 1,095,686 (1,095,686) |
| Total financial assets Liabilities Deposits from banks Deposits from customers Other liabilities Total financial liabilities Net currency positions Exchange rate sensitivity to Profit for the year Exchange rate increase of 20% Exchange rate decrease of 20% Exchange rates applied in 2023 | 11,096,482 86,103,176 247 68,246,502 14,905,392 83,152,141 2,951,035 590,207 (590,207) | 1,385,584 101,886 24,795 126,681 1,258,903 251,781 (251,781) GBP | 22,391 516,275 17,571 556,237 21,572 4,314 (4,314) | 4,923 285,456 19,733 310,112 1,246,920 249,384 (249,384) EUR | 37,602,031 11,096,482 89,623,601 27,561 69,150,119 14,967,491 5,478,430 1,095,686 (1,095,686) |
| Total financial assets Liabilities Deposits from banks Deposits from customers Other liabilities Total financial liabilities Net currency positions Exchange rate sensitivity to Profit for the year Exchange rate increase of 20% Exchange rate decrease of 20% | 11,096,482 86,103,176 247 68,246,502 14,905,392 83,152,141 2,951,035 590,207 (590,207) | 1,385,584 101,886 24,795 126,681 1,258,903 251,781 (251,781) | 577,809 22,391 516,275 17,571 556,237 21,572 4,314 (4,314) | 4,923 285,456 19,733 310,112 1,246,920 | 11,096,482 89,623,601 27,561 69,150,119 14,967,491 84,145,171 5,478,430 1,095,686 (1,095,686) |

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

(i) Net Open Position Management

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

(ii) Stress tests

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

(ii) Stress tests
Stress tests provide an indication of losses that could arise in extreme positions.
The stress measure for foreign currency risk is based on determining currency volatility for the past seven years and applying it to the average net open position for the past year assuming a 40 day holding period as per Basel guidelines.

| Janimarised roreign currency position of the bank as at 51 December 2025 | | |
|--|-------------|---------------|
| Currency | Average NOP | Risk Position |
| | USD000 | USD000 |
| ZWL | (3,376) | (3,376) |
| GBP | (17) | (17) |
| Rand | 698 | 698 |
| Other currencies | (667) | (667) |
| Total | (3,362) | (3,362) |
| Summarised stressed foreign currency position of the bank as at 31 December 2022 | | |
| Currency | Average NOP | Risk Position |
| | ZWL000 | ZWL000 |
| USD | 302,519 | 302,519 |

Rand Other currencies Total

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

The table below summarises interest rate risk exposure

| 1 | | | | Aud | ited | | | |
|----------------------------------|------------------|------------------|------------------|-----------------------|-----------------|-----------------|-----------------------------|----------------|
| | Up to 1 month | 1 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 5 years | Over 5 years | Non- interest bearing | Total |
| 2023 | USD000 | USD000 | USD000 | USD000 | USD000 | USD000 | USD000 | USD000 |
| Assets | | | | | | | | |
| Cash and bank balances | 27 504 | | | | | | 42.206 | 70.077 |
| Current tax asset | 27,581 | | | | | | 43,296 248 | 70,877 248 |
| Non-current assets | | | | | | | 240 | 240 |
| held for sale | | _ | _ | _ | _ | _ | 2,217 | 2,217 |
| Loans and | | | | | | | 2,2 | _, |
| receivables from | | | | | | | | |
| Banks | 6,465 | | - | | | - | | 6,465 |
| Loans and advances | 5, | | | | | | | -, |
| to customers | - | 68,808 | 6,466 | 10,788 | - | - | - | 86,062 |
| Other assets | - | · - | · · · · · | · - | - | - | 11,694 | 11,694 |
| Investment securities | 31 | 724 | 1,508 | 650 | 1,636 | 1,057 | 7,562 | 13,168 |
| Intangible assets | - | - | - | - | - | - | 612 | 612 |
| Investment | | | | | | | | |
| properties | - | - | - | - | - | - | 1,494 | 1,494 |
| Investment in joint | | | | | | | | |
| venture | - | - | - | - | - | - | 14,340 | 14,340 |
| Property and | - | - | - | • | - | • | 24,938 | 24,938 |
| equipment Right of use assets | | | | | | | 3,828 | 3,828 |
| Total assets | 34,077 | 69,532 | 7.974 | 11,438 | 1.636 | 1,057 | 110.229 | 235,943 |
| Liabilities | 34,011 | 03,332 | 1,514 | 11,430 | 1,030 | 1,037 | 110,223 | 233,343 |
| Deposits from | | | | | | | | |
| customers | 75,065 | 1,797 | 2,012 | 4,034 | 32,195 | 8,049 | | 123,152 |
| Employee benefit | , | ., | -, | ., | , | -, | | 0, |
| accruals | - | - | - | - | - | - | 1,839 | 1,839 |
| Balances due to | | | | | | | | |
| group companies | - | - | - | - | - | - | 1,198 | 1,198 |
| Balances due to | | | | | | | | |
| banks | 24,416 | - | - | - | - | - | - | 24,416 |
| Other liabilities | - | - | - | - | - | - | 6,185 | 6,185 |
| Deferred tax | | | | | | | | |
| liabilities Lease liabilities | - 91 | 182 | 261 | - 509 | 1,416 | 363 | 8,323 | 8,323 2,822 |
| Total liabilities | 99,572 | 1,979 | 2,273 | 4,543 | 33,611 | 8,412 | 17,545 | 167,935 |
| Interest rate Re - | 77,512 | .,,,,, | 2,213 | | 55,011 | O,TIZ | .7,545 | .01,000 |
| pricing gap | (65,495) | 67,553 | 5,701 | 6,895 | (31,975) | (7,355) | 92,682 | 68,008 |
| Cumulative gap | (65,495) | 2,058 | 7,759 | 14,654 | (17,321) | (24,675) | 68,008 | - 00,008 |
| coototive gap | (05,155) | 2,050 | 1,133 | 14,054 | (17,521) | (24,015) | 00,000 | |



FOR THE YEAR ENDED 31 DECEMBER 2023

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

Interest rate risk (continued)

| | Up to 1 month | 1 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 5 years | Over 5 years | Non- interest | Total |
|---------------------------------|------------------|------------------|------------------|-----------------------|-----------------|-----------------|------------------|---------|
| | | | | , | , | - , | bearing | |
| 2022 | USD000 | USD000 | USD000 | USD000 | USD000 | USD000 | USD000 | USD000 |
| Assets | | | | | | | | |
| Cash and bank | 44,927 | - | - | - | - | - | 33,075 | 78,002 |
| balances | | | | | | | | |
| Derivative financial | 18 | - | - | - | - | - | - | 18 |
| assets Investment securities | | 346 | 4,785 | 1,655 | | | 12,457 | 19,243 |
| Loans and | - | 346 | 4,785 | 1,033 | - | - | 328 | |
| | - | - | - | - | - | - | 328 | 328 |
| receivables from | | | | | | | | |
| Banks Loans and advances | 64,610 | 65 | 96 | 192 | 1,011 | | | 65,973 |
| to customers | 04,010 | 05 | 50 | 172 | 1,011 | | | 05,515 |
| Other assets | 863 | _ | _ | _ | _ | _ | 10,780 | 11,643 |
| Current tax asset | | _ | _ | _ | _ | _ | 1,560 | 1,560 |
| Property and | _ | _ | _ | _ | _ | _ | 27,377 | 27,377 |
| equipment | | | | | | | 2.,5 | 2.,5 |
| Investment | - | - | - | - | - | - | 5,936 | 5,936 |
| properties | | | | | | | | |
| Investment in joint | - | - | - | - | - | - | 19,613 | 19,613 |
| venture | | | | | | | | |
| Intangible assets | - | - | - | - | - | - | 988 | 988 |
| Right of use assets | <u> </u> | - | - | - | <u> </u> | - | 3,262 | 3,262 |
| Total assets | 110,418 | 411 | 4,881 | 1,847 | 1,011 | • | 115,376 | 233,944 |
| Liabilities | | | | | | | | |
| Lease liabilities | 85 | 171 | 262 | 540 | 1,595 | - | - | 2,653 |
| Deposits from banks | 10 | - | - | - | - | - | 1,155 | 1,165 |
| Deposits from | 86,000 | 1,024 | 2,149 | 4,299 | 34,076 | 8,515 | - | 136,063 |
| customers | | | | | | | | |
| Employee benefit | - | - | - | - | - | - | 1,697 | 1,697 |
| accruals | | | | | | | 17 720 | 17 720 |
| Other liabilities | - | - | - | - | - | - | 17,729 | 17,729 |
| Deferred tax | - | - | - | - | - | - | 6,662 | 6,662 |
| liabilities | | | | | | | 69 | 69 |
| Due to group companies | • | - | - | - | • | - | 09 | 0,5 |
| Total liabilities | 86,095 | 1,195 | 2,411 | 4,839 | 35,671 | 8,515 | 27,312 | 166,038 |
| Interest rate Re - | 24,323 | (784) | 2,470 | (2,992) | (34,660) | (8,515) | 88,064 | 67,906 |
| pricing gap | 21,525 | (101) | 2,170 | (=,>>E) | (3.,000) | (5,515) | 23,004 | 21,500 |
| Cumulative gap | 24,323 | 23,539 | 26,010 | 23,018 | (11,646) | (20,158) | 67,906 | - |

| 2023 ZI Assets Cash and bank balances Current tax asset Non-current assets held for sale Loans and receivables from Banks Loans and advances to customers Other assets Investment securities Intangible assets Investment properties Investment in joint venture Property and equipment Right of use assets | Jp to 1 1 month wLood | 1 to 3 months ZWL000 | 3 to 6 months ZWL000 | 65,859,732 - 3,972,798 | 1 to 5 years ZWL000 9,985,012 | 2wL000 6,455,431 | Non-interest bearing ZWL000 264,369,549 1,867,451 19,956,522 - - 53,392,090 57,412,673 5,899 9,846,000 128,587,235 | Tota ZWL000 432,740,927 1,867,45° 19,956,527 39,467,073 525,386,237 53,392,090 91,635,944 5,899 9,846,000 128,587,233 |
|---|---------------------------------|-------------------------------|--|---------------------------|--|---|--|---|
| 2023 Assets Assets Cash and bank balances Current tax asset Non-current assets held for sale Loans and receivables from Banks Loans and advances to customers Other assets Investment securities Intangible assets Investment properties Investment in joint venture Property and equipment Right of use assets Liabilities Deposits from 500,6 | 71,378 - - 67,073 - | ZWL000 420,052,815 | ZWL000 - - - - - - 39,473,690 | ZWĹ000 65,859,732 | - | - | 264,369,549 1,867,451 19,956,522 53,392,090 57,412,673 5,899 9,846,000 128,587,235 | 432,740,92 1,867,45 19,956,52: 39,467,07: 525,386,23: 53,392,09: 91,635,94: 5,89: 9,846,000 |
| Cash and bank balances Current tax asset Non-current assets held for sale Loans and receivables from Banks Loans and advances to customers Other assets Investment securities Intangible assets Investment in joint venture Properties Investment in joint venture Property and equipment Right of use assets Total assets Liabilities Deposits from 168,3 39,4 39,4 39,4 39,4 39,4 39,4 39,4 39 | - - 67,073 - - | - | - | - | - - - - - 9,985,012 - - | - - - - 6,455,431 - - | 1,867,451 19,956,522 - 53,392,090 57,412,673 5,899 9,846,000 128,587,235 | 1,867,45 19,956,52 39,467,07 525,386,23 53,392,09 91,635,94 5,89 9,846,00 |
| balances Current tax asset Non-current assets held for sale Loans and 39,4 receivables from Banks Loans and advances to customers Other assets Investment securities Intangible assets Investment in joint venture Properties Investment in joint venture Property and equipment Right of use assets Total assets Liabilities Deposits from 500,6 | - - 67,073 - - | - | - | - | - - - - 9,985,012 - - | - - - - 6,455,431 - - | 1,867,451 19,956,522 - 53,392,090 57,412,673 5,899 9,846,000 128,587,235 | 1,867,45 19,956,52 39,467,07 525,386,23 53,392,09 91,635,94 5,89 9,846,00 |
| Current tax asset Non-current assets held for sale Loans and receivables from Banks Loans and advances to customers Other assets Investment securities Intangible assets Investment properties Investment in joint venture Property and equipment Right of use assets Total assets Liabilities Deposits from 39,4 29,4 39,4 39,4 39,4 39,4 39,4 39,4 39,4 3 | - | - | - | - | - - - - 9,985,012 - - | - - - - 6,455,431 - - | 19,956,522 - 53,392,090 57,412,673 5,899 9,846,000 128,587,235 | 19,956,52 39,467,07 525,386,23 53,392,09 91,635,94 5,89 9,846,00 |
| Non-current assets held for sale Loans and receivables from Banks Loans and advances to customers Other assets Investment securities Intangible assets Investment in joint venture Property and equipment Right of use assets Total assets Liabilities Deposits from 39,4 | - | - | - | - | - - - 9,985,012 - - - | - - - 6,455,431 - - | 19,956,522 - 53,392,090 57,412,673 5,899 9,846,000 128,587,235 | 19,956,52 39,467,07 525,386,23 53,392,09 91,635,94 5,89 9,846,00 |
| held for sale Loans and receivables from Banks Loans and advances to customers Other assets Investment securities Intangible assets Investment in joint venture Properties Investment equipment Right of use assets Total assets Loans assets Total assets Deposits from 39,4 39,4 39,4 39,4 39,4 39,4 39,4 39, | - | - | - | - | - - - 9,985,012 - - | - - - 6,455,431 - - | 53,392,090 57,412,673 5,899 9,846,000 128,587,235 | 39,467,07 525,386,23 53,392,09 91,635,94 5,89 9,846,00 |
| Loans and 39,4 receivables from Banks Loans and advances to customers Other assets Investment securities Intangible assets Investment in joint venture Property and equipment Right of use assets Total assets Liabilities Deposits from 500,6 | - | - | - | - | - - 9,985,012 - - | - - 6,455,431 - - | 57,412,673 5,899 9,846,000 128,587,235 | 525,386,23 53,392,09 91,635,94 5,89 9,846,00 |
| receivables from Banks Loans and advances to customers Other assets Investment securities Intangible assets Investment properties Investment in joint venture Property and equipment Right of use assets Liabilities Deposits from 500,6 | - | - | - | - | - 9,985,012 - - | - - 6,455,431 - - | 57,412,673 5,899 9,846,000 128,587,235 | 525,386,23 53,392,09 91,635,94 5,89 9,846,00 |
| Banks Loans and advances to customers Other assets Investment securities Intangible assets Investment properties Investment in joint venture Property and equipment Right of use assets Total assets Liabilities Deposits from 500,6 | - | - | - | - | - 9,985,012 - - | - - 6,455,431 - - | 57,412,673 5,899 9,846,000 128,587,235 | 53,392,09 91,635,94 5,89 9,846,00 |
| to customers Other assets Investment securities Intangible assets Investment properties Investment in joint venture Property and equipment Right of use assets Total assets Liabilities Deposits from Source 1 1 208,0 208,0 500,6 | - | - | - | - | 9,985,012 - - - | - 6,455,431 - - | 57,412,673 5,899 9,846,000 128,587,235 | 53,392,09 91,635,94 5,89 9,846,00 |
| Other assets Investment securities Intangible assets Investment properties Investment in joint venture Property and equipment Right of use assets Total assets Liabilities Deposits from 500,6 | - 82,004 - - - | - 4,421,924 - - - | 9,206,104 - - | 3,972,798 - - | 9,985,012 - - - | - 6,455,431 - - | 57,412,673 5,899 9,846,000 128,587,235 | 91,635,94 5,89 9,846,00 |
| Investment securities Intangible assets Investment properties Investment in joint venture Property and equipment Right of use assets Total assets 208,0 Liabilities Deposits from 500,6 | - 82,004 - - - | - 4,421,924 - - - | 9,206,104 | 3,972,798 - - | 9,985,012 - - | 6,455,431 - - | 57,412,673 5,899 9,846,000 128,587,235 | 91,635,94 5,89 9,846,00 |
| Intangible assets Investment properties Investment in joint venture Property and equipment Right of use assets Total assets Liabilities Deposits from 500,6 | s2,004 - - - | 4,421,924 - - - | 9,206,104 | 3,972,798 - - - | 9,289,012 - - - | 6,455,431 - - | 5,899 9,846,000 128,587,235 | 5,89 9,846,00 |
| Investment properties Investment in joint venture Property and equipment Right of use assets Total assets Liabilities Deposits from 500,6 | - | | | - | - | - | 9,846,000 128,587,235 | 9,846,00 |
| properties Investment in joint venture Property and equipment Right of use assets Total assets Liabilities Deposits from 500,6 | - | - - - | | - | - | - | 128,587,235 | |
| investment in joint venture Property and equipment Right of use assets Total assets Liabilities Deposits from 500,6 | - | | - | - | - | - | | 128,587,23 |
| venture Property and equipment Right of use assets Total assets Liabilities Deposits from 500,6 | - | - | | | | | | . 20,50.,25 |
| equipment Right of use assets Total assets 208,0 Liabilities Deposits from 500,6 | - | - | | | | | | |
| Right of use assets Total assets Liabilities Deposits from 500,6 | | | | - | - | - | 224,424,893 | 224,424,89 |
| Total assets 208,0 Liabilities Deposits from 500,6 | | | | | | | | |
| Liabilities Deposits from 500,6 | - | | | | | | 7,657,632 | 7,657,63 |
| Deposits from 500,6 | 20,455 | 424,474,739 | 48,679,794 | 69,832,530 | 9,985,012 | 6,455,431 | 767,519,944 | 1,534,967,90 |
| | 44040 | 10.072.424 | 12 202 002 | 24 625 054 | 154 151 000 | 10 125 567 | | 754 044 66 |
| | 44,910 | 10,972,431 | 12,283,892 | 24,625,954 | 154,151,909 | 49,135,567 | - | 751,814,66 |
| Employee benefit | | _ | _ | _ | _ | _ | 13,130,118 | 13,130,11 |
| accruals | | | | | | | ,, | ,, |
| Balances due to | - | - | - | - | - | - | 7,311,571 | 7,311,57 |
| group companies | | | | | | | | |
| Balances due to 149,0 banks | 53,520 | - | - | - | - | - | - | 149,053,52 |
| Other liabilities | | | | | _ | | 36,619,631 | 36,619,63 |
| Deferred tax | | _ | _ | _ | _ | _ | 56,892,511 | 56,892,51 |
| liabilities | | | | | | | 30,372,311 | 30,052,31 |
| | 56,988 | 1,113,975 | 1,592,789 | 3,107,404 | 8,643,079 | 2,215,474 | - | 17,229,70 |
| Total liabilities 650,2 | 55,418 | 12,086,406 | 13,876,681 | 27,733,358 | 162,794,988 | 51,351,041 | 113,953,831 | 1,032,051,72 |
| Interest rate | | 412,388,333 | 34,803,113 | 42,099,172 | (152,809,976) | (44,895,610) | 653,566,113 | 502,916,18 |
| Re - pricing gap (442,23 | 4,963) | | 4.056.403 | 47.055.655 | (405 754 224) | (450 640 030) | F02 04 6 402 | |
| Cumulative gap (442,23 | | (29,846,630) | 4,956,483 | 47,055,655 | (105,754,321) | (150,649,930) | 502,916,183 | |

| Re - pricing gap | (442,234,963) | | | | | | | |
|-----------------------|---------------|--------------|------------|-------------|---------------|---------------|---------------|-------------|
| Cumulative gap | | (29,846,630) | 4,956,483 | 47,055,655 | (105,754,321) | (150,649,930) | 502,916,183 | - |
| | (442,234,963) | | | | | | | |
| | Up to 1 | 1 to 3 | 3 to 6 | 6 months to | 1 to 5 years | Over 5 years | Non- interest | Total |
| | month | months | months | 1 year | i to 5 years | Over 5 years | bearing | IOCAL |
| 2022 | ZWL000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 |
| Assets | | | | | | | | |
| Cash and bank | | | | | | | | |
| balances | 30,877,450 | | _ | | | | 22,731,859 | 53,609,309 |
| Investment securities | | 237,968 | 3,288,911 | 1,137,220 | - | - | 8,561,459 | 13,225,558 |
| Loans and | | · · | , , | | | | | , , |
| receivables from | | | | | | | | |
| Banks | | | | | | | 225,622 | 225,622 |
| Loans and advances | | | | | | | | |
| to customers | 44,405,193 | 44,727 | 66,047 | 131,705 | 694,508 | - | - | 45,342,180 |
| Other assets | 605,955 | · - | · - | · - | · - | - | 7,116,855 | 7,722,810 |
| Current tax asset | - | - | - | - | - | - | 1,072,374 | 1,072,374 |
| Property and | | | | | | | | |
| equipment | - | - | - | - | - | - | 18,814,882 | 18,814,882 |
| Investment | | | | | | | | |
| properties | - | - | - | - | - | - | 4,080,000 | 4,080,000 |
| Investment in joint | | | | | | | | |
| venture | - | - | - | - | - | - | 13,479,449 | 13,479,449 |
| Intangible assets | - | - | - | - | - | - | 8,941 | 8,941 |
| Right of use assets | - | - | - | - | - | - | 1,042,315 | 1,042,315 |
| Total assets | 75,888,598 | 282,695 | 3,354,958 | 1,268,925 | 694,508 | - | 77,133,756 | 158,623,440 |
| Liabilities | | | | | | | | |
| Lease liabilities | 58,179 | 117,700 | 180,197 | 370,994 | 1,096,234 | - | - | 1,823,304 |
| Deposits from banks | 7,092 | - | - | - | - | - | 793,677 | 800,769 |
| Deposits from | | | | | | | | |
| customers | 59,106,443 | 704,092 | 1,477,228 | 2,954,456 | 23,420,148 | 5,851,681 | - | 93,514,048 |
| Employee benefit | | | | | | | | |
| accruals | - | - | - | - | - | - | 1,166,032 | 1,166,032 |
| Other liabilities | - | - | - | - | - | - | 12,183,437 | 12,183,437 |
| Deferred tax | | | | | | | | |
| liabilities | - | - | - | - | - | - | 3,834,865 | 3,834,865 |
| Due to group | | | | | | | | |
| companies | FO 474 744 | 024 702 | 4 657 405 | 2 225 450 | 24 544 224 | | 47,628 | 47,628 |
| Total liabilities | 59,171,714 | 821,792 | 1,657,425 | 3,325,450 | 24,516,381 | 5,851,681 | 18,025,639 | 113,370,023 |
| Interest rate | 44.744.651 | /=== ac=1 | 4 407 500 | (0.054.55-) | (00.004.0= :) | /= 0=4 45 ·· | E0 400 ::- | 45.050.55 |
| Re - pricing gap | 16,716,884 | (539,097) | 1,697,533 | (2,056,525) | (23,821,874) | (5,851,681) | 59,108,117 | 45,253,356 |
| Cumulative gap | 16,716,884 | 16,177,787 | 17,875,320 | 15,818,795 | (8,003,078) | (13,854,761) | 45,253,356 | - |

Interest rate risk (continued)

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

The Bank's interest income sensitivity is shown below:

| Audited | | Historical unaudited | |
|-----------|---|---|---|
| 2023 | 2022 | 2023 | 2022 |
| Impact on | Impact on | Impact on | Impact on |
| earnings | earnings | earnings | earnings |
| USD000 | USD000 | ZWL000 | ZWL000 |
| 4,210 | 2,009 | 25,701,554 | 1,380,845 |
| (4,210) | (2,009) | (25,701,554) | (1,380,845) |
| - | - | - | - |
| | | | |
| 951 | 4,018 | 5,803,577 | 2,761,690 |
| (951) | (4,018) | (5,803,577) | (2,761,690) |
| | 2023 Impact on earnings USD000 4,210 (4,210) | 2023 2022 Impact on earnings earnings USD000 USD000 (4,210) (2,009) | 2023 2022 2023 2024 2025 |

Liquidity risk

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

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

Liquidity risk management objectives are;

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

Liquidity risk management process Liquidity risk is managed as;

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

Liquidity ratios

| Total liquid assets | S | 90,050 | 75,167 | 549,730,270 | 51,660,713 |
|------------------------------|-------------------------------|---|---------|---|-------------|
| Deposits and oth | er short term liabilities | 174,002 | 150,766 | 1,062,233,942 | 103,618,792 |
| Liquidity ratio | | 52% | 50% | 52% | 50% |
| Regulatory mini | imum | 30% | 30% | 30% | 30% |
| | | | | | |
| Liquidity covera Category | ge ratio (%) Sub-category | Total weighted v | value | Total weighted | value |
| | - | Total weighted ((average) USD000 | | Total weighted ((average) ZWL000 | value |
| | Sub-category | (average) | | (average) | value |

Audited

2022

USD000

Historical unaudited

2022

ZWL000

2023

| Category | Sub-category | Total weighted value (average) USD000 | Total weighted value (average) ZWL000 |
|---------------------|--|---|---|
| High-quality liquid | | | |
| assets | Level 1 Assets | 71,151 | 434,357,529 |
| | Total high-quality liquid assets | 71,151 | 434,357,529 |
| Cash outflows | | | |
| | Stable deposits | (588) | (3,589,224) |
| | Less stable deposits | (3,038) | (18,547,976) |
| | Operational deposits (all counterparties) and deposits in networks of cooperative banking institutions | (131) | (801,764) |
| | Non-operational deposits (all counterparties) | (34,681) | (211,719,237) |
| | Other contractual funding obligations | (12,743) | (77,790,106) |
| | Total cash outflows | (51,181) | (312,448,307) |
| Cash inflows | | | |
| | Other contractual cash inflows | 20,594 | 125,721,774 |
| | Total cash inflows | 20,594 | 125,721,774 |
| | Total high-quality liquid assets | 71,151 | 434,357,529 |
| | Total net cash outflows | (30,587) | (186,726,533) |
| | Liquidity coverage ratio (%) | 233% | 233% |

Liquidity profiling as at 31 December 2023

The amounts disclosed in the table below are the contractual undiscounted cash flows. The assets which are used to manage liquidity risk, which is mainly Cash and bank balances and investment securities are also included on the table based on the contractual maturity profile.

| On balance sheet iter | ms as at 31 Dec | ember 2023 | | | | | | |
|---------------------------------------|-----------------|------------|---------|----------|----------|----------|---------|----------|
| | | | | Aud | ited | | | |
| 2023 | Less than | 1 to 3 | 3 to 6 | 6 to 12 | 1 to 5 | | | Carrying |
| Assets held for | 1 month | months | months | months | years | 5+ years | Total | amount |
| managing liquidity | | | | | | | | |
| risk- Group | | | | | | | | |
| (contractual | USD000 | USD000 | USD000 | USD000 | USD000 | USD000 | USD000 | USD000 |
| maturity dates) | | | | | | | | |
| Cash and bank | 48,357 | 3,072 | 4,456 | 8,913 | 6,079 | - | 70,877 | 70,87 |
| balances | | | | | | | | |
| Loans and | 6,465 | - | | - | - | | 6,465 | 6,46 |
| receivables from | | | | | | | | |
| Banks | 24 700 | 45.467 | 44000 | 20.425 | 0.540 | 0.054 | 404.063 | 06.06 |
| Loans and advances | 31,790 | 15,467 | 14,982 | 20,425 | 9,548 | 8,851 | 101,063 | 86,062 |
| to customers Investment securities | 930 | 911 | 3,717 | 1,648 | 715 | 5,728 | 13,649 | 13,168 |
| | | 911 | 3,/1/ | | / 15 | | , | |
| Other assets | 2,935 | | | 2,217 | | 51,600 | 56,752 | 59,371 |
| Total assets | 90,477 | 19,450 | 23,155 | 33,203 | 16,342 | 66,179 | 248,806 | 235,943 |
| Liabilities | | | | | | | | |
| Deposits from | 5,809 | 16,002 | 23,230 | 46,469 | 31,672 | - | 123,182 | 123,152 |
| customers | | | | | | | | |
| Balances due to | 1,832 | 1,268 | 540 | 2,000 | 18,882 | - | 24,522 | 24,416 |
| banks | | | | | | | | |
| Balances due to | - | - | 1,198 | - | • | • | 1,198 | 1,19 |
| Group companies Provisions | | | 1,839 | | | | 1,839 | 1,83 |
| Lease liabilities | - | 220 | | - | 4.760 | 452 | , | |
| | 114 | 228 | 326 | 636 | 1,769 | 453 | 3,526 | 2,822 |
| Other liabilities and | | | | | | | | |
| equity | 2,391 | - | • | - | - | 80,125 | 82,516 | 82,516 |
| Total liabilities | | | | | | | | |
| - (contractual | 40.444 | 47.400 | 07.400 | 40.405 | | | 224 722 | |
| maturity) | 10,146 | 17,498 | 27,133 | 49,105 | 52,323 | 80,578 | 236,783 | 235,943 |
| Liquidity gap | 80,331 | 1,952 | (3,978) | (15,902) | (35,981) | (14,399) | 12,023 | |

62,403

26,422

12,023

Cumulative liquidity gap

80,331

82,283

78,305



FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2023 (continued)

| 34.5 | Liquidity risk (continued) |
|------|---|
| | Contingent liabilities and commitments as at 31 December 2023 |

| | | | Audit | :ed | | |
|--------------------------|--------------------------------|----------------------------|----------------------------|---------------------------|---------------------------|-----------------|
| 2023 | Less than 1 month USD000 | 1 to 3 months USD000 | 3 to 6 months USD000 | 6-Dec months USD000 | 1 to 5 years USD000 | Total USD000 |
| Assets | | | | | | |
| Commitment to lend | 4,328 | 2,106 | 2,040 | 2,781 | 1,782 | 13,035 |
| Total assets | 4,328 | 2,106 | 2,040 | 2,781 | 1,782 | 13,035 |
| Liabilities | | | | | | |
| Commitment to lend | 13,035 | - | - | - | - | 13,035 |
| Total liabilities | 13,035 | - | - | - | - | 13,035 |
| Liquidity gap | (8,707) | 2,106 | 2,040 | 2,781 | 1,782 | - |
| Cumulative liquidity gap | (8,707) | (6,602) | (4,562) | (1,782) | - | - |

| Cumulative liquidity | gap | | (8,707) | (6,602) | (4,562) | (1,782) | - | - |
|---|----------------------|------------------|------------------|-------------------|------------------|-------------|------------------|--------------------|
| 2022 Assets held for managing liquidity | Less than 1 month | 1 to 3 months | 3 to 6 months | 6 to 12 months | 1 to 5 years | 5+ years | Total | Carrying amount |
| risk (contractual maturity dates) | USD000 | USD000 | USD000 | USD000 | USD000 | USD000 | USD000 | USD000 |
| Cash and bank | | | | | | | | 78,002 |
| balances Investment securities | 66,253 - | 861 346 | 1,343 4,785 | 2,687 1,655 | 6,858 17,126 | - | 78,002 23,912 | 19,243 |
| Loans and receivables from | | | | | | | | |
| Banks Loans and advances | - | - | - | - | 328 | - | 328 | 328 |
| to customers Other assets | 17,105 2,369 | 13,769 1,816 | 9,860 - | 11,109 8,646 | 15,128 25,594 | - 27,376 | 66,971 65,801 | 65,973 70,397 |
| Total assets | 85,727 | 16,792 | 15,988 | 24,097 | 65,034 | 27,376 | 235,014 | 233,943 |
| Liabilities | | | | | | | | |
| Lease liabilities | 85 | 171 | 262 | 540 | 1,595 | - | 2,653 | 2,653 |
| Balances due to | | | | | | | | |
| banks Deposits from | 1,165 | - | - | - | - | - | 1,165 | 1,165 |
| customers Employee benefit | 3,845 | 16,411 | 25,218 | 55,568 | 35,022 | - | 136,064 | 136,063 |
| accruals Other liabilities | - | 2,723 | - | 1,530 14,931 | 10,300 | 65,579 | 1,530 93,533 | 1,697 92,296 |
| Balances due to | | | | | | | | |
| Group companies | - | 69_ | - | - | - | - | 69_ | 69 |
| Total liabilities - (contractual | | | | | | | | |
| maturity) | 5,095 | 19,374 | 25,480 | 72,569 | 46,917 | 65,579 | 235,014 | 233,943 |
| Liquidity gap | 80,632 | (2,583) | (9,491) | (48,471) | 18,117 | (38,204) | - | - |
| Cumulative | | | | | | | | |
| liquidity gap | 80,632 | (1,388,398) | (366,612) | 100,102 | 1,710,201 | - | - | - |

| Contingent liabilities and commitmen | nts as at 31 December 202 | 22 | | | | |
|--------------------------------------|--------------------------------|----------------------------|----------------------------|-----------------------------|---------------------------|-----------------|
| 2022 | Less than 1 month USD000 | 1 to 3 months USD000 | 3 to 6 months USD000 | 6 to 12 months USD000 | 1 to 5 years USD000 | Total USD000 |
| Assets | | | | | | |
| Commitment to lend | 855 | 1,369 | 1,024 | 494 | 1,348 | 5,091 |
| Total assets | 855 | 1,369 | 1,024 | 494 | 1,348 | 5,091 |
| Liabilities | | | | | | |
| Commitment to lend | 5,091 | - | - | - | - | 5,091 |
| Total liabilities | 5,091 | - | - | - | - | 5,091 |
| Liquidity gap | (4,236) | 1,369 | 1,024 | 494 | 1,348 | - |
| Cumulative liquidity gap | (4,236) | (2,867) | (1,843) | (1,348) | - | - |

| On balance sheet items as at 31 December 2023 | |
|---|--|
| | |

| | 5 05 00 5 1 50 | cember 2025 | | Historic | al unaudited | | | |
|----------------------------------|-----------------|-------------|-------------------------|--------------|---------------|---------------|-------------------------|-------------------------|
| 2023 | Less than | 1 to 3 | 3 to 6 | 6 to 12 | 1 to 5 | | | Carrying |
| | 1 month | months | months | months | years | 5+ years | Total | amount |
| (contractual | ZWL000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 |
| maturity dates) | | | | | | | | |
| Cash and bank | | | | | | | | |
| balances Loans and | 295,262,572 | 18,753,708 | 27,202,644 | 54,411,393 | 37,110,609 | - | 432,740,926 | 432,740,926 |
| receivables from | | | | | | | | |
| Banks | 6,471,858 | 6,339,638 | 25,866,556 | 11,468,411 | 4,975,676 | 39,861,080 | 94,983,219 | 91,635,947 |
| Loans and advances | | | | | | | | |
| to customers | 39,467,073 | - | - | - | - | - | 39,467,073 | 39,467,073 |
| Investment securities | 194,069,723 | 94,422,032 | 91,461,233 | 124,689,339 | 58,288,069 | 54,033,064 | 616,963,460 | 525,386,237 |
| Other assets | 22,035,004 | - | - | 19,956,522 | - | 384,083,615 | 426,075,141 | 445,737,722 |
| Total assets | 557,306,230 | 119,515,378 | 144,530,433 | 210,525,665 | 100,374,354 | 477,977,759 | 1,610,229,819 | 1,534,967,905 |
| Liabilities | | | | | | | | |
| Deposits from | | | | | | | | |
| customers Balances due to | 35,462,610 | 97,688,533 | 141,813,812 | 283,682,568 | 193,350,283 | - | 751,997,806 | 751,814,663 |
| banks Balances due to | 11,182,166 - | 7,742,614 | 3,295,726 | 12,209,445 | 114,623,570 | | 149,053,521 | 149,053,520 |
| Group companies Provisions | - | - | 7,311,571 13,130,118 | - | - | - | 7,311,571 13,130,118 | 7,311,571 13,130,118 |
| Lease liabilities | 696,026 | 1,392,053 | 1,990,391 | 3,883,095 | 10,800,621 | 2,765,789 | 21,527,975 | 17,229,708 |
| Other liabilities and | | | | | | | | |
| equity | 17,282,226 | - | - | - | - | 579,146,099 | 596,428,325 | 596,428,325 |
| Total liabilities - (contractual | | | | | | | | |
| maturity) | | 106,823,200 | | 299,775,108 | 318,774,474 | 581,911,888 | 1,539,449,316 | 1,534,967,905 |
| Liquidity gap | 492,683,202 | 12,692,178 | (23,011,185) | (89,249,443) | (218,400,120) | (103,934,129) | 70,780,503 | - |
| Cumulative | | | | | | | | |
| liquidity gap | | 505,375,380 | 482,364,195 | 393,114,752 | 174,714,632 | 70,780,503 | - | - |
| | 492,683,202 | | | | | | | |

Contingent liabilities and commitments as at 31 December 2023

| 2023 | 1 month ZWL000 | months ZWL000 | months ZWL000 | months ZWL000 | years ZWL000 | Total ZWL000 |
|--------------------------|-------------------|------------------|------------------|------------------|-----------------|-----------------|
| Assets | | | | | | |
| Commitment to lend | 26,418,923 | 12,853,750 | 12,450,983 | 16,974,255 | 10,877,149 | 79,575,059 |
| Total assets | 26,418,923 | 12,853,750 | 12,450,983 | 16,974,255 | 10,877,149 | 79,575,059 |
| Liabilities | - | | | | | |
| Commitment to lend | 79,575,059 | - | - | - | - | 79,575,059 |
| Total liabilities | 79,575,059 | - | - | - | - | 79,575,059 |
| Liquidity gap | (53,156,136) | 12,853,750 | 12,450,983 | 16,974,255 | 10,877,149 | - |
| Cumulative liquidity gap | (53,156,136) | (40,302,387) | (27,851,404) | (10,877,149) | - | - |

| | Historical unaudited | | | | | | | |
|-----------------------------------|----------------------|--------------------|----------------------|------------------------|-------------------------|--------------|--------------------------|--------------------------|
| 2022 | Less than | 1 to 3 | 3 to 6 | 6 to 12 | 1 to 5 | | | Carrying |
| Assets held for | 1 month | months | months | months | years | 5+ years | Total | amount |
| managing liquidity | | | | | | | | |
| risk | | | | | | | | |
| (contractual | ZWL000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 |
| maturity dates) | | | | | | | | |
| Cash and bank | 45 524 624 | F01 422 | 022.200 | 1 046 401 | 4712662 | | F2 (00 200 | F2 (00 200 |
| balances Investment securities | 45,534,621 | 591,423 237,968 | 923,200 3,288,911 | 1,846,401 1,137,221 | 4,713,663 11,770,696 | - | 53,609,308 16,434,796 | 53,609,309 13,225,558 |
| Loans and | _ | 231,900 | 3,200,311 | 1,131,221 | 11,770,030 | _ | 10,434,130 | 13,223,330 |
| receivables from | | | | | | | | |
| Banks | | | _ | _ | 225,623 | | 225,623 | 225,622 |
| Loans and advances | _ | _ | _ | _ | 223,023 | _ | 223,023 | 223,022 |
| to customers | 11,755,927 | 9,463,129 | 6,776,303 | 7,635,308 | 10,397,503 | | 46,028,170 | 45,342,180 |
| Other assets | 1,628,255 | 1,248,159 | - | 5,942,196 | 17,590,202 | 18,814,883 | 45,223,695 | 46,220,771 |
| Total assets | 58,918,803 | 11,540,679 | 10,988,414 | 16,561,126 | 44,697,687 | 18,814,883 | 161,521,592 | 158,623,440 |
| Liabilities | | | | | | | | |
| Derivative financial | - | - | - | - | - | - | - | - |
| liabilities | | | | | | | | |
| Lease liabilities | 58,181 | 117,704 | 180,203 | 371,006 | 1,096,210 | - | 1,823,304 | 1,823,363 |
| Balances due to | | | | | | | | |
| Group companies | 800,769 | - | - | - | - | - | 800,769 | 800,685 |
| Deposits from | | | | | | - | | |
| customers | 2,642,324 | 11,278,871 | 17,332,242 | 38,190,702 | 24,069,909 | | 93,514,048 | 93,513,868 |
| Lease liabilities | - | - | - | 1,051,634 | - | - | 1,051,634 | 1,166,320 |
| Other liabilities | - | 1,871,473 | - | 10,261,891 | 7,079,133 | 45,071,712 | 64,284,209 | 61,271,781 |
| Balances due to | | | | | | - | | |
| Group companies | - | 47,628 | - | - | - | | 47,628 | 47,423 |
| Total liabilities | | | | | | | | |
| - (contractual | | | | | | | | |
| maturity) | 3,501,274 | 13,315,676 | 17,512,445 | 49,875,233 | 32,245,252 | 45,071,712 | 161,521,592 | 158,623,440 |
| Liquidity gap | 55,417,529 | (1,774,997) | (6,524,031) | (33,314,107) | 12,452,435 | (26,256,829) | - | - |
| Cumulative | | | (0 | | | | | |
| liquidity gap | 55,417,529 | (1,388,398) | (366,612) | 100,102 | 1,710,201 | - | - | - |

| Contingent liabilities and commitments as at 31 December 2022 | | | | | | | | | |
|---|-------------|-------------|-------------|-----------|---------|-----------|--|--|--|
| - | Less than | 1 to 3 | 3 to 6 | 6 to 12 | 1 to 5 | | | | |
| | 1 month | months | months | months | years | Total | | | |
| 2022 | ZWL000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 | | | |
| Assets | | | | | | | | | |
| Commitment to lend | 587,499 | 941,112 | 703,941 | 339,817 | 926,646 | 3,499,015 | | | |
| Total assets | 587,499 | 941,112 | 703,941 | 339,817 | 926,646 | 3,499,015 | | | |
| Liabilities | | | | | | | | | |
| Commitment to lend | 3,499,015 | - | - | - | - | 3,499,015 | | | |
| Total liabilities | 3,499,015 | - | - | - | - | 3,499,015 | | | |
| Liquidity gap | (2,911,516) | 941,112 | 703,941 | 339,817 | 926,646 | - | | | |
| Cumulative liquidity gap | (2,911,516) | (1,970,404) | (1,266,463) | (926,646) | - | - | | | |

Other risks

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

Legal and compliance risk

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

Reputation risk

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

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

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

The Central Bank conducts regular examinations of bank and financial institutions it regulates. The last on-site examination of the bank was as at 30 June 2023 and it assessed the overall condition of the bank to be satisfactory. This is a score of "2" on the CAMELS rating scale. The CAMELS rating evaluates banks on capital adequacy, asset quality, management and corporate governance, liquidity and funds management and sensitivity to market risks.

 $\label{thm:camels} \mbox{The CAMELS and Risk Assessment System (RAS) ratings are summarised in the following tables;}$

CAMELS

Compliance Strategic Overall

First Capital Bank Risk Matrix as at 30 June 2023

| Components | | |
|-----------------------------|--------------------------------|---------------------------------|
| CAMELS | Currrent Examination June 2023 | Prior Examination November 2016 |
| component | | |
| Capital | 2 - Satisfactory | 1 - Strong |
| Asset Quality | 2 - Satisfactory | 2 - Satisfactory |
| Management | 2 - Satisfactory | 2 - Satisfactory |
| Earnings | 2 - Satisfactory | 1 - Strong |
| Liquidity and Funds | 2 - Satisfactory | 2 - Satisfactory |
| Management | | |
| Sensitivity to | 2 - Satisfactory | 1 - Strong |
| Market Risk | | |
| Overall Composite Rating | 2 - Satisfactory | 2 - Satisfactory |

| Type of risk | Level of inherent risk | Adequacy of risk | Overall composite risk | Direction of over |
|------------------|------------------------|--------------------|------------------------|-------------------|
| | | management systems | | composite ri |
| Credit | Moderate | Acceptable | Moderate | Stal |
| Liquidity | Low | Acceptable | Low | Stal |
| Interest rate | Low | Acceptable | Low | Stal |
| Foreign exchange | Moderate | Acceptable | Moderate | Stal |
| Operational & | High | Acceptable | High | Increasi |
| Cyber | | | | |
| Legal | Low | Strong | Low | Stal |
| Reputational | Low | Strona | Low | Sta |



FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

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

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

Related parties

The Group is controlled by Afcarme 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.

Key management compensation

| | Audi | Audited | | naudited | |
|--|--------|-----------|-----------|----------|--|
| | 2023 | 2023 2022 | | 2022 | |
| | USD000 | USD000 | ZWL000 | 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 | - | 4 | - | 1,367 | |
| payments | | | | | |
| Total | 2,334 | 1,352 | 4,677,064 | 511,836 | |

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

| 2 | Loans to key management | Audited Hi | | Historical ur | Historical unaudited | |
|---|----------------------------------|------------|--------|---------------|----------------------|--|
| | | 2023 2022 | | 2023 | 2022 | |
| | | USD000 | USD000 | ZWL000 | ZWL000 | |
| | Loans outstanding at 1 January | 251 | 24 | 172,418 | 16,658 | |
| | Loans issued during the year | 302 | 240 | 2,545,303 | 165,135 | |
| | Loans repayments during the year | (78) | (13) | (179,737) | (9,375) | |
| | Loans outstanding at 31 December | 475 | 251 | 2.897.458 | 172,418 | |

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

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

Deposits from executive directors and key management

| | Audited | | Historical unaudited | |
|-----------------------------------|-----------|---------|----------------------|-----------|
| | 2023 2022 | | 2023 | 2022 |
| | USD000 | USD000 | ZWL000 | ZWL000 |
| Deposits at 1 January | 21 | 20 | 14,425 | 13,831 |
| 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) |
| Deposits at 31 December | 332 | 21 | 2,025,442 | 14,425 |

Balances with related parties - related through common directorship and shareholding

| ì | | Loans and | | Loans and | | Loans and | | Loans and |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Deposits 2023 | advances 2023 | Deposits 2022 | advances 2022 | Deposits 2023 | advances 2023 | Deposits 2022 | advances 2022 |
| | USD000 | USD000 | USD000 | USD000 | ZWL000 | ZWL000 | ZWL000 | ZWL000 |
| First Capital Bank | 931 | - | - | - | 5,685,093 | - | - | - |
| Pension Fund | | | | | | | | |
| 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 | 9 | - | - | - | 56,810 | - | - | - |
| Manufacturers (Pvt) | | | | | | | | |
| Ltd | | | | | | | | |
| Makasa Sun Private | 52 | 262 | 605 | - | 317,324 | 1,602,204 | 3,692,881 | - |
| Limited | | | | | | | | |
| NCP Distillers | 1 | - | - | - | 4,483 | - | - | - |
| Zimbabwe | 22 | | 7 | | 407 770 | | 44.542 | |
| Nicoz diamond | 32 | - | 7 | - | 197,770 | - | 41,543 | - |
| insurance St Georges College | 64 | | 42 | _ | 388,892 | | 255,582 | |
| Tobacco Industry | 93 | | | _ | 570,041 | | 233,302 | |
| and Marketing Board | 75 | | | | 370,041 | | | |
| Triangle Limited | 528 | 590 | | - | 3,225,869 | 3,599,826 | | - |
| United Refineries | 58 | - | _ | _ | 352,027 | - | _ | _ |
| Zimbabwe Sugar | 289 | _ | _ | _ | 1,764,175 | _ | _ | _ |
| Sales | 207 | | | | .,, | | | |
| Total | 2,624 | 852 | 654 | - | 16,020,769 | 5,202,031 | 3,990,006 | - |
| Current | 2,624 | 852 | 654 | - | 16,020,769 | 5,202,031 | 3,990,006 | - |
| Non - current | - | - | - | - | - | - | - | - |
| Total | 2,624 | 852 | 654 | - | 16,020,769 | 5,202,031 | 3,990,006 | - |

Historical unaudited

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

Balances due to group companies

| | Aud | Audited | | naudited |
|---|---------|---------|-------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| | USD000 | USD000 | ZWL000 | ZWL000 |
| Bank balances due from group companies | 246 | 274 | 1,503,484 | 187,999 |
| Total | 246 | 274 | 1,503,484 | 187,999 |
| Other balances due from group companies | 31 | (10) | 194.061 | (7,113) |
| Other balances due to group companies | (1,229) | (59) | (7,505,632) | (40,515) |
| Total | (1,198) | (69) | (7,311,571) | (47,628) |

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.

36.2