



The bank for
doing business



AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Chairman’s Statement

Operating environment

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

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

Change in functional currency

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

Earnings performance

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

Capitalization and liquidity

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

Dividends

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

Outlook

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

Our commitment

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

Appreciation

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

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

Thank you.

Patrick Devenish

19 April 2024

Chief Executive Officer’s Report

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

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

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

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

The commentary below is based on the adjusted financial performance.

Business performance

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

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

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

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

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

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

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

Lines of credit

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

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

Our service delivery transformation

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

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

Our people

Our people drive our business.

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

Employee relations remained cordial throughout the year.

Our Environmental Sustainability Governance (ESG) Framework

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

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

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

Looking ahead

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

Appreciation

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

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

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

Tapera Mushoriwa

19 April 2024



I believe, I can
and I will

AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Corporate Governance Report

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

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

Board responsibilities

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

Board Chairman and non-executive directors

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

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

Executive directors

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

Directors' remuneration

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

Board diversity

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

Access to information

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

Share dealings / Insider trading.

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

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

Communication with stakeholders

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

Internal Audit

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

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

Declaration of interest

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

Ethics

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

Director induction and development

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

Board activities

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

Board and director evaluation

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

Board committees

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

Audit Committee

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

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

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

Board Credit Committee

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

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

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

Loans Review Committee

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

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

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

Human Resources and Nominations Committee

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

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

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

Board Risk Committee

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

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

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

Board IT Committee

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

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

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

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

Talk to the bank that believes in you



AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Executive Committee (EXCO)

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

Country Management Committee (CMC)

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

Assets and Liabilities Committee (ALCO)

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

Board and Committees attendance 2023

Main Board

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

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

Audit committee

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

Human resources & nominations committee

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

Loans review committee

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

Risk committee

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

IT Committee

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

Credit Committee

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

Directors' shareholding

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

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

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

Annual financial statements

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

Compliance

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

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

Outlook

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

Conclusion

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

By Order of the Board

Sarudzai Binha
Company Secretary

19 April 2024



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Audit Opinion

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2023

Notes	Audited		Historical unaudited***	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Interest income	3	24,677	19,350	87,183,956
Interest expense	4	(1,703)	(957)	(7,264,207)
Net interest income		22,974	18,393	79,919,749
Net fee and commission income	5	25,579	17,739	95,988,242
Net trading and foreign exchange income	6	24,265	16,764	185,401,297
Net investment and other income	7	643	1,096	2,046,635
Fair value (loss)/ gain_ on investment property	18	(2,225)	(612)	25,722,522
Total non interest income		48,262	34,987	309,158,696
Total income		71,236	53,380	389,078,445
Impairment losses on financial assets	10	(4,638)	(995)	(34,421,644)
Net operating income		66,598	52,385	354,656,801
Operating expenses	8	(46,699)	(30,038)	(159,687,207)
Net monetary loss	9	-	(9,417)	-
Share of (loss)/ profit from joint venture	21	(5,273)	4,424	115,107,786
Profit before tax		14,626	17,354	310,077,380
Taxation	11	(4,006)	(5,142)	(35,437,825)
Profit for the year		10,620	12,212	274,639,555
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
Deferred tax income/(charge)		546	(811)	(33,656,405)
(Loss)/ gain_ on financial assets at fair value through other comprehensive income		(1,184)	399	33,096,554
Deferred tax charge		(1,168)	(58)	(1,937,732)
Items that will be reclassified subsequently to profit or loss:				
(Loss)/ gain_ on financial assets at fair value through other comprehensive income		(157)	(195)	600,325
Net (loss)/ gain_ on other comprehensive income		(4,604)	8,456	200,870,693
Total comprehensive income		6,016	20,668	475,510,248
Earnings per share				
Basic (cents per share)		0.49	0.57	12,710
Diluted (cents per share)		0.49	0.56	12,682

***Refer to note 2.4.2

Consolidated Statement of Financial Position

as at 31 December 2023

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

***Refer to note 2.4.2

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

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

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

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	-	-	-	31,759,147	169,111,546	-	-	274,639,555	274,639,555
Other comprehensive income for the year	-	-	-	31,759,147	169,111,546	-	-	274,639,555	475,510,248
Total comprehensive income for the year	-	-	-	31,759,147	169,111,546	-	-	274,639,555	475,510,248
Recognition of share-based payments	-	-	-	-	-	-	7,479	-	7,479
Regulatory impairment allowances	-	-	-	-	-	5,921,746	-	(5,921,746)	-
Dividend paid	-	-	-	-	-	-	-	(17,854,901)	(17,854,901)
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

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

***Refer to note 2.4.2



AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

*Refer to note 2.4.2
*Prior year numbers were restated to disclose separately interest received, paid and accrued. Refer to note 12.1 for further details.
**Prior year numbers were restated to disclose separately effects of exchange rate movement. Refer to note 12.1 for further details.

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

1	General information
1.1	Nature of business First Capital Bank Limited ("the Bank") provides retail, corporate and investment banking services in Zimbabwe. The Bank which is incorporated and domiciled in Zimbabwe is a registered commercial bank under the Zimbabwe Banking Act Chapter (24:20). The ultimate parent company is FMBcapital Holdings PLC which is incorporated in Mauritius. The Bank is listed on the Victoria Falls Stock Exchange and is registered under registration number 148/1981.
1.2	Statement of compliance The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS"), in a manner required by the Companies and Other Business Entities Act, (Chapter 24:31), the Zimbabwe Banking Act (Chapter 24:20) and the Banking Amendment Act of 2015.
2	Accounting policies The accounting policies applied in the preparation of these consolidated and separate financial statements are consistent with the most recent financial statements for the year ended 31 December 2022 except for the change in functional currency as stated in note 2.4.
2.1	Basis of preparation The consolidated and separate financial results have been prepared and presented on the basis that they reflect the information necessary to be fair in accordance with IFRS standards as well as the requirements of the Companies and Other Business Entities Act (Chapter 24.31) and the Banking Act (Chapter 24.20).
2.2	Basis of measurement The consolidated and separate financial statements for the period are measured on historical cost basis except for the following: i) Fair value through OCI equity investments and debt instruments measured at fair value ii) Fair value through profit and loss debt instruments for trading measured at fair value iii) Investment property measured at fair value iv) Property and equipment measured at fair value using the revaluation method v) Investment in joint venture, the underlying investment property is measured at fair value The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern entity.
2.3	Basis of consolidation The consolidated financial statements comprise the financial statements of the Bank and its subsidiary. Both companies in the Group have a 31 December year end. Inter-group transactions, balances, income and expenses were eliminated on consolidation. The Bank owns 100% in Thulile (Private) Limited, a company that owns a piece of land measuring 18 786 sqm. The property is currently not leased out and construction of First Capital Bank head office is in progress on the land. The Bank therefore prepares consolidated financial statements per IFRS 10 Consolidated Financial Statements requirements. Investment in subsidiary and equity of the subsidiary are eliminated when consolidating. No goodwill or gain on bargain purchase arose on acquisition of Thulile (Private) Limited .
2.4	Functional and presentation currency
2.4.1	Change in functional currency The consolidated and separate financial statements are presented in United States Dollars (USD), the functional and presentation currency of the Group.The Group changed its functional currency from Zimbabwean Dollars (ZWL) to United States Dollars (USD) with effect from 1 January 2023. The Bank migrated its listing to the Victoria Falls Stock Exchange (VFEX) during the period under review. Being established in an Offshore Financial Services Centre, the primary currency for trading on the VFEX is the United States Dollar. Consequently, it is expected that future funding for the Bank in the form of equity or listed debt instruments will be generated in United States Dollars. In that context, financial reporting in United States Dollars provides targeted users of financial statements information that presents the performance of the bank and the status of its balance sheet in a more understandable manner with fewer complexity than existed under inflation adjusted results in Zimbabwean dollars. Other factors evaluated to support the change in functional currency from ZWL to USD include: a) the USD has become the dominant currency on the Bank's balance sheet, constituting more than 80% of both financial assets and financial liabilities; b) more than 60% of revenue earned is denominated in USD; c) the USD is the currency that mainly influences the Bank's labour, technology and other costs incurred in the provision of services; and d) Zimbabwe is a multi-currency environment in which the operation of USD on the market is widely recognised with some Government liabilities being settled in USD. Based on the above, the directors concluded that conditions under IAS 21: The Effects of Changes in Foreign Exchange Rates for a change in functional currency were met during the period under review.

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

The effects of these adjustments are summarised below:

Impact on property and equipment					
	IAS 29 ZWL Value @ 31 December 2022 ZWL000	USD Equivalent* USD000	Reduction in property and equipment USD000	Reduction in Deferred Tax USD000	Reduction in other comprehensive income USD000
Asset					
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 2022 ZWL000	USD Equivalent* USD000	Reduction in joint venture and investment property USD000	Reduction in Deferred Tax USD000	Reduction in current year profits
Asset					
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 ZWL000	USD Equivalent* USD000	Reduction in investment securities USD000	Reduction in Deferred Tax USD000	Reduction in other comprehensive 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".

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

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

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

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
5 Net fee and commission income				
Fee and commission income-Group				
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				
Guarantees	(15)	(4)	(58,202)	(1,543)
Net fee and commission income	25,579	17,738	95,988,242	8,671,394

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

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

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

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

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



AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

8.1.3	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
General expenses				
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.

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

11	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Income tax recognised in profit or loss				
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)

12	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Cash and bank balances				
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 separately interest received and accrued as well as the effects of exchange rate movement on cash and cash equivalents.

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

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

	As previously reported-translated-2022 ZWL000	Historical unaudited 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 cash balances	44,509,846	(33,845,562)	10,664,283	
Exchange (loss)/gain on foreign cash balances**	-	33,845,563	33,845,563	
Net increase in cash and cash equivalents during the year	44,509,846	-	44,509,846	

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

13	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Investment securities				
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

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

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

USD3.1m worth of 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 amortised cost with the initial recognition having been at fair value. Within the carrying amount, a loss of USD2.9m was recognised in the statement of profit or loss arising from a change in the valuation of the legacy debt treasury bills. No treasury bills were held for trading purposes as at 31 December 2023.

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

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

13.3	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Equity securities				
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

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

14	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Loans and receivables from Banks				
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

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

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

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

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

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



AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2023 (continued)

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

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

2022		Land and buildings	Computers	Equipment	Furniture and fittings	Motor vehicles	Total
		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

2023		Land and buildings	Computers	Equipment	Furniture and fittings	Motor vehicles	Total
		ZWL000	ZWL000	ZWL000	ZWL000	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		-	-	-	-	(608,877)	(636,888)
Depreciation charge on disposals		-	-	487	-	32,292	32,779
Depreciation charge		(1,130,210)	(985,827)	(1,402,883)	(285,878)	(1,546,395)	(5,351,193)
Carrying amount at end of year		141,957,000	25,974,403	23,518,557	5,526,927	27,448,006	224,424,893
Cost or valuation		141,957,000	25,974,403	23,518,557	5,526,927	27,448,006	224,424,893
Accumulated depreciation and impairment		-	-	-	-	-	-
Carrying amount at end of the year		141,957,000	25,974,403	23,518,557	5,526,927	27,448,006	224,424,893

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

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

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

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

17.1	Proceeds on disposal of property and equipment	Audited	2022	Historical unaudited	2022
		2023	USD000	2023	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

18	Investment properties	Audited	2022	Historical unaudited	2022
		2023	USD000	2023	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.

19	Intangible assets	Audited	2022	Historical unaudited	2022
		2023	USD000	2023	ZWL000
	Balance at beginning of year	988	1,305	8,941	11,982
	Amortisation	(376)	(317)	(3,042)	(3,041)
	Balance at 31 December	612	988	5,899	8,941
	Cost	2,111	2,111	20,276	20,276
	Accumulated amortisation	(1,499)	(1,122)	(14,377)	(11,335)
	Balance at 31 December	612	988	5,899	8,941

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

20	Non - current assets held for sale	Audited	2022	Historical unaudited	2022
		2023	USD000	2023	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.

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

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

22		Audited	2022	Historical unaudited	2022
		2023	USD000	2023	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).

22.1	Group's interest in investment	Audited	2022	Historical unaudited	2022
		2023	USD000	2023	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.

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

22.2	Lease liabilities	Audited	2022	Historical unaudited	2022
		2023	USD000	2023	ZWL000
	Maturity analysis - contractual undiscounted cash flows				
	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

22.2	Lease liabilities included in statement of financial position	Audited	2022	Historical unaudited	2022
		2023	USD000	2023	ZWL000
	Non - current	823	1,058	4,926,336	727,094
	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

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

22.2	Statement of cash-flows - Leases	Audited	2022	Historical unaudited	2022
		2023	USD000	2023	ZWL000
	Total cash outflows	(642)	(624)	(3,920,732)	(332,490)

23	Balances due to banks	Audited	2022	Historical unaudited	2022
		2023	USD000	2023	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	-
	Clearance balances due to local banks	4,730	1,125	28,877,149	773,456
	Total Deposits from banks	24,416	1,165	149,055,520	800,769

24	Deposits from customers	Audited	2022	Historical unaudited	2022
		2023	USD000	2023	ZWL000
	Demand deposits				
	Retail	28,612	29,447	174,668,323	20,238,125
	Business banking	13,663	12,039	83,408,825	8,274,466
	Corporate and investment banking	75,347	86,234	459,978,399	59,267,299
	Total	117,622	127,720	718,055,547	87,779,890

24	Call deposits	Audited	2022	Historical unaudited	2022
		2023	USD000	2023	ZWL000
	Retail	398	3,149	2,429,680	2,164,114
	Business Banking	1,206	109	7,362,295	74,789
	Corporate and investment banking	3,378	398	20,621,753	273,589
	Total	4,982	3,656	30,413,728	2,512,492

24	Savings accounts	Audited	2022	Historical unaudited	2022
		2023	USD000	2023	ZWL000
	Retail	23	34	140,409	23,726
	Business banking	-	1	-	631
	Total	23	35	140,409	24,357

24	Other	Audited	2022	Historical unaudited	2022
		2023	USD000	2023	ZWL000
	Corporate and investment banking	525	4,652	3,204,979	3,197,309
	Total	525	4,652	3,204,979	3,197,309
	Total deposits from customers	123,152	136,063	751,814,663	93,514,048

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



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26	Other liabilities	Audited		Historical unaudited	
		2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
	Accrued expenses	965	2,183	13,353,196	1,500,685
	Provisions and clearing accounts	3,669	9,029	23,264,884	6,203,679
	Other claims	-	6,420	-	4,412,208
	Withholding taxes	1,551	97	1,551	66,865
	Total	6,185	17,729	36,619,631	12,183,437
27	Retirement benefit plan The First Capital Bank Pension Fund ("The Fund") manages retirement funds for the active members and pensioners. The Fund is run by appointed Trustees. The assets of the Funds are managed as one composite pool, with no separation for the active members and pensioners. The awarding of pension increases and increase in accumulated values to active members is done in consideration of the performance of the Fund and any requirement to increase risk reserves. The plan assets comprise of property, bank balance, equity instruments and money market deposits at 31 December 2023.				
27.1	Composition of pension fund plan assets	Audited		Historical unaudited	
		2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
	Cash and bank balances	373	798	2,279,215	548,309
	Equity and unity trusts	3,065	9,644	18,709,553	6,627,983
	Money market	3,423	1,499	20,895,878	1,030,284
	Properties	27,740	27,492	169,345,005	18,894,462
	Other	247	53	1,507,021	37,093
	Total	34,848	39,486	212,736,672	27,138,131
27.2	Defined contribution plan The defined contribution pension plan, to which the Group contributes 18% (2022: 18%), is provided for permanent employees. Over and above the Group's contribution, the employee contributes 6.5% (2022: 6.5%) of the basic salary. Under this scheme, retirement benefits are determined by reference to the employees' and the Group's contributions to date and the performance of the Fund. All employees are also members of the National Social Security Authority Scheme, to which both the employer and the employees contribute. The Group contributes 4.5% of pensionable emoluments (maximum ZWL1.5 million) for eligible employees.				
27.3	Defined benefit pension plan The Fund provides for annuities for those pensioners who opted not to purchase the annuity from an external insurer at the point of retirement. All annuities are now purchased outside the Fund at the point of retirement. The provision of pension annuities to pensioners is a significant defined benefit. As a result, a valuation was performed based on IAS 19; Employee Benefits for the whole Fund for both the assets and liabilities. Summary of the valuation is shown below:				
27.4	Summary valuation of the pension obligation	Audited		Historical unaudited	
		2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
	Present value of pensioner obligation (Defined Benefit)	6,300	7,915	38,459,752	5,440,009
	Active members liability (Defined Contribution)	15,162	17,488	92,559,804	12,018,968
	Deferred and preserved pensioners	6,277	6,825	38,319,344	4,690,460
	Other liabilities - risk pools	792	718	4,834,940	493,294
	Other sundry liabilities	85	137	518,901	94,775
	Total liabilities	28,616	33,083	174,692,742	22,737,506
	Total assets	34,848	39,486	212,736,672	27,138,131
	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 contributions or contribution holiday.				
	Movements in the present value of the defined benefit obligation in the current year were as follows:				
	Movement in present value of obligation	Audited		Historical unaudited	
		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
	Impact of exchange rate movement	(7,025)	(8,858)	(42,885,676)	-
	Present value at 31 December	6,300	7,915	38,459,752	5,440,009
	Principal actuarial assumptions				
	Discount rate	2%	2%	2%	2%
	Average remaining life in years of pensioner retiring at 60 - Male	18	18	18	18
	Average remaining life in years of pensioner retiring at 60 - Female	22	22	22	22
	Sensitivity of key principal assumptions				
	Increase in Defined benefit obligation				
	Decrease in discount rate (0.5%)	346	379	2,112,234	260,803
	Increase in life expectancy (1 year)	227	238	1,385,772	163,508
27.5	Pre-2009 Compensation for Loss of Value Statutory Instrument 162 of 2023, Pensions and Provident Funds (Compensation for Loss of Pre 2009 Value of Pension Benefits) Regulations, 2023 were promulgated in October 2023. The regulations require the Pension Fund to quantify the loss of value and offer compensation to current and former members over the investigative period. This exercise is ongoing and the Pension Fund is yet to make a determination with the constraints of data availability being a key challenge. The Bank has therefore taken account of the Actuarial valuation of the pensioner liability as at December 2023. No further provisions have been made.				
28	Deferred tax The analysis of the deferred tax assets and deferred tax liabilities is as follows:				
		Audited		Historical unaudited	
		2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
	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				
	Authorised shares			2023 Shares	2022 Shares
	Issued and fully paid			2,160,865,929	2,160,865,929
	Shares allocated to management share option scheme			31,073,397	30,613,397
	Shares under control of directors			2,808,060,674	2,808,520,674
	Total authorised shares			5,000,000,000	5,000,000,000
	Authorised share capital Ordinary shares (5 000 000 000 shares of ZWL0.01 cents per share)				
				500	500
29.1	Issued share capital				
	Issued and fully paid shares			2023 Shares	2022 Shares
	Balance at beginning of year			2,160,865,929	2,160,205,929
	Exercise of share options			-	660,000
	Balance at end of year			2,160,865,929	2,160,865,929
		Audited		Historical unaudited	
		2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
	Ordinary shares	58	58	216	216
	Share premium	6,360	6,360	24,160	24,160
	Total	6,418	6,418	24,376	24,376
	The total authorised number of ordinary shares at year end was 5 billion (2022: 5 billion).The unissued share capital is under the control of the directors subject to the restrictions imposed by the Companies and Other Entities Act (Chapter 24:31), the Zimbabwe Stock Exchange listing requirements and the Articles and Memorandum of Association of the Bank.				
29.2	Share premium Premiums from the issue of shares are reported in the share premium.				
		Audited		Historical unaudited	
		2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
	Share premium	6,360	6,360	24,160	24,160
	Balance at end of year	6,360	6,360	24,160	24,160
29.3	Non - distributable reserves This relates to the balance of currency translation reserves arising from the fair valuation of assets and liabilities on 1 January 2009 when the Bank adopted the United States dollar as the functional and presentation currency.				
		Audited		Historical unaudited	
		2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
	Non - distributable reserve	2,076	2,076	7,785	7,785
	Balance at end of year	2,076	2,076	7,785	7,785

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

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

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

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

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

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

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

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

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

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

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

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

	2023		2022	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at beginning of the year	5,380,000	0.05	6,400,000	0.05
Granted during the year	1,090,000	0.02	860,000	0.07
Forfeited during the year	(1,550,000)	-	(1,220,000)	0.03
Exercised during the year	-	-	(660,000)	-
Outstanding at 31 December	4,920,000	-	5,380,000	-
Exercisable at 31 December	1,290,000	-	710,000	0.13
Weighted average contractual life of options outstanding at end of period (years)	2.47	-	1.96	-

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Financial instruments				
Classification of assets and liabilities				
Financial assets				
Financial assets at fair value through profit and loss				
Cold 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 prepayments and stationery.

Financial assets at fair value through other comprehensive income				
Treasury bills and promissory notes	3,071	6,786	18,516,374	4,664,100
Unquoted equity securities	4,116	5,807	37,090,932	3,990,908
Total	7,187	12,593	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
Balances due to group companies	1,198	69	7,311,571	47,628
Total Financial liabilities	157,773	157,633	962,029,092	108,338,556

*Excludes deferred income

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

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

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

2023	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



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

	Level 1 USD000	Level 2 USD000	Level 3 USD000	Total USD000
2022				
Recurring fair value measurements				
Financial assets				
Treasury bills	-	-	6,786	6,786
Unquoted equity instruments	-	-	5,807	5,807
Balance at 31 December 2022	-	-	12,593	12,593
Non - financial assets				
Property and equipment	-	-	27,376	27,376
Investment property	-	-	5,936	5,936
Investment in joint venture	-	-	19,613	19,613
Balance at 31 December 2022	-	-	52,925	52,925
	Level 1 ZWL000	Level 2 ZWL000	Level 3 ZWL000	Total ZWL000
2023				
Recurring fair value measurements				
Financial assets				
Gold-backed digital tokens	20,321,742	-	-	20,321,742
Treasury bills	-	-	18,516,374	18,516,374
Unquoted equity instruments	-	-	37,090,932	37,090,932
Balance at 31 December 2023	20,321,742	-	55,607,306	75,929,048
Non - financial assets				
Property and equipment	-	-	-	-
Investment property	-	-	-	-
Investment in joint venture	-	-	-	-
Non-Current Assets held for sale	-	-	-	-
Balance at 31 December 2023	-	-	-	-
	Level 1 ZWL000	Level 2 ZWL000	Level 3 ZWL000	Total ZWL000
2022				
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

31.1

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 rates	28.75%
Land and buildings	Market/ income approach	Capitalisation rates	7% to 9%
Investment properties	Market/ income approach	Capitalisation rates	7% to 9%
Treasury bills-ZWL	Discounted cash flow	Market Yield – not actively traded	72%-73.51%

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Reconciliation of recurring level 3 fair value measurements

			Audited					
			Investment securities USD000	Investment properties USD000	Non-current asset held for sale USD000	Investment in Joint venture USD000	Total USD000	
2023								
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	-	-	-	359	
Balance at 31 December 2023			13,168	1,494	2,217	14,340	31,219	
				Investment securities USD000	Investment properties USD000	Investment in Joint venture USD000	Total USD000	
2022								
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	
				Investment securities ZWL000	Investment properties ZWL000	Non-current asset held for sale ZWL000	Investment in Joint venture ZWL000	Total ZWL000
2023								
Balance at 1 January 2023				13,225,558	4,080,000	-	13,479,449	30,785,007
Additions				48,899,413	-	-	-	48,899,413
Accrued interest				4,486,320	-	-	-	4,486,320
Maturities				(23,818,250)	-	-	-	(23,818,250)
Loss arising from change in valuation of treasury bills				(17,485,985)	-	-	-	(17,485,985)
Transfer to non-current assets held for sale				-	(19,956,522)	19,956,522	-	-
Total gains and losses recognised in profit or loss				(236,341)	25,722,522	-	115,107,786	140,593,967
Total gains and losses recognised in other comprehensive income				66,565,233	-	-	-	66,565,233
Balance at 31 December 2023				91,635,948	9,846,000	19,956,522	128,587,235	250,025,705
				Investment securities ZWL000	Investment properties ZWL000	Investment in Joint venture ZWL000	Total ZWL000	
2022								
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	

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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 Carrying amount USD000	Fair value USD000	2022 Carrying amount USD000	Fair value 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

FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

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

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

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

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 benchmark 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.

Loss given default (LGD) - represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, 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.

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:

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.

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.

- 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.

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.

- 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.

Corporate portfolio assessment is performed by way of a collective assessment semi-empirical IFRS 9 model (the ECL Model) developed in consultation with external consultants supported by available historic information to support the modelling of PD, LGD and EAD. Individual assessment is performed on all customer loans and advances after having defined a minimum exposure threshold. ECL for Treasury exposures is based on benchmarked PDs and LGDs due to lack of historical data. ECL for Retail exposures are based on model output with no benchmarking comparative since enough historical default data was available when designing the calculation model.

(7) **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.

The Group will write off retail accounts following charge off of the account if the equivalent of an instalment is not recovered cumulatively over a 12-month period post charge off. Corporate accounts are written off once security has been realised depending on the residual balance and further recovery prospects. The corporate write off policy is not rules based, or time bound.

h) ECL model governance
The models used for PD, EAD and LGD calculations are governed on a day to day through the Impairments Committee. This committee comprises of senior managers in risk, finance and the business. Decisions and key judgements made by the Impairments Committee relating to the impairments and model overrides will be taken to Board Risk, Board Loans and Board Audit Committee.

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.

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.

These are loans and advances which are less than 90 days past due and in some cases not past due but the business has significant concern on the performance of that exposure, as per RBZ credit rating scale these are grade 4 - 7.

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

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

Other asset balances are held by counter parties with the following ratings;		
Counterparty	2023	2022
VISA	AA-	AA-
MasterCard International	A+	A+

Maximum credit risk exposure	Audited							
	Maximum credit risk exposure			ECL Reconciliation				
2023	Stage 1 USD000	Stage 2 USD000	Stage 3 USD000	Total USD000	Stage 1 USD000	Stage 2 USD000	Stage 3 USD000	Total USD000
Loans and advances to customers								
Corporate	28,789	10,287	7,421	46,497	151	8	1,667	1,826
Business Banking	4,578	318	566	5,462	6	2	1,503	1,511
Retail	37,978	222	381	38,581	824	9	308	1,141
Total	71,345	10,827	8,368	90,540	981	19	3,478	4,478
Balances with central Bank								
Savings bonds and Treasury bills	5,827	-	-	5,827	221	-	-	221
Bank balances	37,234	-	-	37,234	3	-	-	3
Gold-backed digital tokens	3,329	-	-	3,329	-	-	-	-
Total	46,390	-	-	46,390	224	-	-	224
Balances with other Banks and settlement balances								
Settlement balances - local currency	781	-	-	781	1	-	-	1
Bank balances - Foreign currency	10,588	-	-	10,588	3	-	-	3
Interbank placements	5,685	-	-	5,685	2	-	-	2
Total	17,054	-	-	17,054	6	-	-	6
Other assets								
Card security deposit and settlement balances	2,613	-	-	2,613	69	-	-	69
Total	2,613	-	-	2,613	69	-	-	69
Total on balance sheet	137,402	10,827	8,368	156,597	1,280	19	3,478	4,777
Guarantees and letters of credit								
Guarantees	722	-	-	722	-	-	-	-
Letters of credit	2,000	-	-	2,000	-	-	-	-
Total	2,722	-	-	2,722	-	-	-	-

2022 Loans and advances to customers	Maximum credit risk exposure			Total USD000	Stage 1 USD000	ECL Reconciliation		Total USD000
	Stage 1 USD000	Stage 2 USD000	Stage 3 USD000			Stage 2 USD000	Stage 3 USD000	
Corporate	40,363	7,681	223	48,267	116	11	76	203
Business Banking	1,154	15	8	1,177	6	89	10	105
Retail	16,986	266	275	17,527	427	44	219	690
Total	58,503	7,962	506	66,971	549	144	305	998
Balances with central Bank								
Savings bonds and treasury bills	13,436	-	-	13,436	202	-	-	202
Bank balances	36,496	-	-	36,496	4	-	-	4
Total	49,932	-	-	49,932	206	-	-	206
Balances with other Banks and settlement balances								
Settlement balances - local currency	328	-	-	328	3	-	-	3
Bank balances - foreign currency	20,798	-	-	20,798	4	-	-	4
Total	21,126	-	-	21,126	7	-	-	7
Other assets								
RBZ receivable other	11	-	-	11	-	-	-	-
Other assets	2,728	-	-	2,728	-	-	-	-
Total	2,739	-	-	2,739	-	-	-	-
Total on balance sheet	132,300	7,962	506	140,768	762	144	305	1,211
Guarantees and letters of credit								
Guarantees	888	-	-	888	-	-	-	-
Letters of credit	5,000	-	-	5,000	-	-	-	-
Total	5,888	-	-	5,888	-	-	-	-

	Historical unaudited							
	Maximum credit risk exposure					ECL Reconciliation		
	Stage 1 ZWL000	Stage 2 ZWL000	Stage 3 ZWL000	Total ZWL000	Stage 1 ZWL000	Stage 2 ZWL000	Stage 3 ZWL000	Total ZWL000
2023								
Loans and advances to customers								
Corporate	175,749,628	62,796,980	45,304,678	283,851,286	924,899	44,952	10,175,772	11,145,623
Business Banking	27,944,368	1,940,850	3,458,778	33,343,996	36,628	12,209	9,175,398	9,224,235
Retail	231,844,746	1,356,830	2,324,728	235,526,304	5,030,291	54,943	1,880,254	6,965,488
Total	435,538,742	66,094,660	51,088,184	552,721,586	5,991,818	112,104	21,231,424	27,335,346
Balances with central Bank								
Savings bonds and Treasury bills	35,571,772	-	-	35,571,772	1,348,499	-	-	1,348,499
Bank balances	227,369,681	-	-	227,369,681	22,310	-	-	22,310
Gold-backed digital tokens	20,321,742	-	-	20,321,742	-	-	-	-
Total	283,263,195	-	-	283,263,195	1,370,809	-	-	1,370,809
Balances with other Banks and settlement balances								
Settlement balances - local currency	4,764,991	-	-	4,764,991	4,843	-	-	4,843
Bank balances - Foreign currency	64,634,626	-	-	64,634,626	16,829	-	-	16,829
Interbank placements	34,706,925	-	-	34,706,925	12,850	-	-	12,850
Total	104,106,542	-	-	104,106,542	34,522	-	-	34,522
Other assets								
Card security deposit and settlement balances	15,948,594	-	-	15,948,594	420,189	-	-	420,189
Total	15,948,594	-	-	15,948,594	420,189	-	-	420,189
Total on balance sheet	838,857,073	66,094,660	51,088,184	956,039,917	7,817,338	112,104	21,231,424	29,160,866
Guarantees and letters of credit								
Guarantees	4,410,575	-	-	4,410,575	-	-	-	-
Letters of credit	12,209,445	-	-	12,209,445	-	-	-	-
Total	16,620,020	-	-	16,620,020	-	-	-	-

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



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 advances were as follows;

Industry/Sector	Audited		Historical unaudited	
	2023 USD000	%	2022 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

Industry/Sector	2023		2022	
	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	-	-	1
Agriculture	17,634	3,821	990	-	2,321
Light and heavy industry	17,450	-	-	-	50
Physical persons	38,581	306	-	-	1,176
Transport and distribution	11,919	381	-	-	37
Financial services	3,792	-	-	-	33
Gross value at 31 December 2023	90,540	8,369	1,072	-	4,478

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

2023 Industry/Sector	Historical unaudited				
	Total loans ZWL000	Non performing loans ZWL000	Write offs ZWL000	Recoveries ZWL000	Impairment allowance ZWL000
Trade and services	7,099,810	23,560,392	-	-	5,253,759
Energy and minerals	14,297	-	-	-	715
Agriculture	107,644,684	23,324,672	-	-	14,384,842
Light and heavy industry	106,525,631	1,865,512	-	-	306,653
Physical persons	235,526,303	2,323,311	-	-	6,965,488
Transport and distribution	72,761,010	-	-	-	223,129
Financial services	23,149,851	-	-	-	198,760
Gross value at 31 December 2023	552,721,586	51,088,184	-	-	27,335,346

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

34.1.6 Collateral held for exposure

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

	Audited		Historical unaudited	
	2023 USD000	2022 USD000	2023 ZWL000	2022 ZWL000
Performing loans	73,982	155,500	451,639,587	15,805,945
Non-performing loans	26,178	1,250	159,809,428	244,991
Total	100,160	156,750	611,449,015	16,050,936

The retail portfolio is fully insured.

34.2 Market risk

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

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

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

Market risk measurement techniques

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

34.3 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.

2023 at 31 December 2023	Audited				
	ZWL (USD Equiv) USD000	GBP (USD Equiv) USD000	Rand (USD Equiv) USD000	Other currency (USD Equiv) USD000	Total USD000
Assets					
Cash and bank balances	11,640	236	2,017	1,288	15,181
Investment securities	769	-	-	-	769
Loans and receivables from banks	1,465	-	-	-	1,465
Loans and advances to customers	6,228	-	-	-	6,228
Other assets	4,182	-	-	-	4,182
Total financial assets	24,284	236	2,017	1,288	27,825
Liabilities					
Deposits from banks	1,590	-	-	-	1,590
Deposits from customers	23,276	181	1,203	527	25,187
Other liabilities	11,916	38	24	771	12,749
Total financial liabilities	36,782	219	1,227	1,298	39,526
Net currency positions	(12,498)	17	790	(10)	(11,701)
Exchange rate sensitivity to Profit for the year					
Exchange rate increase of 20%	2,500	(3)	(158)	2	2,340
Exchange rate decrease of 20%	(2,500)	3	158	(2)	(2,340)
Exchange rates applied in 2023	ZWL	GBP	Rand	EUR	CND
USD closing rate	6,104.72	1.27	18.39	1.11	1.33

34.3 Foreign exchange risk (continued)

2023 at 31 December 2023	Historical unaudited				
	USD (ZWLEquiv) ZWL000	GBP (ZWLEquiv) ZWL000	Rand (ZWLEquiv) ZWL000	Other currency (ZWLEquiv) ZWL000	Total ZWL000
Assets					
Cash and bank balances	343,633,843	1,437,882	8,523,490	7,865,012	361,460,227
Investment securities	25,229,587	-	-	-	25,229,587
Loans and receivables from banks	30,523,613	-	-	-	30,523,613
Loans and advances to customers	525,971,843	1,993	25,618	663	526,000,117
Other assets	42,045,040	-	-	-	42,045,040
Total financial assets	967,403,926	1,439,875	8,549,108	7,865,675	985,258,584
Liabilities					
Deposits from banks	134,028,119	-	5,319,217	-	139,347,336
Deposits from customers	636,389,803	1,105,598	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

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

Exchange rate sensitivity to Profit for the year					
Exchange rate increase of 20%	590,207	251,781	4,314	249,384	1,095,686
Exchange rate decrease of 20%	(590,207)	(251,781)	(4,314)	(249,384)	(1,095,686)

Exchange rates applied in 2023	USD	GBP	Rand	EUR	CND
USD closing rate	687.28	831.00	40.49	734.50	500.00

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

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

(ii) Stress tests

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

Summarised foreign currency position of the bank as at 31 December 2023		Average NOP USD000	Risk Position USD000
Currency			
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		Average NOP ZWL000	Risk Position ZWL000
Currency			
USD		302,519	302,519
GBP		54,863	54,863
Rand		20,773	20,773
Other currencies		102,300	102,300
Total		480,455	480,455

34.4 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

2023	Audited						
	Up to 1 month USD000	1 to 3 months USD000	3 to 6 months USD000	6 months to 1 year USD000	1 to 5 years USD000	Over 5 years USD000	Total USD000
Assets							
Cash and bank balances	27,581	-	-	-	-	-	70,877
Current tax asset	-	-	-	-	-	-	248
Non-current assets held for sale	-	-	-	-	-	-	2,217
Loans and receivables from Banks	6,465	-	-	-	-	-	6,465
Loans and advances to customers	-	68,808	6,466	10,788	-	-	86,062
Other assets	-	-	-	-	-	-	11,694
Investment securities	31	724	1,508	650	1,636	1,057	13,168
Intangible assets	-	-	-	-	-	-	612
Investment properties	-	-	-	-	-	-	1,494
Investment in joint venture	-	-	-	-	-	-	14,340
Property and equipment	-	-	-	-	-	-	24,938
Right of use assets	-	-	-	-	-	-	3,828
Total assets	34,077	69,532	7,974	11,438	1,636	1,057	110,229
Liabilities							
Deposits from customers	75,065	1,797	2,012	4,034	32,195	8,049	123,152
Employee benefit accruals	-	-	-	-	-	-	1,839
Balances due to group companies	-	-	-	-	-	-	1,198
Balances due to banks	24,416	-	-	-	-	-	24,416
Other liabilities	-	-	-	-	-	-	6,185
Deferred tax liabilities	-	-	-	-	-	-	8,323
Lease liabilities	91	182	261	509	1,416	363	2,822
Total liabilities	99,572	1,979	2,273	4,543	33,611	8,412	17,545
Interest rate Re - pricing gap	(65,495)	67,553	5,701	6,895	(31,975)	(7,355)	92,682
Cumulative gap	(65,495)	2,058	7,759	14,654	(17,321)	(24,675)	68,008

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

	Historical unaudited							
	Up to 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6 months to 1 year ZWL000	1 to 5 years ZWL000	Over 5 years ZWL000	Non-interest bearing ZWL000	Total ZWL000
2023								
Assets								
Cash and bank balances	168,371,378	-	-	-	-	-	264,369,549	432,740,927
Current tax asset	-	-	-	-	-	-	1,867,451	1,867,451
Non-current assets held for sale	-	-	-	-	-	-	19,956,522	19,956,522
Loans and receivables from Banks	39,467,073	-	-	-	-	-	-	39,467,073
Loans and advances to customers	-	420,052,815	39,473,690	65,859,732	-	-	-	525,386,237
Other assets	-	-	-	-	-	-	53,392,090	53,392,090
Investment securities	182,004	4,421,924	9,206,104	3,972,798	9,985,012	6,455,431	57,412,673	91,635,946
Intangible assets	-	-	-	-	-	-	5,899	5,899
Investment properties	-	-	-	-	-	-	9,846,000	9,846,000
Investment in joint venture	-	-	-	-	-	-	128,587,235	128,587,235
Property and equipment	-	-	-	-	-	-	224,424,893	224,424,893
Right of use assets	-	-	-	-	-	-	7,657,632	7,657,632
Total assets	208,020,455	424,474,739	48,679,794	69,832,530	9,985,012	6,455,431	767,519,944	1,534,967,905
Liabilities								
Deposits from customers	500,644,910	10,972,431	12,283,892	24,625,954	154,151,909	49,135,567	-	751,814,663
Employee benefit accruals	-	-	-	-	-	-	13,130,118	13,130,118
Balances due to group companies	-	-	-	-	-	-	7,311,571	7,311,571
Balances due to banks	149,053,520	-	-	-	-	-	-	149,053,520
Other liabilities	-	-	-	-	-	-	36,619,631	36,619,631
Deferred tax liabilities	-	-	-	-	-	-	56,892,511	56,892,511
Lease liabilities	556,988	1,113,975	1,592,789	3,107,404	8,643,079	2,215,474	-	17,229,708
Total liabilities	650,255,418	12,086,406	13,876,681	27,733,358	162,794,988	51,351,041	113,953,831	1,032,051,722
Interest rate		412,388,333	34,803,113	42,099,172	(152,809,976)	(44,895,610)	653,566,113	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 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6 months to 1 year ZWL000	1 to 5 years ZWL000	Over 5 years ZWL000	Non-interest bearing ZWL000	Total ZWL000
2022								
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	-	-	-	-	-	-	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								
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	

34.4 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 earnings	Impact on earnings	Impact on earnings	Impact on earnings
	USD'000	USD'000	ZWL'000	ZWL'000
Net interest income sensitivity				
Local currency				
500bps increase in interest rates	4,210	2,009	25,701,554	1,380,845
500bps decrease in interest rates	(4,210)	(2,009)	(25,701,554)	(1,380,845)
Benchmark	-	-	-	-
ZWL currency				
1500bps increase in interest rates	951	4,018	5,803,577	2,761,690
1500bps decrease in interest rates	(951)	(4,018)	(5,803,577)	(2,761,690)

34.5 Liquidity risk

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

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

Liquidity risk management objectives are:

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

Liquidity risk management process

Liquidity risk is managed as;

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

	Audited		Historical unaudited	
	2023	2022	2023	2022
	USD'000	USD'000	ZWL'000	ZWL'000
Liquidity ratios				
Total liquid assets	90,050	75,167	549,730,270	51,660,713
Deposits and other short term liabilities	174,002	150,766	1,062,233,942	103,618,792
Liquidity ratio	52%	50%	52%	50%
Regulatory minimum	30%	30%	30%	30%

Liquidity coverage ratio (%)			
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 items as at 31 December 2023

Audited								
2023	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	5+ years	Total	Carrying amount
Assets held for managing liquidity risk- Group (contractual maturity dates)	USD000	USD000	USD000	USD000	USD000	USD000	USD000	USD000
Cash and bank balances	48,357	3,072	4,456	8,913	6,079	-	70,877	70,877
Loans and receivables from Banks	6,465	-	-	-	-	-	6,465	6,465
Loans and advances to customers	31,790	15,467	14,982	20,425	9,548	8,851	101,063	86,062
Investment securities	930	911	3,717	1,648	715	5,728	13,649	13,168
Other assets	2,935	-	-	2,217	-	51,600	56,752	59,371
Total assets	90,477	19,450	23,155	33,203	16,342	66,179	248,806	235,943
Liabilities								
Deposits from customers	5,809	16,002	23,230	46,469	31,672	-	123,182	123,152
Balances due to banks	1,832	1,268	540	2,000	18,882	-	24,522	24,416
Balances due to Group companies	-	-	1,198	-	-	-	1,198	1,198
Provisions	-	-	1,839	-	-	-	1,839	1,839
Lease liabilities	114	228	326	636	1,769	453	3,526	2,822
Other liabilities and equity	2,391	-	-	-	-	80,125	82,516	82,516
Total liabilities - (contractual maturity)	10,146	17,498	27,133	49,105	52,323	80,578	236,783	235,943
Liquidity gap	80,331	1,952	(3,978)	(15,902)	(35,981)	(14,399)	12,023	-
Cumulative liquidity gap	80,331	82,283	78,305	62,403	26,422	12,023	-	



AUDITED FINANCIAL RESULTS

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for the year ended 31 December 2023 (continued)

34.5 Liquidity risk (continued)							
Contingent liabilities and commitments as at 31 December 2023							
	Audited						
	Less than 1 month	1 to 3 months	3 to 6 months	6-Dec months	1 to 5 years	Total	
	USD000	USD000	USD000	USD000	USD000	USD000	
2023							
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)	-	-	

2022	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	5+ years	Total	Carrying amount
Assets held for managing liquidity risk (contractual maturity dates)	USD000	USD000	USD000	USD000	USD000	USD000	USD000	USD000
Cash and bank balances								78,002
Investment securities	66,253	861	1,343	2,687	6,858	-	78,002	
Loans and receivables from Banks	-	346	4,785	1,655	17,126	-	23,912	19,243
Loans and advances to customers	-	-	-	-	328	-	328	328
Other assets	17,105	13,769	9,860	11,109	15,128	-	66,971	65,973
Total assets	85,727	16,792	15,988	24,097	65,034	27,376	235,014	233,943
Liabilities								
Lease liabilities	85	171	262	540	1,595	-	2,653	2,653
Balances due to banks	1,165	-	-	-	-	-	1,165	1,165
Deposits from customers	3,845	16,411	25,218	55,568	35,022	-	136,064	136,063
Employee benefit accruals	-	-	-	1,530	-	-	1,530	1,697
Other liabilities	-	2,723	-	14,931	10,300	65,579	93,533	92,296
Balances due to Group companies	-	69	-	-	-	-	69	69
Total liabilities	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 commitments as at 31 December 2022							
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total	
	USD000	USD000	USD000	USD000	USD000	USD000	
2022							
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								
2023	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
(contractual maturity dates)	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Cash and bank balances	295,262,572	18,753,708	27,202,644	54,411,393	37,110,609	-	432,740,926	432,740,926
Loans and 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	35,462,610	97,688,533	141,813,812	283,682,568	193,350,283	-	751,997,806	751,814,663
Balances due to banks	11,182,166	7,742,614	3,295,726	12,209,445	114,623,570	-	149,053,521	149,053,520
Balances due to Group companies	-	-	7,311,571	-	-	-	7,311,571	7,311,571
Provisions	-	-	13,130,118	-	-	-	13,130,118	13,130,118
Lease liabilities	696,026	1,392,053	1,990,391	3,883,095	10,800,621	2,765,789	21,527,975	17,229,708
Other liabilities and equity	17,282,226	-	-	-	-	579,146,099	596,428,325	596,428,325
Total liabilities	64,623,028	106,823,200	167,541,618	299,775,108	318,774,474	581,911,888	1,539,449,316	1,534,967,905
Liquidity gap	492,683,202	12,692,178	(23,011,185)	(89,249,443)	(218,400,120)	(103,934,129)	70,780,503	-
Cumulative liquidity gap	492,683,202	505,375,380	482,364,195	393,114,752	174,714,632	70,780,503	-	-

Contingent liabilities and commitments as at 31 December 2023							
	Less than 1 month	1 to 3 months	3 to 6 months	6-Dec months	1 to 5 years	Total	
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	
2023							
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)	-	-	

2022	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	5+ years	Total	Carrying amount
Assets held for managing liquidity risk (contractual maturity dates)	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Cash and bank balances	45,534,621	591,423	923,200	1,846,401	4,713,663	-	53,609,308	53,609,309
Investment securities	-	237,968	3,288,911	1,137,221	11,770,696	-	16,434,796	13,225,558
Loans and receivables from Banks	-	-	-	-	225,623	-	225,623	225,622
Loans and advances to customers	11,755,927	9,463,129	6,776,303	7,635,308	10,397,503	-	46,028,170	45,342,180
Other assets	1,628,255	1,248,159	-	5,942,196	17,590,202	18,814,883	45,223,695	46,220,771
Total assets	58,918,803	11,540,679	10,988,414	16,561,126	44,697,687	18,814,883	161,521,592	158,623,440
Liabilities								
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	3,501,274	13,315,676	17,512,445	49,875,233	32,245,252	45,071,712	161,521,592	158,623,440
Liquidity gap	55,417,529	(1,774,997)	(6,524,031)	(33,314,107)	12,452,435	(26,256,829)	-	-
Cumulative liquidity gap	55,417,529	(1,388,398)	(366,612)	100,102	1,710,201	-	-	-

Contingent liabilities and commitments as at 31 December 2022							
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total	
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	
2022							
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)	-	-	

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

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

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

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

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

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

The CAMELS and Risk Assessment System (RAS) ratings are summarised in the following tables;

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

First Capital Bank Risk Matrix as at 30 June 2023				
Type of risk	Level of inherent risk	Adequacy of risk management systems	Overall composite risk	Direction of overall composite risk
Credit	Moderate	Acceptable	Moderate	Stable
Liquidity	Low	Acceptable	Low	Stable
Interest rate	Low	Acceptable	Low	Stable
Foreign exchange	Moderate	Acceptable	Moderate	Stable
Operational & Cyber	High	Acceptable	High	Increasing
Legal	Low	Strong	Low	Stable
Reputational	Low	Strong	Low	Stable
Compliance	Moderate	Acceptable	Moderate	Stable
Strategic	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable



A smiling woman with dark hair pulled back, wearing a grey blazer over a bright green top, is looking down at a tablet computer she is holding with both hands. She is wearing a pearl earring, a necklace with a circular pendant, and a gold watch on her left wrist. The background is a stylized cityscape with a blue sky and green foliage. A large, white, stylized letter 'S' is positioned on the left side of the image.

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

Belief comes first

INDEPENDENT AUDITOR'S REPORT ON THE ABRIDGED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF FIRST CAPITAL BANK LIMITED

Opinion

The abridged consolidated financial statements of First Capital Bank Limited which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended and related notes, are derived from the audited financial statements of First Capital Bank Limited for the year ended 31 December 2023. We expressed an unqualified audit opinion on those financial statements in our report dated 26 March 2024.

In our opinion, the abridged consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of First Capital Bank Limited, in accordance with the requirements of the Victoria Falls Stock Exchange requirements for abridged financial statements, and the requirements of the Banking Act as applicable to abridged financial statements.

Abridged consolidated financial statements of First Capital Bank Limited

The abridged consolidated financial statements of First Capital Bank Limited do not contain all the disclosures required by International Financial Reporting Standards (IFRS), and the requirements of the Banking Act. Reading the abridged financial statements of First Capital Bank Limited and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of First Capital Bank Limited and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

In our report dated 26 March 2024, we expressed an unqualified audit opinion on the audited financial statements of First Capital Bank Limited for the year ended 31 December 2023. That report also includes the communication of key audit matters as reported in the auditor's report of the financial statements.



INDEPENDENT AUDITOR'S REPORT ON THE ABRIDGED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF FIRST CAPITAL BANK LIMITED

Responsibilities of the directors for the inflation adjusted financial statements

The directors are responsible for the preparation of the abridged inflation adjusted financial statements, in accordance with IFRS, and in the manner required by the Banking Act.

Auditor's responsibility

Our responsibility is to express an opinion on whether the abridged financial statements of First Capital Bank Limited are consistent, in all material respects, with the audited financial statements of First Capital Bank Limited based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), engagements to report on abridged financial statements.



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

26 March 2024