First Capital BANK

Reviewed Financial Results
For the half year ended 30 June 2022

Chairman's Statement

Introduction
The economy witnessed mixed business sentiments in the first six months of 2022. This was consistent with developments at a global level where uncertainty and supply chain challenges were generally elevated. Despite significant headwinds in the operating environment, the Bank managed to stay on course to generating growth and thus meeting its strategic vision.

Macro-economic environment
The half year saw a strong recovery from the effects of the COVID-19 pandemic, with a sustained reduction in new cases giving impetus to the resumption of 'business-as-usual' across all economic sectors. Global tensions that characterised the first half of the period induced negative pressure on global output and spurred inflationary pressure in advanced economies. This dampened global growth prospects in the aftermath of the COVID 19 peak period with the International Monetary Fund revising its global economic growth forecast for 2022 from 4.9% to 3.6% in April 2022.

With international trade being a significant component of gross national product, the domestic economy suffered from the spill-over effects of supply chain disruptions at a global level and increasing inflation in source markets. This compounded underlying fragility anchored on an unstable monetary environment and a less than expected 2021/22 agriculture output following an erratic rain season. Resultantly, the Government revised downwards its growth projection for 2022 to 4.6% from the initially projected 5.5%.

Annual inflation continued on an upward trend during the period, accelerating to 191.6% in June 2022, up from 60.7% in December 2021. This is against the background of a 237% devaluation of the Zimbabwean dollar (ZW$) against the United States of America's dollar (US$) at the official foreign exchange auction market with the official exchange rate closing the period at ZW$366.27, from ZW$108.67 on 31 December 2021. The official exchange market continued to trade at a substantial discount compared to the parallel markets.

The Reserve Bank of Zimbabwe maintained a tight monetary policy framework to counterbalance expansionary pressure on money supply aiming to restore confidence in the ZW$ and promote its widespread usage in a multi-currency environment. These measures included the mopping up of banks daily excess liquidity through the issuance of 0% Non-negotiable Certificates of Deposit and the hiking of policy interest rates in tandem with projected inflation levels, the latter being aimed at stemming speculative borrowing whilst promoting a culture of saving.

Earnings performance
The Bank's inflation adjusted operating profit (profit before tax excluding fair value credits on investment property and joint venture investments) for the six months to 30 June 2022 amounted to ZW$2.14bn, 10% higher compared to ZW$1.95bn posted in the corresponding period in the prior year. This translates to an Earnings per share of ZW$0.22 for the period which was broadly flat from the first half of 2021. This sustained performance was underpinned by an increase in the customer base, growth in deposits and the loan book, with a marked move towards foreign currency denominated business being noted during the period.

Capitalisation and liquidity
The rapid devaluation of the ZW$ exerted pressure on capital resulting in the Bank's US$ denominated core capital having reduced from US$74.8m as at 31 December 2021 to US$44.4m as at 30 June 2022. This level is still 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 34% which is well above the regulatory minimum of 12%. The Bank also operated with a comfortable buffer above the regulatory minimum liquid assets ratio of 30% throughout the period, representing capacity to underwrite more business.

Dividend
The Board has declared an interim dividend of ZWL44.23 cents per share. A separate dividend notice will be issued, with respect to the dividend declaration.

Outlook
The Board expects the operating environment to remain tight in the short to medium term. Consequently, a fine balance will be maintained between the quest for short term profitability and the long-term sustainability of the business. The Board remains optimistic about the growth prospects of the business notwithstanding the requirement for caution in navigating expected short-term disruptions that may still emerge at a macro-level as policies adopted by regulatory authorities to stabilise the markets take root.

Appreciation
I wish to thank our customers and stakeholders who have exhibited resilience in uncertain times and for their continued support. I extend my appreciation to fellow directors, management, and staff for all the efforts during this period and believe together we will grow the business.

Patrick Devenish
(Chairman)

26 August, 2022

Managing Director's Report

Overview
The Bank's outturn for the first half of the period reflects performance resilience against the backdrop of a tenuous operating environment which projected an outlook that did not favour balance sheet expansion for banks. With ZW$ liquidity on the market having been largely constrained throughout the period, the Bank has experienced a notable shift in its operations with foreign denominated business becoming increasingly prominent.

With a volatile macro-economic environment and continued inflationary pressure, the Bank's strategic focus was anchored on preserving capital, building a sustainable operation for the long term, and optimising on growth opportunities on a selective basis.

The continuing economic fragility, characterised by hyperinflation and an unstable foreign exchange regime, remains a matter of concern with respect to performance sustainability going forward.

Business performance
The Bank's total deposits adjusted for inflation grew by 14% from ZW$35.9bn as at 31 December 2021 to ZW$40.8bn as at 30 June 2022. On the same basis, the loans to customers also increased by 37% over the same period to close at ZW$21.4bn, compared to ZW$15.6bn at 31 December 2021, with 68% of business having been underwritten in foreign currency.

Asset quality remained satisfactory, with a loan loss ratio of 1.6% during the period against a non-performing loan ratio of 1.7%, well within the Bank's appetite.

Total income over the six months to 30 June 2022, at ZW$10.4bn increased by 57% over the total income earned in the corresponding period in 2021 which amounts to ZW$6.6bn. This was supported by an improvement from underlying business, with net interest income and net fees and commissions having increased by 12% and 18% respectively. A 290% increase in foreign exchange trading income also contributed significantly to income growth, underlining the effects of exchange rate movements and growth in foreign currency denominated business during the period.

Operating expenses increased by 34% from ZW$4.5bn in the first half of 2021 to ZW$6.1bn in the period under review. However, an improvement in general cost efficiency was noted with the cost to income ratio having moved from 68% in June 2021 to 58% in June 2022.

The Bank posted a profit of ZW$471.9m for the 6 months to June 2022, a slight reduction of 2% from ZW$483.8m recorded for the same period in 2021. This follows a significant increase in the monetary loss of 701% and a higher tax charge increase of 116% computed for 2022. The total comprehensive income for the period, after incorporating revaluation credits on assets and the investment portfolio amounted to ZW$5.3bn for the 6 months to June 2022, 598% higher than the ZW$754.4m reported for the corresponding period in 2021.

Lines of credit
The Bank procured an EUR12.5m open line of credit from the European Investment Bank (EIB) during the period under review. This is a medium-term facility running up to 7 years and is expected to provide capital funding for mid-cap customers. This is a critical intervention coming at a time when the economy is showing signs of a rebound.

Innovation through Product Development
The Bank is committed to providing its customers with relevant products and services that support their individual needs. This is being achieved on the back of strong relationships with like-minded technical and business partners. Recent partnerships with Money Transfer Agencies, RIA and HelloPaisa were followed by the successful launch of Western Union resulting in increased options for customers.

The Bank launched a series of innovative enhancements on its Mobile App, creating a 360-degree banking experience with multiple functionalities. Additionally, a Gold Card with improved security features for those who travel or make payments online was successfully launched during the period.

The Bank will continue to build a presence in the innovation space and capitalise on opportunities.

Capacity building
Investing in local communities is a business imperative. Our belief is that tomorrow's leaders need to be supported today.

For the first half of the period, the Bank partnered with Junior Achievement Zimbabwe (JAZ) during the Global Money week and provided financial literacy training to 4664 students in and around Harare. Additionally, over 200 JAZ students were given an opportunity to shadow our colleagues across the country whilst our staff volunteers ran a mentorship session for over 75 out of school young people in Harare.

To empower and encourage self-sustaining income generating projects, the Bank donated farm inputs to 1500 students and teachers at Chemondoro Primary School in Murehwa and will seek to roll out this model to other provinces.

Appreciation
I would like to thank our customers for their continued support and confidence in our business and the people who drive it. I remain committed to delivering on our promise, to enable our customers to reach their extraordinary. I am grateful to our colleagues who continue to deliver excellent service to our customers often under challenging circumstances.

I look forward to achieving our goals and meeting customer expectations over the period ahead.

Ciaran McSharry
(Managing Director)

26 August, 2022

Corporate Governance Statement

The Board of Directors of First Capital Bank Limited ("the Board/ First Capital Bank") is committed to and recognises 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. To achieve good governance, the Board subscribes to principles of international best practice in corporate governance as guided by, among others, the Banking Act [Chapter 24:20], the Companies and other Business Entities Act [Chapter 24:31], the Reserve Bank of Zimbabwe Corporate Governance Guideline No.1 of 2004, the Zimbabwe Stock Exchange Listing Rules, SI134/2019 and the Zimbabwe National Code on Corporate Governance.

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

Board responsibilities
The Board is responsible for setting the strategic direction of the Bank as well as determining the way in which specific governance matters are approached and addressed, approving policies and plans that give effect to the strategy, overseeing and monitoring the implementation of strategy by management and ensuring accountability through among other means adequate reporting and disclosures. The Board is guided by the Board Charter in the execution of its mandate. The roles of the Board Chairman and that of the Managing Director are separate and clearly defined and the Board always ensures a division of responsibilities 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 itsCcommittees, assisting in the identification and recruitment of talent to the Board, managing performance appraisals for directors including oversight of the annual Board effectiveness review and proactively managing regulatory relationships in conjunction with management. In addition, the non-executive directors proactively engage with the Bank's management to challenge and improve strategy implementation, counsel, and support to management and to test and challenge the implementation of controls, processes and policies which enable risk to be effectively assessed and managed.

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

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

Directors' remuneration
The Board Human Resources and Nominations Committee sets the remuneration policy and approves the remuneration of the executive directors and other senior executives as well as that of the non-executive directors. The remuneration package of executive directors includes a basic salary and a performance bonus which is paid based on the performance of the company as well as that of the individual. The Bank also has in place a share option scheme, meant to be a long-term retention incentive for employees.

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

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

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

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

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

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

The First Capital Bank Head of Internal Audit reports directly to the Chairman of the Board Audit Committee and administratively to the Managing Director.

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

Corporate Governance Statement (continued)

Ethics
In our endeavour 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 always observe the highest standards of integrity in all their dealings and conduct. The Bank has a zero-tolerance policy to bribery and corruption. In addition, the business has a whistle-blowing facility managed by Deloitte 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 and its Committees hold meetings at least once in every quarter. Each Board Committee held at least four quarterly meetings. The areas of focus included the setting of strategic direction, the review of strategy and business operations, business continuity in light of the COVID-19 pandemic and the attendant lockdowns, credit sanctioning as per approved limits, review of internal controls and financial reports, review of the quality of the loan book, review and oversight of the Bank's risk management processes and oversight of the recruitment, remuneration and performance reviews of senior management. A table detailing director's attendance of meetings during the perid under review is shown in the last part of this report.

Board and director evaluation
The Board conducts an annual evaluation process which assesses its overall performance and effectiveness, and that of individual directors, the Board Chairman and its Committees. This process is facilitated by an external party to allow for objectivity. The evaluation process involves directors completing evaluation questionnaires and having one on one meeting 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 its mandate. The ultimate responsibility of running the Bank, however, remains with the Board. The sub-committees 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 because of internal control breakdowns.

The committee is wholly comprised of independent non-executive directors. The members of the Committee as of 30 June 2022 were:
A. Chinamo (Chairperson)
T. Moyo
K. Terry

Board Credit Committee
"The Board Credit Committee is tasked with the overall review of the Bank's lending policies. At each meeting, the Committee deliberates and considers loan applications beyond the discretionary limits of management. It ensures that there are effective procedures and resources to identify and manage irregular or problem credit facilities, minimize credit loss and maximize recoveries. It also directs, monitors, reviews, and considers all issues that may materially impact 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 of 30 June 2022 were:
K. Terry (Chairperson)
H. Anadkat
K. Naik

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

The Committee comprises three non-executive directors. The members of the Committee as of 30 June 2022 were:
T. Moyo (Chairperson)
A. Chinamo
S. 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 of 30 June 2022 were:
K. Naik (Chairperson)
P. Devenish
H. Anadkat

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

The Committee comprises three non-executive directors. As of 30 June 2022, members of the committee were:
S. N. Moyo (Chairperson)
A. Chinamo
M. Gursahani

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

The Committee comprises three non-executive directors. As of 30 June 2022, the Committee was made up of the following members:
K. Terry (Chairperson)
T. Moyo
M. Gursahani

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

Executive Committee (EXCO)
The Executive Committee is the operational management forum responsible for the delivery of the Bank's operational plans. The Executive Committee acts as a link between the Board and management and is responsible for the implementation of operational plans, annual budgeting, and periodic review of strategic plans, as well as identification and management of key risks. The Executive Committee also reviews and approves guidelines for employee remuneration. The Executive Committee assists the Managing Director to manage the Bank, to guide and control the overall direction of the business of the Bank and acts as a medium of communication and co-ordination between business units and the Board. The Committee 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 Risk Management Committee. The Committee comprises executive directors and heads of functions key to the proper discharge of the Committee's responsibilities.

Board and Committees attendance 2022
Main Board

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

Audit committee

Name	Total Meetings	Present	Absent
A. Chinamo	2	2	Nil
T. Moyo	2	2	Nil
K. Terry	2	2	Nil

Human resources & nominations committee

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

Loans review committee

Name	Total Meetings	Present	Absent
T. Moyo	2	2	Nil
A Chinamo	2	2	Nil
S.N. Moyo	2	2	Nil

Risk committee

Name	Total Meetings	Present	Absent**
Name	Total Meetings	Present	Absent
S.N. Moyo	2	2	Nil
A. Chinamo	2	2	Nil
M. Gursahani	2	2	Nil

IT Committee

Name	Total Meetings	Present	Absent
K. Terry	2	2	Nil
T. Moyo	2	2	Nil
M. Gursahani	2	2	Nil
C. McSharry	2	2	Nil

Directors shareholding
The following is a schedule of the directors' shareholdings in the Bank as of 30 June 2022.

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

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

Half-year financial results
The Directors are responsible for the preparation and integrity of the financial results and related financial information contained in this report. The financial results are prepared in accordance with international accounting practices, and they incorporate responsible disclosures to ensure that the information contained therein is both relevant and reliable. These reviewed financial results have been prepared under the supervision of Chief Finance Officer, Fanuel Kapanje CA (Z) PAAB Registered Accountant No. 2295.

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

By Order of the Board

Sarudzai Binha
Acting Company Secretary

26 August 2022

Auditor's statement
for the half year ended 30 June 2022

The inflation adjusted financial results for the 6 months ended 30 June 2022 have been reviewed by the Bank's external auditors, Deloitte & Touche, who have issued a qualified review conclusion as a result of the valuation of property in the comparative period ended 30 June 2021.

The financial results for the comparative statement of comprehensive income carried a qualified review conclusion at 30 June 2021 as a result of the valuation of the land and buildings, investment property and the joint venture investment. This qualification was remediated at 31 December 2021 and therefore will not impact subsequent financial reporting periods. However, because the 30 June 2021 results presented have not been restated to correct this position, the review conclusion has carried forward the qualification.

The partner for the review engagement was Mr. Lawrence Nyajeka, PAAB practice certificate number 0598.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half year ended 30 June 2022

	Notes	Inflation adjusted 30.06.2022 ZWL000	"Inflation adjusted Restated**" 30.06.2021 ZWL000	Historical* 30.06.2022 ZWL000	"Historical Restated**" 30.06.2021 ZWL000
Interest income	3	3,358,208	2,837,330	2,162,205	919,762
Interest expense	4	(220,597)	(48,204)	(141,543)	(15,482)
Net interest income		**3,137,611**	**2,789,126**	**2,020,662**	**904,280**
Net fee and commission income	5	3,431,103	2,911,549	2,298,437	938,578
Net trading and foreign exchange income	6	3,656,488	938,506	2,600,517	299,513
Net investment and other income	7	118,987	136,271	78,111	44,461
Fair value gain / (loss) on investment property	19	47,815	(136,717)	1,604,625	12,583
Total non interest income		**7,254,393**	**3,849,609**	**6,581,690**	**1,295,135**
Total income		**10,392,004**	**6,638,735**	**8,602,352**	**2,199,415**
Impairment losses on financial assets	8	(344,876)	(84,078)	(218,605)	(26,370)
Net operating income		**10,047,128**	**6,554,657**	**8,383,747**	**2,173,045**
Operating expenses	9	(6,069,186)	(4,516,409)	(3,744,602)	(1,225,308)
Net monetary loss	10	(1,792,052)	(223,765)	-	-
Share of profit / (loss) from joint venture	21	184,984	(451,220)	3,820,330	47,150
Profit before tax		**2,370,874**	**1,363,263**	**8,459,475**	**994,887**
Taxation	11	(1,899,003)	(879,470)	(1,203,648)	(272,835)
Profit for the period		**471,871**	**483,793**	**7,255,827**	**722,052**
Other comprehensive income					
Items that will not be subsequently reclassified to profit or loss					
Gain / (loss) on revaluations	18	4,142,528	(410,185)	8,227,570	52,024
Deferred tax		(25,666)	101,398	(1,001,650)	(12,859)
Gain on financial assets at fair value through other comprehensive income		720,250	609,369	2,019,406	219,390
Deferred tax		(42,199)	(29,934)	(113,318)	(10,786)
Total other comprehensive income		**4,794,913**	**270,648**	**9,132,008**	**247,769**
Total comprehensive income		**5,266,784**	**754,441**	**16,387,835**	**969,821**
Earnings per share					
Basic (cents per share)		22	22	336	33
Diluted (cents per share)		22	22	335	33

*Refer to note 2.2
**Restated to reflect correction of cost classification error in 2021 (note 9.2)

Consolidated Statement of Financial Position
as at 30 June 2022

	Notes	Inflation adjusted 30.06.2022 ZWL000	Inflation adjusted 31.12.2021 ZWL000	Historical* 30.06.2022 ZWL000	Historical* 31.12.2021 ZWL000
Assets					
Cash and bank balances	12	20,323,636	19,920,309	20,323,636	9,099,463
Derivative financial instruments	13	47,499	3,921	47,499	1,791
Investment securities	14	4,951,067	6,347,697	4,951,067	2,899,585
Loans and receivables from banks	15	670,782	75,520	670,782	34,497
Loans and advances to customers	16	21,397,042	15,634,290	21,397,042	7,141,638
Other assets	17	10,977,474	6,018,036	10,363,030	2,654,391
Investment properties	19	2,913,751	2,798,509	2,913,751	1,278,340
Investment in joint venture	21	6,915,632	6,751,687	6,904,455	3,084,125
Property and equipment	18	11,806,246	7,728,026	11,806,246	3,515,459
Intangible assets	20	501,891	571,176	10,461	11,982
Right of use assets	22.1	1,845,699	376,402	1,667,779	171,938
Total assets		**82,350,719**	**66,225,573**	**81,055,748**	**29,893,209**
Liabilities					
Derivative financial instruments	13	-	2,785	-	1,272
Lease liabilities	22.2	1,781,460	374,419	1,781,460	171,032
Deposits from banks	23	708,760	1,198,265	708,760	547,359
Deposits from customer	24	40,840,528	35,896,583	40,840,528	16,397,317
Employee benefit accruals	25	311,925	440,642	311,925	201,283
Other liabilities	26	7,796,321	3,136,527	7,752,326	1,424,672
Current tax liabilities		774,700	27,711	774,700	12,658
Balances due to group companies	35.3	1,379,001	503,641	1,379,001	230,060
Deferred tax liabilities	28	1,976,061	1,811,093	1,779,948	735,439
Total liabilities		**55,568,756**	**43,391,666**	**55,328,648**	**19,721,092**
Equity					
Capital and reserves					
Share capital	29.1	25,178	25,178	216	216
Share premium	29.1	2,783,770	2,783,761	24,094	24,085
Retained earnings		12,184,182	13,158,025	13,197,222	6,902,433
Non - distributable reserve	29.2	908,745	908,745	7,785	7,785
Fair value through other comprehensive income reserve	29.3	2,781,374	2,103,323	2,920,679	1,014,591
Property revaluation reserve	29.4	7,825,143	3,708,281	9,446,654	2,220,734
General reserve	29.5	126,981	-	126,981	-
Share - based payment reserve	29.6	146,590	146,594	3,469	2,273
Total equity		**26,781,963**	**22,833,907**	**25,727,100**	**10,172,117**
Total equity and liabilities		**82,350,719**	**66,225,573**	**81,055,748**	**29,893,209**

*Refer to note 2.2

Consolidated Statement of Changes in Equity
for the half year ended 30 June 2022

Inflation adjusted 2022	Share capital ZWL000	Share premium ZWL000	Retained earnings ZWL000	Non-distributable reserves ZWL000	Fair value through other comprehensive income ZWL000	Property revaluation reserves ZWL000	General reserve ZWL000	Share-based payment reserve ZWL000	Total equity ZWL000
Balance at 1 January 2022	**25,178**	**2,783,761**	**13,158,025**	**908,745**	**2,103,323**	**3,708,281**	**-**	**146,594**	**22,833,907**
Profit for the period	-	-	471,871	-	-	-	-	-	**471,871**
Other comprehensive income for the period	-	-	-	-	678,051	4,116,862	-	-	**4,794,913**
Total comprehensive income for the period	**-**	**-**	**471,871**	**-**	**678,051**	**4,116,862**	**-**	**-**	**5,266,784**
Transfer between reserves	-	-	(126,981)	-	-	-	126,981	-	**-**
Recognition of share - based payments	-	-	-	-	-	-	-	1,199	**1,199**
Issue of ordinary shares under share-based payment plans	-	9	-	-	-	-	-	(1,203)	**(1,194)**
Dividends paid	-	-	(1,318,733)	-	-	-	-	-	**(1,318,733)**
Balance at 30 June 2022	**25,178**	**2,783,770**	**12,184,182**	**908,745**	**2,781,374**	**7,825,143**	**126,981**	**146,590**	**26,781,963**
Historical 2022*									
Balance at 1 January 2022	**216**	**24,085**	**6,902,433**	**7,785**	**1,014,591**	**2,220,734**	**-**	**2,273**	**10,172,117**
Profit for the period	-	-	7,255,827	-	-	-	-	-	**7,255,827**
Other comprehensive income for the period	-	-	-	-	1,906,088	7,225,920	-	-	**9,132,008**
Total comprehensive income for the period	**-**	**-**	**7,255,827**	**-**	**1,906,088**	**7,225,920**	**-**	**-**	**16,387,835**
Transfer between reserves	-	-	(126,981)	-	-	-	126,981	-	**-**
Recognition of share-based payments	-	-	-	-	-	-	-	1,200	**1,200**
Issue of ordinary shares under share-based payment plans	-	9	-	-	-	-	-	(4)	**5**
Dividend paid	-	-	(834,057)	-	-	-	-	-	**(834,057)**
Balance at 30 June 2022	**216**	**24,094**	**13,197,222**	**7,785**	**2,920,679**	**9,446,654**	**126,981**	**3,469**	**25,727,100**

*Refer to note 2.2

Consolidated Statement of Cash Flows
for the half year ended 30 June 2022

	Notes	Inflation adjusted 30.06.2022 ZWL000	Inflation adjusted restated** 30.06.2021 ZWL000	Historical* 30.06.2022 ZWL000	Historical restated** 30.06.2021 ZWL000
Cash flows from operating activities					
Profit before tax		**2,370,874**	**1,363,263**	**8,459,475**	**994,887**
Adjustments:					
Depreciation of property, equipment, software amortisation and the right of use asset impairment		326,841	355,578	103,594	29,438
Impairment loss on financial assets	8	345,283	84,228	218,858	26,417
Share of (profit)/loss from joint venture	21	(184,984)	451,220	(3,820,330)	(47,150)
Fair value (gain)/loss on investment property	19	(47,815)	136,717	(1,604,625)	(12,583)
Dividend income	7	(78,718)	(108,921)	(45,828)	(35,544)
Loss/ (profit) on disposal of property and equipment		(14,253)	(1,076)	(14,748)	(494)
Interest on investment securities	3	(243,283)	(58,154)	(147,594)	(18,513)
Staff loan prepayment amortisation		307,174	424,232	(2,117)	(1,459)
Interest on lease liabilities	22.2	40,042	44,055	30,106	14,149
Net monetary loss		1,792,052	223,765	-	-
Share based payment expense		1,199	1,101	1,199	378
Derivatives		(47,499)	(3,369)	(47,499)	(1,155)
Cash flow from operating activities		**4,566,913**	**2,912,639**	**3,130,491**	**948,371**
Decrease in loans and advances to customers		(5,762,751)	(4,770,459)	(14,429,383)	(2,138,217)
Decrease in other assets		(6,340,277)	(913,477)	(7,676,889)	(637,024)
Increase/(decrease) in deposits from customers		4,943,944	(2,370,813)	24,443,211	1,002,406
Increase/(Decrease) in other liabilities		5,406,437	(1,381,848)	7,587,239	(281,725)
Corporate income tax paid		(626,941)	(883,273)	(512,065)	(291,262)
Net cash generated/(utilised) from operating activities		**2,187,325**	**(7,407,231)**	**12,542,604**	**(1,397,451)**

	Notes	Inflation adjusted 30.06.2022 ZWL000	Inflation adjusted restated** 30.06.2021 ZWL000	Historical* 30.06.2022 ZWL000	Historical restated** 30.06.2021 ZWL000
Cash flows from investing activities					
Purchase of property, equipment and intangible assets	18	(198,552)	(525,741)	(158,318)	(173,483)
Proceeds from sale of property and equipment		15,346	1,607	14,922	498
Dividends received		78,718	108,921	45,828	35,544
Increase in loans and receivables from banks		(595,262)	-	(636,285)	-
Interest received from investment securities		506,277	114,366	199,473	43,559
Purchase of investments securities		(6,248,693)	(27,856,651)	(3,017,880)	(8,802,003)
Proceeds from sale and maturities of investment securities		6,073,180	28,861,485	3,136,389	9,105,000
Net cash (utilised) /generated from investing activities		**(368,986)**	**703,987**	**(415,871)**	**209,115**
Cash flows from financing activities					
Proceeds from issue of shares under a share based payment plan		5	103	5	34
Dividend paid		(1,318,733)	-	(834,057)	-
Lease liabilities payments	22.2	(96,284)	(82,529)	(68,508)	(26,473)
Net cash used in financing activities		**(1,415,012)**	**(82,426)**	**(902,560)**	**(26,439)**
Net increase/(decrease) in cash and cash equivalents		**403,326**	**(6,785,675)**	**11,224,173**	**(1,214,775)**
Cash and cash equivalents at the beginning of the period		19,920,309	18,905,347	9,099,463	5,372,648
Cash and cash equivalents at the end of the period	12	**20,323,636**	**12,119,676**	**20,323,636**	**4,157,873**

*Refer to note 2.2

Notes to Consolidated Financial Statements
for the half year ended 30 June 2022

1 General information

First Capital Bank Limited ("the Bank") provides retail, corporate and investment banking services in Zimbabwe. The Bank which is incorporated and domiciled in Zimbabwe is a registered commercial bank under the Zimbabwe Banking Act Chapter (24:20). The ultimate parent company is FMBcapital Holdings PLC incorporated in Mauritius. The Bank has a primary listing on the Zimbabwe Stock Exchange.

2 Basis of preparation

2.1 Basis of measurement

The reviewed consolidated financial results have been prepared on the basis of IAS 29: Financial Reporting for Hyperinflationary Economies and in accordance with International Financial Reporting Standards (IFRS), as well as the requirements of the Companies and Other Business Entities Act (Chapter 24:31) and the Banking Act (Chapter 24.20).

The following All items CPI indices were used to prepare the rviewed consolideted financial results:

	All items CPI Indices	Conversion factors
30-Jun-22	8,707.35	1.00
31-Dec-21	3,977.46	2.19
30-Jun-21	2,986.44	2.92

The procedures applied for the above restatement are as follows:

Financial statements prepared in the currency of a hyper-inflationary economy are stated in terms of the closing Consumer Price Index ("CPI") at the end of the reporting period. The historical cost financial information is re-stated for the changes in purchasing power (inflation), and corresponding figures for the prior period are restated in the same terms. Monetary assets and liabilities are not restated while non-monetary assets and liabilities that are not carried at amounts current at balance sheet date and components of shareholders' equity are restated by the relevant monthly conversion factors.

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

2.2 Historic financial information

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

Accounting policies

The accounting policies applied in the preparation of the audited financial results are consistent with the most recent financial statements for the year ended 31 December 2021."

2.3 Consolidated financial statements

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 is earmarked for further development over the next three years. The Bank therefore prepares consolidated financial statements per IFRS 10 requirements. Land is the only line item in the subsidiary and no other transactions exist. Investment in subsidiary and equity of the subsidiary are eliminated when consolidating. No goodwill or gain on bargain purchase arose on acquisition of Thulile (Private) Limited ."

2.4 Functional and presentation currency

The financial results are presented in Zimbabwe Dollars (ZWL), the functional and presentation currency of the Bank.

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

The Bank used the interbank exchanges rates as derived from the auction to convert foreign currency transactions and balances in the financial results. During the period, the majority of the Bank`s transaction were processed using auction determined exchange rates.

2.5 Material estimates and judgements

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

a) Determination of the functional currency
b) Measurement of the expected credit losses on financial assets
c) Fair value computations on securities, investment properties, property and equipment and the value of share options
d) Useful lives of property and equipment
e) Computation of tax liabilities; and
f) Determination of exchange rate for translating foreign currency balances.

	Inflation adjusted		Historical	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
3 Interest income	ZWL000	ZWL000	ZWL000	ZWL000
Bank balances	62,563	161,517	19,175	51,663
Loans and receivables from banks and investment securities	243,283	58,154	147,594	18,513
Loans and advances to customers	3,046,795	2,614,845	1,992,005	848,686
Promissory notes	5,567	2,814	3,431	900
Total interest income	**3,358,208**	**2,837,330**	**2,162,205**	**909,672**
4 Interest expense				
Interest on lease liabilities	(40,042)	(44,055)	(30,106)	(14,149)
Deposits from banks	(115,110)	(4,149)	(66,828)	(1,333)
Customer deposits	(65,445)	-	(44,609)	-
Total interest expense	**(220,597)**	**(48,204)**	**(141,543)**	**(15,482)**
5 Net fee and commission income				
Fee and commission income				
Account maintainance fees	732,340	584,028	442,418	166,857
Insurance commission received	11,354	7,150	8,322	2,291
Transfers and other transactional fees	1,250,253	1,153,205	879,797	394,132
Guarantees	124,339	104,684	82,507	33,244
Card based transaction fees	499,494	420,932	326,300	134,767
Cash withdrawal fees	824,051	649,353	563,137	209,782
Fee and commission income	**3,441,831**	**2,919,352**	**2,302,481**	**941,073**
Fee and commission expense				
Guarantees	(10,728)	(7,803)	(4,044)	(2,495)
Fee and commission expense	**(10,728)**	**(7,803)**	**(4,044)**	**(2,495)**
Net fee and commission income	**3,431,103**	**2,911,549**	**2,298,437**	**938,578**

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

6 Net trading and foreign exchange income				
Net foreign exchange revaluation gain	2,381,639	37,552	1,682,525	11,453
Net foreign exchange trading income	1,274,849	900,954	917,992	288,060
Total trading and foreign exchange	**3,656,488**	**938,506**	**2,600,517**	**299,513**
7 Net investment and other income				
Dividend income	78,718	108,921	45,828	35,544
Profit on disposal of property and equipment	14,253	1,076	14,748	494
Rental income	25,286	24,671	17,016	7,897
Sundry income	730	1,603	519	526
Total net investment and other income	**118,987**	**136,271**	**78,111**	**44,461**

	Inflation adjusted		Historical	
8 Impairment losses on financial assets	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Stage 1	ZWL000	ZWL000	ZWL000	ZWL000
Loans and advances to customers	(95,008)	(67,002)	(72,783)	(20,861)
Balances with banks - local & nostro	(4,092)	(154)	(3,473)	(53)
Investment securities - treasury bills & bonds	7,048	(7,314)	3,156	(2,523)
Other assets including RBZ Net Operating Position (NOP) receivable	(61,863)	3,958	(44,562)	1,304
Total	**(153,915)**	**(70,512)**	**(117,662)**	**(22,132)**
Stage 2				
Loans and advances to customers	3,641	(2,327)	1,541	(633)
Total	**3,641**	**(2,327)**	**1,541**	**(633)**
Stage 3				
Loans and advances to customers	(195,009)	(11,389)	(102,737)	(3,652)
Total	**(195,009)**	**(11,389)**	**(102,737)**	**(3,652)**
Total impairment raised during the period	**(345,283)**	**(84,228)**	**(218,858)**	**(26,417)**
Recoveries of loans and advances previously written off	407	150	253	47
Impairment losses recognised in profit/ loss	**(344,876)**	**(84,078)**	**(218,605)**	**(26,370)**

9 Operating expenses					
Staff costs	**9.1.1**	(2,404,579)	(1,662,070)	(1,440,554)	(417,685)
Infrastructure costs	**9.1.2**	(1,166,055)	(1,151,780)	(663,757)	(284,199)
General expenses	**9.1.3**	(2,498,552)	(1,702,559)	(1,640,291)	(523,424)
Total operating expenses		**(6,069,186)**	**(4,516,409)**	**(3,744,602)**	**(1,225,308)**

Breakdown of the expenses is as shown in note 9.1.

9 .1 Operating expenses Analysis

9.1.1 Staff costs				
Salaries and allowances	(1,599,033)	(1,172,104)	(918,383)	(260,833)
Retention incentive and 13th cheque	(358,126)	(177,605)	(226,167)	(56,698)
Medical costs	(125,947)	(81,561)	(83,940)	(26,175)
Social security costs	(16,141)	(3,045)	(11,357)	(998)
Pension costs: defined contribution plans	(146,849)	(96,282)	(91,940)	(30,927)
Retrenchment costs	(27,713)	-	(27,713)	-
Directors` remuneration - for services as management	(129,571)	(130,372)	(79,855)	(41,676)
Share based payments	(1,199)	(1,101)	(1,199)	(378)
Total staff cost	**(2,404,579)**	**(1,662,070)**	**(1,440,554)**	**(417,685)**
Average number of employees during the period:	514	474	514	474
9.1.2 Infrastructure costs				
Repairs and maintenance	(118,786)	(102,216)	(81,708)	(33,107)
Heating, lighting, cleaning and rates	(113,763)	(111,757)	(74,865)	(35,778)
Security costs	(86,084)	(52,735)	(57,418)	(16,988)
Depreciation of property and equipment	(194,342)	(140,620)	(63,398)	(8,944)
Depreciation of right of use asset	(63,215)	(145,673)	(38,675)	(18,973)
Software amortisation	(69,285)	(69,285)	(1,521)	(1,521)
Operating lease - short term leases	(21,364)	(18,818)	(13,706)	(6,018)
Connectivity, software and licences	(499,216)	(510,676)	(332,466)	(162,870)
Total infrastructure costs	**(1,166,055)**	**(1,151,780)**	**(663,757)**	**(284,199)**
9.1.3 General expenses				
Auditors' remuneration:				
Audit related services	(21,579)	(18,267)	(15,060)	(5,830)
Review services	(3,532)	(7,931)	(2,177)	(2,535)
Total auditors' remuneration	**(25,111)**	**(26,198)**	**(17,237)**	**(8,365)**
Consultancy, legal & professional fees	(43,629)	(48,953)	(34,086)	(15,865)
Subscription, publications & stationery	(94,153)	(110,407)	(62,363)	(31,404)
Marketing, advertising & sponsorship	(175,789)	(73,493)	(124,381)	(23,835)
Travel & accommodation	(117,425)	(78,907)	(89,083)	(25,578)
Entertainment	(285)	(121)	(261)	(40)
Cash transportation	(196,434)	(189,721)	(131,808)	(61,128)
Directors fees	(20,709)	(9,852)	(12,003)	(3,103)
COVID-19 costs	(54,478)	(82,503)	(33,575)	(26,374)
Insurance costs	(126,902)	(126,261)	(80,976)	(40,421)
Telex, telephones & communication	(212,572)	(132,640)	(151,962)	(42,378)
Group recharges	(1,053,945)	(626,240)	(736,324)	(200,449)
Card operating expenses	(78,969)	(81,505)	(53,111)	(26,281)
Other administrative & general expenses	(298,151)	(115,758)	(113,122)	(18,203)
Total general expenses	**(2,498,552)**	**(1,702,559)**	**(1,640,292)**	**(523,424)**

9.2 Restatement of statement of profit or loss and other comprehensive income

Expenses presentation

The statement of profit or loss and other comprehensive income for the half year ended 30 June 2021 has been restated to present expenses by their function, as IAS 1 Presentation of Financial Statements requires that these items be presented by either their function or by their nature. This restatement has no impact on the net profit reported in the comparative period.

The table below highlights the impact of restatement:

	As previously reported		Re-stated	
	Inflation adjusted	Historical	Inflation adjusted	Historical
	ZWL000	ZWL000	ZWL000	ZWL000
	30.06.2022	30.06.2022	30.06.2022	30.06.2022
Staff costs	(1,662,070)	(417,685)		
Infrastructure costs	(1,151,780)	(284,199)		
Administration and general expenses	(1,702,559)	(523,424)		
Operating expenses	**(4,516,409)**	**(1,225,308)**	**(4,516,409)**	**(1,225,308)**

10 Net monetary loss (NML)

Net monetary loss is broadly comprised of the following:

	Inflation adjusted	
	30.06.2022	30.06.2021
	ZWL000	ZWL000
Average monetary assets	29,984,527	35,537,313
Average monetary liabilities	28,381,574	34,188,093
Average net monetary position	**1,602,953**	**1,349,219**
Index movement	1.19	0.21
Net monetary loss	**1,906,190**	**279,128**
Other monetary movements	(114,138)	(55,363)
Total net monetary loss charged to profit or loss	**1,792,052**	**223,765**

	Inflation adjusted		Historical	
11 Taxation	30.06.2022	30.06.2021	30.06.2022	30.06.2021
11.1 Income tax recognised in profit or loss	ZWL000	ZWL000	ZWL000	ZWL000
Normal tax - current period	(1,761,993)	(905,012)	(1,274,107)	(293,141)
Deferred tax credit/(expense) recognised in the current period	(137,010)	25,542	70,459	20,306
Total income tax charge recognised in the current period	**(1,899,003)**	**(879,470)**	**(1,203,648)**	**(272,835)**

Notes to Consolidated Financial Statements
for the half year ended 30 June 2022

		Inflation adjusted	Inflation adjusted restated*	Historical	Historical restated*
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
12	**Cash and bank balances**	ZWL000	ZWL000	ZWL000	ZWL000
	Balances with central bank	2,277,977	4,367,253	2,277,977	1,994,932
	Statutory reserve balance with central bank	900,040	1,344,882	900,040	614,333
	Cash on hand - foreign currency	5,322,130	6,665,297	5,322,130	3,044,663
	Cash on hand - local currency	75,893	113,386	75,893	51,793
	Balances due from group companies	146,340	84,597	146,340	38,643
	Balances with banks abroad	11,604,479	7,347,647	11,604,479	3,356,356
	Cash and bank balances	**20,326,859**	**19,923,062**	**20,326,859**	**9,100,720**
	Expected credit losses	(3,223)	(2,753)	(3,223)	(1,257)
	Net cash and bank balances*	**20,323,636**	**19,920,309**	**20,323,636**	**9,099,463**

*Cash and bank balances include restricted amounts relating to Reserve Bank of Zimbabwe (card transaction cash security, ZWL501million (2021:532million) and Statutory reserve for customer deposits, ZWL900million (2021:1.3billion) and Letters of credit foreign bank security deposits (Crown Agency and Afrexim Banks, ZWL2.4billion (2021:1.8billion)

13 Derivative financial instruments

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

Carrying amount

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

Contract amount

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

	Inflation adjusted		Historical	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Foreign exchange derivatives - assets	ZWL000	ZWL000	ZWL000	ZWL000
Foreign exchange swaps				
Notional contract amount - Asset	791,167	3,790,303	791,167	1,731,385
Notional contract amount - Liability	(743,668)	(3,786,382)	(743,668)	(1,729,594)
Carrying amount	**47,499**	**3,921**	**47,499**	**1,791**
Foreign exchange derivatives - liabilities				
Foreign exchange spot trades				
Notional contract amount - Asset	-	850,020	-	388,283
Notional contract amount - Liability	-	(852,805)	-	(389,555)
Carrying amount	**-**	**(2,785)**	**-**	**(1,272)**

14	**Investment securities**				
	Treasury bills and bonds	1,835,166	3,941,808	1,835,166	1,800,591
	Promissory notes	14,210	39,170	14,210	17,893
	Equity securities	3,101,691	2,366,719	3,101,691	1,081,101
	Balance at the end of the period	**4,951,067**	**6,347,697**	**4,951,067**	**2,899,585**
14.1	**Treasury bills and bonds**				
	Balance at beginning of period	3,941,808	3,409,270	1,800,591	968,868
	Additions	6,167,185	37,258,206	2,967,646	12,179,361
	Accrued interest	243,283	388,646	147,594	154,840
	Monetary adjustment	(2,817,541)	(710,339)	-	-
	Maturities	(5,684,847)	(36,429,684)	(3,081,949)	(11,515,088)
	Changes in fair value	(14,722)	25,709	1,284	12,610
	Balance at the end of the period	**1,835,166**	**3,941,808**	**1,835,166**	**1,800,591**

As at 30 June 2022, ZWL200 million of the Treasury bills and bonds was used as security against borrowings from third parties.

		Inflation adjusted		Historical	
14.2	**Promissory notes**	30.06.2022	31.12.2021	30.06.2022	31.12.2021
		ZWL000	ZWL000	ZWL000	ZWL000
	Balance at beginning of period	**39,170**	**-**	**17,893**	**-**
	Additions	81,508	224,659	50,234	79,528
	Accrued interest	850	1,730	524	612
	Maturities	(88,333)	(175,844)	(54,441)	(62,247)
	Monetary adjustments	(18,985)	(11,375)	-	-
	Balance at the end of the period	**14,210**	**39,170**	**14,210**	**17,893**
14.3	**Equity securities**				
	Balance at beginning of period	2,366,719	176,712	1,081,101	50,219
	Changes in fair value	734,972	2,095,140	2,020,590	998,345
	Additions	-	94,867	-	32,537
	Balance at the end of the period	**3,101,691**	**2,366,719**	**3,101,691**	**1,081,101**

Treasury bills and bonds classified as investment securities are held to collect contractual cash flows and sell if the need arises. They are measured at fair value through other comprehensive income.

Expected credit losses are accounted for through fair value through other comprehensive income reserve. A total of ZWL6.1 million has been recognised as expected credit loss as at 30 June 2022.

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

Financial assets held for investment purpose are classified as financial assets at amortised cost. These financial assets are held to earn interest income over their tenure and to collect contractual cash flows. No treasury bills were held for trading purposes as at 30 June 2022.

		Inflation adjusted		Historical	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
15	**Loans and receivables from banks**	ZWL000	ZWL000	ZWL000	ZWL000
	Interbank placements	603,567	-	603,567	-
	Clearing balances with other banks	67,215	75,520	67,215	34,497
	Total carrying amount of loans and receivables from banks	**670,782**	**75,520**	**670,782**	**34,497**

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

		Retail Banking	Business Banking	Corporate and Investment Banking	Total
16	**Loans and advances to customers**	ZWL000	ZWL000	ZWL000	ZWL000
	Historical and inflation adjusted 30 June 2022				
	Personal and term loans	3,822,404	1,839,765	13,176,281	18,838,450
	Mortgage loans	15,499	-	-	15,499
	Overdrafts	75,574	1,066,780	1,676,239	2,818,593
	Gross loans and advances to customers	**3,913,477**	**2,906,545**	**14,852,520**	**21,672,542**
	Less: allowance for expected credit losses				
	Stage1	(54,222)	(17,440)	(79,803)	(151,465)
	Stage2	(1,488)	(115)	(4,269)	(5,872)
	Stage3	(29,807)	(109)	(88,247)	(118,163)
	Allowance for expected credit losses	**(85,517)**	**(17,664)**	**(172,319)**	**(275,500)**
	Net loans and advances to customers	**3,827,960**	**2,888,881**	**14,680,201**	**21,397,042**

	Retail Banking	Business Banking	Corporate and Investment Banking	Total Banking
Inflation adjusted 31 December 2021	ZWL000	ZWL000	ZWL000	ZWL000
Personal and term loans	3,868,436	1,669,876	7,407,235	12,945,547
Mortgage loans	40,053	-	-	40,053
Overdrafts	7,572	582,582	2,280,783	2,870,937
Gross loans and advances to customers	**3,916,061**	**2,252,458**	**9,688,018**	**15,856,537**
Less: allowance for expected credit losses				
Stage1	(59,099)	(21,946)	(91,204)	(172,249)
Stage2	(4,569)	(5,078)	(6,582)	(16,229)
Stage3	(26,729)	(7,040)	-	(33,769)
Allowance for expected credit losses	**(90,397)**	**(34,064)**	**(97,786)**	**(222,247)**
Net loans and advances to customers	**3,825,664**	**2,218,394**	**9,590,232**	**15,634,290**

Historical 31 December 2021	ZWL000	ZWL000	ZWL000	ZWL000
Personal and term loans	1,767,075	762,788	3,383,575	5,913,438
Mortgage loans	18,296	-	-	18,296
Overdrafts	3,459	266,119	1,041,846	1,311,424
Gross loans and advances to customers	**1,788,830**	**1,028,907**	**4,425,421**	**7,243,158**
Less: allowance for expected credit losses				
Stage1	(26,996)	(10,025)	(41,661)	(78,682)
Stage2	(2,087)	(2,319)	(3,006)	(7,412)
Stage3	(12,210)	(3,216)	-	(15,426)
Allowance for expected credit losses	**(41,293)**	**(15,560)**	**(44,667)**	**(101,520)**
Net loans and advances to customers	**1,747,537**	**1,013,347**	**4,380,754**	**7,141,638**

		Inflation adjusted		Historical	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
17	**Other assets**	ZWL000	ZWL000	ZWL000	ZWL000
	Prepayments and stationery	1,022,225	582,564	606,875	235,768
	Card security deposit and settlement balances	849,541	550,861	849,541	251,629
	Customer auction funds ZWL receivable	5,920,938	2,297,976	5,920,938	1,049,700
	Other receivables	388,244	231,776	388,244	105,875
	RBZ receivable - NOP support*	2,464,442	1,963,567	2,464,442	896,944
	RBZ other legacy debts	3,901	2,533	3,901	1,157
	Staff loans prepaid benefit	410,180	470,795	211,086	150,793
	Total before expected credit losses	**11,059,471**	**6,100,072**	**10,445,027**	**2,691,865**
	Less: Expected credit loss	(81,997)	(82,036)	(81,997)	(37,474)
	Total other assets	**10,977,474**	**6,018,036**	**10,363,030**	**2,654,391**
	Current	8,223,583	4,007,069	7,797,679	1,656,539
	Non - current	2,753,888	2,010,968	2,565,351	997,852
	Total	**10,977,474**	**6,018,036**	**10,363,030**	**2,654,391**

* The receivable relates to the foreign currency commitment by the Reserve Bank to provide cash flows to cover USD16.2 million net open position which arose after separation of RTGS and foreign currency balances. Refer to note 30 for the valuation assumptions.

		Land and buildings	Computers	Equipment	Furniture and fittings	Motor vehicles	Total
18	**Consolidated Property and equipment**						
	Inflation adjusted 2022	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
	Balance at beginning of period	**7,333,975**	**177,159**	**23,438**	**4,731**	**188,723**	**7,728,026**
	Additions	-	32,298	61,851	719	103,684	**198,552**
	Revaluation	103,827	346,932	1,731,502	288,215	1,672,052	**4,142,528**
	Disposals	-	(40,067)	(1,004)	(490)	(12,878)	**(54,439)**
	Depreciation charge on disposals	-	39,733	246	489	12,878	**53,346**
	Transfer to investment properties	(67,426)					**(67,426)**
	Depreciation charge & Impairment charge	(82,456)	(38,657)	(18,051)	(20,805)	(34,372)	**(194,341)**
	Carrying amount at end of the period	**7,287,920**	**517,398**	**1,797,982**	**272,859**	**1,930,087**	**11,806,246**
	Cost or valuation	7,287,920	1,411,852	2,228,503	517,056	2,423,022	**13,868,353**
	Accumulated depreciation and impairment	-	(894,454)	(430,521)	(244,197)	(492,935)	**(2,062,107)**
	Carrying amount at end of the period	**7,287,920**	**517,398**	**1,797,982**	**272,859**	**1,930,087**	**11,806,246**
	Property and equipment						
	Historical 2022						
	Balance at beginning of period	**3,350,110**	**65,623**	**21,741**	**5,325**	**72,660**	**3,515,459**
	Additions	-	18,691	56,040	363	83,224	158,318
	Revaluation	4,008,175	442,759	1,723,996	267,850	1,784,790	8,227,570
	Disposals	-	(343)	(195)	(4)	(110)	(652)
	Depreciation charge on disposals	-	340	52	4	110	506
	Transfers to Investment property	(30,786)	-	-	-	-	(30,786)
	Depreciation charge	(39,580)	(9,701)	(3,642)	(659)	(10,587)	(64,169)
	Carrying amount at end of the period	**7,287,919**	**517,369**	**1,797,992**	**272,879**	**1,930,087**	**11,806,246**
	Cost or valuation	7,370,382	543,532	1,807,905	275,923	1,951,034	11,948,776
	Accumulated depreciation and impairment	(82,463)	(26,163)	(9,913)	(3,044)	(20,947)	(142,530)
	Carrying amount at end of the period	**7,287,919**	**517,369**	**1,797,992**	**272,879**	**1,930,087**	**11,806,246**

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If land and buildings were stated on the historical cost basis, the carrying amount would be ZWL126 million (2021: ZWL127 million). The inputs used in the revaluation of property and equipment have been classified as level 3 in the fair value hierarchy as they are not based on data that is readily available from the market (see note 30.4). All property and equipment was subjected to impairment testing internally and the directors are of the view that there is no cause for raising futher charges beyond what has been applied. Property worth ZWL2.0 billion was pledged as security against borrowings from third parties (2021- ZWL2,0 billion).

Revaluations are carried out on property and equipment with sufficient regularity to ensure that 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 (Pvt) Ltd (2021-CC Integrated Properties).

Land and buildings were valued by reference to inputs from the market deriving from transactions denominated in ZWL only.

		Inflation adjusted		Historical	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
19	**Investment properties**	ZWL000	ZWL000	ZWL000	ZWL000
	Balance at beginning of the period	2,798,509	1,011,589	1,278,340	287,480
	Transfer from property and equipment	67,427	-	30,786	-
	Changes in fair value	47,815	1,786,920	1,604,625	990,860
	Balance at the end of the period	**2,913,751**	**2,798,509**	**2,913,751**	**1,278,340**
	Rental income derived from investment properties	**25,286**	**49,357**	**17,016**	**17,671**

Investment properties were valued using ZWL denominated inputs. This represents a change in estimate from the approach used in June 2021 in which USD denominated inputs were applied to give a USD valuation which was then translated to ZWL using the official exchange rate.

The fair value of investment property was determined by external, independent property valuers, Integrated Property (2021: CC Sales). The independent valuers have appropriately 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 Bank`s investment property portfolio semi-annually.

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 period were ZWL14.2 million.

Property worth ZWL2.2 billion was pledged as security against borrowings from third parties (2021: ZWL2.2 million).

		Inflation adjusted		Historical	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
20	**Intangible assets**	ZWL000	ZWL000	ZWL000	ZWL000
	Balance at beginning of period	**571,176**	**709,745**	**11,982**	**15,023**
	Amortisation	(69,285)	(138,569)	(1,521)	(3,041)
	Balance at end of period	**501,891**	**571,176**	**10,461**	**11,982**
	Cost	923,795	923,795	20,276	20,276
	Accumulated amortisation	(421,904)	(352,619)	(9,815)	(8,294)
	Balance at end of period	**501,891**	**571,176**	**10,461**	**11,982**

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

		Inflation adjusted		Historical	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
21	**Investment in joint venture**	ZWL000	ZWL000	ZWL000	ZWL000
	Bank's interest in investment				
	Bank's interest at beginning of period	6,751,687	3,434,255	3,084,125	975,969
	Current year share of total comprehensive income in joint venture	184,984	3,383,428	3,820,330	2,126,189
	Monetary adjustment	(21,039)	(26,519)	-	-
	Dividends received during the year	-	(39,477)	-	(18,033)
	Carrying amount of investment at end of period	**6,915,632**	**6,751,687**	**6,904,455**	**3,084,125**

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

		Inflation adjusted		Historical	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
22	**Leases**	ZWL000	ZWL000	ZWL000	ZWL000
22.1	**Right of use asset**				
	Balance at beginning of the period	376,402	1,014,765	171,938	99,973
	Additions	1,534,516	213,604	1,535,431	97,573
	Terminated	(2,004)	(23,346)	(915)	(6,635)
	Impairment	-	(547,118)	-	-
	Depreciation for the year	(63,215)	(281,503)	(38,675)	(18,973)
	Balance at end of period	**1,845,699**	**376,402**	**1,667,779**	**171,938**
22.2	**Lease liabilities**				
	Maturity analysis - contractual undiscounted cash flows				
	Less than one year	10,435,665	147,217	10,435,665	67,248
	One to five years	29,385,329	354,414	29,385,329	161,894
	More than five years	3,177	184,246	3,177	84,162
	Total	**39,824,171**	**685,877**	**39,824,171**	**313,304**
	Lease liabilities included in statement of financial position				
	Current	301,779	73,276	301,779	33,472
	Non - current	1,479,681	301,143	1,479,681	137,560
	Balance at end of period	**1,781,460**	**374,419**	**1,781,460**	**171,032**

	Inflation adjusted		Historical	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Amounts recognised in profit/ loss	ZWL000	ZWL000	ZWL000	ZWL000
Interest on lease liabilities	(40,042)	(78,175)	(30,106)	(26,715)
Expenses - short term & low value leases	(21,364)	(39,335)	(13,706)	(14,336)
Depreciation charge for the period	(63,215)	(281,503)	(38,675)	(18,973)
Total	**(124,621)**	**(399,013)**	**(82,487)**	**(60,024)**
Statement of cash-flows - Leases				
Total cash outflows	**(96,284)**	**(253,614)**	**(68,509)**	**(58,637)**

23	**Deposits from banks**				
	Bank balances due to banks abroad	58,528	312,617	58,528	142,801
	Interbank money market deposit	317,867	574,945	317,867	262,631
	Clearance balances due to local banks	332,365	310,703	332,365	141,927
	Total deposits from banks	**708,760**	**1,198,265**	**708,760**	**547,359**

		Inflation adjusted		Historical	
24	**Deposits from customers**	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	Demand deposits	ZWL000	ZWL000	ZWL000	ZWL000
	Retail	8,790,450	7,237,680	8,790,450	3,306,123
	Business banking	5,212,416	4,210,775	5,212,416	1,923,453
	Corporate and investment banking	24,228,447	21,748,344	24,228,447	9,934,497
	Total	**38,231,313**	**33,196,799**	**38,231,313**	**15,164,073**
	Call deposits				
	Retail	12,246	1,979	12,246	904
	Business banking	-	72,190	-	32,976
	Corporate and investment banking	530,273	453,574	530,273	207,189
	Total	**542,519**	**527,743**	**542,519**	**241,069**
	Savings accounts				
	Retail	30,160	19,551	30,160	8,931
	Business banking	111	64	111	30
	Total	**30,271**	**19,615**	**30,271**	**8,961**
	Other				
	Corporate and investment banking	2,036,425	2,152,427	2,036,425	983,214
	Total	**2,036,425**	**2,152,427**	**2,036,425**	**983,214**
	Total deposits from customers	**40,840,528**	**35,896,583**	**40,840,528**	**16,397,317**

Included in the deposits above are foreign currency deposits of ZWL 25.1billion (2021: ZWL16billion). Deposits from customers only include financial instruments classified as liabilities at amortised cost. Fair value of deposits from customers approximates carrying amount because of their short tenure. Included in customer accounts are deposits of ZWL2 billion (2021:ZWL2.2billion) held as collateral for loans advanced and letters of credit.

	Inflation adjusted				Historical			
	30.06.2022		31.12.2021		30.06.2022		31.12.2021	
Concentration of customer deposits	ZWL000	%	ZWL000	%	ZWL000	%	ZWL000	%
Trade and services	16,118,811	39	14,403,961	40	16,118,811	39	6,579,631	40
Energy and minerals	197,682	0	143,559	1	197,682	0	65,577	1
Agriculture	640,238	2	996,509	3	640,238	2	455,199	3
Construction and property	826,344	2	1,076,555	3	826,344	2	491,763	3
Light and heavy industry	4,607,783	11	3,708,965	10	4,607,783	11	1,694,230	10
Physical persons	8,832,856	22	7,277,918	20	8,832,856	22	3,324,504	20
Transport and distribution	5,031,858	12	4,166,108	12	5,031,858	12	1,903,050	12
Financial services	4,584,956	11	4,123,008	11	4,584,956	11	1,883,362	11
Total	**40,840,528**	**100**	**35,896,583**	**100**	**40,840,528**	**100**	**16,397,317**	**100**

		Inflation adjusted		Historical	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
25	**Employee benefit accruals**	ZWL000	ZWL000	ZWL000	ZWL000
	Staff retention				
	Balance at beginning of period	408,962	174,602	186,810	49,620
	Provisions made	358,124	608,308	237,831	217,227
	Provisions used	(274,682)	(230,426)	(154,387)	(80,035)
	Monetary adjustments	(222,150)	(143,522)	-	-
	Balance at end of period	**270,254**	**408,962**	**270,254**	**186,810**
	Outstanding employee leave				
	Balance at beginning of period	31,680	22,102	14,471	6,281
	Provisions made	45,911	23,136	26,600	8,190
	Provisions used	(19,312)	-	-	-
	Monetary adjustments	(17,208)	(13,558)		
	Balance at end of period	**41,071**	**31,680**	**41,071**	**14,471**
	Redundancy				
	Balance at beginning of period	-	9,389	-	2,668
	Provisions made	600	(9,389)	600	-
	Provisions used	-	-	-	(2,668)
	Balance at end of period	**600**	**-**	**600**	**-**
	Balance at end of period	**311,925**	**440,642**	**311,925**	**201,283**

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

		Inflation adjusted		Historical	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
26	**Other liabilities**	ZWL000	ZWL000	ZWL000	ZWL000
	Accrued expenses	704,640	380,758	704,640	173,928
	Internal accounts	3,956,287	660,973	3,912,292	293,856
	Other foreign currency claims	2,357,281	1,524,581	2,357,281	696,418
	Withholding taxes including IMTT	778,113	570,215	778,113	260,470
	Balance at end of period	**7,796,321**	**3,136,527**	**7,752,326**	**1,424,672**

27 **Retirement benefit plans**

Barclays Bank Pension Fund

The Barclays 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.

Defined contribution plans

The defined contribution pension plan to which the Bank contributes 100% is provided for permanent employees. Over and above the Bank's contribution the employee contributes 5%. Under this scheme retirement benefits are determined by reference to the employees' and the Bank'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 Bank contributes 4.5% of pensionable emoluments up to a capped maximum for eligible employees.

Defined benefit pension plans

The Fund provides for annuities for those pensioners who opted not to purchase the annuity from an external insurer at the point of retirement. All annuities are now purchased outside the Fund at the point of retirement. The provision for pension annuities to pensioners and other death benefits are significant defined benefits. As a result a valuation was performed based on IAS 19 Employee Benefits as at 31 December 2021 and had a net surplus of ZWL$3.2 billion. No valuation was done at 30 June 2022.

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.

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28 Deferred tax

Deferred tax balances

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

	Inflation adjusted		Historical	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	ZWL000	ZWL000	ZWL000	ZWL000
Deferred tax assets	(1,313,364)	(821,033)	(1,324,496)	(374,924)
Deferred tax liabilities	3,289,425	2,632,126	3,104,444	1,110,363
Total deferred tax liability	**1,976,061**	**1,811,093**	**1,779,948**	**735,439**
29 Authorised share capital				
Ordinary shares (5 000 000 000 shares of ZWL0.01 cents per share)	500	500	500	500
29.1 Issued share capital				
Ordinary shares	25,178	25,178	216	216
Share premium	2,783,770	2,783,761	24,094	24,085
Total	**2,808,948**	**2,808,939**	**24,310**	**24,301**

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

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

29.2 Non - distributable reserves

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

	Inflation adjusted		Historical	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	ZWL000	ZWL000	ZWL000	ZWL000
Non - distributable reserve	908,745	908,745	7,785	7,785
Balance at end of period	**908,745**	**908,745**	**7,785**	**7,785**

29.3 Fair value through other comprehensive income reserve

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

29.4 Revaluation reserve

Revaluation movement on property and equipment is classified under revaluation reserve. Additional detail on revaluation of assets is contained in note 18.

29.5 General reserve

This amount represents the excess of imparment allowance required by the Reserve bank of Zimbabwe over and above the amount calculated in accordance with IFRS 9 Financial intruments with the provisions of and models developed in accordance with IFRS 9 "financial instruments.

29.6 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.

29.6.1 Share-based payments

29.6.1 Local managerial share option scheme

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

The following assumptions were input into the valuation model:

• Volatility of 81.83%.

• Nominal risk free rate of return of 20%.

• 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.

29.6.2 Movements during the period

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

	30.06.2022		31.12.2021	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at beginning of the period	**6,400,000**	**0.13**	**4,610,000**	**0.05**
Granted	430,000	5.31	4,470,000	0.07
Forfeited	(510,000)	1.67	(1,060,000)	0.03
Exercised	(100,000)	0.05	(1,620,000)	-
Outstanding at the end of the period	**6,220,000**	**1.92**	**6,400,000**	**-**
Exercisable at 30 June	**5,263,840**	**-**	**1,320,000**	**0.13**
Weighted average contractual life of options outstanding at end of period (years)	0.04	-	1.91	-

30 Financial instruments

30.1 Classification of assets and liabilities	Inflation adjusted		Historical	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Financial assets	ZWL000	ZWL000	ZWL000	ZWL000
Financial assets at fair value through profit and loss				
Derivative financial assets	47,499	3,922	47,499	1,791
RBZ receivable - NOP support	2,464,442	1,963,567	2,464,442	896,944
Total	**2,511,941**	**1,967,489**	**2,511,941**	**898,735**
Financial assets at amortised cost				
Cash and bank balances	20,323,636	19,920,309	20,323,636	9,099,463
Loans and advances to customers	21,397,042	15,634,290	21,397,042	7,141,638
Clearing balances due from other banks	670,782	75,520	670,782	34,497
Other assets*	7,162,624	3,083,146	7,162,624	1,408,360
Total	**49,554,084**	**38,713,265**	**49,554,084**	**17,683,958**
* Excludes prepayments and stationery.				
Financial assets at fair value through other comprehensive income				
Treasury bills and promissory notes	1,835,166	3,941,808	1,835,166	1,800,591
Unquoted equity securities	3,101,691	2,366,719	3,101,691	1,081,101
Promissory notes	14,210	39,170	14,210	17,893
Total	**4,951,067**	**6,347,697**	**4,951,067**	**2,899,585**
Total financial assets	**57,017,092**	**47,028,451**	**57,017,092**	**21,482,278**
Financial liabilities				
Financial liabilities at fair value through profit and loss				
Derivative financial liabilities	-	2,785	-	1,272
Total	**-**	**2,785**	**-**	**1,272**
Financial liabilities at amortised cost				
Customer deposits	40,840,528	35,896,583	40,840,528	16,397,317
Deposits from other banks	708,760	1,198,265	708,760	547,359
Other liabilities*	7,721,981	3,012,600	7,721,981	1,376,135
Lease liability	1,781,460	374,419	1,781,460	171,032
Balances due to group companies	1,379,001	503,641	1,379,001	230,060
Total financial liabilities	**52,431,730**	**40,985,508**	**52,431,730**	**18,721,903**
*Excludes deferred income				

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

Fair value hierarchy

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

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

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

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

	Level 2	Level 3	Total
Historical and inflation adjusted 30 June 2022	ZWL000	ZWL000	ZWL000
Recurring fair value measurements			
Financial assets			
Derivative assets	47,499	-	47,499
RBZ receivable - NOP support	-	2,464,442	2,464,442
Treasury bills	-	1,835,166	1,835,166
Unquoted equity instruments	-	3,101,691	3,101,691
Balance at 30 June 2022	**47,499**	**7,401,299**	**7,448,798**
Financial liabilities			
Derivative liabilities	-	-	-
Balance at 30 June 2022	**-**	**-**	**-**
Non - financial assets			
Land and buildings	-	7,287,920	7,287,920
Investment property	-	2,913,751	2,913,751
Investment in joint venture - underlying property	-	6,868,809	6,868,809
Balance at 30 June 2022	**-**	**17,070,480**	**17,070,480**

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

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

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

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

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

Category of asset/liability	Valuation applied	Significant unobservable inputs	Range of estimates utilised for the unobservable inputs
Unquoted equity financial instrument	Discounted cash flow/ Earnings multiple	Cashflows and discount rates	29%
Land and buildings	Market/ income approach	Capitalisation rates	7% to 9%
Investment properties	Market/income approach	Capitalisation rates	7% to 9%
Treasury bills	Discounted cash flow	Market Yield – not actively traded	28%
RBZ NOP Support receivable	Discounted cash flow	Discount Rate	9.75%

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30.5 Reconciliation of recurring level 3 fair value measurements

Historical and inflation adjusted 2022	Investment securities ZWL000	Investment properties ZWL000	RBZ net open position Receivable ZWL000	Investment in Joint venture - Property ZWL000	Investment in subsidiary ZWL000	Total ZWL000
Balance at 31 December 2021	**6,347,697**	**2,798,509**	**1,963,567**	**6,712,956**	**-**	**17,822,729**
Additions	6,248,693	-	-	-	-	6,248,693
Monetary adjustment	(2,836,526)	-	887,158	-	-	(1,949,368)
Accrued interest	244,133	-	4,928	-	-	249,061
Maturities	(6,491,124)	-	(128,359)	-	-	(5,901,539)
Transfers	-	67,427	(262,852)	-		(195,425)
Total gains and losses recognised in profit or loss	-	47,815	-	155,853	-	203,668
Total gains and losses recognised in other comprehensive income	720,250	-	-	-	-	720,250
Balance at 30 June 2022	**4,951,067**	**2,913,751**	**2,464,442**	**6,868,809**	**-**	**17,198,069**

31 Risk management

Financial risk management objectives

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

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

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

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

31.1 Capital risk management

Capital risk – is the risk that the Group is unable to maintain adequate levels of capital which could lead to an inability to support business activity or failure to meet regulatory requirements.

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

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

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

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

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

	Historical 30.06.22 ZWL000	31.12.21 ZWL000
Share capital	216	216
Share premium	24,094	24,085
Accumulated profits	13,197,222	6,902,433
General reserve	126,981	-
Share based payment reserve	3,469	2,273
Fair value through OCI reserve	2,920,679	1,198,141
Non-distributable reserve	3,508	3,508
Total core capital	**16,276,169**	**8,130,658**
Less market and operational risk capital	(1,269,007)	(643,080)
Tier 1 capital	**15,086,337**	**7,487,578**
Non-distributable reserve	4,277	4,277
Revaluation reserves	9,446,654	2,037,184
General provisions (limited to 1.25% of weighted risk assets)	151,465	78,682
Tier 2 capital	**9,602,396**	**2,120,143**
Total tier 1 & 2 capital	**24,609,558**	**9,607,721**
Market risk	187,824	70,453
Operational risk	1,081,182	572,627
Tier 3 capital	**1,269,006**	**643,080**
Total tier 1, 2 & 3 capital base	**25,878,564**	**10,250,801**
Deductions from capital	(3,101,691)	(1,081,101)
Total capital base	**22,776,873**	**9,169,700**
Credit risk weighted assets	50,909,656	17,004,942
Operational risk equivalent assets	13,514,780	7,157,836
Market risk equivalent assets	2,347,804	880,665
Total risk weighted assets (RWAs)	**66,772,240**	**25,043,443**
Tier 1 capital ratio	22%	30%
Tier 1 and 2 capital ratio	37%	38%
Total capital adequacy ratio	**34%**	**37%**

31.2 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 Group's retail and commercial Banking assets and liabilities.

31.2.1 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.

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31.2.1 Interest rate risk (continued)

The table below summarises the Group's interest rate risk exposure.

Historical and inflation adjusted

30-Jun-22	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 historical adjusted ZWL000	Non- interest bearing Historical ZWL000	Total Historical ZWL000	Non- interest bearing inflation adjusted ZWL000	Total inflation adjusted ZWL000
Assets										
Cash and bank balances	9,371,289	-	-	-	-	-	10,952,347	20,323,636	10,952,347	20,323,636
Derivative financial assets	-	-	-	-	-	-	47,499	47,499	47,499	47,499
Investment securities	679,276	-	208,361	961,739	-	-	3,101,691	4,951,067	3,101,691	4,951,067
Loans and receivables from banks	-	-	-	-	-	-	670,782	670,782	670,782	670,782
Loans and advances to customers	319,919	2,646,301	5,310,890	4,423,205	3,159,760	5,536,967	-	21,397,042	-	21,397,042
Other assets	47,579	95,595	143,393	286,786	2,294,288	493,203	7,002,186	10,363,033	7,616,626	10,977,474
Property and equipment	-	-	-	-	-	-	11,806,246	11,806,246	11,806,246	11,806,246
Investment properties	-	-	-	-	-	-	2,913,751	2,913,751	2,913,751	2,913,751
Investment in joint venture	-	-	-	-	-	-	6,904,455	6,904,455	6,915,632	6,915,632
Intangible assets	-	-	-	-	-	-	10,461	10,461	501,891	501,891
Right of use assets	-	-	-	-	-	-	1,667,779	1,667,779	1,845,699	1,845,699
Total assets	**10,418,063**	**2,741,896**	**5,662,644**	**5,671,730**	**5,454,048**	**6,030,170**	**45,077,198**	**81,055,748**	**46,372,160**	**82,350,719**
Liabilities										
Lease liabilities	1,781,460	-	-	-	-	-	-	1,781,460	-	1,781,460
Deposits from banks	708,760	-	-	-	-	-	-	708,760	-	708,760
Deposits from customers	40,840,528	-	-	-	-	-	-	40,840,528	-	40,840,528
Employee benefit accruals	-	-	-	-	-	-	311,925	311,925	311,925	311,925
Other liabilities	-	-	-	-	-	-	7,752,326	7,752,326	7,796,319	7,796,321
Deferred tax liabilities	-	-	-	-	-	-	1,779,949	1,779,949	1,976,061	1,976,061
Current tax liabilities	-	-	-	-	-	-	774,700	774,700	774,700	774,700
Due to group companies	-	-	-	-	-	-	1,379,001	1,379,001	1,379,001	1,379,001
Total liabilities	**43,330,748**	**-**	**-**	**-**	**-**	**-**	**11,997,901**	**55,328,648**	**12,238,006**	**55,568,756**
Interest rate Re - pricing gap	**(32,912,685)**	**2,741,896**	**5,662,644**	**5,671,730**	**5,454,048**	**6,030,170**	**33,079,297**	**25,727,100**	**34,134,159**	**26,781,963**
Cumulative gap	**(32,912,685)**	**(30,170,789)**	**(24,508,145)**	**(18,836,415)**	**(13,382,367)**	**(7,352,197)**	**25,727,100**	**-**	**26,781,963**	**-**

Net interest income sensitivity ("NII")

NII measures the sensitivity of annual earnings to changes in interest rates. NII is calculated at a 15% and 5% change in local currency and foreign currency interest rates respectively.

The Group's interest income sensitivity is shown below:

	Inflation adjusted		Historical	
Net interest income sensitivity	30.06.2022 Impact on earnings	31.12.2021 Impact on earnings	30.06.2022 Impact on earnings	31.12.2021 Impact on earnings
Local currency	ZWL000	ZWL000	ZWL000	ZWL000
1500bps increase in interest rates	593,982	29,131	366,074	18,123
1500bps decrease in interest rates	(593,982)	(29,131)	(366,074)	(18,123)
Benchmark	-	-	-	-
Foreign currency				
500bps increase in interest rates	17,029	7,070	10,495	4,399
500bps decrease in interest rates	(17,029)	(7,070)	(10,495)	(4,399)
Benchmark	-	-	-	-

31.2.2 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 Group 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 Group's financial instruments at carrying amounts, categorised by currency.

Historical and inflation adjusted 2022	USD (ZWL Equiv)	GBP (ZWL Equiv)	Rand (ZWL Equiv)	Other currency (ZWL Equiv)	Total
At 30 June 2022	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Assets					
Cash and bank balances	12,671,168	1,001,374	476,400	902,094	15,051,036
Investment securities	572,435	-	-	-	572,435
Loans and advances to customers	14,467,360	114	1,698	37	14,469,209
Other assets	12,312,419	-	1	-	12,312,420
Total financial assets	**40,023,381**	**1,001,488**	**478,099**	**902,131**	**42,405,100**
Liabilities					
Deposits from banks	-	-	58,528	-	58,528
Deposits from customers	26,102,654	125,843	458,105	237,453	26, 924,056
Other liabilities	13,076,756	13,295	9,652	117,067	13,216,770
Total financial liabilities	**39,179,410**	**139,139**	**526,285**	**354,520**	**40, 199,353**
Net currency positions	**843,971**	**862,350**	**(48,186)**	**547,612**	**2,205,747**

Exchange rate sensitivity to profit for the period

Exchange rate increase of 20%	168,794	172,470	(9,637)	109,522	441,149
Exchange rate decrease of 20%	(168,794)	(172,470)	9,637	(109,522)	(441,149)

Exchange rates applied in 2022	USD	GBP	Rand	EUR	CND
ZWL closing rate	366.269	443.736	0.044	383.612	0.004

31.3 Credit risk

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

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

(b)Credit risk grading

Corporate Exposures

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

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

Included in the deposits above are foreign currency deposits of ZWL 7.3billion (2020: ZWL6.4 million). Deposits from customers only include financial instruments classified as liabilities at amortised cost. Fair value of deposits from customers approximates carrying amount because of their short tenure. Included in customer accounts are deposits of ZWL983 million (2020:ZWL1.1bn) held as collateral for loans advanced and letters of credit.

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

Retail exposures

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

(c) Expected credit losses measurement (ECLs)

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

- ECLs are discounted at the effective interest rate of portfolio.
- The maximum period considered when estimating ECLs is the maximum contractual period over which the Group 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), Expo sure at Default (EAD), and Loss Given Default (LGD), defined as follows:

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

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

Corporate exposures

Stage 1	12 Month PD	Central Bank Grades 1 to 3 (Internal Category 1)
Stage 2	Life Time PD	Central Bank Grades 4 to 7 o (Internal Category 2)
Stage 3	Default PD	Central Bank Grades 8 to 10 (Internal Category 3)

Retail exposures

Stage 1	12 Month PD	Central Bank Grades 1 to3 (Internal grades bucket 0 & bucket 1)
Stage 2	Life Time PD	Central Bank Grades 4 to 7 (Internal grades bucket 2 & bucket 3)
Stage 3	Default PD	Central Bank Grades 8 to 10 (internal grades bucket 4)

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31.3 Credit risk (continued)

Treasury exposures

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

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

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

Default

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

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

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

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

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

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

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

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

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

iii) Life time ECLs (Stage 3 - default)

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

- All credit impaired/ in default corporate and retail loans and advances to banks and other debt securities in default.
- These are corporates in regulatory grade 8 - 10 and retail loans in bucket 4
- Exposures which are 90 days+ past due; and
- These are a product of default PD, lifetime LGD and EAD.

(d) Significant increase in credit risk (SICR)

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

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

Significant increase in credit risk - Quantitative measures

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

Significant increase in credit risk - Qualitative measures retail and corporate

There are various quantitative measures which include:

- Retail - Retrenchment, Dismissal, Salary diversion, employer facing difficulties.
- Corporate - Adverse business changes, changes in economic conditions, quality challenges, among others.

(e) Benchmarking Expected Credit Loss

Corporate and treasury

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

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

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

(g) Write offs

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

(h) ECL model governance

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

(i)Maximum exposure to credit risk by credit quality grade before credit enhancements

The Group has an internal rating scale which is mapped into the Basel II grading system. The internal rating is broadly classified into: performing loans, standard monitoring and non-performing.

Performing loans

Loans and advances not past due and which are not part of renegotiated loans are considered to be performing assets, these are graded as per RBZ credit rating scale as grade 1 - 3.

Standard monitoring grade

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

Non-performing grade

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

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

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

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31.3.1 Maximum credit risk exposure

Historical and inflation adjusted 30 June 2022	Maximum credit risk exposure				ECL Reconciliation			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Corporate	12,052,640	2,492,949	306,931	14,852,520	79,803	4,269	88,247	172,319
Business banking	2,877,788	26,668	2,089	2,906,545	17,440	115	109	17,664
Retail	3,824,862	29,000	59,615	3,913,477	54,222	1,488	29,807	85,517
Total	**18,755,290**	**2,548,617**	**368,635**	**21,672,542**	**151,465**	**5,872**	**118,163**	**275,500**
Balances with central bank								
Savings bonds and treasury bills	1,835,166	-	-	1,835,166	6,072	-	-	6,072
Bank balances	3,175,239	-	-	3,175,239	727	-	-	727
Total	**5,010,405**	**-**	**-**	**5,010,405**	**6,799**	**-**	**-**	**6,799**
Balances with other banks and settlement balances								
Settlement balances - local currency	67,215	-	-	67,215	1,889	-	-	1,889
Bank balances - foreign currency	11,750,819	-	-	11,750,819	2,778	-	-	2,778
Bank balances	603,567	-	-	603,567	-	-	-	-
Total	**12,421,601**	**-**	**-**	**12,421,601**	**4,667**	**-**	**-**	**4,667**
Other assets								
RBZ receivable NOP support	2,464,442	-	-	2,464,442	80,670	-	-	80,670
RBZ receivable other	3,901	-	-	3,901	-	-	-	-
Other assets	7,158,723	-	-	7,158,723	114	-	-	114
Total	**9,627,066**	**-**	**-**	**9,627,066**	**80,784**	**-**	**-**	**80,784**
Total on balance sheet	**45,814,362**	**2,548,617**	**368,635**	**48,731,614**	**243,715**	**5,872**	**118,163**	**367,750**
Guarantees and letters of credit								
Guarantees	277,340	-	-	277,340	-	-	-	-
Letters of credit	2,014,477	-	-	2,014,477	-	-	-	-
Total	**2,291,817**	**-**	**-**	**2,291,817**	**-**	**-**	**-**	**-**

The above table represents a worst case scenario of credit risk exposure to the Bank at 30 June 2022, without taking account of any collateral held or other credit enhancements attached. For on-statement of financial position assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

31.3.2 Reconciliation of movements in expected credit losses during the period.

Inflation adjusted 2022	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL not credit impaired	Stage 3 - Lifetime ECL credit impaired	Total
	ZWL000	ZWL000	ZWL000	ZWL000
Balance at beginning of the period	**275,949**	**16,228**	**33,769**	**325,946**
Movement with P&L impact				
New financial assets purchased or originated	153,914	-	191,368	345,282
Transfers from stage 1 to stage 2	-	-	-	-
Transfers from stage 2 to stage 3	-	-	-	-
Write offs	-	-	(407)	(407)
Total P&L impact	**153,914**	**-**	**190,961**	**344,875**
Movement with no P&L impact				
Monetary adjustment	(186,148)	(10,356)	(106,567)	(303,071)
Balance at 30 June 2022	**243,715**	**5,872**	**118,163**	**367,750**

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

	Historical and inflation adjusted		Inflation adjusted		Historical	
	2022		2021		2021	
Industry/Sector	ZWL000	%	ZWL000	%	ZWL000	%
Trade and services	2,282,402	11%	453,989	12%	282,442	12%
Energy and minerals	182,047	1%	41,579	1%	25,868	1%
Agriculture	5,487,804	25%	475,587	12%	295,879	12%
Light and heavy industry	3,951,043	18%	1,343,510	35%	835,843	35%
Physical persons	3,913,478	18%	821,569	21%	511,127	21%
Transport and distribution	5,525,529	25%	714,502	18%	444,516	18%
Financial services	330,239	2%	45,792	1%	28,486	1%
Total	**21,672,542**	**100%**	**3,896,528**	**100%**	**2,424,161**	**100%**

31.3.4 Collateral held for exposure

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

	Inflation adjusted		Historical	
	ZWL000	ZWL000	ZWL000	ZWL000
Performing loans	4,436,118	9,711,435	4,436,118	4,436,118
Non-performing loans	1,428,447	28,875	1,428,447	13,190
Total	**5,864,565**	**9,740,310**	**5,864,565**	**4,449,308**

31.4 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 Group's short, medium and long term funding and liquidity management requirements.

- 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.

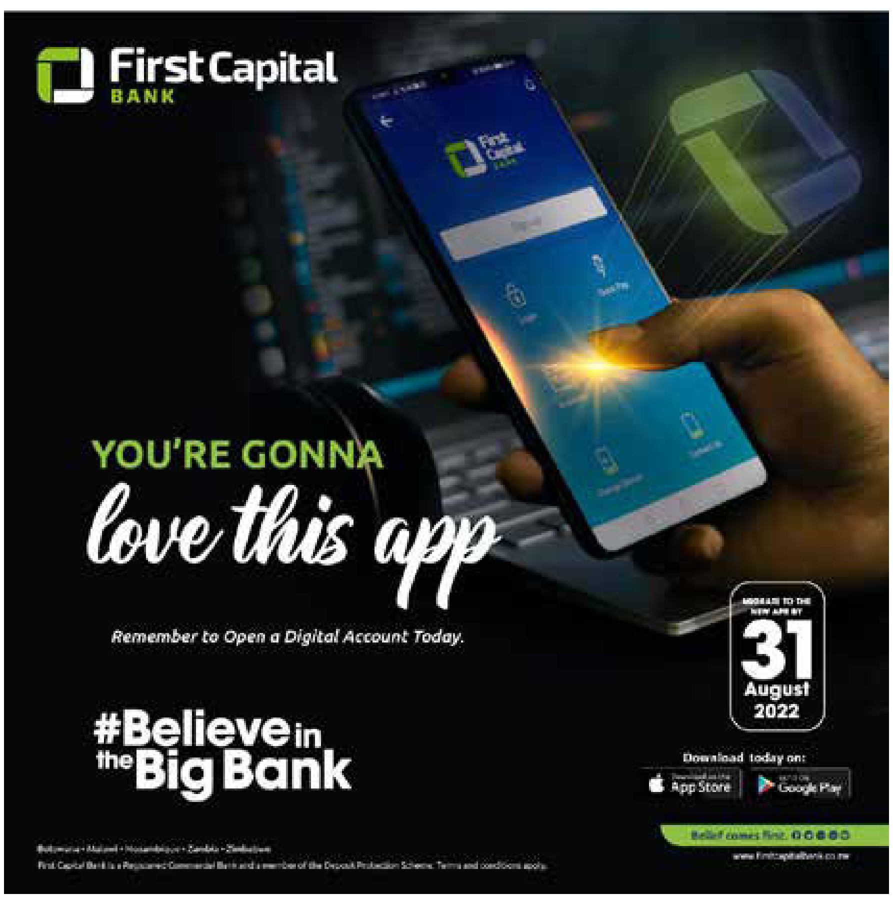
b) Stress liquidity risk – refers to management of liquidity risk during times of unexpected outflows. The Group's Assets and Liabilities Committee ("ALCO") monitors and manages liquidity risk. The Group's liquidity management process as carried out by the ALCO and Treasury units includes:

- Day to day funding and monitoring of future cash flows to ensure that funding requirements are met;
- Maintaining a high balance of cash or near cash balances that can easily be liquidated as protection against unforeseen funding gaps;
- Monitoring liquidity ratios against internal and regulatory benchmarks;
- Limits are set across the business to control liquidity risk;
- Early warning indicators are set to identify the emergence of increased liquidity risk and;
- Sources of liquidity are regularly reviewed by ALCO to maintain a wide diversification of source of funding;
- Managing concentration of deposits.

	Inflation adjusted		Historical	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Liquidity ratios	ZWL000	ZWL000	ZWL000	ZWL000
Total liquid assets	9,808,160	22,164,274	9,808,160	10,124,491
Deposits and other short term liabilities	22,175,883	38,533,421	22,175,883	17,601,806
Liquidity ratio	44%	58%	44%	58%
Reserve Bank of Zimbabwe minimum	30%	30%	30%	30%

Liquidity profiling as at 30 June 2022

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



31.4 On balance sheet items as at 30 June 2022

Historical and inflation adjusted 2022 Assets held for managing liquidity risk (contractual maturity dates)	Less than 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6 to 12 months ZWL000	1 to 5 years ZWL000	5+ years ZWL000	Total ZWL000	Carrying amount ZWL000
Cash and bank balances	17,946,115	-	2,380,745	-	-	-	20,326,860	20,323,636
Derivative financial assets	47,499	-	-	-	-	-	47,499	47,499
Investment securities	3,800,418	249,005	231,766	669,878	-	-	4,951,067	4,951,067
Loans and receivables from banks	670,782	-	-	-	-	-	670,782	670,782
Loans and advances to customers	4,802,483	2,629,504	3,451,924	3,969,849	6,805,282	13,499	21,672,541	21,397,042
Other assets	6,313,800	95,595	143,393	286,786	2,294,288	493,203	9,627,065	10,977,474
Total assets	**33,581,097**	**2,974,104**	**6,207,828**	**4,926,513**	**9,099,570**	**506,702**	**57,295,814**	**58,367,500**
Liabilities								
Lease liabilities	1,102,308	2,204,617	2,926,036	4,202,704	29,385,329	3,177	39,824,171	1,781,460
Deposits from Banks	708,760	-	-	-	-	-	708,760	708,760
Deposits from customers	40,514,662	319,467	2,807	3,592	-	-	40,840,528	40,840,528
Provisions	-	-	311,925	-	-	-	311,925	311,925
Other liabilities	6,977,626	-	-	-	-	-	6,977,626	7,752,326
Current income tax liabilities	774,700	-	-	-	-	-	774,700	774,700
Balances due to Group companies	1,379,001	-	-	-	-	-	1,379,001	1,379,001
Total liabilities - (contractual maturity)	**51,457,057**	**2,524,084**	**3,240,768**	**4,206,296**	**29,385,329**	**3,177**	**90,816,710**	**53,548,700**
Liquidity gap	**(17,875,960)**	**450,020**	**2,967,060**	**720,217**	**(20,285,759)**	**503,525**	**(33,520,897)**	
Cumulative liquidity gap	**(17,875,960)**	**(17,425,940)**	**(14,458,880)**	**(13,738,663)**	**(34,024,422)**	**(33,520,897)**		

Contingent liabilities and commitments as at 30 June 2022

Historical and inflation adjusted 2021	Less than 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6-Dec months ZWL000	1 to 5 years ZWL000	Total ZWL000
Assets						
Commitment to lend	468,420	263,330	348,316	403,652	410,476	1,894,194
Total assets	**468,420**	**263,330**	**348,316**	**403,652**	**410,476**	**1,894,194**
Liabilities						
Commitment to lend	1,894,194	-	-	-	-	1,894,194
Total liabilities	**1,894,194**	**-**	**-**	**-**	**-**	**1,894,194**
Liquidity gap	**(1,425,774)**	**263,330**	**348,316**	**403,652**	**410,476**	**-**
Cumulative liquidity gap	**(1,425,774)**	**(1,162,444)**	**(814,128)**	**(410,476)**	**-**	**-**

32 Other risks Strategic risk

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

Legal and compliance risk

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

Reputation risk

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

Operational risk

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

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

Risks and Ratings

The Central Bank conducts regular examinations of Group and financial institutions it regulates. The last on-site examination of the Group was as at 30 June 2016 and it assessed the overall condition of the Group to be satisfactory. This is a score of "2" on the CAMELS rating scale. The CAMELS rating evaluates banks on capital adequacy, asset quality, management and corporate governance, liquidity and funds management and sensitivity to market risks.

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

CAMELS ratings

CAMELS component	Latest Rating - June 2016	
Capital	1	Strong
Asset quality	2	Satisfactory
Management	2	Satisfactory
Earnings	1	Strong
Liquidity and funds management	2	Satisfactory
Sensitivity to market risk	1	Strong

Summary risk matrix - June 2016 on-site supervision

Type of risk	Level of inherent risk	Adequacy of risk management systems	Overall composite risk	Direction of overall composite risk
Credit	Low	Strong	Low	Stable
Liquidity	Moderate	Acceptable	Moderate	Stable
Foreign exchange	Low	Strong	Low	Stable
Interest rate	Low	Strong	Low	Stable
Strategic risk	Moderate	Strong	Moderate	Stable
Operational risk	Moderate	Strong	Moderate	Stable
Legal and compliance	Moderate	Acceptable	Moderate	Stable
Reputation	Moderate	Strong	Moderate	Stable
Overall	Moderate	Strong	Moderate	Stable

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32 Other risks Strategic risk (continued)

Interpretation of risk matrix

Level of inherent risk

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

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

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

Adequacy of risk management systems

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

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

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

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

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

Overall composite risk

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

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

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

Direction of overall composite risk

Increasing- based on the current information, risk is expected to increase in the next 12 months.
Decreasing - based on current information, risk is expected to decrease in the next 12 months.
Stable - based on current information, risk is expected to be stable in the next 12 months.

External Credit Ratings

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

33 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.

	Inflation adjusted				Historical			
	30.06.2022 Carrying amount ZWL000	Fair value ZWL000	31.12.2021 Carrying amount ZWL000	Fair value ZWL000	30.06.2022 Carrying amount ZWL000	Fair value ZWL000	31.12.2021 Carrying amount ZWL000	Fair value ZWL000
Financial Assets								
Cash and bank balances	2,0323,636	2,0323,636	19,920,309	19,920,309	20,323,636	20,323,636	9,099,463	9,099,463
Loans and receivables from banks	670,782	670,782	75,520	75,520	670,782	670,782	34,497	34,497
Loans and advances to customers	21,397,042	21,397,042	15,634,290	15,634,290	21,397,042	21,397,042	7,141,638	7,141,638
Other assets	7,162,624	7,162,624	6,018,036	6,018,036	7,162,624	7,162,624	1,408,360	1,408,360
Total assets	**49,554,084**	**49,554,084**	**41,648,155**	**41,648,155**	**49,554,084**	**49,554,084**	**17,683,958**	**17,683,958**
Financial Liabilities								
Deposits from banks	708,760	708,760	1,198,265	1,198,265	708,760	708,760	547,359	547,359
Deposits from customers	40,840,528	40,840,528	35,896,583	35,896,583	40,840,528	40,840,528	16,397,317	16,397,317
Lease liability	1,781,460	1,781,460	374,419	374,419	1,781, 460	1,781, 460	171,032	171,032
Other liabilities	7,721,981	7,721,981	2,452,331	2,452,331	7,721,981	7,721,981	1,376,135	1,376,135
Balances due to Group companies	1,379,001	1,379,001	503,641	503,641	1,379,001	1,379,001	230,060	230,060
Total	**52,431,730**	**52,431,730**	**40,425,239**	**40,425,239**	**52,431,730**	**52,431,730**	**18,721,903**	**18,721,903**

34 Segment results of operations

Inflation adjusted 30 June 2022	Retail Banking ZWL000	Corporate Banking ZWL000	Business Banking ZWL000	Treasury ZWL000	Total ZWL000
Net interest income	861,567	1,562,987	374,603	338,454	3,137,611
Net fee and commission income	2,283,591	541,420	606,092	-	3,431,103
Net trading and foreign exchange income	609,675	456,946	561,569	2,028,298	3,656,488
Net investment and other income	-	-	-	118,987	118,987
Fair value gain on investment property	-	-	-	47,815	47,815
Total Income	**3,754,833**	**2,561,353**	**1,542,264**	**2,533,554**	**10,392,004**
Impairment losses on financial assets	(146,380)	(70,044)	(43,884)	(84,568)	(344,876)
Net operating income	**3,608,453**	**2,491,309**	**1,498,380**	**2,448,986**	**10,047,128**
Staff costs	(1,448,103)	(369,013)	(157,275)	(430,187)	(2,404,578)
Infrastructure costs (excluding depreciation)	(523,000)	(105,983)	(36,803)	(173,429)	(839,215)
General expenses	(1,180,898)	(391,859)	(115,557)	(810,238)	(2,498,552)
Depreciation and amortisation	(177,659)	(50,659)	(19,084)	(79,439)	(326,841)
Operating expenses	**(3,329,660)**	**(917,514)**	**(328,719)**	**(1,493,293)**	**(6,069,186)**
Net monetary loss	-	-	-	-	(1,792,052)
Share of profits of joint ventures	-	-	-	184,984	184,984
Profit/ (loss) before tax	**278,793**	**1,573,795**	**1,169,661**	**1,140,677**	**2,370,874**
Taxation	(444,452)	(838,849)	(474,051)	(141,651)	(1,899,003)
Profit /(loss) for the period	**(165,659)**	**734,946**	**695,610**	**999,026**	**471,871**
Total assets	**3,827,961**	**14,680,201**	**2,888,881**	**60,953,676**	**82,350,719**
Total liabilities	**8,832,856**	**26,795,145**	**5,212,528**	**14,728,227**	**55,568,756**

35 Related parties

The Group is controlled by Afcarme Zimbabwe Holdings (Private) Limited incorporated and domiciled in Zimbabwe which owns 53% (2021: 53%) of the ordinary shares. 15% is held by an Employee Share Ownership Trust (ESOT) and the remaining 32% of the shares are widely held. The ultimate parent of the Group is FMBcapital Holdings PLC incorporated in Mauritius. There are other companies which are related to First Capital Bank through common shareholdings or common directorship.

35.1 Directors and key management compensation

	Inflation adjusted		Historical	
	30.06.2022 ZWL000	31.12.2021 ZWL000	30.06.2022 ZWL000	31.12.2021 ZWL000
Salaries and other short term benefits	313,901	352,587	193,459	161,059
Post-employment contribution plan	18,367	19,164	11,320	8,754
Share based payments	1,089	1,838	671	651
Total	**333,357**	**373,589**	**205,450**	**170,464**

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

35.2 Loans to directors and key management

	Inflation adjusted		Historical	
	30.06.2022 ZWL000	31.12.2021 ZWL000	30.06.2022 ZWL000	31.12.2021 ZWL000
Deposits	72,846	8,746	72,846	3,996
Loans and advances	(67,955)	(87,736)	(67,955)	(40,077)
Net balances due to/(from) directors & key management	**4,891**	**(78,990)**	**4,891**	**(36,081)**

35.3 Balances with group companies

	Inflation adjusted		Historical	
	30.06.2022 ZWL000	31.12.2021 ZWL000	30.06.2022 ZWL000	31.12.2021 ZWL000
Bank balances due from group companies	146,340	84,597	146,340	38,643
Total	**146,340**	**84,597**	**146,340**	**38,643**
Other balances due from group companies	5,400	-	5,400	-
Other balances due to group companies	(1,384,401)	(503,641)	(1,384,401)	(230,060)
Total	**(1,379,001)**	**(503,641)**	**(1,379,001)**	**(230,060)**

36 Events after the reporting date

There were no events noted after reporting date that required to be adjusted for or disclosed in the consolidated financial results of First Capital Bank Limited.

37 Going concern

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

The Bank's financial statements as at 30 June 2022 have therefore been prepared on the going-concern assumption.

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24 August 2022

The Board of Directors
First Capital Bank Limited
Barclays House
Corner Jason Moyo / First Street
Harare

REPORT ON FINANCIAL RESULTS FOR THE SIX PERIOD ENDED 30 JUNE 2022

Introduction
We have reviewed the accompanying inflation adjusted condensed statement of financial position of First Capital Bank Limited (the "Bank") as of 30 June 2022, the related inflation adjusted condensed statement of comprehensive income, the inflation adjusted condensed statement of changes in equity and the inflated adjusted condensed statement of cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of the interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). Our responsibility is to express a conclusion on the inflation adjusted interim financial information based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion
The qualification is as a result of prior period property valuations performed in United States Dollars (USD) and then translated to Zimbabwe Dollars (ZWL) using the closing ZWL/USD auction exchange rate as at 30 June 2021. During the 2021 June review, we did not have sufficient audit evidence that such a spot rate would give a fair reflection of the value of properties in Zimbabwean Dollars if it was applied against the USD values. We were therefore unable to assess whether the ZWL values determined through this method were truly representative of the fair value of these properties in accordance with IFRS 13 - "Fair Value". Our June 2021 review conclusion was qualified as a result of this matter. This matter has remained unresolved with respect to the comparative period, and thus impacting the comparability of the current period's profit and loss statement and the corresponding statement for 2021.

Qualified conclusion
Except for the effect of the matter described in the Basis for Qualified Conclusion paragraph, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial results are not prepared, in all material respects, in accordance with International Accounting Standards on Interim Financial Reporting (IAS 34).

Deloitte & Touche

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

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