

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION



(First Capital Bank Limited, incorporated in Zimbabwe on 11 February 1981, under Company Registration Number 148/81)

CIRCULAR TO SHAREHOLDERS

Relating to and seeking approvals for:

The Termination of the Listing of First Capital Bank Limited on the Zimbabwe Stock Exchange and the Subsequent Listing by Introduction of First Capital Bank Limited on the Victoria Falls Stock Exchange (“Proposed Transaction”)

NOTICE OF AN EXTRAORDINARY GENERAL MEETING

Notice of an Extraordinary General Meeting of the members of First Capital Bank Limited, to be held virtually by electronic means, at 1530 hours on Thursday, 4 May 2023. The notice was published on Thursday, 13 April 2023, in accordance with the Listings Requirements of the Zimbabwe Stock Exchange (“ZSE”) and the Companies and Other Business Entities Act (Chapter 24:31) of Zimbabwe, as set out at the end of this Document. Shareholders are asked to complete and return the attached form of proxy in accordance with the instructions printed thereon as soon as possible, but not later than 1530 hours, on Tuesday, 02 May 2023.

**Lead Financial
Advisors**



Co-Financial Advisors



Sponsoring Brokers



Legal Advisors



Transfer Secretaries



This Circular is neither a prospectus nor an invitation to the public to subscribe for shares in the Company but is issued in compliance with the Listings Requirements of the ZSE, for the purpose of giving information to the public regarding the Proposed Transaction as more fully set out in this Circular. The Circular is only available in English. Additional copies of this Circular may be obtained from the Company Secretary at Barclay House, Corner First St & Jason Moyo Ave, Harare or IH Securities (Private) Limited situated at Block 3, Tunsgate Business Park, 30 Tunsgate Road, Mount Pleasant, Harare.

If you are in any doubt as to the action you should take, you should immediately seek advice from your stockbroker, bank manager, legal practitioner, accountant, or other professional advisors. If you no longer hold any shares in First Capital Bank Limited, you should send this Circular, as soon as possible, to the stockbroker, bank or other agents through whom the sale of your shareholding in First Capital Bank Limited was executed, for onward delivery to the purchaser or transferee of your shares.

All the Directors of First Capital Bank Limited, whose names are given in paragraph 4.3 of the Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other material facts, the omission of which would make any statement in the Circular false or misleading, and that they have made all reasonable enquiries to ascertain such material facts and that this Circular contains all information required by law.

The Directors confirm that the Circular particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) that investors and their professional advisors would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Company and of the rights attaching to the securities to which the Listing particulars relate.

The Company’s lead financial advisors, sponsoring broker, legal advisors and transfer secretaries have consented in writing to act in the capacity stated and to their names being stated in the Circular and have not withdrawn their consents prior to the publication of this Circular.

Date of issue of this document: Thursday, 13 April 2023

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Corporate Information

The information below is given in compliance with the requirements of the Zimbabwe Stock Exchange.

| | |
|-------------------------|---|
| Corporate Head Office | First Capital Bank Barclay House PO Box 1279 Corner First St & Jason Moyo Ave Harare Zimbabwe |
| Company Secretary | Sarudzai Binha Barclay House PO Box 1279 Corner First St & Jason Moyo Ave Harare Zimbabwe |
| Lead Financial Advisors | Inter-Horizon Advisory (Private) Limited Block 3 Tungate Business Park 30 Tungate Road Mount Pleasant Harare Zimbabwe |
| Co-Financial Advisors | First Capital Bank Barclay House PO Box 1279 Corner First St & Jason Moyo Ave Harare Zimbabwe |
| Sponsoring Broker | Inter-Horizon Securities (Private) Limited Block 3 Tungate Business Park 30 Tungate Road Mount Pleasant Harare Zimbabwe |
| Legal Advisors | Kantor & Immerman 10 John Landa Nkomo Avenue P O Box 19 Harare Zimbabwe |
| Independent Auditors | Deloitte & Touche Registered Auditors (Zimbabwe) West Block Borrowdale Office Park Borrowdale Road Borrowdale Harare Zimbabwe |
| Transfer Secretaries | Corpserve Registrars (Private) Limited 2nd Floor ZB Centre Corner 1st & Kwame Nkrumah Avenue Harare Zimbabwe |
| Principal Bankers | First Capital Bank Limited Barclay House PO Box 1279 Corner First St & Jason Moyo Ave Harare Zimbabwe |

Forward Looking Statements

This Circular includes forward looking statements regarding First Capital Bank Limited. Forward looking statements are those other than statements of historical facts, included in this Circular. They include, without limitation, statements regarding First Capital Bank Limited's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to First Capital Bank Limited's products and services). Any statements preceded by, followed by, or including the words "believes", "expects", "aims", "estimates", "anticipates", "may", "will", "should", "could", "intends", "plans", "seeks", or similar expressions, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause First Capital Bank Limited's actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such forward looking statements are inherently based on numerous assumptions regarding First Capital Bank Limited's present and future business strategies and the environment in which First Capital Bank Limited will operate in the future. These forward-looking statements speak only as at the date of this Circular. The Directors of First Capital Bank Limited expressly disclaim any obligation or undertaking to disseminate, after the distribution of this Document, any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions, or circumstances on which any such forward looking statement is based, unless legally required to do so.

Interpretation And Definitions

In this document, unless otherwise stated or the context otherwise requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and vice versa and words importing natural persons shall include juristic persons, whether corporate or incorporate and vice versa.

| | |
|--|---|
| "Articles" | The Articles of Association of the Company; |
| "Board" or "the Directors" | The Board of Directors of the Company; |
| "Broker" | Any person or company registered as a member with the ZSE and duly licensed to buy and sell shares and other securities on behalf of customers; |
| "Business Day" | Monday to Friday in any week, but excluding public holidays in Zimbabwe; |
| "CEO" | Chief Executive Officer; |
| "CFO" | Chief Finance Officer; |
| "Chairman's Letter" | The Chairman's Letter to the Company's Shareholders; |
| "Closed Period" | The period from the end of an issuer's financial year end to the date of earliest publication of the issuer's preliminary report, abridged report or provisional report; or (b) the period from the expiry of the first six months of an issuer's financial year to the date of publication of the issuer's interim results; or (c) the period from the expiry of the second six-month period of an issuer's financial year to the date of publication of the issuer's second interim results, in cases where the financial period covers more than 12 months; or (d) where an issuer reports on a quarterly basis, the period from the end of a quarter to the date of publication of the issuer's quarterly results; or (e) any period when an issuer is trading under cautionary announcement; |
| "Circular" or "the Document" | This document dated Thursday, 13 April 2023 including the appendices hereto, addressed to First Capital Bank Limited Shareholders, which sets out the terms and conditions of the Proposed Transaction; |
| "Companies Act" | The Companies and Other Business Entities Act [Chapter 24:31]; |
| "Conditions Precedent" or "Delisting Conditions Precedent" | The Conditions Precedent to which the Proposed Transaction is subject as set out on page 9 of the Circular; |
| "CSD" | Central Securities Depository; |
| "EBITDA" | Earnings Before Interest, Taxation, Depreciation, and Amortisation; |
| "EGM" | The Extraordinary General Meeting of the Company's Shareholders convened in terms of the Companies Act, to be held at 1530 hours on Thursday, 4 May 2023, virtually by electronic means, at which First Capital Bank Limited Shareholders will vote on the Proposed Transaction; |
| "EPS" | Earnings per share; |
| "Exchange Control Regulations" | The Exchange Control Regulations promulgated under the Exchange Control Act [Chapter 22:05] including and without limitation, the Exchange Control Regulations, Statutory Instrument 109 of 1996, as amended; |
| "Experts" | Refers to Financial Advisors, Legal Advisors, Transfer Secretaries and Sponsoring Brokers on the Proposed Transaction; |
| "First Capital Bank Limited" or "First Capital" or "First Capital Bank" or "the Company" or "the Bank" | First Capital Bank Limited, (formerly Barclays Bank Zimbabwe Limited) a Public Company incorporated in Zimbabwe on 11 February 1981 under Company Registration Number 148/81 and listed on the ZSE; |
| "Form of Proxy" | The Form of Proxy accompanying this Circular; |
| "Group" | Refers to FMBcapital Holdings Plc, the parent company of First Capital Bank Limited (Zimbabwe) and a Mauritius registered entity listed on the Malawian stock exchange with regional banking operations in Zimbabwe, Malawi, Zambia, Botswana and Mozambique. |
| "IAS" | International Accounting Standards; |
| "IFRS" | International Financial Reporting Standards; |

Interpretation And Definitions (Continued)

| | |
|-------------------------------|---|
| "IH Advisory" | IH Advisory (Private) Limited, a licenced securities investment advisor with the Securities and Exchange Commission of Zimbabwe, and the lead financial advisors to the Proposed Transaction; |
| "Listing by Introduction" | Listing by introduction is a way of listing shares already in issue on another exchange. No marketing arrangement is required as the shares for which listing is sought are already widely held; |
| "Independent Auditors" | Refers to Deloitte & Touche Registered Auditors who are the independent auditors to the Company; |
| "Legal Advisors" | Kantor & Immerman, the legal advisors to the Proposed Transaction; |
| "MBA" | Master of Business Administration degree; |
| "NAV" | Net asset value; |
| "Non-Resident Shareholder(s)" | A holder(s) of shares in the Company who are/is designated as "non-resident" in terms of the Exchange Control Regulations; |
| "Notice" | The notice of the Extraordinary General Meeting which was published in terms of the Companies Act on Thursday, 13 April 2023, advising the Company's Shareholders of the Proposed Transaction and which forms part of this Circular; |
| "Proposed Transaction" | The delisting of the Company's Shares from the Zimbabwe Stock Exchange and the simultaneous admission (Listing by Introduction) of the Company on the Victoria Falls Stock Exchange; |
| "RBZ" | Reserve Bank of Zimbabwe; |
| "Record Date" | The date for the Shareholders of the Company to be recorded in the Register as eligible to vote at the EGM, scheduled at 1530 hours on Thursday, 4 May 2023; |
| "Register" | The register of Shareholders of the Company maintained by the Transfer Secretaries, and the sub-register of nominee Shareholders maintained by each Broker; |
| "Registrar" | The Registrar of Companies appointed in terms of the Companies Act. |
| "Resolutions" | Proposal(s) for decisions to be made or actions to be taken submitted to Shareholders for a vote at the Company's annual meeting or extra-ordinary general meeting of members; |
| "Shareholder(s)" | The holder(s) of ordinary shares of First Capital Bank Limited; |
| "Shares" or "Security" | The issued and/or authorized share capital of First Capital Bank Limited; |
| "SI" | Statutory Instrument; |
| "Sponsoring Broker" | IH Securities (Private) Limited, the sponsoring broker for the Proposed Transaction and a member of the Zimbabwe Stock Exchange; |
| "Transfer Secretaries" | Corpserve Transfer Secretaries (Private) Limited who provide share transfer secretarial services to First Capital Bank Limited; |
| "USD" | United States of America Dollar, the legal tender of the United States of America in which certain monetary amounts in this Circular are expressed; |
| "VFEX" | Victoria Falls Stock Exchange, a stock exchange that is established in terms of the Securities and Exchange Act [Chapter 24:25], which regulates the conduct of companies whose shares are listed on the Official List and traded on the Victoria Falls Stock Exchange; |
| "VFEX Listing Requirements" | The listing requirements of the VFEX; |
| "Zimbabwe" | The Republic of Zimbabwe; |

Interpretation And Definitions (Continued)

| | |
|----------------------------|---|
| "Zimstat" | Zimbabwe National Statistics Agency, a corporate body established in terms of the Census and Statistics Act of 2007 and is the official source of statistics in Zimbabwe; |
| "ZSE" | The Zimbabwe Stock Exchange, a stock exchange that is established in terms of the Securities and Exchange Act [Chapter 24:25], which regulates the conduct of companies whose shares are listed on the Official List and traded on the Zimbabwe Stock Exchange; |
| "ZSE Listing Requirements" | The Listings Requirements of the ZSE set out in SI 134 of 2019; and |
| "ZWL" | The Zimbabwean Dollar, the legal tender in Zimbabwe. |

Salient Features Of The Proposed Transaction

Overview of the Proposed Transaction

On Friday, the 10th of March 2023, the Board of Directors of First Capital Bank passed a resolution in support of the termination of First Capital's ZSE Listing, with the intent to list the Company's shares on the VFEX by way of Introduction.

Benefits of the Proposed Transaction

- The benefits of the Proposed Transaction include, but are not limited to, the following:
- Enhancement of regional merger and acquisition opportunities;
- Broader investor base and access to USD capital;
- USD Dividends for shareholders;
- More proficient financial reporting in USD;
- Improved pathway to access USD facilities;
- Improved options for capital planning;
- Lower foreign exchange risk for Shareholders arising from local currency depreciation;
- Taxation incentives for Shareholders and potential investors;
- Reduced potential valuation volatility - as the Company's market value will be determined in the stable USD currency;
- Lower trading costs of 2.12% compared to 4.63% on the Zimbabwe Stock Exchange; and
- Enhanced ability to attract capital inflows into Zimbabwe.

If the Proposed Transaction does not take place, then First Capital Bank will remain listed on the ZSE, and the benefits outlined above will not be available to the Company or its Shareholders.

Timetable for the Proposed Transaction

| Important Dates | |
|--|-------------------------|
| First Capital Bank EGM Notice and announcement published | Thursday, 13 April 2023 |
| Voting Record Date, First Capital Bank share register closed (at 1600 hours) | Friday, 28 April 2023 |
| Last day of lodging Proxy Forms (at 1530 hours) | Tuesday, 2 May 2023 |
| First Capital Bank EGM (at 1530 hours) | Thursday, 4 May 2023 |
| Publication of Results of First Capital Bank EGM | Monday, 8 May 2023 |
| Last day of trading First Capital Bank Shares | Friday, 12 May 2023 |
| Migration of First Capital Bank ZSE Listing to the VFEX | Wednesday, 17 May 2023 |
| Estimated Completion of First Capital's VFEX Listing | Friday, 19 May 2023 |

The above dates may be subject to change and any such change will be published to Shareholders. All times indicated above and elsewhere in the Circular are Zimbabwean local times.

Queries

If you have any questions on any aspect of this document, please contact your stockbroker, accountant, banker, legal practitioner, or other professional advisors. Alternatively, please contact IH Advisory or IH Securities (whose details are given below):

IH Advisory (Private) Limited

Block 3
Tungate Business Park
30 Tungate Road
Mount Pleasant
Harare
Zimbabwe
Email: advisory@ih-group.com
Tel: +263 (0) 242 745119/745139/745937

IH Securities (Private) Limited

Block 3
Tungate Business Park
30 Tungate Road
Mount Pleasant
Harare
Zimbabwe
Email: trading@ihsecurities.com
Tel: +263 (0) 242 745119/745139/745937

Actions to be taken by First Capital Bank Shareholders

- Read this Document in its entirety. If you are in doubt as to the action you should take, you should immediately seek advice from an independent stockbroker, bank manager, legal practitioner, accountant, or any other professional advisor of your choice;
- Attend and vote at the EGM to be held on Thursday, 4 May 2023; and
- Shareholders who cannot attend the EGM but wish to be represented thereat should complete and sign the Proxy Form included with this Document and ensure it is lodged at the First Capital's Corporate Head Office at Barclay House, Corner First Street and Jason Moyo Avenue, Harare, Zimbabwe, so that the Transfer Secretaries receive it by no later than 1530 hours on Tuesday, 02 May 2023. Shareholders may attend the meeting virtually, notwithstanding the completion and return of a Proxy Form.
- A Director or officer of the Company shall not be appointed as a proxy for a Shareholder (s171(8) of the Companies Act).

Conditions Precedent

A cautionary announcement has been issued to the Shareholders of First Capital, informing them of the Company's intention to delist from the ZSE. The ZSE has granted authority to delist First Capital's shares from the ZSE subject to the conditions listed below:

- First Capital Bank Board approval of the listing of the Company's ordinary shares on the VFEX;
- The passing by Shareholders of First Capital Bank of the resolutions, by the requisite majority, at an EGM to be held on Thursday, 4 May 2023, in terms of the Notice of the EGM published in the national press dated Thursday, 13 April 2023; and
- Obtaining all such necessary regulatory approvals as may be required, including issuing a letter of good standing by the ZSE to First Capital.

Documents Available for Inspection

The public may inspect this Circular and the documents available as listed in Section 9 and below between 0800 hours and 1530 hours from Thursday, 13 April 2023 to Tuesday, 02 May 2023 at the Sponsoring Brokers' and First Capital's physical offices at the address set out in the "Corporate Information" section of this Document:

- The substituted Memorandum and Articles of Association of the Company;
- First Capital Bank Board Approval of the Proposed Transaction;
- Consent Letters from all Experts on the Proposed Transaction;
- The Audited Financial Statements and Notes to the Financial Statements for the three financial years ended 31 December 2022, 31 December 2021 and, 31 December 2020 for First Capital;
- The ZSE approval letter for the delisting of First Capital Bank shares from the ZSE; and
- The ZSE approval letter for the distribution of the Circular.

Chairman's Statement

Dear Shareholder,

Over the last year the Bank has experienced a remarkable increase in its customer base. This has driven growth in deposits and the loan book with an increased skewness of balances towards the United States Dollar. Foreign currency denominated deposits and loan balances were above 70% in both instances as at 31 December 2022.

The Zimbabwean economy is partly dollarized, with over 75% of expenditure in the economy being executed in foreign currency, according to Zimstat. The Bank's income has been tracking this trend, albeit on a lagging basis, with between monthly foreign currency income contributions between 55% and 65% having been achieved in recent months.

The Bank plans to roll out more foreign currency denominated products, including partnerships with Money Transfer Agencies, to provide more options to customers and boost its foreign currency revenue.

The Board of Directors of First Capital Bank Limited evaluated options that align with economic developments and current strategies to enhance company and shareholder value. Consequently, the Board of Directors recommends that First Capital Bank transfers its listing from the ZSE to the VFEX. This will complement the Bank's strategy, with the following considerations being relevant:

- The Bank provides corporate services and funding to companies in Zimbabwe that are exposed to USD denominated costs. Improved access to USD facilities for the Bank through the VFEX enables the Bank to maintain a competitive position in the market by offering USD capital to such corporates.
- The Bank has mobilised lines of credit from regional and international partners that include the African Development Bank, Afreximbank, the European Investment Bank and the Trade and Development Bank. These facilities are expected to provide a boost to the economy through trade finance and medium-term capital opportunities which smoothen trade cycles and facilitate capital investment for long term projects. Access to foreign currency capital through the VFEX has the potential to boost and provide sustainability to the existing relationship.
- By listing on VFEX, the Bank is required to report its financial performance in USD which is a stable currency. This will assist current and potential investors to better understand the performance of the entity. The current reporting framework which is based on the ZWL and upon which adjustment is made for hyperinflation has created substantial complexity in the reporting process and volatility in the reported numbers. This affects the interpretation of the financial statements. It is expected that this will be partially cured through reporting in USD.
- The potential increase in the Bank's USD earnings increases the shareholders' expectation to receive their return in USD through USD dividends and USD capital gains on share disposal.

Further Benefits of listing on the VFEX for shareholders include lower exchange risk arising from local currency depreciation, tax incentives and lower trading costs of 2.12% compared to 4.63% on the Zimbabwe Stock Exchange.

Based on the aforementioned reasons, the Board supports First Capital Bank's migration from the ZSE to the VFEX.

13 April 2023

[Signed on Original]

P. Devenish
Chairman of the Board of Directors

Details Of The Proposed Transaction

1. OVERVIEW OF THE PROPOSED TRANSACTION

1.1. The Proposed Delisting of First Capital Bank Limited from the ZSE

On Friday the 10th of March 2023 the Board of Directors of First Capital Bank considered the termination of First Capital's ZSE Listing, with the intent to list the Company's shares on the VFEX. The Board subsequently passed a resolution relating to the above due to the rationale of the Proposed Transaction outlined below.

1.2. Benefits of Listing on the VFEX

1.2.1. Increased Access to USD Capital and a Broadened Investor Base

The VFEX's potential to be a regional exchange integrates with First Capital Bank's position as part of a regional banking group. The listing of First Capital Bank on the VFEX presents an opportunity for a diversified capital base for First Capital Bank and access to the capital markets that the larger group operates in. This can also potentially enhance First Capital Bank's regional and commercial standing and provide further opportunities for the Group's expansion.

Furthermore, the USD reporting requirement on the VFEX will lower the perception risk of First Capital, allowing the Company to access finance at favourable terms.

1.2.2. Lower Trading Costs

The VFEX's lower trading costs of 2.12% compared to 4.63% on the ZSE allows Shareholders to retain more value on disposal of shares.

1.2.3. Greater Liquidity of shares

Liquidity of the First Capital Bank shares can be stimulated by lower trading costs and lower risk perception of the VFEX versus the ZSE due to its USD pricing of the First Capital Bank stock as well as its ability to return foreign currency dividends.

1.2.4. Free Dividend Repatriation for Foreign Shareholders

The VFEX allows foreign Shareholders to repatriate their dividends and proceeds from share disposals freely compared to the ZSE that is subject to exchange control hurdles due to its trading in local currency and nationwide foreign currency shortages.

1.2.5. Tax Incentives

The VFEX offers tax incentives for Shareholders, which include a 5% withholding tax on dividends for foreign investors and no capital gains tax on share disposal, thus providing enhanced earnings for Shareholders compared to the ZSE.

1.2.6. Reduced Valuation Volatility and Improved Performance Benchmark

The provision of a de facto third-party USD valuation of the Company on the VFEX enables First Capital's existing Shareholders to realise the true value of their investment and provides a more accurate benchmark of the stock's performance. Furthermore, the USD valuation preserves the Company's value and mitigates valuation volatility by providing a hedge to the ZWL, providing greater investor protection as compared to the ZSE.

1.2.7. Proficient Financial Reporting

Entities listed on the VFEX are required to report their financial results in USD, resulting in the efficient evaluation of the Company's performance as compared to the ZWL which foreign investors may not fully comprehend due to its volatility. Moreover, companies listed on the VFEX are required to meet specific governance and reporting requirements, which can improve the overall management and performance of the Company.

1.3. Estimated Transaction Fees and Related Expenses

| Expense | Fee (USD) |
|-------------------------|-------------------|
| Advisory | 26,500 |
| Sponsoring Broker | 6,250 |
| Legal | 17,250 |
| Transfer Secretaries | 7,500 |
| Printing & Distribution | 4,000 |
| ZSE Document Review | 4,250 |
| VFEX Application | 2,700 |
| Total | USD 68,450 |

2. OVERVIEW OF FIRST CAPITAL BANK LIMITED

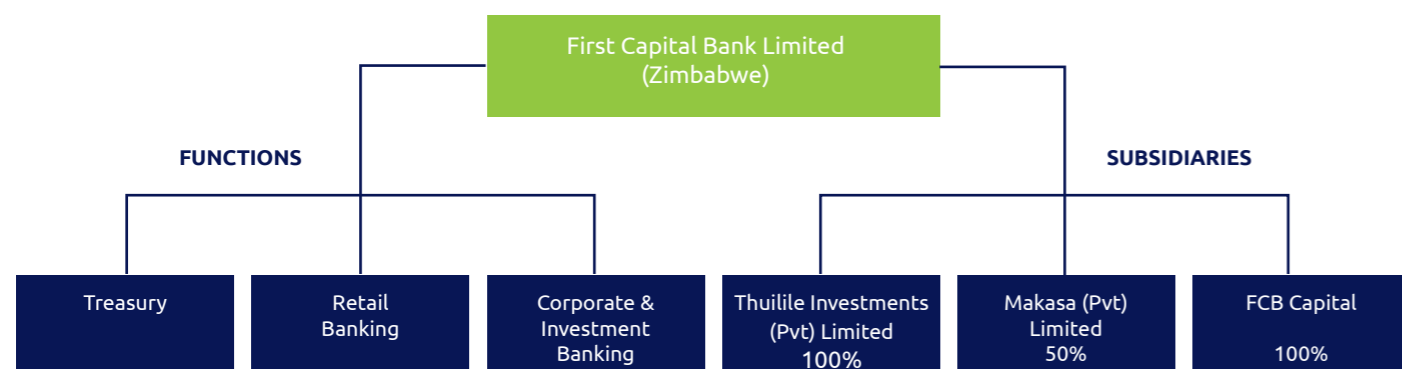
2.1. History of First Capital Bank

First Capital Bank first opened for business in Zimbabwe as Barclays Bank in 1912. In 2017, following a 104-year presence, Barclays Bank plc sold its majority shareholding in Barclays Bank of Zimbabwe to FMBcapital Holdings plc ("FMBCH or the Group"). The Bank now trades as First Capital Bank.

First Capital Bank operates one of the biggest and oldest commercial banking networks in Zimbabwe with 32 branches and service centres in major cities and towns. The Bank offers a wide range of personal products, including transactional accounts, internet banking, local and international debit cards as well as insurance products, among others. Commercial products include treasury related services, lending products, foreign exchange and transactional products. In addition, the bank has a wide ATM network spread across the country.

First Capital Bank's major shareholder, Mauritius-based FMBcapital Holdings plc, has regional operations in Botswana, Malawi, Mozambique, Zambia and Zimbabwe. FMBcapital Holdings plc is listed on the Malawi Stock Exchange while First Capital Bank is listed on the Zimbabwe Stock Exchange.

2.2. First Capital Company Structure



2.3. Company Structure

First Capital Bank Limited provides retail, corporate, and investment banking services in Zimbabwe. The company operates through three divisions which are:

2.3.1. Functions

Retail Banking

The Retail Banking segment offers private customer current accounts, savings accounts, deposits, investment savings products, custody services, credit and debit cards, and consumer loans and mortgages, and direct debit facilities services.

Corporate and Investment Banking

Provides current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency products, and direct debit facilities services. This includes small to medium enterprises.

Treasury

Treasury deals with Fixed and call deposits as well as treasury bills.

2.3.2. Subsidiaries

Thulile Investments (Private) Limited

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

Makasa (Private) Limited

First Capital Bank Limited 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.

FCB Capital

FCB Capital is a private limited company wholly owned by First Capital Bank Limited. The company is targeted at originating Debt, Equity and Mezzanine financing solutions for clients.

2.4. First Capital Bank Products

First Capital Bank operates in all sectors of the Zimbabwean market servicing the needs of the following market segments:

2.4.1. Corporate

Commercial products include the following exciting products:

- Corporate Accounts – Current Account, Investments accounts, Foreign Currency Accounts and Non Profit Organisation Accounts;
- Trade – Letters of Credit, International Guarantees and Collection bills;
- Lending facilities;
- Payments – Bill Payments, Tax Payment Services, RTGS/EFT, Vendor Payments and Payroll Processing;
- Receivable Management – Cash Management, Point of Sale and Disbursement/Collection Solutions;
- Digital banking – Infini-pay and Corporate Internet Banking;
- Cards – Visa Business Debit Cards.

2.4.2. Personal

The Bank offers a wide range of personal products that includes:

- Personal Banking – First banking, Prestige banking, Premier banking, Diaspora banking and Youth banking;
- Investments Accounts – Fixed deposits and Call deposits;
- Money transfer – RIA Money Transfer and Hello Paisa Money Transfer;
- Insurance – Motor vehicle, Home, Travel, Funeral and Hospital;
- Cash back;
- WhatsApp Banking;
- Cards and Point of Sale services – Visa Classic, Visa Platinum, Visa Secure and POS solutions;
- Digital Banking – Internet and mobile banking, Mobile App, ATMs, SMS Alerts and E-Statements;
- Paperless banking; and
- Borrowing – Personal loans, School fees loans and overdrafts.

2.5 First Capital's strengths

2.5.1 Financial Security

Consistent Long Term Credit Rating of A+ and Short Term Credit Rating of A1 by Global Credit Rating Co., South Africa.

2.5.2 Regional Footprint

With a regional presence in 5 SADC countries as part of the FMBCH Group, the Bank is ideally positioned to facilitate seamless cross border trade and offer customers unique trade finance solutions across the region.

2.5.3 Customer Focus

We focus on the needs of our customers ensuring the highest levels of customer service, maintaining strong delivery channels and responding to market demand through product development and innovation.

2.5.3 Innovation

First Capital Bank has taken the lead by leveraging on its partnerships and technology to introduce a host of products & services designed to make banking more convenient, affordable and inclusive.

2.5.4 People & Training

We are a blend of technical and functional professionals who can deliver on strategic objectives. First Capital Bank operates defined talent management, retention, and training strategies to ensure the organisation is equipped with the best skills.

2.5.5 Experience & Expertise

From turnaround strategies to IT project management, First Capital Bank offers a wealth of experience in all areas of its business, enabling the group to deliver on business strategy effectively and efficiently.

2.5.6 360 Service Portfolio

We offer a comprehensive range of financial products to the corporate and personal banking markets.

2.5.7 Strong Governance

First Capital Bank subscribes to a strict code of corporate governance administered by strong and robust governance structures.

3. ORDINARY SHARE CAPITAL

The share capital of First Capital Bank as at 31 December 2022 is shown below:

3.1. Authorised:

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.

3.2. Issued and fully paid.

A total of 2,160,205,929 (2021: 2,160,205,959) at a par value of ZWL 0.01 were in issue as at 31 December 2022. The following related to the Company's issued shares:

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

All issued shares are fully paid.

3.3. Authorised but Unissued Shares

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.

3.4. Variation of Rights

According to the Company's Articles, the rights conferred upon the holders of shares of any class issued with preferred, or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

3.5. Voting Rights

The issued First Capital Bank ordinary shares are the same class and rank *pari passu* in every respect.

3.6. Capital Adequacy, Working Capital and Cashflow

The Group's total equity increased from ZWL35.9b at 31 December 2021 to ZWL46.7b as at 31 December 2022. Core capital was USD46.2m which was above the minimum requirement of USD30m 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 asset ratio of 30% throughout the period, representing capacity to underwrite more business.

4. CORPORATE GOVERNANCE

4.1. Introduction

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, S1134/2019 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.

4.2. 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.

4.3. Board of Directors

The Board of directors is led by an independent, non-executive Chairman, whose primary duties include providing leadership of the Board and managing the business of the Board through setting its agenda, taking full account of issues and concerns of the Board, establishing and developing an effective working relationship with the executive

directors, driving improvements in the performance of the Board and its Committees, assisting in the identification and recruitment of talent to the Board, managing performance appraisals for directors including oversight of the annual Board effectiveness review and proactively managing regulatory relationships in conjunction with management. In addition, the non-executive directors proactively engage with the Bank's management to challenge and improve strategy implementation, counsel, and support to management and to test and challenge the implementation of controls, processes and policies which enable risk to be effectively assessed and managed.

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

The full names, addresses and positions of the Directors of First Capital are set out below.

| Full Name | Address | Position |
|--------------------------|---|--|
| Patrick Devenish | 30 Staley Road Borrowdale Harare | Independent Non-Executive, Independent Chairman |
| Ciaran McSharry | 340 Brooke Drive Borrowdale Harare | Managing Director |
| Hitesh Anadkat | 2 Sharpe Road P.O.Box 1295 Blantyre Malawi | Non-Executive Director |
| Sara Nyaradzo Moyo | 2 Fig Close Kambanje Harare | Independent Non-Executive Director |
| Tembiwe Moyo | 4 Franco Close Borrowdale Harare | Independent Non-Executive Director |
| Kevin Terry | 12 Gaynor Road Chisipite Harare | Independent Non-Executive Director |
| Rufaro Acquilina Chinamo | 1 Godfrey King Close Ballantyne Park Harare | Independent Non-Executive Director |
| Kiritkumar Naik | 4 Viking Way Ridgeview Harare | Independent Non-Executive Director |
| Mahendra Gursahani | 35A Kenthurst Rd St Ives NSW 2075 Australia | Non-Executive Director |
| Fanuel Kapanje | 218 Enterprise Road, The Grange, Chisipite Harare | Chief Finance Officer |

Patrick Devenish – Independent Non-Executive Independent Chairman

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

Ciaran McSharry – Managing Director

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

Hitesh Anadkat – Non-Executive Director

Hitesh Anadkat holds an MBA from Cornell University and a BSc Economics (Hons) from the University of London. Before returning to Malawi to establish First Capital Bank (originally FMB Malawi), he worked in Corporate Finance in

the USA specializing in mergers, acquisitions and valuations. He holds directorships in five commercial banks (part of FMBCapital Holdings Group) and in other sectors of the Malawi economy.

Sara Nyaradzo Moyo – Independent Non-Executive Director

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

Tembiwe Moyo – Independent Non-Executive Director

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

Kevin Terry – Independent Non-Executive Director

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

Acquilina Chinamo - Non-Executive Director

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

Kiritkumar Naik - Non-Executive Director

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

Mr Mahendra Gursahani - Non-Executive Director

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

Fanuel Kapanje – Executive Director

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

4.4. 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.

4.5. Directors' Interests

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.

As at 31 December 2022 the following Directors held shares directly in the Company.

| Director | Number of Shares Held |
|-----------------|-----------------------|
| Hitesh Anadkat | 36,068,751 |
| Kevin Terry | 111,951 |
| Kiritkumar Naik | 25,000 |

4.6. 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, 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.

4.7. Board and other 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 meetings with the facilitator. The results of the evaluation are collated, a report is produced, and feedback provided to the Board. The Board also submits the evaluation report to the Reserve Bank of Zimbabwe.

4.8. 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.

4.8.1 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, and 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 31 December 2022 were: A. Chinamo (Chairperson), T. Moyo and K. Terry

4.8.2 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 31 December were: K. Terry (Chairperson), H. Anadkat and K. Naik

4.8.3 The 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 31 December 2022 were: T. Moyo (Chairperson), A. Chinamo and S. Moyo

4.8.4 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 Bank's 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 31 December 2022 were: K. Naik (Chairperson), P. Devenish and H. Anadkat

4.8.5 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 and M. Gursahani

4.8.6 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 31 December 2022, the Committee was made up of the following members: K. Terry (Chairperson), T. Moyo and M. Gursahani

In addition to the Board Committees, management operates through several committees, including the Executive Management Committee and the Assets and Liabilities Committee.

4.8.7 Executive Committee ("EXCO")

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

4.8.8 Country Management Committee (CMC)

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

4.8.9 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.

4.9 Dealing in Shares

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. 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.

4.10 Professional advice

All Directors, with prior permission from the Board are entitled to seek independent professional advice on the affairs of the Group at the Group's expense.

4.11 Remuneration of Directors

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.

4.12 Ethics and Business Integrity

In First Capital Bank's endeavour to instil 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 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.

5. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

5.1 Capital Commitments

First Capital Bank had the following capital commitments as at 31 December 2022.

| All figures in ZWL | Inflation Adjusted | | Historical Cost | |
|---|--------------------|------------------|------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Authorised by Directors and contracted | - | - | - | - |
| Authorised by Directors, but not contracted | 3,700,986 | 3,325,416 | 3,700,986 | 967,366 |
| Total | 3,700,986 | 3,325,416 | 3,700,986 | 967,366 |

Capital commitments relate mainly to hotel property refurbishments and the acquisition of other items of property and equipment and will be financed mainly from normal operating cash flows.

5.2. Contingent Liabilities

As at 31 December 2022, First Capital Bank had the following contingent liabilities:

| All figures in ZWL | Inflation Adjusted | | Historical Cost | |
|----------------------------------|--------------------|------------------|------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Loan Commitments | 3,499,015 | 383,825 | 3,499,015 | 416,366 |
| Guarantees and letters of credit | 4,046,661 | 1,217,772 | 4,046,661 | 936,348 |
| Total | 7,545,676 | 1,601,597 | 7,545,676 | 1,352,714 |

6. SHARE INFORMATION

6.1 Shareholding Structure

The table below details the top 20 Shareholders of First Capital Bank as of 31 March 2023:

| FIRST CAPITAL BANK LIMITED TOP 20 : SCHEDULE AS AT : 31 March-2023 | | | | | |
|--|-------------------------------------|---------|----------|----------------------|---------------|
| Rank | Names | Country | Industry | Shares | Percentage |
| 1 | AFCARME ZIMBABWE HOLDINGS (PVT) LTD | ZIM | LC | 1,134,268,206 | 52.49 |
| 2 | 1912 EMPLOYEE SHARE OWNERSHIP TRUST | ZIM | CT | 322,998,026 | 14.95 |
| 3 | OLD MUTUAL LIFE ASS CO ZIM LTD | ZIM | INS | 87,605,828 | 4.05 |
| 4 | STANBIC NOMINEES (PVT) LTD | ZIM | LC | 82,849,990 | 3.83 |
| 5 | BARCLAYS ZIMBABWE NOMINEES P/L | ZIM | LN | 52,934,670 | 2.45 |
| 6 | SCB NOMINEES 033667800001 | ZIM | PF | 45,575,304 | 2.11 |
| 7 | AMAVAL INVESTMENTS (PVT) LTD | ZIM | LC | 37,929,816 | 1.76 |
| 8 | HITESH ANADKAT | MWI | NNR | 36,068,751 | 1.67 |
| 9 | DINKRAIN INVESTMENTS | ZIM | LC | 33,269,440 | 1.54 |
| 10 | MORGAN AND CO MULTI-SECTOR ETF | ZIM | LC | 24,638,508 | 1.14 |
| 11 | PUBLIC SERVICE COMMISS PF-ABC | ZIM | PF | 22,487,106 | 1.04 |
| 12 | NSSA STAFF PENSION FUND - ABC | ZIM | PF | 18,464,490 | 0.85 |
| 13 | RUMBIDZAI DAHWA | ZIM | LR | 16,028,345 | 0.74 |
| 14 | HIPPO VALLEY ESTATES PF-IMARA | ZIM | PF | 11,079,406 | 0.51 |
| 15 | DANCHEN INVESTMENTS | ZIM | LC | 10,932,348 | 0.51 |
| 16 | AVENELL INVESTMENTS (PVT) LTD | ZIM | LC | 9,803,832 | 0.45 |
| 17 | MUNDELL FAMILY TRUST | ZIM | LC | 7,937,816 | 0.37 |
| 18 | TIRENT INVESTMENTS (PVT) LTD | ZIM | LC | 7,093,700 | 0.33 |
| 19 | NATIONAL FOODS P F-IMARA | ZIM | PF | 6,160,560 | 0.29 |
| 20 | AMZIM PENSION FUND - IMARA | ZIM | PF | 5,316,848 | 0.25 |
| | Selected Shares | | | 1,973,442,990 | 91.33 |
| | Non - Selected Shares | | | 310,208,103 | 14.36 |
| | Issued Shares | | | 2,160,865,929 | 100.00 |

Number of shares in issue: **2,160,865,929**

6.2 Share Price History

The tables below provide statistical information on the market price and volumes traded of First Capital's shares:

Monthly Share price

| Date | Volume Weighted Average Monthly Price (ZWL) | Volume |
|------------|---|------------|
| 31/3/2022 | 3.84 | 9,327,100 |
| 29/4/2022 | 6.18 | 13,985,000 |
| 31/5/2022 | 10.14 | 1,853,700 |
| 30/6/2022 | 11.39 | 3,147,100 |
| 29/7/2022 | 10.12 | 388,600 |
| 31/8/2022 | 7.16 | 7,567,700 |
| 30/9/2022 | 8.13 | 702,600 |
| 31/10/2022 | 9.31 | 3,629,800 |
| 30/11/2022 | 9.42 | 323,200 |
| 30/12/2022 | 11.51 | 1,390,700 |
| 30/1/2023 | 15.69 | 3,537,100 |
| 28/2/2023 | 18.27 | 6,156,200 |
| 31/3/2023 | 19.72 | 7,670,700 |

Quarterly Share Price

| Date | Volume Weighted Average Quarterly Price (ZWL) | Volume |
|------------|---|------------|
| 30/6/2022 | 7.43 | 18,985,800 |
| 30/9/2022 | 7.37 | 8,658,900 |
| 30/12/2022 | 9.89 | 5,343,700 |
| 31/3/2022 | 18.38 | 17,364,000 |

Daily Share Price

| Date | Price (ZWL) | Volume |
|-----------|-------------|-----------|
| 10/3/2023 | 17.9 | 6,600 |
| 13/3/2023 | 17.9 | 12,900 |
| 14/3/2023 | 17.99 | 1,364,600 |
| 15/3/2023 | 18.05 | 53,100 |
| 16/3/2023 | 18.1 | 201,600 |
| 17/3/2023 | 19.55 | 17,600 |
| 20/3/2023 | 22.45 | 22,100 |
| 21/3/2023 | 25.2 | 153,400 |
| 22/3/2023 | 28.95 | 432,600 |
| 23/3/2023 | 32.96 | 229,400 |
| 24/3/2023 | 33.83 | 141,000 |
| 27/3/2023 | 32.86 | 40,400 |
| 28/3/2023 | 33.81 | 17,700 |
| 29/3/2023 | 33.86 | 15,400 |
| 30/3/2023 | 33.81 | 9,900 |
| 31/3/2023 | 31.96 | 6,100 |
| 3/4/2023 | 31.84 | 82,100 |
| 4/4/2023 | 30.15 | 25,000 |
| 5/4/2023 | 31.31 | 2,600 |
| 6/4/2023 | 33.43 | 900 |
| 11/4/2023 | 33.45 | 55,400 |

7. EXPERTS' CONSENTS

The Lead Financial Advisors, Sponsoring Brokers, Legal Advisors and Transfer Secretaries have submitted their written consents to act in the capacities stated and to their names being stated in this Circular, which consents have not been withdrawn as at the date of this Circular. The above-mentioned consents are available for inspection by interested parties in terms of Paragraph 9.

8. REGULATORY ISSUES

The ZSE approved the distribution of this Circular on 12 April 2023.

9. DOCUMENTS AND CONSENTS AVAILABLE FOR INSPECTION

The public may inspect this Circular and the documents available as listed below between 0800 hours and 1530 hours on Thursday, 13 April 2023 to Tuesday, 02 May 2023 at the Sponsoring Brokers', and First Capital's physical offices at the addresses set out in the "Corporate Information" section of this Document:

- The Substituted Memorandum and Articles of Association of the Company;
- First Capital Bank Board Approval of the Proposed Transaction;
- The consent letters from all Experts on the Proposed Transaction;
- The Audited Financial Statements and Notes to the Financial Statements for the three financial years ended 31 December 2022, 31 December 2021 and 31 December 2020 for First Capital Bank Limited; and
- The ZSE approval letter for the distribution of the Circular.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names appear below, collectively, and individually accept full responsibility for the accuracy of the information provided in this Circular and certify that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading. They have made all reasonable enquiries to ascertain such facts, and this Circular contains all information required by law, ZSE and VFEX listing rules.

The Directors confirm that this Circular includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) that investors and their professional advisors would reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits or losses and prospects of the issuer, and of the rights attaching to the securities to which the listing particulars relate.

| Director's Name | Position | Signature |
|--------------------------|---|----------------------|
| Patrick Devenish | Independent Non-Executive, Independent Chairman | [Signed on original] |
| Ciaran McSharry | Managing Director | [Signed on original] |
| Fanuel Kapanje | Chief Financial Officer | [Signed on original] |
| Hitesh Anadkat | Non-Executive Director | [Signed on original] |
| Sara Nyaradzo Moyo | Independent Non-Executive Director | [Signed on original] |
| Tembiwe Moyo | Independent Non-Executive Director | [Signed on original] |
| Kevin Terry | Independent Non-Executive Director | [Signed on original] |
| Rufaro Acquilina Chinamo | Independent Non-Executive Director | [Signed on original] |
| Kiritkumar Naik | Independent Non-Executive Director | [Signed on original] |
| Mahendra Gursahani | Non-Executive Director | [Signed on original] |

APPENDIX I: INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATED FINANCIALS OF FIRST CAPITAL BANK LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of First Capital Bank Limited

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

Opinion

We have audited the consolidated and separate inflation adjusted financial statements of First Capital Bank Limited and its subsidiaries (the Group) set out on pages 13 to 84, which comprise the consolidated and separate statements of financial position as at 31 December 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key Audit Matters

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



A full list of partners and directors is available on request
Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Report on the Audit of the Consolidated and Separate Financial Statements

| Key audit matter | How the matter was addressed in the audit |
|--|---|
| 1. Determination of expected credit losses on financial assets | |
| <p>As disclosed in note 37.3.1 the expected credit losses (ECL) reflected in the inflation adjusted statement of financial position as at 31 December 2022 determined in accordance with International Financial Reporting Standard 9, "Financial Instruments" (IFRS 9), amounts to ZWL\$ 805.7 million (2021 ZWL\$ 771 million).</p> <p>This was considered a key audit matter as the determination of the ECL requires significant judgements, including:</p> <ul style="list-style-type: none"> Models used to determine provisions are complex and might not have taken into account all relevant factors such as macroeconomic data for forecasts and the data used for historical analysis might not be accurate. The estimation of the key components of the expected credit loss ("ECL") provisions involves significant judgement in determination of probability of default (PD), loss given default (LGD) and exposure at default (EAD). The current economic environment is very volatile which further heightens the risk of incorporating inaccurate forward-looking information. In addition, the increased liquidity constraints may have impacted the financial position of companies and individuals which needs to be incorporated in the determination of the expected credit losses. The judgements and estimates used in the determination of the ECL have been detailed as per note 3 of the inflation adjusted financial statements. | <p>To respond to the risk, we performed audit procedures which included:</p> <ul style="list-style-type: none"> Obtained an understanding of the business processes around the impairment of financial assets and tested the design and implementation of relevant controls. We evaluated the competence, objectivity and independence of specialists that we engaged and Tested the completeness and accuracy of loans and advances included in the ECL calculations. With the assistance of an auditor's specialist: Reviewed the Bank's IFRS 9 based impairment provisioning policy, compared it with the requirements of IFRS 9 and performed an independent assessment on the appropriateness of the model. Reviewed the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. Obtained an understanding of the Bank's internal rating models for loans and advances and for a sample of loans and advances, we tested the appropriateness of the Bank's staging of loans and advances. Reviewed the key data sources and assumptions for data used in the Expected Credit Loss models (the Models) used by the Bank to determine impairment provisions. Tested the appropriateness of determining Exposure at Default (EAD) and probability of default; and Reviewed the calculation of the Loss Given Default (used in the ECL calculations, including the appropriateness of the discounting of ECL performed by management and the resultant arithmetical calculations. We evaluated the impact of any findings identified on the expected credit loss provision. <p>The disclosures and accounting pertaining to the ECL was found to be appropriate in terms of the relevant accounting standards</p> |

Report on the Audit of the Consolidated and Separate Financial Statements

Other Information

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate inflation adjusted financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate inflation adjusted financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate inflation adjusted financial statements, including the disclosures, and whether the consolidated and separate inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholders of First Capital Bank Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Auditor's Responsibilities for the Audit of the consolidated and separate inflation adjusted financial statements

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

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

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

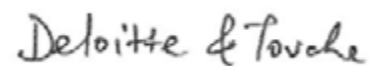
In fulfilment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows:

Section 193(1)(a)

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

Section 193(2)

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



Deloitte & Touche
Chartered Accountants (Zimbabwe)

Per: Lawrence Nyajeka
Partner
Registered Auditor
(Paab Practice Certificate Number 0598)

28 March 2023

APPENDIX II: INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATED FINANCIALS OF FIRST CAPITAL BANK LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of First Capital Bank Limited

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

Opinion

We have audited the inflation adjusted financial statements of First Capital Bank Limited (hereafter, the Bank) and its subsidiary (together, the "Group"), which comprise the consolidated and separate inflation adjusted statement of financial position as at 31 December 2021, and the consolidated and separate inflation adjusted statement of profit or loss and other comprehensive income, the consolidated and separate inflation adjusted statement of changes in equity and the consolidated and separate inflation adjusted statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate inflation adjusted financial statements present fairly, in all material respects, the inflation adjusted financial position as at 31 December 2021 of the Bank and Group, and its inflation adjusted financial performance and inflation adjusted cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Banking Act (Chapter 24:20).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate inflation adjusted financial statements section of our report. We are independent of the Bank in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Key audit matters Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate inflation adjusted financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Opinion section of our report, we have determined the matters described below to be the key audit matters.

| Key Audit Matter | How the matter was addressed in the audit |
|---|---|
| <p>1. Determination of expected credit losses on financial assets</p> <p>As disclosed in note 37.5 the expected credit losses (ECL) reflected in the inflation adjusted statement of financial position as at 31 December 2021 determined in accordance with International Financial Reporting Standard 9, "Financial Instruments" (IFRS 9), amounts to ZWL\$148.9 million (2020 ZWL\$151.8 million).</p> <p>This was considered a key audit matter as the determination of the ECL requires significant judgement such as:</p> <ul style="list-style-type: none"> Models used to determine provisions are complex and might not have taken into account all relevant factors such as macroeconomic data for forecasts and the data used for historical analysis might not be accurate. The estimation of the key components of the expected credit loss ("ECL") provisions involves significant judgement in determination of probability of default (PD), loss given default (LGD) and exposure at default (EAD). The current economic environment is very volatile which further heightens the risk of incorporating inaccurate forward-looking information. In addition, the increased liquidity constraints may have impacted the financial position of companies and individuals which needs to be incorporated in the determination of the expected credit losses. The judgements and estimates used in the determination of the ECL have been detailed as per note 3 of the inflation adjusted financial statements. | <p>"To respond to the risk, we performed audit procedures which included:</p> <ul style="list-style-type: none"> Obtained an understanding of the business process around the impairment of financial assets and tested the design and implementation of relevant controls. We evaluated the competence, objectivity, and independence of specialists that we engaged and Tested the completeness and accuracy of loans and advances included in the ECL calculations With the assistance of an auditor's specialist: Reviewed the Bank's IFRS 9 based impairment provisioning policy, compared it with the requirements of IFRS 9 and performed an independent assessment on the appropriateness of the model. Reviewed the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. Obtained an understanding of the Bank's internal rating models for loans and advances and for a sample of loans and advances, we tested the appropriateness of the Bank's staging of loans and advances. Reviewed the key data sources and assumptions for data used in the Expected Credit Loss (models (the Models) used by the Bank to determine impairment provisions. Tested the appropriateness of determining Exposure at Default (EAD) and probability of default; and Reviewed the calculation of the Loss Given Default (used in the ECL calculations, including the appropriateness of the discounting of ECL performed by management and the resultant arithmetical calculations. Tested the rationale of management overlays which are performed through the Bank's benchmarking process. Assessed whether forward looking information has been incorporated into the Bank's ECL computations for all financial assets subject to impairment in terms of IFRS 9 and whether it is appropriate in light of the current economic environment; and We evaluated the impact of any findings identified on the expected credit loss provision. The disclosures and accounting pertaining to the ECL was found to be appropriate in terms of the relevant accounting standards. |

| 2. Valuation of properties | |
|--|--|
| <p>As disclosed in note 3 of the inflation adjusted financial statements, the Bank has owner occupied properties, investment properties and investment in Makasa Sun which are recognised at fair value and are an area of significant judgement and estimates which are further heightened by the hyperinflationary state of the local currency.</p> <p>The valuations for the 2021 were in Zimbabwean Dollars (ZWL). The directors made use of independent external valuers in determining the fair values of property. Valuations by their nature involve the use of judgement and estimates which involve significant unobservable inputs such as:</p> <p>Market rentals Risk yields</p> <p>The complexity and subjectivity of these ZWL inputs may result in material misstatements. The current economic environment is extremely volatile given the valuation intricacies impacting property in the Zimbabwean market. We identified the valuation of property as representing a key audit matter due to the significance of the balance to the financial statements as a whole.</p> <p>Judgements and estimates used in the valuation of properties have been disclosed as per note 3 and note 40.3 of the inflation adjusted financial statements</p> | <p>"To respond to the matter, we performed the following procedures:</p> <ul style="list-style-type: none"> Assessed the independence, competence and objectivity of the external property valuer. Evaluated the valuation methodology used by the external property valuer. Discussed the valuations with management and the valuer and challenged key estimates adopted in the valuation including those relating to market selling prices, market rates, and capitalization rates, by comparing with available market data. Tested the completeness and accuracy of the ZWL inputs used in the valuation model. Engaged an auditor's expert to assess reasonability of the values determined by management by assessing the valuation of ZWL inputs. Assessed whether fair value had been determined in accordance with the requirements of IFRS 13 Fair Value Measurement; and Reviewed financial statement disclosures for adequacy of disclosures around the key assumptions. <p>The disclosures and accounting pertaining to valuation of properties was found to be appropriate in terms of the relevant accounting standards."</p> |

Other Information

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

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

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

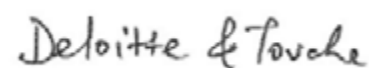
The Directors are responsible for the preparation and fair presentation of the consolidated and separate inflation adjusted financial statements in accordance with International Financial Reporting Standards (IFRS), and the requirements of the Banking Act (Chapter 24:20) and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated and separate inflation adjusted financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

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

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

We also:

- Identify and assess the risks of material misstatement of the consolidated and separate inflation adjusted financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. “
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated and separate inflation adjusted financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate inflation adjusted financial statements, including the disclosures, and whether the consolidated and separate inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.” We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied. From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS (ZIMBABWE)

PER: LAWRENCE NYAJEKA
PARTNER
REGISTERED AUDITOR
(PAAB PRACTICE CERTIFICATE NUMBER 0598)

28 March 2022

APPENDIX III: INDEPENDENT AUDITOR’S REPORT ON THE AUDIT OF INFLATION ADJUSTED FINANCIALS OF FIRST CAPITAL BANK LIMITED FOR THE YEAR ENDED 31 DECEMBER 2020

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To the Shareholders of First Capital Bank Limited Report on the audit of the inflation adjusted financial statements

Qualified opinion

We have audited the inflation adjusted financial statements of First Capital Bank Limited (the “Bank”) which comprise the inflation adjusted statement of financial position as at 31 December 2020, the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and the inflation adjusted statement of cash flows for the year then ended, and the notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for qualified opinion section of our report, the accompanying inflation adjusted financial statements present fairly, in all material respects, the inflation adjusted financial position as at 31 December 2020, and its inflation adjusted financial performance and inflation adjusted cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”) and in the manner required by the Banking Act (Chapter 24:20), the Companies and Other Business Entities Act (Chapter 24:31) and the relevant statutory instruments.

Basis for qualified opinion

Impact of incorrect date of application of International Accounting Standard (IAS) 21- “The Effects of Changes in Foreign Exchange Rates” on comparative financial information.

As disclosed in note 2.1(C) of the inflation adjusted financial statements, the Bank did not comply with IAS 21 in the prior financial year, as it elected to comply with Statutory Instrument 33 of 2019 (“SI 33/19”) from 22 February 2019. Had the Bank applied the requirements of IAS 21, many of the elements of the prior year financial statements, which are presented as comparative information, would have been materially impacted. Therefore, the departure from the requirements of IAS 21 was pervasive in the prior year. In addition, the IAS 29 “Financial Reporting in Hyperinflationary Economies” inflation adjustments in prior year were applied to incorrectly determined balances, as a result of the non-compliance with IAS 21.

Our opinion on the current year’s inflation adjusted financial statements is modified because of the possible effects of the matter on the comparability of the current year’s inflation adjusted financial statements with those of the prior year.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section of our report, we have determined the matters described below to be the key audit matters.

| Key Audit Matter | How the matter was addressed in the audit |
|---|--|
| 1. Determination of expected credit losses on financial assets | |
| <p>As disclosed in note 37.5 the expected credit losses (ECL) reflected in the inflation adjusted statement of financial position as at 31 December 2020 determined in accordance with International Financial Reporting Standard 9, "Financial Instruments" (IFRS 9), amounts to ZWL\$94.4 million (2019 ZWL\$162 million).</p> <p>This was considered a key audit matter as the determination of the ECL requires significant judgement such as:</p> <ul style="list-style-type: none"> Models used to determine provisions are complex and might not have taken into account all relevant factors such as macroeconomic data for forecasts and the data used for historical analysis might not be accurate; and The estimation of the key components of the expected credit loss such as probability of default, loss given default and exposure at default requires judgement on the determination of the inputs. <p>The judgements and estimates used in the determination of the ECL have been detailed as per note 3 of the inflation adjusted financial statements.</p> | <p>"To respond to the risk, we performed audit procedures which included:</p> <ul style="list-style-type: none"> Tested the design and implementation of controls around the determination of the expected credit losses; Reviewed the Bank's IFRS 9 based impairment provisioning policy, compared it with the requirements of IFRS 9 and performed an independent assessment on the appropriateness of the model; Reviewed the back-testing assessment to determine reasonableness of the prior year ECL balance; Reviewed the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages; Tested the assumptions used in the ECL calculations and assessed these for reasonability; With the assistance of an auditors' specialist performed an independent assessment on the appropriateness of the model; Reviewed the calculation of the Loss Given Default (LGD) used in the ECL calculations, including the appropriateness of the discounting of ECL performed by management and the resultant arithmetical calculations; Assessed whether forward looking information has been incorporated into the Bank's ECL computations for all financial assets subject to IFRS 9 impairment and whether it is appropriate in light of the current economic environment; and Evaluated the impact of any findings identified on the expected credit loss provision. Evaluated the appropriateness of financial statement disclosures around the expected credit loss on financial statements. The disclosures and accounting were found to be appropriate in terms of the relevant accounting standards. <p>The disclosures and accounting pertaining to the property was found to be appropriate in terms of the relevant accounting standards.</p> |

| 2. Valuation of properties | |
|--|---|
| <p>As disclosed in note 3 of the inflation adjusted financial statements, the Bank has owner occupied properties, investment properties and investment in Makasa Sun which are recognised at fair value and are an area of significant judgement and estimates.</p> <p>The directors make use of independent external valuers in determining the fair values of property. Valuations by their nature involve the use of judgment and estimates which involve significant unobservable inputs such as</p> <ul style="list-style-type: none"> Market rentals Risk yields <p>The complexity and subjectivity of these may result in material misstatement. The current economic environment is extremely volatile given the valuation intricacies impacting property in the Zimbabwean market. We identified the valuation of investment property as representing a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the level of judgement associated with determining the fair values including the applicable and most reasonable rate to use in the ZWL fair valuation of the USD valued properties.</p> <p>Judgements and estimates used in the valuation of properties have been disclosed as per note 3 of the inflation adjusted financial statements.</p> | <p>To respond to the matter, we performed the following procedures:</p> <ul style="list-style-type: none"> We assessed the competence, capabilities, objectivity and independence of the directors' independent valuers, and assessed their qualifications. We made enquiries of the directors' independent external valuers to obtain an understanding of the valuation techniques and judgements adopted. We assessed the work performed by the independent external valuers in valuing investment property by performing the following: <ol style="list-style-type: none"> Reviewed the valuation methods used and assessed whether they are appropriate and consistent with the reporting requirements; Assessed the reasonableness of expected rentals and risk yields by comparing to historic trends; We performed physical verification of a sample of assets to determine whether the conclusion reached by the expert where consistent with the physical condition of the asset; Assessed the reasonableness of the COVID discount applied by the property valuer on the Makasa Sun property by benchmarking against movements in the occupancy rates in the hotel industry as well as benchmarking against movements in the investment property valuations done in other entities for 2020. Assessed reasonableness of using the interbank exchange rate in the valuation of United States Dollar (USD) denominated property valuations; and Evaluated the financial statement disclosures for appropriateness and adequacy. <p>The disclosures and accounting pertaining to the property was found to be appropriate in terms of the relevant accounting standards.</p> |
| 3. Valuation of the financial asset relating to legacy debt | |
| <p>As disclosed in Note 20 of the inflation adjusted financial statements, the Bank has recognised a receivable ZWL\$879.2million from the Reserve Bank of Zimbabwe ("RBZ") for funding the Bank's foreign liability funding gap which arose after separation of RTGS and foreign currency balances by the Reserve Bank of Zimbabwe.</p> <p>The fair value of the receivable on initial recognition was determined as the present value of expected future cash flows discounted at a rate. Subsequently the receivable was recognised at amortised cost with an expected credit loss being recognised at year end.</p> <p>Given the materiality of the balance and the judgment applied in determining the timing of the cash flows and the discount rate applied in determining the fair value, we have determined this to be a key audit matter.</p> <p>The valuation assumptions are disclosed in Note 40.3 of the inflation adjusted financial statements.</p> | <p>To address this matter, we performed the following procedures: We reviewed the foreign liability gap funding confirmations from the Reserve Bank of Zimbabwe ("RBZ").</p> <ul style="list-style-type: none"> To test the fair valuation of the receivable, we performed the following procedures: Reviewed supporting documentation for the legacy debt including any agreements in place; Engaged an audit specialist to evaluate the discount rate used by management as to whether it is appropriate as well as to evaluate the cashflow projections and the forecasts done by management; This included assessing cash flows against historical performance and assessing growth rate effected in the forecast cashflows; and Evaluated the appropriateness of financial statement disclosures. <p>The disclosures and accounting were found to be appropriate in terms of the relevant accounting standards.</p> |

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Responsibilities and approval, Chairman's statement, Managing Director's review of operations, Directors' report, Corporate governance statement, Analysis of Shareholding, Notice of Annual General Meeting, Annual General Meeting form of proxy and the historic cost financial information which we obtained prior to the date of this auditor's report. The other information does not include the inflation adjusted financial statements and our auditor's report thereon.

Our opinion on the inflation adjusted financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

As described in the Basis for Qualified Opinion section above, the Bank changed its functional currency to the RTGS Dollar effective 22 February 2019. The date of change in functional currency as determined in accordance with IFRS is 1 October 2018. Consequently, the measurement of transactions between 1 October 2018 and 22 February 2019 does not comply with the requirements of IAS 21, as such, transactions have not been appropriately translated in accordance with these Standards. We have determined that the other information is misstated for that reason.

Responsibilities of the Directors for the inflation adjusted financial statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), the Banking Act (Chapter 24:20) and the Banking Amendment Act No. 12 of 2015, and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the inflation adjusted financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted financial statements, including the disclosures, and whether the inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence,

and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

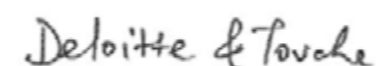
In fulfilment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows.

Section 193(1)

Except for the of the matters described in the Basis for qualified opinion section of our report, the inflation adjusted financial statements of the Bank have been properly drawn up in accordance with the Act and do give a true and fair view of the state of the Bank's affairs as at 31 December 2020.

Section 193(2)

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



DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS (ZIMBABWE)

PER: TUMAI MAFUNGA
PARTNER
REGISTERED AUDITOR
(PAAB PRACTICE CERTIFICATE NUMBER 0442)

19 March 2021

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the years ended 31 December 2020, 31 December 2021, and 31 December 2022

| | Inflation Adjusted | | | Historical | | |
|--|---------------------------------------|---------------------------------------|--|---------------------------------------|---------------------------------------|---------------------------------------|
| | 2022 ZWL000 December Audited | 2021 ZWL000 December Audited | 2020 ZWL000 December Restated | 2022 ZWL000 December Audited | 2021 ZWL000 December Audited | 2020 ZWL000 December Audited |
| Interest income | 13,299,059 | 9,411,441 | 5,278,319 | 9,542,159 | 2,187,593 | 635,853 |
| Interest expense | (657,666) | (182,481) | (572,319) | (421,814) | (40,450) | (74,471) |
| Net interest income | 12,641,393 | 9,228,960 | 4,706,000 | 9,120,345 | 2,147,143 | 561,382 |
| Net fee and commission income | 12,191,026 | 9,749,013 | 7,302,945 | 8,671,394 | 2,263,413 | 923,243 |
| Net trading and foreign exchange income | 11,521,494 | 3,142,440 | 6,550,074 | 7,382,014 | 726,038 | 893,330 |
| Net investment and other income ¹ | 753,466 | 997,797 | 296,341 | 642,251 | 270,616 | 34,296 |
| Fair value gain/loss on investment property | (420,298) | 2,805,950 | (178,972) | 2,770,874 | 990,860 | 216,173 |
| Total non interest income | 24,045,688 | 16,695,200 | 13,970,387 | 19,466,533 | 4,250,927 | 2,067,042 |
| Total income | 36,687,081 | 25,924,160 | 18,676,387 | 28,586,878 | 6,398,070 | 2,628,424 |
| Impairment losses on financial assets | (683,745) | (249,281) | (575,539) | (683,745) | (57,110) | (56,682) |
| Net operating income | 36,003,336 | 25,674,879 | 18,100,848 | 27,903,133 | 6,340,960 | 2,571,742 |
| Operating expenses | (20,644,296) | (15,035,892) | (11,112,863) | (14,157,772) | (2,936,095) | (1,213,078) |
| Net monetary loss | (6,472,694) | (1,915,997) | (1,447,276) | - | - | - |
| Share of profit/loss from joint venture | 3,040,310 | 5,312,902 | (560,739) | 10,395,324 | 2,126,189 | 736,666 |
| Profit before tax | 11,926,656 | 14,035,892 | 4,979,970 | 24,140,685 | 5,531,054 | 2,095,330 |
| Taxation | (3,533,876) | (2,505,717) | (2,438,342) | (2,723,624) | (609,126) | (609,126) |
| Profit for the year | 8,392,780 | 11,530,175 | 2,541,628 | 21,417,061 | 4,921,928 | 1,486,204 |
| Other comprehensive income | | | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | | | |
| Gain/loss on revaluations | 6,268,428 | 4,557,266 | (420,391) | 15,178,042 | 2,009,893 | 710,264 |
| Deferred tax | (557,318) | (1,110,138) | 103,921 | (2,314,979) | (486,016) | (170,243) |
| "Gain/loss on financial assets at fair value through other comprehensive income" | 141,188 | 3,359,517 | (360,423) | 2,758,125 | 1,019,728 | 25,592 |
| Deferred tax | (39,855) | (171,897) | 15,819 | (170,809) | (53,904) | (1,587) |
| Net gain/loss on other comprehensive income | 5,812,443 | 6,634,748 | (661,074) | 15,450,379 | 2,489,701 | 564,026 |
| Total other comprehensive income/loss | 5,812,443 | 6,634,748 | (661,074) | 15,450,379 | 2,489,701 | 564,026 |
| Total comprehensive income | 14,205,223 | 18,164,923 | 1,880,554 | 36,867,440 | 7,411,629 | 2,301,930 |
| Earnings per share | | | | | | |
| Basic (cents per share) | 388 | 534 | 35 | 991 | 228 | 81 |
| Diluted (cents per share) | 388 | 533 | 35 | 990 | 228 | 80 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

| | Inflation Adjusted | | | Historical Cost | | |
|--|---------------------------------------|---------------------------------------|--|---------------------------------------|---------------------------------------|---------------------------------------|
| | 2022 ZWL000 December Audited | 2021 ZWL000 December Audited | 2020 ZWL000 December Restated | 2022 ZWL000 December Audited | 2021 ZWL000 December Audited | 2020 ZWL000 December Audited |
| Assets | | | | | | |
| Cash and bank balances | 53,609,309 | 31,280,302 | 35,132,969 | 53,609,309 | 9,099,463 | 6,358,334 |
| Derivative financial instruments | 12,576 | 6,157 | 20,391 | 12,576 | 1,791 | 3,690 |
| Investment securities | 13,225,558 | 9,967,610 | 5,630,964 | 13,225,558 | 2,899,585 | 1,019,087 |
| Loans and receivables from banks | 225,622 | 118,587 | 68,805 | 225,622 | 34,497 | 12,452 |
| Loans and advances to customers | 45,342,180 | 24,550,086 | 13,061,854 | 45,342,180 | 7,141,638 | 2,363,923 |
| Other assets | 8,001,970 | 9,449,956 | 10,762,941 | 7,710,234 | 2,654,391 | 1,826,107 |
| Current tax asset | 1,072,374 | - | - | 1,072,374 | - | - |
| Investment Properties | 4,080,000 | 4,394,420 | 1,588,470 | 4,080,000 | 1,278,340 | 287,480 |
| Investment in joint venture | 13,479,449 | 10,601,984 | 5,392,714 | 13,479,449 | 3,084,125 | 975,969 |
| Property and equipment | 18,814,882 | 12,135,095 | 5,344,463 | 18,814,882 | 3,515,459 | 944,709 |
| Intangible assets | 679,309 | 896,900 | 1,114,492 | 8,941 | 11,982 | 15,023 |
| Right of use assets | 2,242,038 | 591,054 | 1,593,456 | 1,042,315 | 171,938 | 99,973 |
| Total assets | 160,785,267 | 103,992,151 | 79,711,521 | 158,623,440 | 29,893,209 | 13,906,747 |
| Liabilities | | | | | | |
| Derivative financial instruments | - | 4,373 | 341 | - | 1,272 | 62 |
| Lease liabilities | 1,823,304 | 587,939 | 529,100 | 1,823,304 | 171,032 | 95,756 |
| Deposits from banks | 800,769 | 1,881,601 | 578,395 | 800,769 | 547,359 | 104,677 |
| Deposit from customer | 93,514,048 | 56,367,397 | 48,712,724 | 93,514,048 | 16,397,317 | 8,815,986 |
| Employee benefit accruals | 1,166,032 | 691,923 | 323,622 | 1,166,032 | 201,281 | 58,569 |
| Other liabilities | 12,184,655 | 4,925,197 | 8,510,608 | 12,183,437 | 1,424,672 | 1,539,652 |
| Current tax liabilities | - | 43,514 | 166,650 | - | 12,658 | 30,160 |
| Balances due to group companies | 47,628 | 790,854 | 852,329 | 47,628 | 230,060 | 154,254 |
| Deferred tax liabilities | 4,578,693 | 2,843,908 | 1,977,691 | 3,834,865 | 735,439 | 240,289 |
| Total liabilities | 114,115,129 | 68,136,706 | 61,651,459 | 113,370,083 | 19,721,090 | 11,039,405 |
| Equity | | | | | | |
| Capital and reserves | | | | | | |
| Share capital | 39,537 | 39,536 | 39,536 | 216 | 216 | 216 |
| Share premium | 4,371,354 | 4,371,261 | 4,370,812 | 24,160 | 24,085 | 23,981 |
| Non-distributable reserve | 1,426,975 | 1,426,975 | 1,426,976 | 7,785 | 7,785 | 7,785 |
| Fair value through other comprehensive income reserve | 3,111,479 | 3,302,790 | 112,653 | 3,601,907 | 1,014,591 | 48,312 |
| Property revaluation reserve | 11,534,121 | 5,823,011 | 2,419,563 | 15,083,797 | 2,220,734 | 704,763 |
| Impairment reserve | - | - | 2,518 | - | - | 456 |
| General Reserve | 126,981 | - | - | 126,981 | - | - |
| Share-based payment reserve | 230,159 | 230,195 | 226,059 | 5,010 | 2,274 | 1,216 |
| Retained Earnings | 25,829,532 | 20,661,677 | 9,461,944 | 26,403,501 | 6,902,434 | 2,080,613 |
| Total equity | 46,670,138 | 35,855,445 | 18,060,062 | 45,253,357 | 10,172,119 | 2,867,342 |
| Total equity and liabilities | 160,785,267 | 103,992,151 | 79,711,521 | 158,623,440 | 29,893,209 | 13,906,747 |

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 31 December 2020, 31 December 2021 and 31 December 2022

| | Inflation Adjusted | | | Historical | | |
|--|---------------------------------------|---------------------------------------|--|---------------------------------------|---------------------------------------|---------------------------------------|
| | 2022 ZWL000 December Audited | 2021 ZWL000 December Audited | 2020 ZWL000 December Restated | 2022 ZWL000 December Audited | 2021 ZWL000 December Audited | 2020 ZWL000 December Audited |
| Cashflows from operating activities | | | | | | |
| Profit before tax | 11,926,656 | 14,035,892 | 4,979,972 | 24,140,685 | 5,531,054 | 2,095,330 |
| Adjustments: | | | | | | |
| "Depreciation of property, equipment, software amortisation and the right use of asset impairment" | 861,683 | 1,687,424 | 1,100,526 | 922,800 | 62,997 | 31,322 |
| Software amortisation | 217,591 | 217,592 | - | 3,041 | 3,041 | - |
| Impairment loss on financial assets | 684,090 | 249,731 | 579,417 | 684,090 | 57,207 | 57,105 |
| Share of profit/loss from joint venture | (3,040,310) | (5,312,902) | 560,739 | (10,395,324) | (2,126,189) | (736,666) |
| Fair value loss/gain on investment property | 420,298 | (2,805,950) | 178,972 | (2,770,874) | (990,860) | (216,173) |
| Dividend income | (290,746) | (793,480) | (258,368) | (206,569) | (202,255) | (23,852) |
| Loss/profit on disposal of property and equipment | 5,444 | 91,588 | 30,125 | 4,752 | 5,173 | (888) |
| Interest on investment securities | (757,416) | (651,707) | (8,874) | (504,914) | (162,470) | (28,411) |
| Staff loan repayment amortisation | 606,854 | 589,866 | (8,874) | (2,588) | 38,356 | 7,558 |
| Interest on lease liabilities | 184,992 | 122,757 | 96,250 | 139,574 | 26,715 | 11,304 |
| Net monetary loss | 6,472,694 | 1,915,997 | 1,447,276 | - | - | - |
| Share base payment expenses | 3,451 | 4,208 | 41 | 2,767 | 1,098 | 7 |
| Derivatives | (12,576) | (1,785) | (20,050) | (12,576) | (519) | (3,629) |
| Cashflow from operating activities | 17,282,705 | 9,349,231 | 8,677,152 | 12,004,864 | 2,243,348 | 1,193,007 |
| (Increase)/decrease in loans and advances to customers | (20,792,094) | (11,515,715) | 4,866,782 | (38,844,292) | (4,823,864) | (1,689,411) |
| Decrease/(increase) in other assets | (599,101) | 981,734 | (3,735,465) | (4,541,102) | (488,527) | (2,266,957) |
| Increase/(decrease) in deposits from customers | 37,146,651 | 7,654,673 | (2,020,423) | 77,116,731 | 7,581,331 | 6,769,170 |
| (Decrease)/ increase in other liabilities | 6,990,067 | (3,278,579) | 1,628,708 | 11,540,813 | 103,538 | 1,528,589 |
| Corporate income tax paid | (3,877,095) | (2,821,767) | (1,905,546) | (3,195,019) | (671,398) | (306,909) |
| Net cash generated from operating activities | 36,151,133 | 369,577 | 9,416,754 | 54,081,995 | 3,944,428 | 5,227,489 |
| Cash flows from investing activities | | | | | | |
| Purchase of property, equipment and intangible assets | (1,067,219) | (2,722,699) | (128,241) | (888,715) | (614,214) | (15,199) |
| Proceeds from sale of property and equipment | 82,084 | 11,478 | 17,447 | 113,301 | 2,853 | 659 |
| Purchase of equity securities | - | (148,965) | - | - | (32,537) | - |
| Dividends received | 290,746 | 855,467 | 258,368 | 206,569 | 220,288 | 23,852 |
| Interest received from investment securities | 521,445 | 302,155 | 245,993 | 275,639 | 68,452 | 17,407 |
| Purchase of investments securities | (16,904,120) | (58,858,291) | (21,367,615) | (11,179,681) | (12,258,889) | (3,654,488) |
| Proceeds from sale and maturities of investment securities | 6,781,636 | 57,178,478 | 21,377,216 | 4,022,196 | 11,577,335 | 2,901,079 |
| Net cash (used in)/generated from investing activities | (10,295,428) | (3,382,377) | 403,168 | (7,450,691) | (1,036,712) | (726,690) |
| Cash flows from financing activities | | | | | | |
| Proceeds from issue of shares under a share based payment plan | 49 | 275 | 763 | 45 | 63 | 81 |
| Dividend paid | (3,097,944) | (441,905) | - | (1,789,013) | (108,013) | - |
| Lease liabilities payments | (428,803) | (398,239) | (217,263) | (332,490) | (58,637) | (25,310) |
| Net cash used in financing activities | (3,526,698) | (839,869) | (216,500) | (2,121,458) | (166,587) | (25,229) |
| Net (decrease)/increase in cash and cash equivalents | 22,329,007 | (3,852,669) | 9,603,422 | 44,509,846 | 2,741,129 | 4,475,570 |
| Cash and cash equivalents at the beginning of the year | 31,280,302 | 35,132,971 | 22,235,339 | 9,099,463 | 6,358,334 | 897,079 |
| Cash and cash equivalents at the end of the year | 53,609,309 | 31,280,302 | 31,838,761 | 53,609,309 | 9,099,463 | 5,372,649 |

APPENDIX IV- NOTICE OF EXTRAORDINARY GENERAL MEETING



(First Capital Bank Limited, incorporated in Zimbabwe on 11 February 1981, under Company Registration Number 148/81)

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Shareholders of First Capital Bank Limited is to be held on Thursday, 4 May 2023 at 1530 hours virtually by electronic means on <https://escrowgm.com/eagmZim/Login.aspx>, for the purpose of transacting the following business:

TO CONSIDER and, if deemed fit, to pass, with or without modification, the following Resolutions:

ORDINARY RESOLUTION 1 – DELISTING OF FIRST CAPITAL BANK LIMITED FROM THE ZIMBABWE STOCK EXCHANGE

THAT the Company's shares be removed from the Main Board of the Zimbabwe Stock Exchange through a voluntary termination of the listing on the Zimbabwe Stock Exchange in terms of section 11 of the ZSE Listing Requirements.

ORDINARY RESOLUTION 2- LISTING OF FIRST CAPITAL BANK LIMITED ON THE VICTORIA FALLS STOCK EXCHANGE

THAT the Company's ordinary shares be listed on the Victoria Falls Stock Exchange in accordance with the VFEX Listing Requirements.

ORDINARY RESOLUTION 3 – DIRECTORS AUTHORISED TO GIVE EFFECT TO RESOLUTIONS

THAT the Directors be and are hereby authorised to do any and all such things as may be necessary to give effect to the above resolutions and that any and all such actions already taken by the Directors in connection therewith be and are hereby ratified.

NOTES:

- Members are hereby advised to contact out Transfer Secretaries, Corpserve on +263 772 289 768 or +263 779 145 849 or e-mail at corpserve@escrowgroup.org for any assistance with any matter relating to the online eEGM process.
- Audited financial statements and Annual Report:**
Electronic Copies of the Company's 2022 Annual Report, the financial statements and the Directors' and Independent Auditors' Reports for the year ended 31 December 2022 are available on the Company's website www.firstcapitalbank.co.zw
- Ordinary Resolutions**
A detailed circular incorporating the transaction to be considered under special business which was published on 13 April 2023 is available on the Company's website www.firstcapitalbank.co.zw

BY ORDER OF THE BOARD

Sarudzai Binha
Company Secretary

13 April 2023

First Capital Bank Limited
Barclay House
PO Box 1279
Corner First St & Jason Moyo Ave
Harare
Zimbabwe

APPENDIX V – FORM OF PROXY

I / We
 Of.....
 Being member/members of First Capital Bank Limited hereby appoint:
 Mr. / Mrs. / Ms. / Dr
 Or failing him or her/ Mr./Mrs./Ms./Dr.....
 Of.....

As my/our proxy to vote for me/us on my/our behalf at the EGM of the Company to be held on Thursday, 4 May 2023, at 1530 hours and at any adjournment thereof, for the purpose of considering and, if deemed fit passing, with or without modification, the resolutions to be proposed thereat in accordance with the following instructions:

| Resolutions | For | Against | Abstain |
|---|-----|---------|---------|
| ORDINARY RESOLUTION 1 – DELISTING OF FIRST CAPITAL BANK LIMITED FROM THE ZIMBABWE STOCK EXCHANGE THAT the Company's shares be removed from the Main Board of the Zimbabwe Stock Exchange through voluntary termination of the listing on the Zimbabwe Stock Exchange in terms of section 11 of the ZSE Listing Requirements. | | | |
| ORDINARY RESOLUTION 2 – LISTING OF FIRST CAPITAL BANK LIMITED ON THE VICTORIA FALLS STOCK EXCHANGE THAT the Company's ordinary shares be listed on the Victoria Falls Stock Exchange in accordance with the VFEX Listing Requirements. | | | |
| ORDINARY RESOLUTION 3 – DIRECTORS AUTHORISED TO GIVE EFFECT TO RESOLUTIONS THAT the directors be and are hereby authorised to do any and all such things as may be necessary to give effect to the above resolutions. | | | |

Signed this _____ day of _____ 2023

Signature(s) of member _____

NOTE

- In terms of Section 171 of the Companies and Other Business Entities Act (Chapter 24:31), members are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their place. A proxy need not also be a member of the Company. A Director or Officer of the Company shall not be appointed as a proxy for a Shareholder.
- Article 81 of the Company's Articles of Association provides that the instrument appointing a proxy shall be deposited at the office of the Company not less than 48 hours before the time appointed for holding the meeting.
- Shareholders in the form of a corporate body must provide documentary evidence establishing the authority of a person signing the Form of Proxy in a representative capacity; this authority must take the form of a resolution of the corporate body.
- According to the approval granted by the ZSE, ordinary resolutions number 1, 2 and 3 may be passed by a threshold of 50 per centum plus one ordinary share of the votes of all Shareholders present or represented by proxy at the general meeting.

**FOR OFFICIAL USE
 NUMBER OF SHARES HELD**

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

- A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided, with or without deleting "the Chairman of the EGM", but any such deletion must be initialled by the Shareholder. The person whose name appears first on the form of proxy will, unless his/her name has been deleted, be entitled to act as a proxy to the exclusion of those whose names follow.
- A Shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate space/s provided as well as by means of a cross whether the Shareholder wishes to vote, for, against or abstain from the resolutions. Failure to comply with the above will be deemed to authorize the proxy to vote or abstain from voting at the EGM as he/she deems fit in respect of all the Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or by his/her proxy or cast them in the same way.
- Deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the signatory or signatories.
- The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:
 - under a power of attorney
 - on behalf of a company unless that person's power of attorney or authority is deposited at the offices of the Company's transfer secretaries, or the registered office of the Company, not less than 48 hours before the meeting.
- If two or more proxies attend the meeting, then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted shall be regarded as the validly appointed proxy.
- When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.
- The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the EGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
- In order to be effective, completed proxy forms must reach the Company's Transfer Secretaries or the registered office of the Company not less than 48 hours before the time appointed for the holding of the EGM.
- Please ensure that name(s) of the member(s) on the form of proxy and the voting form are the same as those on the share register.