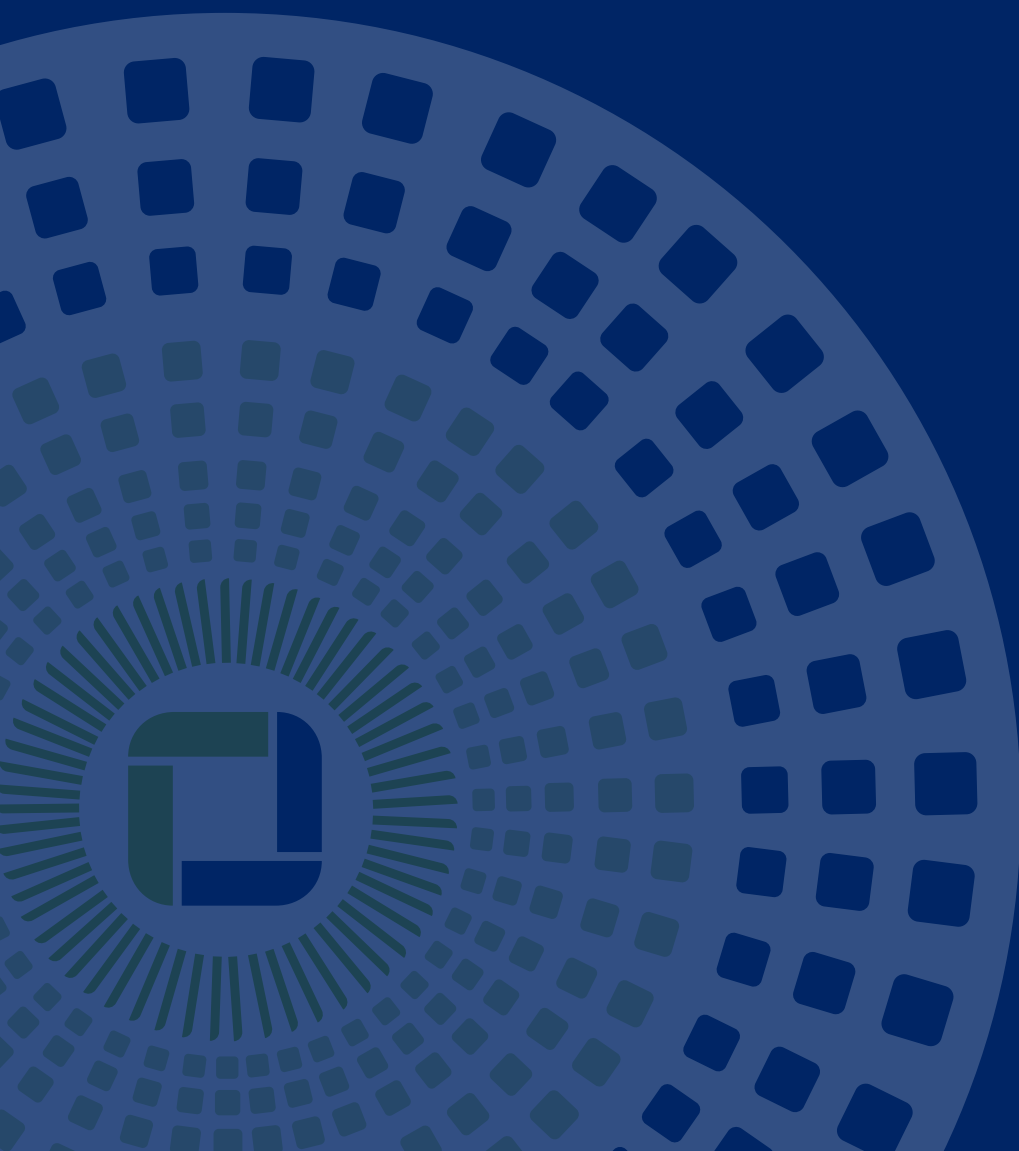




ANNUAL FINANCIAL STATEMENTS

For the year ended
31 December 2024
prepared under Listing Rules
of Malawi Stock Exchange

Belief comes first.



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Directors' report

for the year ended 31 December 2024

The Board of Directors of FMBcapital Holdings Plc (the Board or the Directors) are pleased to submit their report together with the audited consolidated and separate financial statements (the financial statements) of FMBcapital Holdings Plc (the Company) and its subsidiaries (the Group) for the year ended 31 December 2024.

Nature of business

The Company is a public limited liability company incorporated in Mauritius, registered as a Global Business Licence entity with the Financial Services Commission in Mauritius, and listed on the Malawi Stock Exchange.

The Company owns and manages a portfolio of direct and indirect subsidiary investments which are principally involved in the provision of commercial banking services. Details of Group subsidiaries, including their countries of domicile, are set out in Note 41 of the financial statements.

Directors' interests in the Company

As at 31 December 2024, the total direct and indirect interests of the Directors and parties related thereto in the issued ordinary share capital of the Company were as follows:

Name		2024		2023	
		Shares	%	Shares	%
Premier Capital (Mauritius) Limited	(i)	766 266 044	31.17	766 266 044	31.17
Prime Bank Limited	(ii)	262 500 000	10.68	262 500 000	10.68
Prime Capital Holdings Limited	(ii)	262 500 000	10.68	262 500 000	10.68
Magni Holdings Limited	(i)	232 000 000	9.44	232 000 000	9.44
Hitesh N. Anadkat	(i)	52 322 891	2.13	62 297 891	2.53
N. G. Anadkat Limited	(i)	31 817 289	1.29	27 067 289	1.10
Livingstone Exports Limited	(i)	19 415 887	0.79	16 446 961	0.66
Livingstone Holdings Limited	(i)	13 116 970	0.53	13 116 970	0.53
Thomas Kadantot	(iii)	1 587 600	0.06	1 587 600	0.06
Shaun Anadkat	(iv)	700 000	0.03	700 000	0.03
Sheena Anadkat	(iv)	500 000	0.02	500 000	0.02
Dillon Anadkat	(iv)	400 000	0.02	400 000	0.02

(i) Mr. Hitesh N. Anadkat and members of his immediate family have beneficial interests in Premier Capital (Mauritius) Limited, Magni Holdings Limited, N. G. Anadkat Limited, Livingstone Exports Limited, and Livingstone Holdings Limited.

(ii) Prime Bank Limited and Prime Capital Holding Limited are controlled by a common ultimate beneficial owner, who has a director seat with First Capital Bank Plc Malawi, a wholly owned subsidiary of the Company.

(iii) Mr. Thomas Kadantot is a director of First Capital Bank Plc Malawi, a wholly owned subsidiary of the Company.

(iv) Mr. Shaun Anadkat, Ms. Sheena Anadkat and Mr. Dillon Anadkat are immediate family members of Mr. Hitesh N. Anadkat.

The Board of Directors and Directors' remuneration

As at 31 December 2024, the Board comprised of:

	Role	Period
Terence Michael Davidson	Chairman	All year
Hitesh Natwarlal Anadkat	Director	All year
Busisa Moyo	Director	All year
Johannes Christoffel Els	Director	All year
Gavin Chapman	Director	All year
Mahendra Gursahani	Director	All year
Rajkamal Taposeea	Director	All year
Priscilla Balgobin-Bhoayrul	Director	All year
Susanne Alfs	Director	Up to June 2024
Jaco Viljoen	Director	From July 2024
Shaun Anadkat	Director	From July 2024

Diana Cazacu-Jamieson was appointed to the Board of Directors from January 2025.

The Board is responsible for directing the affairs of the Company in the best interests of its shareholders, in conformity with legal and regulatory frameworks, and consistent with its constitution and best governance practices.

The Company adopts and conforms to the main principles of modern corporate governance, and particularly those principles set out in the guidance for holders of a Global Business Licence in the National Code of Corporate Governance for Mauritius and the Malawi Code II (Code of Best Practice for Corporate Governance in Malawi).

Directors' report (continued)

for the year ended 31 December 2024

The Board of Directors and Directors' remuneration (continued)

The individual remuneration of the Directors is disclosed below:

USD	2024	2023
Directors' remuneration		
Terence M. Davidson	60 000	60 000
Hitesh N. Anadkat	18 000	18 000
Busisa Moyo	18 000	18 000
Johannes C. Els	18 000	18 000
Mahendra Gursahani	18 000	18 000
Priscilla Balgobin-Bhojru	18 000	18 000
Rajkamal Taposeea	18 000	18 000
Susanne Alfs	9 000	18 000
Shaun Anadkat	9 000	–
	186 000	186 000

Restatement of Consolidated Financial Statements

for the year ended 31 December 2023

The consolidated financial statements of the Group for the year ended 31 December 2023 have been restated to reflect a change in the effective date of adopting the United States Dollar as the functional currency for its subsidiaries, Afcarme Zimbabwe Holdings (Private) Limited ("Afcarme") and First Capital Bank Zimbabwe Limited (the "Bank").

Initially, Afcarme and the Bank applied a change in functional currency from Zimbabwean Dollars (ZWL) to United States Dollars (USD) with effect from 1 January 2023, and this was reflected in the originally issued consolidated financial statements for the year ended 31 December 2023.

This change was made based on several factors, including:

- The predominance of over 80% of Afcarme Zimbabwe Holdings (Private) Limited's being originated, settled or realised in USD;
- The continuation of a legal multi-currency environment in Zimbabwe;
- The increasing use of USD for pricing, settlements, and general transactions within Zimbabwe;
- Official communications from the Reserve Bank of Zimbabwe and the Ministry of Finance confirming the dominance of USD usage within the economy; and
- The listing of First Capital Bank Zimbabwe on the Victoria Falls Stock Exchange (VFEX), a USD-denominated exchange, where all transactions, settlements, and distributions are conducted in USD.

However, following a reassessment, the Group concluded that the economic conditions necessary to support the change in functional currency only materialised in the last

quarter of 2023. In compliance with *IAS 21 The Effects of Changes in Foreign Exchange Rates*, the effective date of the functional currency change has now been restated to 31 December 2023.

Moreover, as Zimbabwe remained a hyperinflationary economy throughout 2023, the requirements of *IAS 29 – Financial Reporting in Hyperinflationary Economies* were considered to have continued to apply up to 30 September 2023. This was not reflected in the originally issued financial statements, resulting in a qualified audit opinion on the Group's consolidated financial statements for the year ended 31 December 2023.

To resolve this matter and reflect a revised change in functional currency in the Group's consolidated financial statements, the Group undertook the following restatement actions:

- The functional currency change was revised and applied with effect from 31 December 2023 in the restated consolidated financial statements.
- The hyperinflationary adjustments under IAS 29 were retrospectively applied up to 30 December 2023.
- Assets held at fair value were revalued in USD as at 31 December 2023, in line with the Group's accounting policies.

As a result, the consolidated financial statements for the year ended 31 December 2023 have been restated to reflect the revised functional currency change date and to accordingly apply IAS 21 and IAS 29.

Further details of this restatement are provided in Note 58 to the consolidated financial statements.

The Directors confirm that the restated consolidated financial statements present a true and fair view of the Group's financial position, performance, and cash flows for the year ended 31 December 2023, and are fully compliant with IFRS® Accounting Standards.

Directors' report (continued)

for the year ended 31 December 2024

Dividend

A final dividend in respect of the financial year ended 31 December 2023 of USD 10 625 148 (0.43 US cents per ordinary share) was declared by the Directors in May 2024, and paid in July 2024. An interim dividend in respect of the financial year ended 31 December 2024 of USD 5 162 325 (0.21 US cents per ordinary share) was approved by the Directors in September 2024 and paid in October 2024.

Financial risk factors

The consideration of major financial risks impacting on the Group's operations has been set out in Note 7 of the financial statements.

Donations

During the year, no donation for political purposes was made by the Company or any of its subsidiaries.

As part of its Social Responsibility Strategy, the Company and its subsidiaries continue to engage in corporate social investment for causes including, but not limited to, disaster relief, healthcare advancement, education, culture, youth and sports.

Ethical standards

The Board is fully committed to ensuring that the Group's affairs are conducted with integrity and that the highest ethical standards are maintained. All employees of the Group are required to abide by a code of conduct containing detailed guidelines governing ethics and integrity in the workplace. The Company has launched refreshed cultural values aligned to the FMBCH Group strategy, "Growth is our business". These values reinforce the Board's commitment to ethical conduct in all aspects of the Group's dealings.

Auditor's report and financial statements

The constitution of the Company provides for the appointment of a firm of auditors to fulfil the role of statutory auditor to audit the financial statements of the Company in accordance with the Mauritius Companies Act 2001. The Directors evaluate the independence and effectiveness of the external auditor on an ongoing basis before making recommendations to the Board on their appointment and remuneration.

The fee payable to the external auditors are as follows:

	Consolidated		Separate	
	2024 USD	2023 USD	2024 USD	2023 USD
Audit fee (excluding VAT and disbursements)	1 049 117	1 095 006	393 300	385 000

No non-audit services were provided by external auditors.

EY Mauritius have been external auditors of the Company and the Group since the year ended 31 December 2023. Component financial statements for the year ended 31 December 2023 for FCB Zimbabwe were audited by Deloitte Zimbabwe. EY Zimbabwe has been appointed auditor of FCB Zimbabwe for the year ended 31 December 2024.

The independent auditor's report is set out on pages 6 to 11.

Going concern

The Directors have no reason to believe that the Group will not be a going concern in the period ahead. The going concern assessment was performed through a review of the economic conditions in which the Group is expected to perform over the next 12 months, its ability to adapt its strategy, business and operating models to the projected macro environment, financial forecasts and business underwriting capacity. The Group has sufficient capital, human and physical resources, as well as sources of sustainable deposits, and other funding, which are well diversified. The Group is, therefore, able to address short-term as well as medium-term stress factors within reasonable parameters. The Board includes such considerations in its rigorous Internal Capital Adequacy Assessment Planning (ICAAP) process, which forms a robust basis to use in the going concern assessment.

The Group's ability to continue as a going concern was also considered in the context of varied socio-economic and macroeconomic factors, as well as their impact on the Group's future results. All these factors were managed and responded to adequately through Group-wide governance, strategy and execution, and no unmitigated material risks to the sustainability of the Group's financial results, position and cash flows were noted by the Directors.

On behalf of the Board



Terence Davidson
Director



Busisa Moyo
Director

Directors' responsibilities

for the year ended 31 December 2024

The Directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of FMBcapital Holdings Plc, comprising the consolidated and separate statements of financial position as at 31 December 2024 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 December 2024, and the notes to the financial statements which include a summary of accounting policies and other explanatory notes, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), except that *IAS 29: Financial Reporting in Hyperinflationary Economies* has not been applied to the Malawi-incorporated companies within the Group, nor to the Group as a whole. This follows the Directive on the Application of IAS 29, issued by the Institute of Chartered Accountants in Malawi (ICAM) under Notice No. PN-2024-12. The ICAM directive prohibits the application of IAS 29 to entities incorporated in Malawi as well as to multinational entities listed on the Malawi Stock Exchange with subsidiaries operating in Malawi, including FMBcapital Holdings Plc Group.

ICAM, following its own assessment, concluded that Malawi did not meet the criteria for classification as a hyperinflationary economy for financial reporting purposes as at 31 December 2024. The Group aligns with this assessment and has therefore not applied IAS 29 in the preparation of the financial statements.

The consolidated and separate financial statements are also prepared in line with the requirements of the listing rules of the Malawi Stock Exchange, which require listed companies to comply with the ICAM directive. Furthermore, the Directors are responsible for preparing the Directors' Report in accordance with the relevant requirements.

The Directors are also responsible for ensuring that the Group and Company maintain proper accounting records that provide, with reasonable accuracy, an up-to-date view of the financial position of the Group and Company, and that the financial statements comply with the Listing Rules of the Malawi Stock Exchange.

In preparing the consolidated and separate financial statements, the Directors accept responsibility for the following:

- Maintenance of proper accounting records
- Selection of suitable accounting policies and applying them consistently
- Making judgements and estimates that are reasonable and prudent
- Compliance with applicable accounting standards, when preparing financial statements, subject to any material departures being disclosed and explained in the consolidated and separate financial statements; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume the Company will continue to operate for the foreseeable future.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors confirm that they have complied with the above requirements in preparing the consolidated and separate financial statements.

Approval of financial statements

The consolidated and separate financial statements of FMBcapital Holdings Plc as identified in the first paragraph, were approved by the Board of Directors on 23 April 2025 and are signed on its behalf by:



Terence Davidson
Director



Busisa Moyo
Director



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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FMB CAPITAL HOLDINGS PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of FMB Capital Holdings Plc (the "Company") and its subsidiaries (the "Group") and Company set out on pages 12 to 190, which comprise the consolidated and separate statements of financial position as at 31 December 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Company as at 31 December 2024, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM).

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 Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") and other independence requirements applicable to performing audits of financial statements of the Group and Company and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company and in Mauritius. 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FMBCAPITAL HOLDINGS PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
(CONTINUED)*Key Audit Matters (Continued)*

The Key Audit Matters applies only to the audit of the consolidated financial statements.

Key Audit Matter	How the matter was addressed in the audit
<p>Expected credit losses (ECL) on loans and advances to customers</p> <p>The Group recognised gross loans and advances to customers as at 31 December 2024 of USD 787,783,912 (2023: 736,325,443) with related expected credit losses of USD 15,606,067 at the same date (2023: USD 19,917,859). The Group's net loans and advances represented 37% (2023: 47%) of the Group's total assets and the ECL contributed 2% (2023: 3%) of the Group's gross loans and advances to customers at the reporting date.</p> <p>In arriving at the reported expected credit losses, management applied judgements and made assumptions which, by their very nature, are subjective due to the significant uncertainty associated with them. The main inputs with increased complexity in respect of the timing and measurement of ECL include:</p> <ul style="list-style-type: none"> • Modelled ECL allowance - The Group's loans and advances portfolio is mainly disaggregated into two sections- Corporate loan book and Retail loan book. The ECL allowance is calculated using a modelled approach. The development and execution of the model requires significant management judgement, including estimation of the probability of default (PD); exposure at default (EAD) and loss given default (LGD) model parameters. Significant management judgement is also required to evaluate probability weighted recovery scenarios, collateral valuations and time to collect. 	<p>Our audit procedures in assessing the ECL included the following:</p> <p>We have obtained an understanding of the Group's processes and tested the design effectiveness of the Group's internal controls over credit origination, credit monitoring and credit remediation, as well as the governance process over the approval and review of the Group's ECL models, including management adjustments</p> <p>Modelled ECL allowance</p> <p>With the assistance of our internal specialists:</p> <ul style="list-style-type: none"> • We assessed the conceptual soundness of the model construct and statistical/mathematical techniques applied as well as the reasonableness underpinning significant assumptions applied with reference to the requirements of IFRS 9 - Financial instruments, in determining the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) parameters included in the models; • We independently reperformed the ECL calculations as per model documentation (model build steps and independently recomputed the PD, EAD and LGD parameters using the model build steps and management's inputs, to assess the reasonableness of the ECL model outputs; • Where exceptions were noted, our internal specialists developed challenger model(s) to evaluate the impact using independently derived parameters while leveraging from internal and external data; • We evaluated the sensitivity of the model outputs for possible changes in the forward-looking information provided by our economic advisory specialists;



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FMBCAPITAL HOLDINGS PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in the audit
<ul style="list-style-type: none"> • Staging - The determination of what constitutes significant increase in credit risk ("SICR") and consequent timely allocation of the loans and advances to customers to the appropriate stage in accordance with IFRS 9. This assessment incorporates judgement and estimation by management. • Macroeconomic forecasts incorporated in impairment models - The Group incorporates forward looking information through macroeconomic variables. These require management judgement, given the uncertain macroeconomic environment and the complexity of incorporating these scenario forecasts and probability weightings into the estimation of ECL. <p>The calculation of ECL relating to loans and advances to customers was identified as a key audit matter considering the significance to the consolidated financial statements and the high degree of estimation uncertainty due to significant judgements and assumptions applied in the calculation which required increased audit effort and the use of specialists.</p>	<ul style="list-style-type: none"> • We assessed the data inputs used in the ECL models by reconciling the data inputs to the core banking system, customer agreements and collateral valuation reports. • We tested the Group's legal right to the collateral for a sample of exposures by inspecting legal agreements and valuation reports supporting the collateral valuations included in the Group's ECL models. • We assessed the competency and independence of a sample of the specialists appointed by the Group to determine the value of the collateral by reviewing the specialists' qualifications, credentials and registrations to professional bodies and the engagement contracts agreed with these specialists. • We reviewed on a sample basis, the valuation reports obtained from these specialists and benchmarked the discount rates and asset valuations reported by these specialists against discount rates and asset valuations for similar assets obtained from our own internal valuation specialists and other valuation specialists for similar assets in the same geographical areas. <p>Staging</p> <ul style="list-style-type: none"> • We assessed the appropriateness of the Group's SICR methodologies and tested the stage allocation of loans and advances to customers to stage 1, 2 or 3 in accordance with IFRS 9. • Our procedures included obtaining and testing loan arrears reports, verifying that balances are classified in the appropriate stage based on the days past due and credit risk assessments performed and risk ratings determined for individual accounts. • We assessed the risk ratings for a sample of accounts by reviewing the financial statements received from customers, comparing the risk ratings to the Group's credit watchlist, and reviewing the payment behaviour for the selected accounts. We compared the risk ratings for these selected accounts to management's SICR assessment.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FMBCAPITAL HOLDINGS PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in the audit
<p>The disclosures associated to Expected credit losses (ECL) on loans and advances are set out in the financial statements in the following notes:</p> <p>Note 11 - Loans and advances to customers. Note 51 - Impairment loss on financial assets. Note 7.1 - Credit risk.</p>	<p>Macro-economic forecasts</p> <ul style="list-style-type: none"> We obtained an understanding of how the economic forecasts, as part of forward-looking information, are derived and incorporated in the models; and We evaluated the adequacy and completeness of economic assumptions used in the models by benchmarking these forecasts for a sample of macroeconomic variables to external sources. <p>We assessed the presentation of the Expected Credit Loss and the appropriateness of the accounting policies as well as the adequacy of disclosures by comparing these to the requirements of IFRS 9 - Financial instruments.</p>

Other matter

The accompanying financial statements have been prepared in accordance with the requirement of the Malawi Stock Exchange, applying IFRS Accounting Standards as issued by the International Accounting Standards Board and the IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi. The Company prepared another set of consolidated and separate financial statements under IFRS Accounting Standards as issued by the International Accounting Standards Board for statutory purposes under the requirement of Companies Act 2001 in Mauritius on which a distinct opinion will be issued.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 190-page document titled "FMBcapital Holdings Plc Annual Financial Statements for the year ended 31 December 2024 prepared under Listing Rules of Malawi Stock Exchange", which includes the Directors' Report and the Directors' Responsibilities. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FIMBCAPITAL HOLDINGS PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company'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 Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 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 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 Group and the Company'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 Group and Company'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 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 Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FMBCAPITAL HOLDINGS PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

- 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 and separate 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 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, 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 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.

Use of our report

This report is made solely to the Company's members. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young

ERNST & YOUNG
Ebène, Mauritius

David Ng Man Chuen

DAVID NG MAN CHUEN, F.C.C.A.
Licensed by FRC

Date: 23 April 2025

Statements of financial position

as at 31 December 2024

		Consolidated		Separate	
USD	Notes	2024	Restated ¹ 2023	2024	2023
ASSETS					
Cash and balances with banks ²	9	651 669 255	439 430 074	5 175 409	6 515 058
Money market investments	10	470 925 545	219 450 296	–	–
Loans and advances to customers	11	772 177 845	716 407 584	–	–
Repurchase agreements	12	5 026 164	4 980 131	–	–
Derivative financial assets	13	15 929 929	6 210 281	–	–
Current tax assets	14	2 339 446	2 759 472	–	–
Assets held for sale	15	–	2 217 391	–	–
Other assets ^{3,4}	16	28 552 614	27 014 490	9 797 007	5 906 028
Investments at fair value through profit or loss	17	10 496 502	9 815 296	–	–
Investments at fair value through other comprehensive income	18	4 412 979	4 331 698	–	–
Investment in joint venture	19	13 897 469	14 339 532	–	–
Investment property	20	3 880 996	1 494 000	–	–
Intangible assets	21	7 933 505	6 650 491	1 871 326	4 037 169
Right-of-use assets	22	7 345 708	6 308 610	35 766	53 301
Investments in subsidiary companies ^{3,4}	23	–	–	138 910 342	141 385 697
Property and equipment	24	67 649 575	58 865 593	803 402	722 426
Deferred tax assets	25	4 411 479	1 447 747	–	–
Total assets		2 066 649 011	1 521 722 686	156 593 252	158 619 679
LIABILITIES AND EQUITY					
Liabilities					
Balances due to other banks	26	84 389 144	70 274 518	–	–
Customer deposits	27	1 514 618 262	1 096 024 327	–	–
Derivative financial liabilities	13	13 511 952	4 845 227	–	–
Other payables	28	46 732 478	46 475 900	878 928	1 029 371
Current tax liabilities	14	9 386 440	9 517 616	–	–
Lease liabilities	22	6 854 129	6 076 986	59 312	76 052
Loans payable	29	55 864 666	33 835 062	8 634 903	16 341 908
Subordinated debt	30	11 550 581	11 821 358	–	–
Convertible preference shares	32	10 786 747	10 786 747	10 786 747	10 786 747
Provisions	34	10 153 735	6 178 404	–	–
Deferred tax liabilities	25	7 867 364	11 316 050	–	–
Total liabilities		1 771 715 498	1 307 152 195	20 359 890	28 234 078
Equity					
Share capital	35	117 409 081	117 409 081	117 409 081	117 409 081
Restructuring reserve	36	(54 510 623)	(54 510 623)	–	–
Property revaluation reserve	37	12 879 448	14 747 281	–	–
Loan loss reserve	38	3 924 732	4 114 373	–	–
Other reserves	39	14 154 740	8 944 470	–	–
Foreign currency translation reserve	40	(90 266 296)	(94 912 544)	–	–
Retained earnings		186 197 073	138 354 692	18 824 281	12 976 520
Total equity attributable to equity holders of the company		189 788 155	134 146 730	136 233 362	130 385 601
Non-controlling Interest	41.2	105 145 358	80 423 761	–	–
Total equity		294 933 513	214 570 491	136 233 362	130 385 601
Total equity and liabilities		2 066 649 011	1 521 722 686	156 593 252	158 619 679

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. For further details on the restatement, refer to Note 58.

2 The line item previously titled 'Cash and balances with central banks' has been renamed to 'Cash and balances with banks' to better reflect the nature of the underlying balances, with no impact on comparative balances.

3 In 2024, the Group reassessed the order of liquidity in the statement of financial position, moving investment in subsidiary companies below 'right-of-use assets' and 'other assets' above investments at fair value through profit or loss. This change reflects the items' relative liquidity, with no impact on the amounts presented. The same reorder has been applied to the prior year and relevant notes for consistency and comparability of disclosures.

4 In the previous reporting period, the Company incorrectly classified its preference share investment under 'Investments in subsidiary companies'. In the current financial year, the investment has been reclassified under 'Other assets', as it meets the definition of a financial asset in accordance with IFRS 9. The impact of this reclassification on prior periods has been assessed and determined to be immaterial. Refer to Notes 16 and 23 for further information.

The consolidated and separate financial statements were approved for issue by the Company's Board of Directors on 23 April 2025 and were signed on its behalf by:



Busisa Moyo
Director



Terence Davidson
Director

Statements of profit or loss and other comprehensive income

for the year ended 31 December 2024

USD	Notes	Consolidated	Restated ¹	Separate	
		2024	2023	2024	2023
Interest and similar income	42.1	229 374 799	191 558 193	379 144	297 000
Interest expense and similar charges	42.2	(62 856 352)	(55 560 638)	(2 217 485)	(2 384 575)
Net interest income/(expense)		166 518 447	135 997 555	(1 838 341)	(2 087 575)
Fee and commission income	43	55 625 730	55 741 194	–	–
Fee and commission expense	43	(7 006 393)	(3 658 292)	–	–
Income from investments	44	1 466 197	6 239 463	26 584 197	23 466 815
Net gains/(losses) on foreign exchange transactions	45	52 426 808	59 098 342	(13 267)	657 527
Net gains on derivative instruments	13	6 793 620	2 090 647	–	–
Fair value gain on investment property	20	7 221	499 769	–	–
Other operating income	46	2 470 167	1 066 214	10 044 532	10 055 636
Total non-interest income		111 783 350	121 077 337	36 615 462	34 179 978
Total operating income		278 301 797	257 074 892	34 777 121	32 092 403
Staff and training costs	47	(63 257 255)	(57 987 651)	(6 795 263)	(5 876 396)
Premises and equipment costs	48	(17 541 013)	(17 322 881)	(1 139 211)	(2 702 892)
Depreciation and amortisation	49	(11 540 281)	(9 524 231)	(1 223 596)	(1 525 241)
Administration and general expenses	50	(34 312 990)	(31 786 288)	(1 953 227)	(1 437 823)
Total expenses		(126 651 539)	(116 621 051)	(11 111 297)	(11 542 352)
Impairment loss on financial assets	51	(5 443 513)	(12 791 775)	–	–
Operating profit		146 206 745	127 662 066	23 665 824	20 550 051
Net monetary loss		–	(67 776)	–	–
Share of (loss)/profit in joint venture	19	(442 063)	3 736 494	–	–
Profit before income tax expense		145 764 682	131 330 784	23 665 824	20 550 051
Income tax expense	14.1	(42 248 406)	(39 586 865)	(2 030 590)	(2 510 271)
Profit for the year		103 516 276	91 743 919	21 635 234	18 039 780
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss					
Revaluation surplus on property	24,37	1 297 221	10 802 184	–	–
Deferred tax on revalued property	25,37	(2 318 055)	(3 185 079)	–	–
Fair value gain on investments at FVOCI	18	636 000	1 091 220	–	–
Deferred tax on fair value changes on investments	25	(305 000)	432 392	–	–
		(689 834)	9 140 717	–	–
Items that will be reclassified subsequently to profit or loss					
Fair value loss on FVOCI financial assets	10	(320 000)	(1 459 172)	–	–
Exchange differences on translating foreign operations ¹		5 781 248	(59 085 226)	–	–
		5 461 248	(60 544 398)	–	–
Total other comprehensive income/(loss) for the year		4 771 414	(51 403 681)	–	–
Total comprehensive income for the year		108 287 690	40 340 238	21 635 234	18 039 780
Profit or loss attributable to:					
Owners of the parent		68 644 709	59 430 742	21 635 234	18 039 780
Non-controlling interest	41.2	34 871 567	32 313 177	–	–
Profit for the year		103 516 276	91 743 919	21 635 234	18 039 780
Total comprehensive income attributable to:					
Owners of the parent		71 428 898	19 704 626	21 635 234	18 039 780
Non-controlling interest		36 858 792	20 635 612	–	–
Total comprehensive income for the year		108 287 690	40 340 238	21 635 234	18 039 780
Basic earnings per share (US cents)	52	2.792	2.418		
Diluted earnings per share (US cents)	52	2.591	2.248		

¹ The prior period consolidated financial statements have been restated to reflect the revised adoption date of the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Comparative period exchange differences on translating foreign operations have also been adjusted to incorporate the effects of hyperinflation. The functional currency change became effective on 31 December 2023. Refer to Note 58 for further details relating to the restatement.

Statements of changes in equity

for the year ended 31 December 2024

Consolidated

USD	Share capital	Restructuring reserve	Property revaluation reserve	Loan loss reserve	Other reserves	Foreign currency translation reserve	Retained earnings	Equity attributable to owners	Non-controlling interests	Total equity
Balance as at 31 December 2023 (as originally presented)	117 409 081	(54 510 623)	13 319 772	5 084 373	6 624 168	(82 024 316)	131 548 887	137 451 342	78 403 157	215 854 499
Impact of restatements (Note 58)	–	–	1 427 509	(970 000)	2 320 302	(12 888 228)	6 805 805	(3 304 612)	2 020 604	(1 284 008)
Restated total equity as at 31 December 2023/ Balance at 1 January 2024	117 409 081	(54 510 623)	14 747 281	4 114 373	8 944 470	(94 912 544)	138 354 692	134 146 730	80 423 761	214 570 491
Profit for the year	–	–	–	–	–	–	68 644 709	68 644 709	34 871 567	103 516 276
Other comprehensive income										
Fair value gain on investments at FVOCI net of deferred tax	–	–	–	–	173 742	–	–	173 742	157 258	331 000
Fair value loss on FVOCI financial assets	–	–	–	–	(167 968)	–	–	(167 968)	(152 032)	(320 000)
Property revaluation	–	–	807 150	–	–	–	–	807 150	490 071	1 297 221
Deferred tax on revalued assets	–	–	(2 674 983)	–	–	–	–	(2 674 983)	356 928	(2 318 055)
Effects of changes in foreign exchange rates on consolidation of foreign subsidiaries	–	–	–	–	–	4 646 248	–	4 646 248	1 135 000	5 781 248
Total other comprehensive income	–	–	(1 867 833)	–	5 774	4 646 248	–	2 784 189	1 987 225	4 771 414
Total comprehensive income for the year	–	–	(1 867 833)	–	5 774	4 646 248	68 644 709	71 428 898	36 858 792	108 287 690
Transfers within reserves										
Transfer to non-distributable reserve	–	–	–	–	5 760 587	–	(5 760 587)	–	–	–
Net transfer from loan loss reserve	–	–	–	(189 641)	–	–	189 641	–	–	–
	–	–	–	(189 641)	5 760 587	–	(5 570 946)	–	–	–
Other movements										
Transfer to collective impairment allowance	–	–	–	–	(556 091)	–	556 091	–	–	–
	–	–	–	–	(556 091)	–	556 091	–	–	–
Transactions with owners, recorded directly in equity										
Distribution to owners										
Dividends paid to owners of the parent	–	–	–	–	–	–	(15 787 473)	(15 787 473)	–	(15 787 473)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(12 137 195)	(12 137 195)
Total transactions with owners	–	–	–	–	–	–	(15 787 473)	(15 787 473)	(12 137 195)	(27 924 668)
Balance as at 31 December 2024	117 409 081	(54 510 623)	12 879 448	3 924 732	14 154 740	(90 266 296)	186 197 073	189 788 155	105 145 358	294 933 513
Restated ¹										
Balance as at 1 January 2023	117 409 081	(54 510 623)	10 188 610	3 097 300	4 181 042	(50 593 932)	98 145 576	127 917 054	68 965 412	196 882 466
Profit for the year	–	–	–	–	–	–	59 430 742	59 430 742	32 313 177	91 743 919
Other comprehensive income										
Fair value gain on investments at FVOCI net of deferred tax	–	–	–	–	799 744	–	–	799 744	723 868	1 523 612
Fair value loss on FVOCI financial assets	–	–	–	–	(765 919)	–	–	(765 919)	(693 253)	(1 459 172)
Property revaluation	–	–	6 307 915	–	–	–	–	6 307 915	4 494 269	10 802 184
Deferred tax on revalued assets	–	–	(1 749 244)	–	–	–	–	(1 749 244)	(1 435 835)	(3 185 079)
Effects of changes in foreign exchange rates on consolidation of foreign subsidiaries ¹	–	–	–	–	–	(44 318 612)	–	(44 318 612)	(14 766 614)	(59 085 226)
Total other comprehensive income	–	–	4 558 671	–	33 825	(44 318 612)	–	(39 726 116)	(11 677 565)	(51 403 681)
Total comprehensive income for the year	–	–	4 558 671	–	33 825	(44 318 612)	59 430 742	19 704 626	20 635 612	40 340 238
Transfers within reserves										
Transfer to non-distributable reserve	–	–	–	–	3 759 576	–	(3 759 576)	–	–	–
Net transfer from loan loss reserve	–	–	–	1 017 073	–	–	(1 017 073)	–	–	–
	–	–	–	1 017 073	3 759 576	–	(4 776 649)	–	–	–
Other movements										
Transfer to collective impairment allowance	–	–	–	–	970 027	–	(970 027)	–	–	–
	–	–	–	–	970 027	–	(970 027)	–	–	–
Transactions with owners, recorded directly in equity										
Distribution to owners										
Dividends paid to owners of the parent	–	–	–	–	–	–	(13 474 950)	(13 474 950)	–	(13 474 950)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(9 177 263)	(9 177 263)
Total transactions with owners	–	–	–	–	–	–	(13 474 950)	(13 474 950)	(9 177 263)	(22 652 213)
Balance as at 31 December 2023	117 409 081	(54 510 623)	14 747 281	4 114 373	8 944 470	(94 912 544)	138 354 692	134 146 730	80 423 761	214 570 491

¹ The prior period consolidated financial statements have been restated to reflect the revised adoption date of the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Additionally, the comparative period incorporates the effects of hyperinflation. Effective 31 December 2023, Afcarne Holdings (Private) Limited and its subsidiaries changed their functional currency from Zimbabwe Dollar to United States Dollar. For further details on the restatement, refer to Note 58.

Statements of changes in equity (continued)

for the year ended 31 December 2024

USD	Separate		
	Share capital	Retained earnings	Total equity
Balance as at 1 January 2024	117 409 081	12 976 520	130 385 601
Profit for the year	–	21 635 234	21 635 234
Total comprehensive income	–	21 635 234	21 635 234
Transactions with owners, recorded directly in equity			
Distribution to owners			
Dividends paid to owners	–	(15 787 473)	(15 787 473)
Total transactions with owners	–	(15 787 473)	(15 787 473)
Balance as at 31 December 2024	117 409 081	18 824 281	136 233 362

Balance as at 1 January 2023	117 409 081	8 411 690	125 820 771
Profit for the year	–	18 039 780	18 039 780
Total comprehensive income	–	18 039 780	18 039 780
Transactions with owners, recorded directly in equity			
Distribution to owners			
Dividends paid to owners	–	(13 474 950)	(13 474 950)
Total transactions with owners	–	(13 474 950)	(13 474 950)
Balance as at 31 December 2023	117 409 081	12 976 520	130 385 601

Statements of cash flows

for the year ended 31 December 2024

		Consolidated		Separate	
USD	Notes	2024	Restated ¹ 2023	2024	2023
Cash flows from operating activities					
Interest and fees received		323 197 878	277 940 223	379 144	9 822 137
Interest paid		(56 500 422)	(51 943 834)	(2 217 485)	(2 033 855)
Cash paid to suppliers and employees		(107 150 006)	(111 529 333)	–	(9 043 747)
Changes in mandatory reserves at central bank		(65 948 027)	(39 390 955)	–	–
		93 599 423	75 076 101	(1 838 341)	(1 255 465)
Increase loans and advances ²		120 213 540	(62 651 524)	–	–
Increase in customer deposits ²		261 503 784	213 083 468	–	–
Cash generated from/(used in) operations		475 316 747	225 508 045	(1 838 341)	(1 255 465)
Dividends received		–	183 597	26 584 197	23 326 111
Income taxes paid	14.3	(49 634 624)	(28 687 950)	(2 030 590)	(2 510 271)
Cash generated from operating activities		425 682 123	197 003 692	22 715 266	19 560 375
Cash flows from investing activities					
Purchases of money market investments	10	(252 855 228)	(102 143 766)	–	–
Purchases of repurchase agreements		(193 292)	(2 868 551)	–	–
Receipts for currency swaps		1 338 541	–	–	–
Payments for currency swaps		(1 306 800)	–	–	–
Proceeds from sale of non-current asset held for sale		2 550 000	–	–	–
Proceeds from sale of investments at fair value through profit or loss	17	5 994 464	97 645	–	–
Purchase of investments at fair value through profit or loss	17	(1 601 132)	–	–	–
Proceeds from sale of equipment		277 594	313 300	–	–
Acquisition of property and equipment and intangible assets	21, 24	(19 172 653)	(15 286 323)	(833 664)	(1 568 796)
Purchase of digital gold coins	17	(2 616 294)	(3 627 571)	–	–
Dividends received		346 610	330 000	–	–
Net cash used in investing activities		(267 238 190)	(123 185 266)	(833 664)	(1 568 796)
Cash flows from financing activities					
Dividends paid to non-controlling interests		(12 137 195)	(9 177 263)	–	–
Dividends paid to owners		(15 787 473)	(13 474 950)	(15 787 473)	(13 474 950)
Proceeds from share issue		15	–	–	–
Interest paid on borrowings		(4 488 064)	–	–	–
Payments for lease liabilities		(2 270 500)	(2 975 352)	(20 039)	(4 589)
Proceeds from short and long term borrowings ³	26.2	88 687 120	90 481 989	–	–
Repayments of short and long term borrowings ³	26.2	(48 464 680)	(42 356 128)	(7 490 000)	(894 422)
Net cash generated from/(used in) financing activities		5 539 223	22 498 296	(23 297 512)	(14 373 961)
Net increase/(decrease) in cash and cash equivalents		163 983 156	96 316 722	(1 415 910)	3 617 618
Cash and cash equivalents at beginning of year		392 721 951	376 787 540	6 515 058	2 897 440
Effect of changes in exchange rate ¹		(17 416 059)	(80 382 311)	76 261	–
Cash and cash equivalents at 31 December⁴	9	539 289 048	392 721 951	5 175 409	6 515 058

1 The prior period consolidated financial statements have been restated to reflect the revised adoption date of the change in functional currency from the Zimbabwe Dollar (ZWL) to the United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries, effective 31 December 2023. The effects of exchange rate changes in the comparative period also incorporate the impact of hyperinflation. For further details on the restatement, refer to Note 58.

2 In the prior period, cash flows from deposits and loans and advances were presented as net customer balances. In the current period, these have been presented separately on a gross basis to be in line with the requirements of IAS 7.21. The comparatives have been amended to align with the current period's presentation for consistency and comparability.

3 In the prior period, cash flows from proceeds and repayments of short- and long-term borrowings were presented on a net basis. In the current period, these have been split into receipts and payments to be in line with the requirements of IAS 7.21. The comparatives have been amended to align with the current period's presentation for consistency and comparability.

4 As at 31 December 2024, consolidated cash and cash equivalents exclude expected credit losses of USD 147,047 (2023: USD 30,568), cash collateral balances of USD 875,000 (2023: USD 229,668), and restricted cash of USD 112,380,207 (2023: USD 46,708,123). The restricted cash is held by First Capital Bank S.A. (Mozambique) with the Bank of Mozambique to meet mandatory reserve requirements.

Notes to the financial statements

for the year ended 31 December 2024

1 Reporting entity

FMBcapital Holdings Plc (the Company or FMBCH) was incorporated in the Republic of Mauritius under the name of FMB Capital Holdings Limited as a public company limited by shares under the Companies Act, 2001 and holds a Global Business Licence issued by the Financial Services Commission under the Financial Services Act 2007. The principal activity of the Company is to hold investments. The Company is listed on the Malawi Stock Exchange and has a branch office registered as a foreign company in Malawi.

These consolidated and separate financial statements comprise the Company and its subsidiaries (collectively the Group). The Group is primarily involved in corporate, investment and retail banking.

2 Basis of preparation

2.1 Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), except that IAS 29: *Financial Reporting in Hyperinflationary Economies* has not been applied to the Malawi-incorporated companies within the Group, nor to the Group as a whole. This follows the Directive on the Application of IAS 29, issued by the Institute of Chartered Accountants in Malawi (ICAM) under Notice No. PN-2024-12.

The ICAM Directive prohibits the application of IAS 29 to:

- Malawi-incorporated entities; and
- Multinational entities listed on the Malawi Stock Exchange (MSE) with subsidiaries operating in Malawi, including FMBcapital Holdings Plc Group.

As a result, and in the preparation of the Group Financial Statements, IAS 29 has not been applied to these subsidiaries incorporated and operated in Malawi and where the functional currency is the Malawi Kwacha.

ICAM, following its own assessment, concluded that Malawi does not meet the criteria of a hyperinflationary economy for financial reporting purposes, and this remained ICAM's official position as at 31 December 2024. This is a position with which the Group is aligned.

2.2 Basis of measurement

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

- properties which are revalued to fair value;
- financial instruments including derivatives that are carried at fair value through profit or loss (FVPL); and
- financial instruments at fair value through other comprehensive income (FVOCI).

The Group has prepared its consolidated financial statement on the basis that it will continue to operate as a going concern.

2.3 Significant changes in the current reporting period

2.3.1 Change of functional currency

Afcarme Zimbabwe Holdings (Private) Limited (Afcarme) and First Capital Bank Zimbabwe (the Bank) changed their functional currency from Zimbabwean Dollars (ZWL) to United States Dollars (USD). Initially, this change was applied with effect from 1 January 2023 which was reflected in the Group's 2023 consolidated financial statements. However, following a reassessment, it was determined that the functional currency change should have been applied from last quarter of 2023, as the necessary conditions for the change were present only from that period. The change in functional currency was applied from 31 December 2023 in the Group's financial statements. As a result, the Group has restated the 2023 financial statements to reflect changes as a result of this revised adoption date. Details of this restatement are contained in Note 58 of these financial statements.

Afcarme is an investment holding company that owns a 52.49% interest in the Bank's issued ordinary share capital. The decision to transition to USD as the functional currency was supported by the following key factors and developments:

- The USD had become the dominant currency on the Bank's balance sheet, accounting for more than 80% of both financial assets and financial liabilities.
- More than 60% of the Bank's revenue was denominated in USD.
- The USD primarily influenced the Bank's labour costs, technology expenses, and other service provision costs.

Notes to the financial statements (continued)

for the year ended 31 December 2024

2 Basis of preparation (continued)

2.3 Significant changes in the current reporting period (continued)

2.3.1 Change of functional currency (continued)

- d) Zimbabwe operates in a multi-currency environment, where the use of the USD is widely recognised, and some government assets and liabilities are realized or settled in USD.
- e) A material shift in economic conditions occurred between 2022 and 2023. The Confederation of Zimbabwe Industries (CZI), Zimbabwe National Statistics Agency (ZIMSTAT), and the Reserve Bank of Zimbabwe (RBZ) highlighted in the RBZ's Monetary Policy Statement (February 2023) that the economy was over 75% USD-based, with 64.6% of total deposits held in USD.
- f) The monetary policy of the Reserve Bank of Zimbabwe extended the use of the multi-currency regime up to 2030 during the last quarter of the 2023 financial year.

Furthermore, in 2023, the Bank migrated its listing from the Zimbabwe Stock Exchange (ZSE) to the Victoria Falls Stock Exchange (VFEX). The VFEX, being established in an Offshore Financial Services Centre, operates primarily in USD, reinforcing the rationale for the functional currency change.

2.3.2 Changes in the macroeconomic environment

In 2024, the macroeconomic environment continued to significantly influence the operations of the FMBcapital Holdings Group banking entities across the corporate, commercial, and retail segments in Botswana, Malawi, Mozambique, Zambia, and Zimbabwe.

Persistent inflationary pressures, although easing in some markets, continued to shape central banks' monetary policies, with interest rates remaining elevated in several jurisdictions as authorities focused on stabilising local currencies and containing inflation.

In Botswana and Mozambique, the trend of moderating inflation has been counterbalanced by election-related fiscal pressures, and in Mozambique, post-election protests contributed to operational and economic uncertainty, impacting business confidence.

A key development in Zimbabwe was the introduction of the Zimbabwe Gold (ZWG) currency during 2024 in an effort to stabilise the economy and restore confidence in the local currency. The transition to ZWG, coupled with ongoing inflationary challenges required the Group to adapt pricing, liquidity management, and credit strategies in the Zimbabwean market.

In Zambia, the Kwacha further weakened against the US Dollar, driven by external debt repayment pressures, reduced foreign investment inflows, and ongoing global economic headwinds. The resultant foreign currency liquidity shortages have created challenges for import-reliant businesses and heightened pressure on the banking sector's liquidity management practices.

Across the region, tight foreign currency liquidity has persisted, prompting central banks to maintain or further increase local and foreign currency deposit reserve requirements. This environment has amplified liquidity constraints for banks and influenced balance sheet strategies.

The tightening of monetary policy has continued to affect credit demand and asset quality, with higher borrowing costs constraining business investment and consumer spending. At the same time, currency volatility and uneven economic recovery trajectories across the Group's footprint have required the Group to further refine its country-specific risk management frameworks and adapt its product offering to reflect evolving market needs.

The Group's various governance structures, from majority-independent boards of directors to the various management teams across its footprint, approached these macroeconomic developments in an integrated fashion with its strategic and tactical plans.

Moreover, the acceleration of digital banking adoption has remained a key priority, driven by evolving customer preferences and the need to enhance operational resilience. In response to the challenging operating environment, the Group has also undertaken further reviews of its operating models and cost structures to enhance operational efficiency and ensure sustainable performance.

This economic and operational context has informed the Group's strategic adjustments and risk management considerations for the year ended 31 December 2024.

Notes to the financial statements (continued)

for the year ended 31 December 2024

2 Basis of preparation (continued)

2.4 IAS 29 Financial reporting in hyperinflationary economies

The Zimbabwean economy remained hyperinflationary for the year ended 31 December 2024. However, following the introduction of a new gold-backed currency, the ZWG, in April 2024, an ongoing evaluation is being conducted to determine whether Zimbabwe will continue to be classified as a hyperinflationary economy.

The Group ceased applying IAS 29 – Financial Reporting in Hyperinflationary Economies with effect from 31 December 2023, following the change in functional currency of Afcarme Zimbabwe Holdings (Private) Limited (Afcarme) and First Capital Bank Zimbabwe (the Bank) to United States Dollars (USD), as outlined in Notes 2.3 and 5.6.

Initially, the Group's 2023 financial statements reflected a change in functional currency from 1 January 2023. However, following a reassessment, the Group concluded that the functional currency change should have been applied from last quarter of 2023, as the conditions supporting the transition only existed from that period. Consequently, the 2023 consolidated financial statements were restated to reflect the revised adoption date of the functional currency change. Refer to note 58 for the details of the restatements.

The comparative financial statements of the Group's Zimbabwean subsidiaries were restated in accordance with IAS 29, which requires financial statements to be presented in terms of the measuring unit current at the end of the reporting period. The restatement was applied up to 30 December 2023, the last date on which the Zimbabwe Dollar (ZWL) was the functional currency of the affected subsidiaries. The key principles applied in the restatement process are summarized as follows:

- Monetary items were not restated, as they are already expressed at their current value at the balance sheet date.
- Non-monetary assets and liabilities carried at historical cost were adjusted to reflect the change in the general price index from the recognition date to the reporting date.
- Non-monetary assets measured at fair value or revalued amounts continued to be accounted for in accordance with Group accounting policies.
- Restated values of non-monetary assets were subject to impairment testing, with adjustments made as required in line with Group impairment policies.
- Items recognised in the statement of comprehensive income were restated by applying the change in the general price index from the original recognition date to the reporting date.
- The loss in purchasing power arising from holding net monetary assets was recognised in profit or loss, calculated as the difference arising from the restatement of non-monetary items, equity, and items in the statement of comprehensive income.

For consolidation purposes, the difference arising from the restatement of opening equity under IAS 29 and the exchange difference on translation to the Group's presentation currency were recognised in other comprehensive income for the year.

The Group determined that the Zimbabwe All Items Consumer Price Index (CPI) was the most appropriate indicator of changes in the purchasing power of the Zimbabwe Dollar. Additionally, the Group elected to use the published interbank exchange rate for the USD when translating Zimbabwe Dollar financial statements into the Group's presentation currency.

Year-end indices and rates	2024	2023
CPI	–	113.22
USD interbank rate	–	6 104.72

Notes to the financial statements (continued)

for the year ended 31 December 2024

3 Adoption of new and revised International Financial Reporting Standards

There are no new or amended standards that are effective for the current reporting that had a significant impact on the Group. The Group and Company also did not early adopt any amended standards during the current reporting period.

3.1 New and amended standards and interpretations

The following standards and amendments are effective for the first time for its annual reporting period commencing 1 January 2024. These amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Standard/ Interpretation	Content	Applicable for financial years beginning on or after
Amendments to IFRS 16: <i>Lease Liability in a Sale and Leaseback</i>	<p>In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed.</p>	1 January 2024
Amendments to IAS 1: <i>Classification of Liabilities as Current or Non-current</i>	<p>In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.</p> <p>The amendments clarify:</p> <ul style="list-style-type: none"> • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. <p>In addition, a requirement has been introduced for disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within 12 months.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.</p>	1 January 2024
Supplier Finance Arrangements – <i>Amendments to IAS 7 and IFRS 7</i>	<p>In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.</p>	1 January 2024

Notes to the financial statements (continued)

for the year ended 31 December 2024

3 Adoption of new and revised International Financial Reporting Standards (continued)

3.2 Standards issued but not yet effective

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is set out below.

Standard/ Interpretation	Content	Applicable for financial years beginning on or after
Amendments to IAS 21 in Lack of <i>Exchangeability</i>	<p>The amendments in Lack of Exchangeability (Amendments to IAS 21) amend IAS 21 to:</p> <p>(a) Specify when a currency is exchangeable into another currency and when it is not</p> <p>A currency is exchangeable when an entity can exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.</p> <p>(b) Specify how an entity determines the exchange rate to apply when a currency is not exchangeable</p> <p>When a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing. Require the disclosure of additional information when a currency is not exchangeable when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.</p> <p>The directors do not expect this amendment to have a material impact on the changes on the Group and Company's financial statements. The Group and the Company used observable exchanges rates for translation of account balances and classes of transactions.</p>	1 January 2025
Classification and measurement of financial instruments – <i>Amendments to IFRS 9 and IFRS 7</i>	<p>On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:</p> <ul style="list-style-type: none"> clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). <p>The Group does not expect these amendments to have a material impact on its operations or financial statements.</p>	1 January 2026

Notes to the financial statements (continued)

for the year ended 31 December 2024

3 Adoption of new and revised International Financial Reporting Standards (continued)

3.2 Standards issued but not yet effective (continued)

Standard/ Interpretation	Content	Applicable for financial years beginning on or after
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. The Group does not expect this standard to have an impact on its operations or financial statements.	1 January 2027
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	<p>In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS Presentation in Financial Statements. The standard introduces three key new requirements:</p> <p>(a) Defined Subtotals in the Statement of Profit or Loss IFRS 18 introduces two new defined subtotals to be presented in the statement of profit or loss: operating profit or loss and profit or loss before financing and income tax. Income and expenses will be classified into three new defined categories namely: operating, investing, and financing, providing a consistent structure to the statement of profit or loss.</p> <p>(b) Disclosure of Management-Defined Performance Measures (MPMs) Additional disclosures on specified alternative performance measures, termed MPMs, are required. MPMs are subtotals of income and expenses used in public communications to convey management's view of financial performance. A single disclosure note is required to explain why the MPM is reported, how it is calculated, any changes, and a reconciliation to the most directly comparable IFRS-defined subtotal. This information will be subject to audit as part of the financial statements.</p> <p>(c) Enhanced Requirements on Grouping of Information IFRS 18 includes enhanced requirements on the grouping of information in the financial statements, including aggregation and disaggregation. This involves presenting and disclosing operating expenses and determining if information should be included in the primary financial statements or disclosed in the notes. Additionally, it provides guidance on determining meaningful labels and information about items in the statement of profit or loss labelled as 'other'.</p> <p>The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required; therefore, the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.</p>	1 January 2027

Notes to the financial statements (continued)

for the year ended 31 December 2024

4 Segment reporting

USD	Botswana	Malawi	Mauritius	Mozambique	Zambia	Zimbabwe	Adjustment ¹	Consolidated total
2024								
Interest and similar income	60 936 497	55 831 273	379 144	46 638 699	31 580 653	35 688 385	(1 679 852)	229 374 799
Interest expense and similar charges	(17 910 182)	(11 861 708)	(2 268 678)	(13 616 511)	(16 618 959)	(2 572 795)	1 992 481	(62 856 352)
Net interest income/(expense)	43 026 315	43 969 565	(1 889 534)	33 022 188	14 961 694	33 115 590	312 629	166 518 447
Fee and commission income	2 929 717	11 012 467	–	7 822 558	3 342 477	30 605 797	(87 286)	55 625 730
Fee and commission expense	(746 717)	(1 638 280)	–	(1 421 116)	(1 252 520)	(2 028 979)	81 219	(7 006 393)
Income from investments	–	1 292 358	26 584 197	–	–	173 839	(26 584 197)	1 466 197
Net (loss)/gain on foreign exchange transactions	(1 244 331)	20 617 823	95 907	17 145 907	5 546 691	10 531 448	(266 637)	52 426 808
Net gains/(losses) on derivative instruments	6 793 624	–	(4)	–	–	–	–	6 793 620
Fair value loss on investment property	(162 779)	–	–	–	–	170 000	–	7 221
Other operating income	437 840	580 136	15 268 871	119 589	229 920	1 150 777	(15 316 966)	2 470 167
Total non-interest income	8 007 354	31 864 504	41 948 971	23 666 938	7 866 568	40 602 882	(42 173 867)	111 783 350
Total operating income	51 033 669	75 834 069	40 059 437	56 689 126	22 828 262	73 718 472	(41 861 238)	278 301 797
Staff and training costs	(8 670 137)	(10 020 840)	(10 816 095)	(8 506 406)	(4 914 202)	(20 329 575)	–	(63 257 255)
Premises and equipment costs	(2 301 328)	(4 419 757)	(1 761 896)	(1 857 629)	(1 753 046)	(5 447 357)	–	(17 541 013)
Depreciation and amortisation	(1 061 428)	(1 776 372)	(1 517 679)	(1 623 016)	(910 198)	(4 651 588)	–	(11 540 281)
Administration and general expenses	(7 938 717)	(13 551 637)	(2 075 220)	(5 005 437)	(4 888 434)	(16 189 423)	15 335 878	(34 312 990)
Total expenses	(19 971 610)	(29 768 606)	(16 170 890)	(16 992 488)	(12 465 880)	(46 617 943)	15 335 878	(126 651 539)
Impairment loss on financial assets	(138 339)	(1 199 297)	–	(4 112 369)	162 497	(156 005)	–	(5 443 513)
Operating profit	30 923 720	44 866 166	23 888 547	35 584 269	10 524 879	26 944 524	(26 525 360)	146 206 745
Share of profit in joint venture	–	–	–	–	–	(442 063)	–	(442 063)
Profit before income tax expense	30 923 720	44 866 166	23 888 547	35 584 269	10 524 879	26 502 461	(26 525 360)	145 764 682
Income tax expense	(6 838 644)	(17 445 761)	(2 030 590)	(9 461 682)	(3 233 412)	(3 238 317)	–	(42 248 406)
Profit for the year	24 085 076	27 420 405	21 857 957	26 122 587	7 291 467	23 264 144	(26 525 360)	103 516 276
Segment assets	590 496 449	397 225 210	160 311 033	462 663 775	316 375 160	319 962 982	(180 385 598)	2 066 649 011
Segment liabilities	(521 830 517)	(334 558 360)	(21 443 024)	(397 557 092)	(291 886 581)	(225 983 324)	21 543 400	(1 771 715 498)
Other disclosures								
Investment in joint venture	–	–	–	–	–	13 897 469	–	13 897 469

No capital expenditures were made on the joint venture during the current period (2023: USD Nil).

¹ Adjustments pertain to income, expenses, assets, and liabilities arising from transactions between operating segments, which are eliminated on consolidation.

Notes to the financial statements (continued)

for the year ended 31 December 2024

4 Segment reporting (continued)

USD	Botswana	Malawi	Mauritius	Mozambique	Zambia	Zimbabwe (Restated ²)	Adjustment ¹ (Restated ²)	Consolidated total (Restated ²)
2023								
Interest and similar income	52 744 410	53 494 124	297 000	33 331 094	28 530 798	24 270 986	(1 110 219)	191 558 193
Interest expense and similar charges	(19 478 057)	(12 995 589)	(2 390 975)	(9 439 840)	(10 643 757)	(1 834 536)	1 222 116	(55 560 638)
Net interest income/(expense)	33 266 353	40 498 535	(2 093 975)	23 891 254	17 887 041	22 436 450	111 897	135 997 555
Fees and commission income	2 458 422	17 311 513	–	5 966 396	3 187 785	26 918 961	(101 883)	55 741 194
Fees and commission expense	(341 137)	–	–	(646 174)	(956 877)	(1 714 104)	–	(3 658 292)
Income from investments	–	5 899 089	23 466 815	10 486	–	329 888	(23 466 815)	6 239 463
Net gains on foreign exchange transactions	2 394 431	9 386 565	605 397	16 166 263	4 223 863	29 646 470	(3 324 647)	59 098 342
Net gains on derivative instruments	2 090 647	–	–	–	–	–	–	2 090 647
Fair value gain on investment property	–	–	–	–	–	499 769	–	499 769
Other operating income	244 311	332 588	14 600 238	53 358	308 213	85 173	(14 557 667)	1 066 214
Total non-interest income	6 846 674	32 929 755	38 672 450	21 550 329	6 762 984	55 766 157	(41 451 012)	121 077 337
Total operating income	40 113 027	73 428 290	36 578 475	45 441 583	24 650 025	78 202 607	(41 339 115)	257 074 892
Staff and training costs	(7 646 469)	(11 224 721)	(9 103 937)	(7 151 725)	(4 911 879)	(17 948 920)	–	(57 987 651)
Premises and equipment costs	(1 463 987)	(3 962 077)	(3 388 592)	(1 556 769)	(1 331 611)	(5 619 845)	–	(17 322 881)
Depreciation and amortisation	(950 010)	(2 504 116)	(1 926 980)	(1 362 404)	(720 000)	(2 060 721)	–	(9 524 231)
Administration and general expenses	(6 209 010)	(14 322 754)	(1 528 652)	(4 657 633)	(4 321 631)	(15 164 470)	14 417 862	(31 786 288)
Total expenses	(16 269 476)	(32 013 668)	(15 948 161)	(14 728 531)	(11 285 121)	(40 793 956)	14 417 862	(116 621 051)
Impairment loss on financial assets	(1 926 731)	(2 631 229)	–	(3 325 607)	(767 122)	(4 141 086)	–	(12 791 775)
Operating profit	21 916 820	38 783 393	20 630 314	27 387 445	12 597 782	33 267 565	(26 921 253)	127 662 066
Net monetary loss	–	–	–	–	–	(67 776)	–	(67 776)
Share of profit in joint venture	–	–	–	–	–	3 736 494	–	3 736 494
Profit before income tax expense	21 916 820	38 783 393	20 630 314	27 387 445	12 597 782	36 936 283	(26 921 253)	131 330 784
Income tax expense	(5 133 078)	(12 488 043)	(2 510 271)	(8 202 769)	(3 738 395)	(8 199 729)	685 420	(39 586 865)
Profit for the year	16 783 742	26 295 350	18 120 043	19 184 676	8 859 387	28 736 554	(26 235 833)	91 743 919
Segment assets	482 525 947	287 619 961	161 758 503	283 838 470	247 028 240	237 097 218	(178 145 653)	1 521 722 686
Segment liabilities	(430 419 835)	(241 164 349)	(28 789 356)	(233 337 822)	(227 834 336)	(179 364 649)	33 758 152	(1 307 152 195)
Other disclosures								
Investment in joint venture	–	–	–	–	–	14 339 532	–	14 339 532

1 Adjustments pertain to income, expenses, assets, and liabilities arising from transactions between operating segments, which are eliminated on consolidation.

2 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. For further details on the restatement, refer to Note 58.

Notes to the financial statements (continued)

for the year ended 31 December 2024

5 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amount of income, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent assets and liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Actual results may differ from these estimates.

In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2024.

5.1 Expected credit losses (ECL) on financial assets

The Group uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. ECL is measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL assets for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk (SICR). In assessing whether the credit risk of an asset has significantly increased, the Group considers qualitative and quantitative reasonable and supportable forward-looking information.

The following are key estimations that have been used in the process of applying the Group's accounting policies:

- Establishing the number and relative weightings of forward-looking scenarios for each type of product and determining the forward-looking information relevant to each scenario: When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
- Probability of default (PD): PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.
- Loss Given Default (LGD): LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, considering cash flows from collateral and integral credit enhancements.

Refer to note 7 for further information.

5.2 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 8 for further disclosures.

Notes to the financial statements (continued)

for the year ended 31 December 2024

5 Significant accounting judgements, estimates and assumptions (continued)

5.3 Financial assets at fair value through other comprehensive income

Equity instruments

The fair value of any unquoted equity investments was determined using the dividend growth model.

Dividend growth in perpetuity was estimated using the weighted average cost of capital of the investment. Estimation of the cost of equity and future cash flows is an area of significant judgement.

The fair value of any listed equity investments was determined based on current market pricing, and therefore not subject to any assumptions or estimates.

Refer to note 18 for further information.

Treasury bills and bonds

These instruments are not actively traded despite the existence of potential secondary markets; hence the valuation inputs are unobservable. The unobservable inputs are generally determined based on inputs of similar nature or historical observations. Treasury bills are fair valued based on yields of recent treasury bill issues.

Refer to note 10 for further information.

5.4 Useful lives and residual values

The Group depreciates its property and equipment on a straight-line basis by allocating the depreciable amount (original cost less estimated residual value) equally over its estimated useful life. Residual values are estimated by considering the disposal values of similar assets if they were in the condition expected at the end of the asset's life, at the reporting date. Useful lives are also reviewed annually and are adjusted when it is evident that the economic benefits initially anticipated will not flow from the asset over the same duration or to the same extent.

Refer to note 24 for further information.

5.5 Owner occupied property

The fair value of property is based on the nature, location and condition of the asset. The fair value is calculated by reference to the price that would be received to sell the property in an orderly transaction at measurement date, or value determined by capitalisation of market rentals. Given the property pricing distortions in the market, sellers withholding properties for sale in local currency, unavailability of sales information and which currency sales are made in, the valuation of properties becomes a significant judgement area. Management uses one amongst a selection of valuation methods. These include an open market valuation, investment, or depreciated replacement cost approaches. The range of capitalisation rate estimates utilised in unobservable inputs range from 7 % to 9%.

Refer to notes 8 and 24.

Notes to the financial statements (continued)

for the year ended 31 December 2024

5 Significant accounting judgements, estimates and assumptions (continued)

5.6 Functional currency and exchange rates used for the translation of the Zimbabwe subsidiary

As explained in note 2.3.1; Afcarne and its subsidiary, First Capital Bank Zimbabwe, changed their functional currency from the Zimbabwean Dollar (ZWL) to the United States Dollar (USD), effective 31 December 2023. The rationale and timing of this change are detailed in note 2.3.1.

The hyperinflationary adjustments under IAS 29 were retrospectively applied for the period from 1 January 2023 to 30 December 2023. Assets held at fair value were revalued in USD as at 31 December 2023, in line with the Group's accounting policies.

Consequently, the Group has restated its comparative financial statements to reflect the revised adoption date for the change in functional currency of its Zimbabwean subsidiaries.

These restatements did not materially affect the closing net assets for Afcarne and the Bank as at 31 December 2023.

For further details, refer to notes 2.4, and 58.

5.7 Determination of lease term under IFRS 16

In determining the lease term, the Group considers all facts and circumstances. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group considers the nature and enforceability of extension clause in the lease agreement, the value of leasehold improvements, penalties on termination, costs and business disruption required to replace the leased premises as factors to determine the lease term. Lease agreements for premises occupied by the Group may contain an extension option, where the Group has not considered extension options after analysing the above factors.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment is only revised if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group. During the financial year, the Group has not revised its assessment of lease term as no significant events or changes occurred.

Refer to note 22 for further information.

5.8 Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

Provisions are disclosed in note 34.

Notes to the financial statements (continued)

for the year ended 31 December 2024

5 Significant accounting judgements, estimates and assumptions (continued)

5.9 Control over subsidiaries with less than 50% majority

Note 41 lists entities that are consolidated into the Group. This includes certain entities that are consolidated despite the Group having less than 50% ownership interest. The Directors of the Company have assessed that the Group has control over these investee entities.

The Group has an effective holding of over fifty percent of voting rights in First Capital Bank Botswana, considering the terms attached to both the ordinary and preference shares held by the Company in that entity.

The Group determined that it had majority votes in First Capital Bank Zambia by virtue of one of its related parties acting as de facto agent. Management has applied judgment in determining whether the related party is actually acting as de facto agent by considering the nature of the relationship as well as its interaction with the Group and FCB Zambia.

Refer to note 41 for further information.

5.10 Operating segments

During 2024 and 2023 respectively, the Group has been organised into six operating segments based on six geographical locations as disclosed in note 4. The Group Executive Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements.

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, along with the gross income and expense.

Transfer prices between operating segments are based on the Bank's internal pricing framework and deemed to be at arm's length as per OECD (Organisation for Economic Co-operation and Development) guidelines.

5.11 Investment property

The fair value of investment property is based on the nature, location and condition of the asset. The fair value is calculated by reference to the price that would be received to sell the property in an orderly transaction at measurement date or value determined by capitalization of market rentals. Given the property pricing distortions in the market, sellers withholding properties for sale in local currency, unavailability of sales information and which currency sales are made in, judgement needs to be applied to determine the fair value at reporting date.

5.12 Conversion of foreign currency transactions and balances at interbank exchanges rates

The Group used the interbank exchanges rates to translate foreign currency balances and transactions into USD reporting currency. The interbank exchanges rates were determined by management as appropriate for buying and selling foreign currency and where the Group made its own purchases, all of these were conducted at interbank rates.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

6.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (together referred to as the Group), namely First Capital Bank Plc (Malawi), First Capital Bank Limited (Zambia), First Capital Bank Limited (Botswana), First Capital Bank S.A. (Mozambique), First Capital Shared Services Limited and Afcarme Zimbabwe Holdings (Private) Limited (including First Capital Bank Limited (Zimbabwe)).

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date control is transferred to the Group.

6.1.1 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, or the most representative currency in which to measure the results of entity's operations (the functional currency).

In the case of Afcarme Zimbabwe and its subsidiary, First Capital Bank Zimbabwe, the functional currency of United States Dollar was adopted with effect from 31 December 2023, which previously was the Zimbabwe Dollar (ZWL).

The consolidated financial statements of the FMBCH Group are presented in United States Dollars (USD), which is the Group's presentation currency. The Company's functional currency is USD.

6.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an investee if it is exposed to, or, has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Uniform accounting policies have been applied throughout the Group.

6.1.3 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

6.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

6.1.5 Common control transactions

Common Control Transactions are those in which all the entities involved are ultimately controlled by the same party or parties both before and after the transaction.

Common control transactions are recorded using the predecessor carrying amounts method. Under this method, assets and liabilities transferred are recognised at the carrying amounts recorded in the consolidated financial statements of the highest parent entity before the transaction.

In cases where shares of an entity are distributed as a dividend in specie, the transaction is recognised at the fair value of the shares on the date of the dividend declaration, as determined by their quoted market price.

The difference between the carrying amount of the transferred assets and the fair value of the shares issued is recorded in the restructuring reserve. A common control transaction relating to the dissolution of Afcarme Holdings (Private) Limited and the transfer of shareholding in FCB Zimbabwe to FMBcapital Holdings Plc is disclosed in Note 56.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.1 Basis of consolidation (continued)

6.1.6 Subsidiaries in hyperinflationary economies

The financial statements of group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit at the end of the reporting period following the historic cost approach.

However, as the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the index in the current year. Differences between these comparative amounts and current year hyperinflation adjusted amounts are recognised directly in other comprehensive income.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. On initial application of hyperinflation, prior period gains and losses are recognised directly in equity. Gains or losses on the net monetary position are recognised in profit or loss. All items recognised in profit or loss are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first period of application, the components of equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised directly in equity as an adjustment to opening retained earnings. Restated retained earnings are derived from all other amounts in the restated statement of financial position. At the end of the first year and in subsequent years, all components of equity are restated by applying a general price index from the beginning of the year or the date of contribution, if later, with this restatement being recognised directly in equity. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

Results, cash flows and the financial position of the Group's subsidiaries which have been classified as hyperinflationary have been expressed in terms of the measuring unit current at the reporting date. Refer to note 2.4 for further details.

6.2 Joint arrangements

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Interests in joint ventures are accounted for using the equity method (see 6.2.1 below), after initially being recognised at cost in the consolidated statement of financial position.

6.2.1 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity-accounted investments is tested for impairment annually.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.3 Foreign currency

6.3.1 Transactions and balances of the Company

Transactions in foreign currencies are translated into USD at the exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into USD at the exchange rate (middle rate) at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated into USD using the exchange rate (middle rate) at the date of the transaction.

Monetary items denominated in foreign currencies at the reporting date are translated into USD using the exchange rate at that date. Foreign currency differences arising on translation are generally recognised in profit or loss.

6.3.2 Foreign operations

The assets, liabilities, income and expenses of a subsidiary reporting on the basis of IAS 29 are translated to the Group presentation currency using the rate at the reporting date. This only applies to the Group's Zimbabwe subsidiary operations for the year ended 31 December 2023. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at exchange rate (middle rate) ruling at the reporting date. The income and expenses of foreign operations are translated at average exchange rates during the year.

Exchange differences arising on the translation of the assets and liabilities of foreign operations are recognised directly in other comprehensive income and accumulated in equity in the translation reserve. When a foreign operation is disposed of in part or in full, the relevant amount in the translation reserve is transferred to profit or loss.

Foreign exchange gains or losses arising from monetary items receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future and which in substance is considered to form a part of the net investment in the foreign operation, are recognised directly in the foreign currency translation reserve.

6.3.3 Foreign operations' functional currency

The consolidated and separate financial statements are presented in United States Dollars (USD), which is the Group's presentation currency. The Board of Directors of each entity in the Group determines the functional currency, and items in the financial statements of each entity are measured using that functional currency.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.4 Financial assets and liabilities

6.4.1 Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, that is, the date on which the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades, that is, purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Group recognises balances due to customers when funds are transferred to the Group.

6.4.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Note 6.4.4. On initial recognition, financial assets, and financial liabilities at fair value through profit or loss are initially measured at their fair value (as defined in Note 6.4.5). The initial measurement of other financial instruments is based on their fair value but adjusted in respect of any transaction costs that are incremental and directly attributable to the acquisition or issue of the financial instrument. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

6.4.3 Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred. The deferred amounts are recognised in profit or loss when there is a change in a factor (including time) that market participants would consider when pricing the asset or liability. On this basis, the Group has assessed that amortising the deferred amount on a straight-line basis is appropriate. Any outstanding amount is immediately recognised in profit or loss when the instrument is derecognised or when the input(s) becomes observable.

6.4.4 Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost, as explained in Note 6.4.6
- FVOCI, as explained in Note 6.4.6
- FVPL, as set out Note 6.4.6.

The Group classifies and measures its derivative and trading portfolio at FVPL, as explained in Note 6.4.6. The Group may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies, as explained in Note 6.4.6.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.4 Financial assets and liabilities (continued)

6.4.4 Measurement categories of financial assets and liabilities (continued)

Financial liabilities other than loan commitments and financial guarantees are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied as explained in Note 6.4.6.

Financial Instrument	Business model	IFRS 9 classification	IFRS 9 Subsequent measurement
<ul style="list-style-type: none"> Loans and advances to customers including finance lease receivable Placements with other banks Money market investments Cash and cash equivalents Repurchase agreements Other receivables 	Held to collect contractual cash flows	Financial assets at amortised cost	The amortised cost is reduced by impairment losses. Interest income foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
<ul style="list-style-type: none"> Money market investments 	Held to collect contractual cash flows and sell	Financial assets at FVOCI	<p>These assets are subsequently measured at fair value. Interest income impairment is recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition gains and losses accumulated in OCI are reclassified to profit or loss.</p> <p>Certain Treasury Bill portfolios held in Zimbabwe are mandatorily classified as measured at fair value through other comprehensive income. Certain Investments in equity instruments in Mozambique and Zimbabwe are designated at fair value through other comprehensive income.</p>
<ul style="list-style-type: none"> Equity investments 	Not applicable	Financial assets at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.
<ul style="list-style-type: none"> Investment securities* (equity investments) Derivative financial instruments Digital gold coins 	Held for trading FVPL	Financial assets at FVPL	These are measured at fair value with net gains and losses recognised in profit or loss.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.4 Financial assets and liabilities (continued)

6.4.4 Measurement categories of financial assets and liabilities (continued)

If an asset or a liability measured at fair value has a bid price and an ask price then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

The analysis of fair value hierarchy for financial assets and liabilities is disclosed in Note 8 to these consolidated and separate financial statements.

In order to show how fair values have been derived financial instruments are classified based on a hierarchy of valuation techniques as summarised below:

- Level 1 financial instruments – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available at the reporting date.
- Level 2 financial instruments – Those where the inputs that are used for valuation and are significant are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves implied volatilities and credit spreads. In addition adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However if such adjustments are based on unobservable inputs which are significant to the entire measurement the Group will classify the instruments as Level 3.
- Level 3 financial instruments – Those that include one or more unobservable inputs that are significant to the measurement as whole.

The fair value of financial instruments is generally measured on an individual basis. However in cases where the Group manages a group of financial assets and liabilities on the basis of its net market or credit risk exposure the fair value of the Group of financial instruments is measured on a net basis however the underlying financial assets and liabilities are presented separately in the financial statements unless they satisfy the IFRS offsetting criteria.

6.4.5 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or in its absence the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.4 Financial assets and liabilities (continued)

6.4.5 Determination of fair value (continued)

If there is no quoted price in an active market then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would consider in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price that is the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets then the financial instrument is initially measured at fair value adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

6.4.6 Classes of financial assets and liabilities

Cash and balances with banks, Loans and advances to customers and Money market investments at amortised cost

The Group measures cash and balances with banks, Loans and advances to customers, Money market investments and other financial investments at amortised cost only if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.*
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.**

The details of these conditions are outlined below:

*Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and in particular the way those risks are managed.
- How managers of the business are compensated (for example whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency value and timing of financial transactions from initial recognition to subsequent measurement and final realisation or settlement are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.4 Financial assets and liabilities (continued)

6.4.6 Classes of financial assets and liabilities (continued)

****The SPPI test**

As a second step of its classification process the Group assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

In contrast contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases the financial asset is required to be measured at FVPL.

Financial assets or financial liabilities held for trading

The Group classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract or when the right to payment has been established. Included in this classification are debt securities equities short positions and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

Equity instruments held for trading are included in this category; hence they are measured at fair value through profit or loss. Refer to note 17.

Debt instruments at FVOCI

The Group classifies debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. The ECL calculation for debt instruments at FVOCI is explained in Note 6.4.1. Where the Group holds more than one investment in the same security they are deemed to be disposed of on a first-in first-out basis. On derecognition cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity instruments at FVOCI

Upon initial recognition the Group occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument in which case such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.4 Financial assets and liabilities (continued)

6.4.6 Classes of financial assets and liabilities (continued)

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis

Or

- The liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy

Or

- The liabilities contain one or more embedded derivatives unless they do not significantly modify the cash flows that would otherwise be required by the contract or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense respectively using the EIR considering any discount/premium and qualifying transaction costs being an integral part of an instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using the contractual interest rate as explained in Note 6.21. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

Digital gold coins

Digital gold coins are held by FCB Zimbabwe and are issued by the Reserve Bank of Zimbabwe (RBZ) to expand the value preserving instruments in the economy of Zimbabwe to enhance divisibility of the investment instruments and widen their access and usage by the public. These instruments have a vesting period of 180 days and redeemable at any time as physical gold. These instruments are available in local and foreign currency. The digital gold coins are classified as financial assets at fair value through profit or loss. The fair value of the digital gold coins is based on the price of physical gold per milligram. Where the bank holds gold on behalf of customers this is accounted for as an off statement of financial position item.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.4 Financial assets and liabilities (continued)

6.4.6 Classes of financial assets and liabilities (continued)

Financial guarantees letters of credit and undrawn loan commitments

The Group issues financial guarantees letters of credit and loan commitments.

The Group issues financial guarantee contracts in return for fees. Under financial guarantee contracts the Group undertakes to meet a customer's obligations under the terms of a debt instrument if the customer fails to do so. Financial guarantee contracts issued at below-market interest rates are initially recognised as liabilities at fair value while financial guarantees issued at market rates are recorded off-balance sheet.

Subsequently these instruments are measured at the higher of the expected credit loss provision and the amount initially recognised less the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers. The ECL allowances related to financial guarantee contracts are set out in Notes 7.7.1 and 7.7.7.

Undrawn loan commitments and letters of credits are commitments under which over the duration of the commitment the Group is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts these contracts are in the scope of the ECL requirements.

The nominal contractual values of financial guarantees letters of credit and undrawn loan commitments where the loan agreed to be provided is on market terms are not recorded in the statement of financial position. Financial guarantees letters of credit and loan commitments are accounted for as off-statement of financial position transactions and disclosed as contingent liabilities unless it is probable that the Group will be required to make payments under these instruments in which case they are recognised as provisions. The nominal values of these instruments together with the corresponding ECL are disclosed in Notes 7.7.7 and 31.

6.4.7 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition apart from the exceptional circumstances in which the Group acquires disposes of or terminates a business line. Financial liabilities are never reclassified.

6.4.8 Modification of financial assets and liabilities

Modification of financial assets

When the contractual cash flows of a financial asset are renegotiated or otherwise modified as a result of commercial restructuring activity rather than due to credit risk and impairment considerations the Group performs an assessment to determine whether the modifications result in the derecognition of that financial asset. For financial assets this assessment is based on qualitative factors.

When assessing whether or not to derecognise a loan to a customer amongst others the Group considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- Whether the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different as set out below then it does not result in derecognition. Based on the change in cash flows discounted at the original EIR the Group records a modification gain or loss to the extent that an impairment loss has not already been recorded. The Group's accounting policy in respect of forbore loans is set out in Note 6.4.9.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.4 Financial assets and liabilities (continued)

6.4.8 Modification of financial assets and liabilities (continued)

Modification of loans and advances

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans and advances to customers. When this happens the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering among others the following factors:

- If the borrower is in financial difficulty whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.

The Group's policy is that any restructure of an account even if not yet in Stage 3 where the obligor has not settled all arrears prior to the restructure shall have the effect that the account shall be/continue to be classified as Stage 3 until a minimum applicable curing period provides confirmation that the account may be reclassified to Stage 2 following which a further minimum curing period shall apply prior to reclassification to Stage 1.

Restructured accounts are flagged and provided for at Stage 3 for at least a minimum period post restructure date subject to local regulations. If there is a restructure which does not result in a derecognition (write off of the asset/creation of a new account) then the Group considers whether there is a modification gain or loss. The Group considers the new re-structured cash flow and discounts this back using the original effective interest rate and if that gives a higher carrying value than the Group currently holds the Group will reflect this as a gain or if it gives a lower carrying value then as a loss.

The Group will write off the difference between the previous and the restructured carrying amount in the event of a lower carrying amount for the restructured credit facility.

Modification of financial liabilities

When the modification of the terms of an existing financial liability is not judged to be substantial and consequently does not result in derecognition the amortised cost of the financial liability is recalculated by computing the present value of estimated future contractual cash flows that are discounted at the financial liability's original EIR. Any resulting difference is recognised immediately in profit or loss.

For financial liabilities the Group considers a modification to be substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of or greater than ten percent.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.4 Financial assets and liabilities (continued)

6.4.9 Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset such as a loan to a customer when the terms and conditions have been renegotiated to the extent that substantially it becomes a new loan with the difference recognised as a derecognition gain or loss to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes unless the new loan is deemed to be purchased or originated credit impaired (POCI).

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if and only if either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the original asset) but assumes a contractual obligation to pay those cash flows to one or more entities (the eventual recipients) when the following two conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients.

The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition the Group is not entitled to reinvest such cash flows except for investments in cash or cash equivalents including interest earned during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset

Or

- The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Group considers control to be transferred if and only if the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without the Group imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset the asset continues to be recognised only to the extent of the Group's continuing involvement in which case the Group also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.4 Financial assets and liabilities (continued)

6.4.9 Derecognition of financial assets and liabilities (continued)

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Forborne modified loans

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants or significant concerns raised by the Credit Risk Committee. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur.

If modifications are substantial the loan is derecognised. Once the terms have been renegotiated without this resulting in the derecognition of the loan any impairment is measured using the original EIR as calculated before the modification of terms. The Group also reassesses whether there has been a significant increase in credit risk and whether the assets should be classified as Stage 3. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

Once an asset has been classified as forborne it will remain forborne for a minimum 24-month probation period. In order for the loan to be reclassified out of the forborne category the customer has to meet all of the following criteria:

- All of its facilities have to be considered performing
- The probation period of two years has passed from the date the forborne contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period
- The customer does not have any contracts that are more than 30 days past due. Details of forborne assets are disclosed in Note 7.6.3.

6.4.10 Credit enhancements: collateral valuation and financial guarantees

To mitigate its credit risks on financial assets the Group seeks to use collateral where possible. The collateral comes in various forms such as cash securities letters of credit/guarantees real estate receivables inventories other non-financial assets and credit enhancements such as netting agreements. Collateral unless repossessed is not recorded on the Group's statement of financial position. Cash flows expected from credit enhancements which are not required to be recognised separately by IFRS standards and which are considered integral to the contractual terms of a debt instrument which is subject to ECL are included in the measurement of those ECL. On this basis the fair value of collateral affects the calculation of ECL. Collateral is generally assessed at a minimum at inception and re-assessed on a quarterly basis. However some collateral for example cash or securities relating to margining requirements is valued daily. Details of the impact of the Group's various credit enhancements are disclosed in Note 7.

To the extent possible the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral such as real estate is valued based on data provided by third parties such as mortgage brokers or based on housing price indices.

Guarantees held are included in the measurement of loan ECL when either they are specified in the contractual terms of the loan or else are integral to the loan in that they formed part of the basis on which the loan was extended.

Guarantees that are not integral to the loan's contractual terms are accounted as separate units of accounts subject to ECL.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.4 Financial assets and liabilities (continued)

6.4.11 Collateral repossessed

The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Group's policy.

In its normal course of business the Group engages external agents to recover funds from the repossessed assets generally at auction to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice the residential properties under legal repossession processes are not recorded on the balance sheet.

6.4.12 Write-offs

Financial assets are written off either in their entirety or partially when the Group has no reasonable expectation of recovering the asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance the difference will be an additional impairment loss which is presented as an addition to the allowance applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

The following events represent examples of circumstances which could lead to a full or partial write-off:

- The borrower is declared bankrupt or insolvent especially in the case of unsecured exposures where the liquidator or administrator has indicated that there aren't sufficient resources available to satisfy the unsecured creditors;
- There is external evidence (for example third-party valuations) available that there has been an irreversible decline in expected cash flows and accordingly the Group has no reasonable expectation of recovery; or
- Individually assessed loans that are secured are generally written off after the receipt of the proceeds from the realisation of the security and there is no expectation that any further amounts will be recovered by any other means.

Write-offs are also effected within time frames post-default of a financial asset as follows:

- Botswana – All clean or unsecured exposures may be written off after 6 months from date of classification as sub-standard assets. All exposures secured by the first residential or commercial premises mortgage may be written off after 24 months from date of classification as sub-standard assets or as agreed by the designated committee.
- Malawi – An unsecured facility shall be written off after 6 months. A secured facility shall be written off after 18 months.
- Mozambique – exposures are written off 450 days have elapsed since their classification in stage 3 if it is a facility without guarantee or with other guarantees (insurance pledge cash etc.) and 990 days have elapsed days since its classification in stage 3 if it is a facility with a first property mortgage (residential or commercial).
- Zambia – All clean or unsecured exposures may be written off after 6 months from date of classification as sub-standard assets. All exposures secured by the first residential or commercial premises mortgage may be written off after 24 months from date of classification as sub-standard assets.
- Zimbabwe – Exposures are written off 360 days past due across the different classes.

Collectively assessed portfolios such as retail exposures business loans and other unsecured loans are typically written off within one year after default where there hasn't been a repayment or collection in the period. Revolving facilities such as overdrafts are typically written off within one year after default.

6.4.13 Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when and only when the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by accounting standards.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.4 Financial assets and liabilities (continued)

6.4.14 Effective interest method

Under IFRS 9 interest income is recorded using the EIR method for all financial assets measured at amortised cost interest rate derivatives for which hedge accounting is applied and the related amortisation/recycling effect of hedge accounting. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or when appropriate a shorter period to the gross carrying amount of the financial asset.

The EIR (and therefore the amortised cost of the financial asset) is calculated by considering transaction costs and any discount or premium on the acquisition of the financial asset as well as fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence the EIR calculation also considers the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life and other characteristics of the product life cycle (including prepayments penalty interest and charges).

If expectations of fixed rate financial asset or liability cash flows are revised for reasons other than credit risk then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate but when instruments were initially recognised at an amount equal to the principal re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

6.4.15 Impairment of financial assets

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets loans and advances carried at amortised cost and FVOCI and with the exposure arising from loan commitments bank balances and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date.

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

Stage 1 – Financial instruments that are not credit impaired on initial recognition and with no significant increase in credit risk (SICR) evident.

Stage 2 – If SICR is identified the asset is moved to Stage 2.

Stage 3 – If the asset is credit impaired it is moved to Stage 3.

More information is on measurement of ECL is provided in note 7.2

6.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand deposits with central banks balances and placements with other banks with original maturities of three months or less and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost in the statement of financial position.

6.6 Other assets

Other assets are measured at amortised cost using the effective interest method less impairment losses. Other assets comprise prepayments cheques in the course of collection dividends receivable stocks of consumable stationery and computer spares and other receivables.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.7 Repurchase agreements

A repurchase agreement (repo) is defined as a contract where parties have agreed on the sale of securities and the subsequent repurchase of corresponding assets at a predetermined price. In a repo the sold security remains on the statements of financial position since the Group is exposed to the risk that the security will fluctuate in value before the repo expires. The payment received is recognised as a financial liability on the balance sheet based on the respective counterparty.

Securities sold subject to linked repurchase agreements ("repos") are retained in the statement of financial position as Government securities and Treasury bills and the counterparty liability is included in amount due to other banks or deposits as appropriate.

6.8 Investments in subsidiaries

Investments in subsidiaries are recognised at cost in the separate financial statements less any impairment losses. The investments are fully eliminated on consolidation.

6.9 Intangible assets

Intangible assets acquired separately are measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets mainly include computer software website development core banking software switch software and licences. Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset it relates to. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives from the date that the asset is available for use. The effects of any changes in estimates are accounted for on a prospective basis. Intangible assets are amortised over periods up to five years. Amortisation methods useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

6.10 Property and equipment

6.10.1 Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses except for freehold property and leasehold improvements which are measured at revalued amount less accumulated depreciation and impairment losses as described in Note 6.12.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour any other costs directly attributable to bringing the assets to a working condition for their intended use and qualifying borrowing costs. Purchased software that is integral to the functionality of related equipment is capitalised as part of that equipment.

Where an item of property and equipment comprises of major components having different useful lives they are accounted for as separate items of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within other operating income in profit or loss. When revalued assets are sold the amounts included in the revaluation reserve are transferred to retained earnings.

6.10.2 Revaluation

Freehold properties and leasehold improvements are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value. The frequency of revaluations depends upon the changes in fair values of the items of property plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount a further revaluation is required. Revaluation surpluses are recognised in other comprehensive income and accumulated in equity in a non-distributable property revaluation reserve. A revaluation surplus will be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

The revaluation surplus included in equity in respect of property and equipment is transferred directly to retained earnings when the asset is sold or disposed of. Revaluation gains are credited to revaluation reserve whilst losses reduce previously recognised gains to the extent of credits in the revaluation reserve. Any losses above previous revaluation credits are charged to profit or loss. Historical cost includes costs that are directly attributable to the acquisition of the items.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.10 Property and equipment (continued)

6.10.2 Revaluation (continued)

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. When an asset is revalued the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount. This method ensures that the revalued carrying amount reflects fair value without retaining historical depreciation.

However to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

6.10.3 Subsequent costs

Subsequent expenditure is capitalised only when it is probable that future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

6.10.4 Depreciation

Property and equipment are depreciated on a straight-line basis at rates that would reduce carrying amounts to their residual values estimated at the date of purchase over the initially anticipated useful lives of the assets. The Group reassesses the useful lives the depreciation method and the residual values of the assets at each reporting date. Any changes in the useful lives depreciation method or estimated residual values are accounted for prospectively as a change in accounting estimate in accordance with IAS 8 Accounting Policies Changes in Accounting Estimates and Errors.

Depreciation is recognised in profit or loss. The depreciation rates for the current and comparative period are:

• Leasehold properties	2.5% (or period of lease if shorter)
• Freehold properties	2.5%
• Motor vehicles	20% – 25%
• Equipment fixtures and fittings	20%
• Corporate aircraft	6%

6.10.5 Capital work in progress

Capital work in progress represents costs spent to date in carrying out work of a capital nature relating to property and equipment. The work in progress is mainly attributed to renovation currently underway in various branches of the Group.

Capital work in progress is presented as part of property and equipment in the statement of financial position. If the project relating to capital work in progress is completed the expenditure is capitalised to the relevant items of property and equipment. Capital work in progress is not depreciated.

6.11 Investment properties

Investment properties principally office buildings are held for long-term rental yields and are not occupied by the Group. They are carried at fair value. Changes in fair values are presented in profit or loss as part of other income.

Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an external independent valuer.

Investment properties are derecognised either when they have been disposed of (that is at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration existence of a significant financing component non-cash consideration and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property the Group accounts for such property in accordance with the policy stated under property plant and equipment up to the date of change in use.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.12 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset Group that generates cash flows that largely are independent from other assets and Groups of assets. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the units on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists net of depreciation or amortisation if no impairment loss had been recognised. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined.

An impairment loss is recognised in profit or loss unless it concerns property carried at a revalued amount in which case it is treated as a revaluation decrease. If the impairment loss exceeds the revaluation reserve in respect of the impaired asset the excess is recognised in profit or loss. A reversal of an impairment loss is recognised in profit or loss unless it relates to property carried at revalued amounts in which case the excess of the reversal over the amount recognised in profit or loss is treated as a revaluation increase.

6.13 Customer deposits and balances due to other banks

Deposits and balances due to other banks are initially measured at fair value plus directly attributable transaction costs and subsequently measured at their amortised cost using the effective interest method.

6.14 Other liabilities and subordinated debt

Other payables and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs and subsequently measured at their amortised cost using the effective interest method except where the Group designates liabilities as FVPL.

6.15 Share capital

6.15.1 Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

6.16 Employee benefits

6.16.1 Short-term employee benefits

Short-term employee benefit obligations (cash bonus or profit-sharing obligations staff retention incentive and outstanding employee leave as presented in note 34) are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

6.16.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.17 Net interest income

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed net on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information.

The effective interest method requires the Group to estimate future cash flows in some cases based on its experience of customers' behaviour considering all contractual terms of the financial instrument as well as the expected lives of the assets and liabilities. Due to the large number of products and types (both assets and liabilities) there are no individual estimates that are material to the results or financial position.

In its Interest income/expense calculated using the effective interest method the Group only includes interest on those financial instruments that are set out in Note 6.4.6.

Other interest income/expense includes interest on all financial assets/liabilities measured at FVPL other than those held for trading using the contractual interest rate.

Interest income/expense on all trading financial assets/liabilities is recognised as a part of the fair value change in 'Net trading income'.

The Group calculates interest income on financial assets other than those considered credit-impaired by applying the EIR to the gross carrying amount of the financial asset.

When a financial asset becomes credit-impaired (as set out in Note 6.4.15) and is therefore regarded as 'Stage 3' the Group calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired the Group reverts to calculating interest income on a gross basis.

6.18 Leases

The Group assesses at contract inception whether a contract is or contains a lease. That is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

6.18.1 Group as lessee

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

- Leasehold property 3 to 15 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to note 6.12 for impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition the carrying amount of lease liabilities is remeasured if there is a modification a change in the lease term a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.18 Leases (continued)

6.18.1 Group as lessee (continued)

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

6.18.2 Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other operating income in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

6.19 Fees and commission income and expense

The Group earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income including account activity fees card-based transaction fees guarantee fees facility processing fees insurance-based fees and commissions and other fees and commissions are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period.

Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services. Fees and commissions are disaggregated into fees received at a point in time and fees received over time. Fees received at a point in time refer to one time fees which comprise insurance commissions account activity fees card-based transaction fees cash deposit and withdrawal fees. Commission earned on bank guarantees and letters of credit and facility processing fees relate to fees received over time as a collection is made periodically over the life of the instrument.

The performance obligations as well as the timing of their satisfaction are identified and determined at the inception of the contract.

Fee and commission expenses included in net fee and commission income are mainly transaction and service fees relating to financial instruments which are expensed as the services are received. Expenditure is presented as fee and commission expenses where the expenditure is linked to the production of fee and commission revenue.

When the Group provides a service to its customers consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

6.20 Net gains on foreign exchange transactions

Net gains on foreign exchange transactions includes all gains and losses from changes in fair value and the related interest income or expense and dividends for financial assets and financial liabilities held for trading.

6.21 Income from investments

Income from investments includes dividend income and increase in fair value of investments in listed companies. Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for held for trading securities. Increase in fair value of investments designated at FVPL includes all realised and unrealised fair value changes.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.22 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity in which case it is recognised in other comprehensive income or equity.

6.22.1 Current tax

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

6.22.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects at the reporting date to recover or settle the carrying amount of its assets and liabilities. For this purpose the carrying amount of investment property measured at fair value is presumed to be recovered through sale and the Group has not rebutted this presumption.

Additional taxes that arise from the distribution of dividends by the Group are recognised at the same time as the liability to pay the related dividend is recognised. These amounts are generally recognised in profit or loss because they generally relate to income arising from transactions that were originally recognised in profit or loss.

Deferred tax for investment properties carried at fair value should generally be measured using the tax base and rate that are consistent with recovery entirely through sale and using capital gains tax rules (or other rules regarding the tax consequences of sale such as rules designed to claw back any tax depreciation previously claimed in respect of the asset). If the presumption is rebutted deferred tax should be measured reflecting the tax consequences of the expected manner of recovery.

6.23 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary Shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary Shareholders and the weighted average number of ordinary shares outstanding after adjusting for the effects of all dilutive potential ordinary shares.

6.24 Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate the risks specific to the liability.

Notes to the financial statements (continued)

for the year ended 31 December 2024

6 Material accounting policies (continued)

6.25 Convertible preference shares

Convertible preference shares meet the definition of a financial liability in terms of IFRS 9 based on the terms of the contract.

On issuance of the convertible preference shares the fair value of the liability is determined using a prevailing market rate. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The basis for initially recognising and subsequently measuring the convertible preference shares as a financial liability is disclosed in Note 32.

6.26 Derivative financial instruments

A derivative is a financial instrument whose value changes in response to an underlying variable requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors and is settled at a future date.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks including foreign exchange forward contracts interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

The classification of cash flows arising from derivative financial instruments is based on the objective of holding the instrument. Cash flows related to derivative contracts held for trading or dealing purposes are classified under operating activities as these transactions form part of the Group's core business operations.

The Group evaluates the nature and purpose of each derivative financial instrument to ensure appropriate classification within the statement of cash flows thereby providing a true and fair view of the Group's cash flows.

6.27 Amounts due from related parties

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

6.28 Assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group) excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Additional disclosures are provided in Note 15. All other notes to the financial statements include amounts for continuing operations unless indicated otherwise.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management

The Group is faced with a variety of risks including credit liquidity interest rate foreign exchange price operational compliance/regulatory reputation strategic risks and other emerging risks. The Group is committed to effectively managing these risks with a view to achieving a balance between acceptable exposure and reward.

The Board and senior management actively oversee the risk management process and implement adequate policies procedures comprehensive internal controls and limits that are set to mitigate risks. The Group companies have a risk management framework which covers risk identification risk measurement risk monitoring and risk control in respect of the significant risks.

The Board of the Group companies have a risk committee which meets regularly and receives reports from the Risk and Compliance function on risk assessment and levels of risks that the Group is facing. Stress testing is done quarterly and the results are discussed with the Risk Committee. There have been no changes to objectives policies and processes for managing the risk and the methods used to measure the risk since the previous reporting period. There have been no changes to risks arising from financial instruments (credit liquidity and market risks) or changes to the risk management strategies policies or objectives since the previous reporting period.

7.1 Credit risk

7.1.1 Credit risk management

Credit risk is the risk of financial loss should the Group companies' customers clients or market counterparties fail to fulfil their contractual obligations to the Group companies. The Group companies actively seek to originate and manage credit risk in such a way as to achieve sustainable asset growth and risk adjusted returns in line with Board-approved risk parameters. The credit risk that the Group companies face arises mainly from loans and advances and counterparties credit risk arising from derivative contracts entered into with our clients. Other sources of credit risk arise from treasury bills government bonds settlement balances with counterparties and bank balances with central banks and other banks.

Credit risk management objectives are:

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

7.1.2 Risk limits and mitigation policies

The Group companies use a range of policies and practices to mitigate credit risk. These include credit scoring marking limits against counterparties monitoring cash flows and utilisation against limits covenants and collateral.

Principal collateral types used for loans and advances are:

- Mortgages over residential and commercial properties;
- Charges over business assets such as inventory accounts receivable and moveable assets;
- Guarantees; and
- Cash cover.

The Legal and Credit departments are responsible for conducting sufficient legal review to confirm that the approved collateral is legally effective. The ratio of loan value to security value is assessed on grant date and continuously monitored.

7.1.3 Credit risk grading

Retail exposures

After the date of initial recognition for retail business the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural based internal credit rating. Any other known information about the borrower which impacts their creditworthiness such as unemployment and previous delinquency history is also incorporated into the behavioural internal credit rating.

These ratings are reflected on the following delinquency categories:

- Performing loans – 0 day to 30 days past due.
- Doubtful loans – 31 days to 89 days past due.
- In default loans – 90 days+ past due.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.1 Credit risk (continued)

7.1.3 Credit risk grading (continued)

Corporate exposures

The Group uses an internal application credit risk scoring tool that reflects its assessment of the probability of default of individual counterparties. This internal application credit risk scoring tool assigns a rating with using a 22-grade rating scale. The Group companies use internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (turnover and industry type for wholesale exposures) is fed into this rating model.

This is supplemented with external data such as credit bureau scoring information and external rating where available from ratings agencies on individual borrowers. In addition the models enable expert judgement to be incorporated into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

Payment and other behavioural aspects of the borrower are monitored on an ongoing basis in conjunction with collateral values and event driven factors to develop an internal behavioural credit rating. Exposures are monitored by grading customers in an early warning/ongoing monitoring list in order to identify those customers who are believed to be facing a SICR and/or are believed to be facing difficulties. A relationship manager will incorporate any updated or new information/credit assessments into the credit system on an ongoing basis. In addition the relationship manager will also update information about the creditworthiness of the borrower every year from sources such as public financial statements. This will determine the updated internal credit rating.

7.2 ECL measurement

ECLs are measured on either a 12-month or lifetime basis depending on whether a SICR has occurred since initial recognition or whether the asset is considered credit impaired. ECLs are a probability weighted discounted product of PD LGD and EAD.

Credit losses are measured as the present value of all cash shortfalls (the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the portfolio.

The maximum period considered when estimating ECLs is the maximum contractual period (including extensions) over which the Group is exposed to credit risk. For revolving facilities such as loans with an undrawn commitment component or overdrafts the period over which to estimate ECL's is the period over which the Group is exposed to credit risk and for which ECLs will not be mitigated by credit risk management actions – even if this period extends beyond the maximum contractual period.

The Group uses a combination of a portfolio-based approach and individual assessment to the calculation of ECLs.

- Portfolio assessment is performed by way of the ECL model to support the modelling of PD LGD and EAD.
- Individual assessment is performed on all customer loans and advances after having defined a minimum exposure threshold.

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

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

ECLs measured at an amount equal to the portion of Lifetime ECLs that result from default events possible within the next 12 months.

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

- Corporate exposures which do not exhibit SICR.
- Retail loans less than 30 days past due.
- Debt securities loans to banks and bank balances which are not past due. These are a product of 12 months PD LGD and EAD.

Lifetime ECLs (Stage 2 – SICR)

These are ECLs that result from all possible default events over the expected life of a financial instrument. These ECLs are measured on assets with a SICR since initial recognition.

- Corporate loans which have shown SICR.
- Retail loans in 30 days to 89 days past due.
- Debt securities loans to banks and bank balances where the credit risk has significantly increased since initial recognition.

These are a product of Lifetime PD Lifetime LGD and EAD.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.2 ECL measurement (continued)

Lifetime ECLs (Stage 3 – default)

The Group companies consider a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full without recourse to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

These ECLs are measured on all credit impaired/in default credit exposures.

- All credit impaired/in default corporate and retail loans and advances to banks and other debt securities in default.
- These are corporates which have/are credit impaired or retail loans in default/90 and above days past due.
- Exposures which are 90 days+ past due.

These are a product of default PD Lifetime LGD and EAD.

7.2.1 Probability of default

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

The PDs are determined individually or below threshold at portfolio level (below internal thresholds for customer exposures) and segmented into various categories using tenor currency product or low-risk classification.

PDs modelled using historical data may then be adjusted for forward-looking factors. PDs are mapped into IFRS 9 stages and Basel II Credit Risk Guideline grades as follows:

Corporate exposure

Stage 1 – 12-Month PD Basel II Credit Risk classification Pass;

Stage 2 – Lifetime PD Basel II Credit Risk classification Standard;

Stage 3 – Default PD Basel II Credit Risk classification: Substandard Doubtful Loss/90+ days past due.

Retail exposure

Stage 1 – 12-Month PD Basel II Credit Risk classification Pass/<30 days past due;

Stage 2 – Lifetime PD Basel II Credit Risk classification Standard/30 to 89 days;

Stage 3 – Default PD Basel II Credit Risk classification Substandard Doubtful Loss/90+ days past due.

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

7.2.2 Exposure at default (EAD)

Exposure at default (EAD) – is the amount the Group expects to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining lifetime (Lifetime EAD). The Group uses separate approaches for amortising items (on-balance sheet) and revolving products (including off-balance sheet items). The amortisation schedule approach is used for amortising items (on balance sheet) while for revolving products (including off-balance sheet items) the Group uses Credit Conversion factors and behavioural term estimates to estimate future EADs.

Amortising products (on-balance sheet facilities)

The amortisation modelling approach for EAD reflects three factors that determine the portfolio's exposure to a borrower for each month from the present to maturity. The Group utilises the loan amortisation schedule (scheduled contractual repayments) prepayments and interest accrued to default to arrive at the EAD.

Revolving and off-balance sheet facilities

For revolving products and off-balance sheet items the Group makes use of Credit Conversion Factors approach. The Credit Conversion Factor approach is applied to both revolving facilities and off-balance sheet items. The Credit Conversion Factor represents the amount of additional undrawn limit that is utilised before default and should factor in accrued interest at point of default. The approach also uses a behavioural term to determine the length of the EAD cash flows to be used in the ECL calculation. The behavioural term defines the behavioural maturity of the product.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.2 ECL measurement (continued)

7.2.3 Loss given default

Loss given default (LGD) – represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

LGD is modelled based on the expected rate of recovery of collateral and the relationship between this and the amount of the loan. LGD is calculated using parameters LGD1 and LGD 2. LGD1 is calculated as the pre-default historical recovery rate whilst LGD2 is the post-default recovery rate and applies to Stage 3 accounts. The LGD2 is time dependent with the parameter increasing as the account stays longer in default. The final LGD is a probability weighted value for the loss rates under the scenarios of liquidation restructure and cure.

7.3 Significant increase in credit risk

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

The assessment of SICR incorporates forward-looking information and is performed on a monthly basis at a portfolio level for all retail loans as well as portfolio level below internal thresholds. The use of the rebuttable presumption of significant increase in risk means that an account is categorised as Stage 2 when the days past due (DPD) is > 30 days and < 90 days. In addition to the Rebuttable Presumption the Group companies will also consider the output of its multi-factor early warning/risk monitoring analysis as a qualitative measure for corporate and treasury exposures. Customer loans and advances exceeding internal thresholds and low-risk financial instrument exposures are assessed on a monthly and quarterly basis by the Credit Department Bank Management and the Loans Review Committee. The assessment of SICR incorporates forward-looking information and is performed on a monthly basis at a portfolio level for all retail loans. Corporate and treasury exposures are assessed individually through the Early Warning list which is reviewed monthly and monitored by an independent team in Credit Risk department together with quarterly reviews by the Impairment Committee of exposures against performance criteria.

7.3.1 SICR – quantitative measures

- Corporate loans – if the loan is 30 days past due or has had a rating downgrade from origination of more than two grades using the Group's internal rating tool.
- Corporate loans – External risk grade drops by 8 notches (2 grades) if was investment grade at inception or drops by 4 notches (1 grade) if non-investment grade. If the exposure is in a non-investment grade a move of 4 or more notches from this grade or below at inception therefore meets Stage 2 criteria. Any external rating above this grade requires an 8 notch drop between inception and reporting.
- Retail loans – if the loan is reclassified from <30 days past due to 30 to 89 days past due.
- Treasury exposures which are past due.

7.3.2 SICR – qualitative measures – Retail

- Extension of credit terms.
- Retrenchment/dismissal of employee.
- Employer facing financial difficulties.
- Salary diversion.

7.3.3 SICR – qualitative measures – Corporate and Treasury

- Borrower is on Basel II Credit Risk Classification Standard/Internal Category 2.
- Significant adverse changes in business financial or economic conditions in which the borrower operates.
- Actual or expected forbearance or restructuring of debt.
- Early signs of cash flow/liquidity problems such as delay in servicing debt.
- Significant decline in account turnover.
- Breach of significant debt covenants.
- Qualifying modified loans.
- Delay in settlement of obligations.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.4 Benchmarking ECL

7.4.1 Corporate

Portfolio assessment is performed by way of a collective assessment semi-empirical IFRS 9 model (the ECL Model) developed in consultation with external consultants using available historic information to support the modelling of PD LGD and EAD. Individual assessment is performed on all customer loans and advances after having defined a minimum exposure threshold. The Group companies elected to use a country rating by sovereign debt approach which forms the basis of calculating the PD's of all financial assets within scope of IFRS 9 guidelines. The sovereign debt PD is adjusted by individual corporate PD rates based on external rating provider S&P's information.

LGDs of individually assessed customer loans and advances have been determined in terms of:

- Stages 1 and 2: an internal benchmark applied to a net exposure after application of future realisable cash flows predominantly collateral held.
- Stage 3: net exposure after application of future realisable cash flows predominantly collateral held. LGDs on various financial assets/low-risk financial instruments with the exception of customer loans and advances have been determined in terms of:
 - Basel II & III Guidelines: the treatment of sovereign exposures in the banking book.
 - Basel II Guidelines: applied under foundation IRB and observed in the Committee's study on Banks.
 - Internal benchmark on Securities & Derivatives engaged with corporate counterparties. EAD is determined as below:
 - For customer loans and advances: outstanding exposures plus undrawn limits.
 - For other financial assets/low-risk financial instruments: outstanding exposures.

7.4.2 Treasury

ECL for Treasury exposures is based on benchmarked PDs and LGDs due to lack of historical data.

7.4.3 Retail

ECL for Retail exposures are based on model output with no benchmarking comparative since enough historical default data was available when designing the calculation model.

7.5 Forward-looking information incorporated in the ECL models

Forward-looking information

The calculation of ECLs incorporates forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio for each Banking entity in the Group.

Historical and forecasts of these economic variables (the base economic scenario) are sourced from Central Banks Monetary Policy Fiscal updates World Bank/IMF and BMI Research economic forecast and provide the best estimate view of the economy over the next five years. Key economic variables are statistical and modelled using econometric techniques which are employed to build predictive regression functions. These variables are then extrapolated to a 15-year forecast horizon. The impact of the projected default levels is then applied to the PD through scalars. Forward-looking indicators for scenarios and related probabilities considered in determining the Group's forward-looking assumptions for the purposes of its ECLs noting the wide range of possible scenarios and macroeconomic outcomes. Various scenarios are also considered to reflect the Base case Better case Good case Bad case and Worst-case scenarios. This is line with IFRS 9 provisions to arrive at an ECL estimation that is an unbiased and probability weighted estimate of future losses.

After five years in order to project the economic variables out for the full remaining lifetime of each instrument a mean reversion approach has been used meaning that economic variables tend to a long run average growth rate such as gross domestic product over a period of two to five years. The impact of these economic variables on the PD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates. Forward-looking indicators for scenarios and related probabilities are considered in determining the Group's forward-looking assumptions for the purposes of its ECLs noting the wide range of possible scenarios and macroeconomic outcomes these scenarios represent reasonable and supportable forward-looking views as at reporting date.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.5 Forward-looking information incorporated in the ECL models (continued)

Main macroeconomic factors affecting Corporate ECL allowances

The Group conducts scenario sensitivity analysis to assess the potential impact of changes in economic conditions on the carrying value of material loans and advances. This analysis is a key component of the Group's risk management strategy and helps ensure the robustness of our financial position under varying economic scenarios. Changes in macroeconomic environment are disclosed in note 2.3.2.

Sensitivity Analysis Methodology

The sensitivity analysis is performed using a range of macroeconomic scenarios that reflect plausible future economic profiles. These scenarios are developed in consultation with economic experts and include both baseline and stressed conditions. The table below shows the loss allowance on loans and advances to corporate customers assuming each forward-looking scenario (base good better bad and worse case). The scenarios were determined by applying scenario probability weights across the three scenarios that are reflected in the financial statements.

Forward-looking information

The Group applies a regression-based macroeconomic model to incorporate forward-looking information into its credit impairment estimation process. This model leverages macroeconomic variables provided by the International Monetary Fund (IMF) and links them to a historical Cyclical Index (CI). The CI represents credit-impaired loans transformed through an inverse normal function and subsequently fitted to a Gumbel distribution to capture its asymmetry.

The base case CI is determined by applying the macroeconomic model to the latest IMF forecast variables providing a central outlook.

The selection of CIs for the four alternative (non-base case) scenarios follows a two-step process:

- **Segmenting the Distribution:** The Gumbel distribution is divided into upside and downside segments relative to the base case recognising that the base case does not necessarily lie at the centre of the distribution. This segmentation ensures upside scenarios reflect lower CI values (indicating lower credit risk) while downside scenarios reflect higher CI values (indicating higher credit risk).
- **Normalisation and Scenario Selection:** Each segment is normalised so that its cumulative probability equals one allowing appropriate selection of scenarios from each segment based on defined confidence intervals.

The selected CI for each scenario is then used to derive a macro-scalar which adjusts individual client Probability of Default (PD) estimates. These scenario-dependent PDs are subsequently incorporated into the Expected Credit Loss (ECL) computation ensuring the ECL reflects the forward-looking macroeconomic outlook across a range of possible economic conditions.

Since the weightings assigned to each scenario are dependent on the macro model as described which have been revised from last year and are also time dependent on the IMF forecast which are dynamic as per the bi-annual World Economic Outlook Report Update the assigned weightings to each scenario have changed.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.5 Forward-looking information incorporated in the ECL models (continued)

The tables presented below relate to Group only as the credit risk exposure of the company is immaterial.

Corporate advances
2024

Macro-economic factors	Assigned Country	ECL Scenario	Actual		Forecast (%)					Long term rate
			Assigned Weighting (%) (averages)	2024	2025	2026	2027	2028		
GDP Constant Prices	Malawi	Base case	58.33%	28.799	30.619	22.364	19.777	18.940	20.005	
Percent change		Good case	18.44%	28.799	30.619	19.853	18.179	17.570	18.331	
		Better case	7.90%	28.799	30.619	18.559	17.266	16.733	17.342	
		Bad case	10.73%	28.799	30.619	29.974	29.061	28.833	29.061	
		Worse case	4.60%	28.799	30.619	34.312	33.475	33.322	33.551	
Volume of Exports of goods and services	Malawi	Base case	58.33%	28.361	29.308	30.301	31.433	31.799	31.333	
Percent change		Good case	18.44%	28.361	29.308	31.399	32.132	32.398	32.065	
		Better case	7.90%	28.361	29.308	31.965	32.531	32.764	32.498	
		Bad case	10.73%	28.361	29.308	26.973	27.372	27.472	27.372	
		Worse case	4.60%	28.361	29.308	25.076	25.442	25.508	25.409	
GDP Constant Prices	Zimbabwe	Base case	58.33%	4.3869	5.690	5.760	5.690	5.690	5.760	
		Good case	10.32%	4.3869	9.670	9.670	9.670	9.670	9.740	
		Better case	4.42%	4.3869	11.520	11.590	11.520	11.520	11.590	
		Bad case	18.85%	4.3869	(2.940)	(2.870)	(2.870)	(2.870)	(2.800)	
		Worse case	8.08%	4.3869	(8.220)	(8.220)	(8.220)	(8.220)	(8.150)	
Current Account Balance government net debt	Zimbabwe	Base case	58.33%	3.8300	0.6198	0.6878	0.6198	0.6198	0.6878	
		Good case	10.32%	3.8300	4.5639	4.5639	4.5639	4.5639	4.6319	
		Better case	4.42%	3.8300	6.4000	6.4680	6.4000	6.4000	6.4680	
		Bad case	18.85%	3.8300	(7.9486)	(7.8806)	(7.8806)	(7.8806)	(7.8126)	
		Worse case	8.08%	3.8300	(13.1848)	(13.1848)	(13.1848)	(13.1848)	(9.764)	
Gross domestic product (GDP) – constant prices (expressed as a percent change)	Botswana	Base case	58.33%	2.73	4.21	5.08	5.47	5.43	6.17	
		Good case	9.66%	2.73	6.52	7.04	7.3	7.3	7.78	
		Better case	4.14%	2.73	7.69	8.08	8.3	8.26	8.65	
		Bad case	19.51%	2.73	(2.05)	(1.62)	(1.44)	(1.49)	(1.23)	
		Worse case	8.36%	2.73	(5.79)	5.40	(5.23)	(5.23)	(5.01)	
Total investment as percent of GDP	Botswana	Base case	58.33%	30.32	33.2	34.5	34.63	34.59	35.30	
		Good case	9.66%	30.32	35.63	36.13	36.38	36.38	36.84	
		Better case	4.14%	30.32	36.76	37.13	37.34	37.30	37.68	
		Bad case	19.51%	30.32	27.41	27.82	27.99	27.95	28.2	
		Worse case	8.36%	30.32	23.82	24.19	24.36	24.36	24.57	
GDP per Capita % Current Prices	Mozambique	Base case	58.33%	0.078	0.086	0.084	0.088	0.103	0.103	
		Good case	4.54%	0.078	0.132	0.131	0.132	0.138	0.138	
		Better case	1.94%	0.078	0.148	0.148	0.149	0.153	0.153	
		Bad case	24.63%	0.078	0.035	0.034	0.037	0.049	0.049	
		Worse case	10.56%	0.078	0.000	(0.001)	0.002	0.013	0.013	
General government gross debt	Mozambique	Base case	58.33%	93.883	95.984	96.810	94.699	84.848	84.848	
		Good case	4.54%	93.883	95.984	66.787	66.083	62.330	62.330	
		Better case	1.94%	93.883	95.984	55.762	55.293	52.948	52.948	
		Bad case	24.63%	93.883	95.984	129.179	127.303	119.797	119.797	
		Worse case	10.56%	93.883	95.984	151.697	150.055	142.784	142.784	
Domestic GDP	Zambia	Base case	58.33%	5.397	2.304	4.249	4.165	4.724	4.724	
		Good case	0.57%	5.397	2.304	4.473	4.417	4.892	4.892	
		Better case	0.25%	5.397	2.304	4.640	4.556	5.004	5.004	
		Bad case	28.59%	5.397	2.304	0.140	0.140	0.140	0.140	
		Worse case	12.25%	5.397	2.304	(1.285)	(1.285)	(1.285)	(1.285)	
General government revenue as a percent of GDP	Zambia	Base case	58.33%	21.386	21.844	22.374	22.321	22.673	22.673	
		Good case	0.57%	21.386	21.844	22.515	22.479	22.779	22.779	
		Better case	0.25%	21.386	21.844	22.620	22.568	22.850	22.850	
		Bad case	28.59%	21.386	21.844	19.783	19.783	19.783	19.783	
		Worse case	12.25%	21.386	21.844	18.884	18.884	18.884	18.884	

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.5 Forward-looking information incorporated in the ECL models (continued)

Main macroeconomic factors affecting Corporate ECL allowances

Corporate advances

2023

	Assigned Country	ECL Scenario	Assigned Weighting (%) (averages)	Actual	Forecast (%)		
				2024	2025	2026	2027
Macro-economic factors							
GDP Constant Prices Percent change	Malawi	Base case	58.33%	6.612	3.022	4.614	4.330
		Good case	14.99%	16.256	11.897	13.870	13.508
		Better case	6.42%	24.692	19.876	22.095	21.632
		Bad case	14.18%	1.100	0.618	0.858	0.818
		Worse case	21.08%	0.354	0.205	0.281	0.268
Volume of Exports of goods and services Percent change	Malawi	Base case	58.33%	4.994	6.766	9.129	28.767
		Good case	14.99%	(25.423)	(24.685)	(23.799)	(17.597)
		Better case	6.42%	(38.122)	(37.679)	(37.088)	(32.954)
		Bad case	14.18%	51.359	52.688	54.46	70.555
		Worse case	6.08%	82.22	83.401	85.173	100.529
GDP per Capita % Change	Zimbabwe	Base case	58.33%	0.027	0.024	0.047	0.047
		Good case	10.46%	(0.006)	(0.008)	0.003	0.004
		Better case	4.48%	(0.022)	(0.024)	(0.016)	(0.015)
		Bad case	18.70%	0.11	0.108	0.122	0.123
		Worse case	8.02%	0.16	0.158	0.171	0.172
Current account balances	Zimbabwe	Base case	58.33%	(0.207)	(0.296)	(0.475)	(0.554)
		Good case	10.46%	(0.658)	(0.728)	(1.513)	(1.573)
		Better case	4.48%	(0.879)	(0.940)	(1.993)	(2.044)
		Bad case	18.70%	0.908	0.848	1.659	1.608
		Worse case	8.02%	1.59	1.521	3.004	2.944
Inflation average consumer prices	Botswana	Base case	58.33%	5.987	5.825	5.852	(0.204)
		Good case	0.00%	6.014	5.852	5.879	2.461
		Better case	0.00%	6.04	5.879	5.906	3.026
		Bad case	29.17%	1.357	1.357	1.357	(1.361)
		Worse case	12.50%	0.335	0.335	0.335	(2.249)
General government net debt	Botswana	Base case	58.33%	40.475	39.446	39.617	1.047
		Good case	0.00%	40.646	39.617	39.789	18.018
		Better case	0.00%	40.817	39.789	39.96	21.618
		Bad case	29.17%	10.99	10.99	10.99	(6.324)
		Worse case	12.50%	4.476	4.476	4.476	(11.981)
GDP per Capita % Current Prices	Mozambique	Base case	58.33%	684.118	724.094	757.543	903.577
		Good case	3.22%	709.409	740.411	768.149	905.209
		Better case	1.38%	724.91	751.017	776.307	906.84
		Bad case	25.95%	521.768	525.847	526.663	526.663
		Worse case	11.12%	445.08	449.159	449.975	449.975
General government gross debt	Mozambique	Base case	58.33%	83.271	74.547	68.959	62.552
		Good case	3.22%	73.457	68.686	64.87	60.099
		Better case	1.38%	69.095	65.551	62.552	58.327
		Bad case	25.95%	100.854	96.084	94.312	93.63
		Worse case	11.12%	112.304	107.806	106.307	105.625
General government revenue as a percent of GDP	Zambia	Base case	58.33%	21.262	20.973	20.706	20.53
		Good case	5.47%	21.499	21.316	21.153	21.063
		Better case	2.34%	21.647	21.499	21.389	21.316
		Bad case	23.70%	19.857	19.772	19.655	19.554
		Worse case	10.16%	19.223	19.157	19.043	18.946

Notes to the financial statements (continued)

for the year ended 31 December 2024

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.5 Forward-looking information incorporated in the ECL models (continued)

Main macroeconomic factors affecting Corporate ECL allowances (continued)

Analysis of inputs to the ECL model under multiple economic scenarios

In line with IFRS 9 – Financial Instruments the Group's Expected Credit Loss (ECL) computation incorporates a range of forward-looking macroeconomic scenarios to reflect potential economic outcomes and their associated credit risks. The five scenarios applied are as follows:

- **Base Case:** The Base Case represents the most likely macroeconomic outlook for each of the markets in which the Group operates. This scenario is aligned to consensus economic forecasts primarily based on the latest projections from the International Monetary Fund (IMF) combined with internally assessed views on key economic variables such as GDP growth inflation exchange rates and interest rates. The Base Case serves as the central reference point in the ECL model.
- **Good Case:** The Good Case reflects a moderate improvement in economic conditions compared to the Base Case. This scenario assumes faster-than-expected economic recovery improved foreign currency liquidity lower inflation and a more favourable interest rate environment supporting stronger credit quality and lower default risk.
- **Better Case:** The Better Case reflects a significantly improved economic outlook representing a scenario where economic growth exceeds expectations inflation is subdued currency exchange rates are stable or appreciating and business confidence rises sharply. Under this scenario credit risk improves materially with lower non-performing loans and stronger borrower repayment capacity.
- **Bad Case:** The Bad Case reflects deteriorating economic conditions relative to the Base Case. This scenario incorporates weaker economic growth higher inflation currency depreciation and rising interest rates. These adverse factors lead to increased credit risk weaker borrower repayment capacity and higher default rates.
- **Worse Case:** The Worse Case represents a severe downside scenario reflecting material economic contraction persistently high inflation sharp currency depreciation and tight monetary conditions. This scenario assumes heightened credit stress with widespread borrower distress and significantly higher default rates across both retail and corporate lending portfolios.

The Group applies a separate macroeconomic scenario framework for its retail portfolio which reflects the different risk drivers impacting retail credit performance compared to the corporate portfolio.

Main macroeconomic factors affecting Retail ECL allowances

For the retail ECL model three macroeconomic scenarios are applied each representing a distinct potential economic outcome:

- **Base Case:** The Base Case reflects the most likely economic outlook aligned to the latest IMF macroeconomic forecasts and supplemented with internal economic assessments across the Group's operating markets. This scenario incorporates the expected evolution of key indicators such as GDP growth inflation employment rates and interest rates providing a balanced outlook for consumer credit risk.
- **Up Case:** The Up Case reflects a more optimistic scenario where economic conditions improve faster than anticipated. This assumes stronger economic growth lower inflation improved employment prospects and more favourable credit conditions. In this scenario household disposable incomes increase supporting stronger repayment capacity and a reduction in default rates.
- **Down Case:** The Down Case represents an adverse economic scenario where macroeconomic conditions deteriorate beyond the Base Case outlook. This scenario assumes weaker economic growth higher inflation rising unemployment and tightening credit conditions all of which negatively impact household finances and increase the likelihood of default.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.5 Forward-looking information incorporated in the ECL models (continued)

Main macroeconomic factors affecting Retail ECL allowances (continued)

Once a strong causal relationship is established between a loan book's behaviour and one or more macroeconomic factors we incorporate forecasted macroeconomic factors into the model. This is done by comparing historic and future macroeconomic data together with the loan book behaviour to identify quantitative relationships. If a correlation structure exists between historic macroeconomic data and the loan book behaviour then this provides a good basis for incorporating FLI by means of forecasted macroeconomic data. The base case forecast is derived for the relevant macroeconomic factors and is used as is. The Up and Down scenarios are created from the Base scenario by building a statistical tolerance interval around the Base scenario.

Three macroeconomic variables were applied namely lending rate unemployment rate and foreign exchange rate. The sensitivity table below summarises the principal macroeconomic indicators included in the economic scenarios used as at 31 December 2024 for the years 2024 to 2028. This scenario analysis was performed for the Retail portfolio in Botswana which carries the most material and empirically correlated performance history against macroeconomic variables.

It is anticipated that the below relationships would apply to the developing Retail portfolios in Malawi Mozambique and Zimbabwe; however causal macroeconomic relationships will be established in each country's Retail portfolio upon sufficient experiential data being accumulated. The Group will continue to assess the representativeness of scenarios and their stressed outcomes as each Retail business matures in these markets.

Three scenarios have been used for the retail framework: – Base Case – Up Case – Down Case. Once a strong causal relationship is established between a loan book's behaviour and one or more macroeconomic factors we incorporate forecasted macroeconomic factors into the model.

This is done by comparing historic and future macroeconomic data together with the loan book behaviour to identify quantitative relationships.

Three scenarios have been used for the retail framework: – Base Case – Up Case – Down Case. Once a strong causal relationship is established between a loan book's behaviour and one or more macroeconomic factors we incorporate forecasted macroeconomic factors into the model.

This is done by comparing historic and future macroeconomic data together with the loan book behaviour to identify quantitative relationships.

If a correlation structure exists between historic macroeconomic data and the loan book behaviour then this provides a good basis for incorporating FLI by means of forecasted macroeconomic data. The Base Case forecast is derived for the relevant macroeconomic factors and is used as is. The Up and Down scenarios are created from the Base scenario by building a statistical tolerance interval around the Base scenario.

Three macroeconomic variables were applied namely lending rate unemployment rate and foreign exchange rate. The sensitivity table below summarises the principal macroeconomic indicators included in the economic scenarios used as at 31 December 2024 for the years 2024 to 2028. This scenario analysis was performed for the Retail portfolio in Botswana which carries the most material and empirically correlated performance history against macroeconomic variables.

It is anticipated that the below relationships would apply to the Retail portfolios in Malawi; however causal macroeconomic relationships will be established in First Capital Bank (FCB) Malawi's Retail portfolio upon sufficient experiential data being accumulated. The Group will continue to assess the representativeness of scenarios and their stressed outcomes as FCB Malawi's Retail business matures in its market.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.5 Forward-looking information incorporated in the ECL models (continued)

Main macroeconomic factors affecting Retail ECL allowances (continued)

2024

Key drivers	Country	ECL Scenario	Assigned Weighting (%) (averages)	Actual	Forecast (%)				Long term rate
				2024	2025	2026	2027	2028	
Gross Domestic Product (GDP) (expressed as a transformed state using percentage difference)	Botswana	Down	20	(2.03)	0.77	1.56	1.42	1.47	.99
		Base	60	1.15	1.52	2.11	1.87	1.87	1.25
		Up	20	4.33	2.27	2.65	2.32	2.26	1.52
Exchange rate- BWP/USD (untransformed state)	Botswana	Down	20	13.42	13.97	12.31	13.20	13.14	13.00
		Base	60	13.42	13.21	11.76	12.74	12.74	12.74
		Up	20	13.42	12.45	11.21	12.28	12.34	12.48
Unemployment Rate (transformed state, first difference method)	Mozambique	Down	20	6.85	08.48	22.16	11.93	9.03	0.39
		Base	60	6.85	7.16	21.26	11.20	8.40	0.00
		Up	20	6.85	5.83	20.35	10.47	07.77	0.39
GDP (transformed state, percentage difference method)	Mozambique	Down	20	1.74	1.04	0.94	0.91	2.38	0.226
		Base	60	1.74	2.18	1.71	1.54	2.92	2.59
		Up	20	1.74	3.32	24.9	2.16	3.46	2.93
CPI (transformed state, percentage difference method)	Zimbabwe	Down	20	18.81	27.43	12.10	9.72	8.55	5.82
		Base	60	18.81	12.03	01.60	1.24	1.24	1.24
		Up	20	18.81	03.38	(8.91)	(7.24)	6.06	(3.33)
Unemployment Rate (transformed state, first difference method)	Zimbabwe	Down	20	16.83	10.12	13.22	5.91	5.52	0.73
		Base	60	7.66	07.66	11.55	4.56	4.36	0.00
		Up	20	(1.52)	05.20	09.87	3.20	3.19	(0.73)
GDP (transformed state, percentage difference method)	Zimbabwe	Down	20	0.5	(0.08)	(0.9)	(0.03)	(0.3)	0.2
		Base	60	0.5	0.7	0.2	0.6	0.4	0.6
		Up	20	0.5	2.2	1.2	1.4	1.1	1.1

2023

Key drivers	Country	ECL Scenario	Assigned Weighting (%) (averages)	Actual	Forecast (%)				Long term rate
				2024	2025	2026	2027		
Lending Rate (percentage)	Botswana	Down	20	6.55	8.15	9.54	10.87	9.28	
		Base	60	7.91	9.08	10.29	11.52	9.69	
		Up	20	9.27	10.01	11.04	12.16	10.09	
Unemployment Rate (percentage)	Botswana	Down	20	32.2	34.06	37.13	38.04	39.52	
		Base	60	31.11	33.31	36.53	37.52	39.2	
		Up	20	30.02	32.57	35.93	37	38.88	
Exchange rate – BWP/USD (untransformed state)	Botswana	Down	20	14.14	13.4	15.2	16.96	13.36	
		Base	60	14.94	13.94	15.64	17.34	13.6	
		Up	20	15.74	14.48	16.08	17.72	13.84	

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.5 Forward-looking information incorporated in the ECL models (continued)

Main macroeconomic factors affecting Retail ECL allowances (continued)

Macroeconomic data for Botswana was disclosed in 2023. However relevant macroeconomic information for Zimbabwe Mozambique and Malawi was unavailable due to data limitations.

For the retail model in the case of Malawi, Mozambique and Zimbabwe in which the Group has retail portfolios the experiential and causal data available was statistically limiting for the purpose of determining viable scenarios.

Sensitivity analysis of the forward-looking impact on the total ECL provision on all financial instruments

The following table outlines the impact of applying multiple economic scenarios on the Group's ECL allowance on all financial instruments. The table compares the probability-weighted ECL derived from applying all five macroeconomic scenarios to the ECL that would have resulted from applying a 100% weighting to the Base Case scenario as reported at 31 December 2024 (with prior year comparative for 31 December 2023):

The tables presented below relate to Group only as the credit risk exposure of the company is immaterial.

Country	2024		2023	
	Total ECL Provision USD	Total income statement charge USD	Total ECL Provision USD	Total income statement charge USD
As reported	21 026 150	5 443 513	26 671 171	12 791 775
Scenarios				
Base case	20 139 301	4 458 202	24 465 591	10 586 195
Good case	18 641 052	2 524 455	23 738 468	9 859 072
Better case	17 534 390	982 297	23 597 922	9 718 526
Bad case	22 827 278	7 827 834	26 508 720	12 629 324
Worse case	25 340 407	11 022 620	28 298 230	14 418 834

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.6 ECL model governance

The models used for PD EAD and LGD calculations are governed day to day through the internal Impairments Committee. This committee comprises of senior managers in Risk Finance and the Business. Decisions and key judgements made by the Impairments Committee relating to the impairments and model overrides will be taken to Board Risk Board Credit and Board Audit Committee. Credit risk processes from origination to monitoring and other operational processes around impairments now take into cognisance IFRS 9 requirements.

7.6.1 Maximum exposure to credit risk by credit quality grade before credit enhancements

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

1) Performing loans

Loans and advances not past due and which are not part of renegotiated loans are considered to be performing assets; these are graded as per the S&P credit rating scale as grade 1 – 3.

2) Standard monitoring grade

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

3) Non-performing grade

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

4) Loans and advances renegotiated

No significant modifications of financial assets were implemented in the financial year thereby resulting in no significant modification gains or losses for the year. Exposures on which relief has been offered have been assessed to determine whether the requirement for relief is expected to be temporary or permanent in nature. Where the requirement for relief is expected to be temporary in nature and as such qualified as a non-distressed restructure the staging of the exposure prior to the restructure has been maintained and adjustments have been made to coverage to allow for incremental credit risk and potential masking of normal arrears. Where the requirement for relief is not expected to be temporary in nature the exposure has been treated as a distressed restructure and staging and coverage has been adjusted in line with normal practice.

Collateral held includes immovable and movable assets. The Group's policy is to pursue the timely realisation of the collateral in an orderly manner. The Group does not use any non-cash collateral for its own operations.

7.6.2 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are as follows:

- For securities lending and reverse repurchase transactions cash or securities
- For corporate and small business lending charges over real estate properties inventory and trade receivables and in special circumstances government guarantees
- For retail lending mortgages over residential properties

The Group also obtains guarantees from parent companies for loans to their subsidiaries.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

In its normal course of business the Group engages external agents to recover funds from repossessed properties or other assets in its retail portfolio generally at auction to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice the residential properties under legal repossession processes are not recorded on the balance sheet and not treated as non-current assets held for sale.

The tables on the following pages show the maximum exposure to credit risk by class of financial asset. They also show the total fair value of collateral any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates) and the net exposure to credit risk.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.6 ECL model governance (continued)

7.6.2 Collateral and other credit enhancements (continued)

The below tables provide an analysis of the fair values of collateral held and credit enhancements for Stage 3 assets. Dependent on the level of collateral some Stage 3 exposures may have a low individual ECL (when the discounted value of the collateral is greater than the EAD). The individual ECLs however cannot be nil as the Company has minimum LGD floors regardless of the collateral held. The Stage 3 ECL would not be higher than net exposure as shown below. 'Uncollateralised balance sheet exposures for loans and advances subject to credit risk amounted to USD 302 231 883 (2023: USD 173 939 129). Uncollateralised off-balance sheet exposures amounted to USD 186 618 741 (2023: USD 52 022 031).

Consolidated

Type of collateral or credit enhancement	Fair value of collateral and credit enhancements held						Fair value of collateral and credit enhancements held				
	Maximum exposure to credit risk	Cash	Securities	3rd party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	Net exposure	% of exposure subject to collateral requirements	Associated ECL
USD											
2024											
Loans and advances to customers											
Term loans	577 120 469	16 949 111	3 965 622	58 764 009	192 665 499	52 287 384	–	324 631 625	252 488 844	56.3%	12 179 171
Mortgages	30 007 846	16 409	–	–	62 431 325	–	(32 439 888)	30 007 846	–	100.0%	493 294
Overdraft	169 707 003	18 743 218	528 917	7 118 135	179 602 039	55 820 839	(72 332 800)	189 480 348	–	111.7%	2 706 226
Finance leases	10 948 594	983	–	29 341	785 251	9 277 819	–	10 093 394	855 200	92.2%	227 376
Total	787 783 912	35 709 721	4 494 539	65 911 485	435 484 114	117 386 042	(104 772 688)	554 213 213	253 344 044	70.4%	15 606 067
Total on balance sheet	787 783 912	35 709 721	4 494 539	65 911 485	435 484 114	117 386 042		554 213 213	253 344 044	70.4%	15 606 067
Guarantees and letters of credit											
Guarantees	249 776 864	35 368 348	150 835	42 010	92 694 737	24 864 072	–	153 120 002	96 656 862	61.3%	1 483 029
Letters of credit	64 201 276	26 371 057	–	–	18 522 355	610 677	–	45 504 089	18 697 187	70.9%	275 610
Undrawn commitments	71 264 692	–	–	–	–	–	–	–	71 264 692	0.0%	52 470
Total	385 242 832	61 739 405	150 835	42 010	111 217 092	25 474 749		198 624 091	186 618 741	74.0%	1 811 109

Exposure to credit risk for the Company is immaterial.

There has been no significant changes in the quality of collateral or credit enhancement as a result of deterioration or changes in the collateral policies of the entity during the reporting period.

The uncollateralised loans are mainly with government employees guaranteed by the government.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)
7.6 ECL model governance (continued)
7.6.2 Collateral and other credit enhancements (continued)

Consolidated

Type of collateral or credit enhancement	Fair value of collateral and credit enhancements held						Fair value of collateral and credit enhancements held				
	Maximum exposure to credit risk	Cash	Securities	3rd party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	Net exposure	% of exposure subject to collateral requirements	Associated ECL
USD											
2023											
Loans and advances to customers											
Term loans	455 955 344	15 273 105	4 140 945	47 037 965	293 862 209	34 852 692	(112 155 007)	283 011 909	172 943 435	62.1%	14 039 003
Mortgages	16 190 739	40 345	–	–	67 505 004	154 211	(51 508 821)	16 190 739	–	100.0%	1 524 577
Overdraft	252 148 329	13 950 926	211 220	26 147 871	290 029 056	134 312 837	(212 503 581)	252 148 329	–	100.0%	4 137 213
Finance leases	12 031 031	1 023	–	–	1 706 006	9 328 308	–	11 035 337	995 694	91.7%	217 066
Total	736 325 443	29 265 399	4 352 165	73 185 836	653 102 275	178 648 048	(376 167 409)	562 386 314	173 939 129	76.4%	19 917 859
Total on balance sheet	736 325 443	29 265 399	4 352 165	73 185 836	653 102 275	178 648 048	(376 167 409)	562 386 314	173 939 129	76.4%	19 917 859
Guarantees and letters of credit											
Guarantees	170 681 139	34 888 885	–	2 590 901	40 103 856	52 111 213	–	129 694 855	40 986 284	76.0%	1 396 340
Letters of credit	25 360 963	865 446	–	–	19 198 171	–	–	20 063 617	5 297 346	79.1%	14 809
Undrawn commitments	5 738 401	–	–	–	–	–	–	–	5 738 401	0.0%	–
Total	201 780 503	35 754 331	–	2 590 901	59 302 027	52 111 213	–	149 758 472	52 022 031	74.2%	1 411 149

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.6 ECL model governance (continued)

7.6.2 Collateral and other credit enhancements (continued)

The table below sets out the carrying amount of identifiable collateral held against loans and advances to customers classified as Stage 3 and measured at amortised cost. Stage 3 loans represent credit-impaired financial assets where there is objective evidence of impairment and the Group considers collateral an important credit risk mitigation tool in managing potential losses. The valuation of collateral is based on the most recent assessments adjusted where necessary to reflect prevailing market conditions. The recoverability of these assets depends on various factors including the enforceability of collateral legal processes and economic conditions in the respective markets.

USD	Consolidated		
	Gross carrying amount	Collateral	Net exposure/ (uncollateralised)
2024			
Term loans	14 920 732	13 024 642	1 896 090
Mortgage loans	709 887	2 073 326	–
Overdraft	4 451 666	11 696 358	–
Finance leases	494 573	802 097	–
Total	20 576 858	27 596 423	1 896 090
2023			
Term loans	18 273 506	19 490 808	–
Mortgage loans	510 348	2 339 583	–
Overdraft	4 472 439	5 838 619	–
Finance leases	492 083	449 143	42 940
Total	23 748 376	28 118 153	42 940

Collateral for Stage 3 loans and advances is disclosed for the first time in the current year. Comparative information has also been presented to enhance comparability.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.6 ECL model governance (continued)

7.6.3 Overview of modified and forborne loans

Modified or forborne loans

From a risk management point of view once an asset is forborne or modified due to financial difficulties of the borrower the Group's Risk department continues to monitor the exposure until it exits forbearance that is it is either cured or completely and ultimately derecognised.

The table below shows the gross carrying amount of previously modified financial assets for which loss allowance has changed to 12-month ECL measurement during the period:

USD	Consolidated	
	2024	2023
Financial assets modified during the period		
Amortised cost before modification	9 250 234	3 832 479
Net modification loss	1 184 026	355 834
Financial assets modified since initial recognition		
Gross carrying amount of financial assets previously modified for which loss allowance has changed during the period to an amount equal to 12-month ECL from life time	80 445	3 616 808

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.7 Disclosure on credit risk

The Group's exposure to credit risk principally comprises of loans and advances to customers finance lease receivables repurchase agreements and money market investments. The Banks in the Group have an internal rating scale which is mapped into the Basel II Credit Risk grading system. The internal rating is broadly classified into Standard (Performing) Substandard (past due but not impaired) and Non-performing (impaired).

7.7.1 Performing loans

These are loans and securities for which are neither past due nor impaired and which are not part of restructured loans.

7.7.2 Past due but not impaired loans

These are loans and securities where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group.

7.7.3 Impaired loans and securities

These are loans and securities for which the Group has determined that there is probability that it will be unable to collect all principal and/or interest due according to the contractual terms of the loan/securities agreements.

7.7.4 Distribution of credit risk exposure by sector for loans and advances to customers

The Group monitors concentration of credit risk by sector. Economic sector risk concentrations within the customer loan and finance lease portfolio at 31 December 2023 and 31 December 2024 were as follows:

Credit risk exposure by sector

USD	Consolidated	
	2024	Rated ¹ 2023
Agriculture	56 209 177	52 351 487
Mining	32 153 803	11 757 568
Financial Services	16 313 730	16 466 981
Construction	26 161 526	32 715 044
Energy/Electricity/Gas/Water	10 453 799	14 917 137
Manufacturing	106 472 252	106 175 869
Wholesale and Retail	86 392 068	106 376 513
Individual/Households	337 416 160	253 724 065
Real Estate	41 951 991	36 939 770
Tourism and Leisure	2 745 238	23 776 716
Transport and Communication	39 102 004	48 574 173
Others	32 412 164	32 550 120
Total credit risk exposure (Note 11)	787 783 912	736 325 443

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. For further details on the restatement refer to Note 58.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.7 Disclosure on credit risk (continued)

7.7.5 Credit quality per class of financial assets

The table below shows maximum exposure to credit risk without considering any collateral. The maximum exposure is presented gross before effect of mitigation through the use of collateral agreements.

		Consolidated	Separate		
USD	Notes	2024	Restated ¹ 2023	2024	2023
Gross maximum exposure:					
Balances with central banks	9	281 301 419	171 996 011	–	–
Balances with other banks	9	108 322 541	78 262 188	1 388 521	6 515 058
Placements with other banks	9	214 792 441	144 626 532	3 786 888	–
Cash balances	9	–	3 329 000	–	–
Cheques in the course of clearing	9	53 108	1 317 509	–	–
Money market investments	10	474 312 521	221 964 693	–	–
Repurchase agreements	12	5 046 420	5 000 000	–	–
Loans and advances	11	787 783 912	736 325 443	–	–
Derivative financial assets ³	13	15 929 929	6 210 281	–	–
Other Assets ²	16	19 345 803	14 687 905	9 523 147	4 992 071
Total recognised financial assets		1 906 888 094	1 383 719 562	14 698 556	11 507 129
Letters of credit	31	64 201 276	25 360 963	–	–
Financial guarantees	31	249 776 864	170 681 139	10 000 000	–
Other undrawn commitments to lend	31	71 264 692	5 738 401	–	–
Total unrecognised financial assets		385 242 832	201 780 503	10 000 000	–
Total credit risk exposure		2 292 130 926	1 585 500 065	24 698 556	11 507 129

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. For further details on the restatement refer to Note 58.

2 Other assets exclude prepayments and statutory tax obligations.

3 Derivative financial assets have been included in the current period in line with the requirements of IFRS 7.35L. Comparatives have been amended for consistency and comparability.

All of the financial assets related to the Company are classified in Stage 1 under IFRS 9 and are uncollateralised.

The maximum exposure to credit risk as demonstrated above includes balances and placements with other banks and other assets. The Balances and placement with other banks are highly liquid and are held with reputable banks with good credit rating resulting low credit risk. Other assets relate to interest receivable on preference shares from FCB Botswana and intercompany receivables from subsidiaries. The credit risk on other assets is considered to be low as the balances are fully recoverable from the subsidiaries.

Based on the above expected credit losses are considered to be immaterial.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)
7.7 Disclosure on credit risk (continued)

7.7.6 Credit quality by Internal rating grades

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system 12-month Basel PD range and year-end stage classification. The amounts presented are gross of allowance for ECL. Details of the Group's internal grading system are explained in Note 7 and the Group's impairment assessment and measurement approach is set out in Note 6.

Consolidated

USD	Gross carrying amount				Expected credit losses				
	12 month Basel PD range	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
2024									
Loans and advances to customers									
Performing									
High grade	0.00%–0.50%	13 719 673	574 847	–	14 294 520	10 638	1 162	–	11 800
Standard grade	0.50%–11.7%	690 628 979	39 245 520	1 998 225	731 872 724	4 866 526	204 441	520 538	5 591 505
Sub-standard grade	11.7%–29.50%	6 618 620	14 454 013	1 711 572	22 784 205	81 209	1 097 513	490 070	1 668 792
Low grade	29.5%–100%	1 914	1 963 488	8 455 708	10 421 110	9 659	613 580	5 571 787	6 195 026
Non-performing									
Individually impaired	100.00%	–	–	8 411 353	8 411 353	–	–	2 138 944	2 138 944
Total		710 969 186	56 237 868	20 576 858	787 783 912	4 968 032	1 916 696	8 721 339	15 606 067
Coverage ratio		0.699%	3.408%	42.384%					
Cash and cash equivalents									
Performing									
High grade	0.00%–0.50%	327 833 506	–	–	327 833 506	61 551	–	–	61 551
Standard grade	0.50%–11.7%	276 636 003	–	–	276 636 003	85 496	–	–	85 496
Sub-standard grade	11.7%–29.50%	–	–	–	–	–	–	–	–
Low grade	29.5%–100%	–	–	–	–	–	–	–	–
Non-performing									
Individually impaired	100%	–	–	–	–	–	–	–	–
Total		604 469 509	–	–	604 469 509	147 047	–	–	147 047
Coverage ratio		0.024%	–	–					
Money market investments									
Performing									
High grade	0.00%–0.50%	167 470 292	–	–	167 470 292	542 935	–	–	542 935
Standard grade	0.50%–11.7%	306 842 229	–	–	306 842 229	2 844 041	–	–	2 844 041
Sub-standard grade	11.7%–29.50%	–	–	–	–	–	–	–	–
Low grade	29.5%–100%	–	–	–	–	–	–	–	–
Non-performing									
Individually impaired	100%	–	–	–	–	–	–	–	–
Total		474 312 521	–	–	474 312 521	3 386 976	–	–	3 386 976
Coverage ratio		0.714%	–	–					

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.7 Disclosure on credit risk (continued)

7.7.6 Credit quality by Internal rating grades (continued)

Consolidated

USD	Gross carrying amount				Expected credit losses				Total
	12 month Basel PD range	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	
2024									
Repurchase agreements									
Performing									
High grade	0.00%–0.50%	5 046 420	–	–	5 046 420	20 256	–	–	20 256
Standard grade	0.50%–11.7%	–	–	–	–	–	–	–	–
Sub-standard grade	11.7%–29.50%	–	–	–	–	–	–	–	–
Low grade	29.5%–100%	–	–	–	–	–	–	–	–
Non-performing									
Individually impaired	100%	–	–	–	–	–	–	–	–
Total		5 046 420	–	–	5 046 420	20 256	–	–	20 256
Coverage ratio		0.401%	–	–					
Other assets									
Performing									
High grade	0.00%–0.50%	12 326 437	457 516	49 609	12 833 562	21 478	7 803	22 324	51 605
Standard grade	0.50%–11.7%	6 512 241	–	–	6 512 241	3 089	–	–	3 089
Sub-standard grade	11.7%–29.50%	–	–	–	–	–	–	–	–
Low grade	29.5%–100%	–	–	–	–	–	–	–	–
Non-performing									
Individually impaired	100%	–	–	–	–	–	–	–	–
Total		18 838 678	457 516	49 609	19 345 803	24 567	7 803	22 324	54 694
Coverage ratio		0.130%	1.706%	45.000%					
Guarantees letters of credit and other commitments to lend									
Performing									
High grade	0.00%–0.50%	44 210 211	4 839 508	–	49 049 719	289 677	29 779	6 639	326 095
Standard grade	0.50%–11.7%	330 671 173	1 826 742	231 876	332 729 791	1 166 442	186	–	1 166 628
Sub-standard grade	11.7%–29.50%	16 867	297 055	4 192	318 114	15 892	4 137	2 729	22 758
Low grade	29.5%–100%	–	–	7 087	7 087	–	–	–	–
Non-performing									
Individually impaired	100%	–	–	3 138 121	3 138 121	–	–	295 628	295 628
Total		374 898 251	6 963 305	3 381 276	385 242 832	1 472 011	34 102	304 996	1 811 109
Coverage ratio		0.393%	0.490%	9.020%					

The ECL for the company were insignificant due to low credit risk exposure for both 2024 and 2023.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.7 Disclosure on credit risk (continued)

7.7.6 Credit quality by Internal rating grades (continued)

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system 12-month Basel PD range and year-end stage classification. The amounts presented are gross of allowance for ECL. Details of the Group's internal grading system are explained in Note 7 and the Group's impairment assessment and measurement approach is set out in Note 6.

Consolidated									
USD Restated ¹	12 month Basel PD range	Gross carrying amount			Expected credit losses				
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
2023									
Loans and advances to customers									
Performing									
High grade	0.00%–0.50%	146 991 398	428 538	–	147 419 936	966 196	36	–	966 232
Standard grade	0.50%–11.7%	505 646 502	35 443 364	2 703 503	543 793 369	5 223 938	93 414	1 785 276	7 102 628
Sub-standard grade	11.7%–29.50%	15 607 580	6 124 045	4 369 984	26 101 609	38 684	1 274 923	2 396 836	3 710 443
Low grade	29.5%–100%	23 861	2 311 779	12 444 812	14 780 452	1 192	673 825	4 963 354	5 638 371
Non-performing									
Individually impaired	100.00%	–	–	4 230 077	4 230 077	–	–	2 500 185	2 500 185
Total		668 269 341	44 307 726	23 748 376	736 325 443	6 230 010	2 042 198	11 645 651	19 917 859
Coverage ratio		0.932%	4.609%	49.038%					
Cash and cash equivalents									
Performing									
High grade	0.00%–0.50%	200 792 213	–	–	200 792 213	26 696	–	–	26 696
Standard grade	0.50%–11.7%	198 739 027	–	–	198 739 027	3 872	–	–	3 872
Sub-standard grade	11.7%–29.50%	–	–	–	–	–	–	–	–
Low grade	29.5%–100%	–	–	–	–	–	–	–	–
Non-performing									
Individually impaired	100%	–	–	–	–	–	–	–	–
Total		399 531 240	–	–	399 531 240	30 568	–	–	30 568
Coverage ratio		0.008%	–	–					
Money market investments									
Performing									
High grade	0.00%–0.50%	187 335 682	–	–	187 335 682	2 104 121	–	–	2 104 121
Standard grade	0.50%–11.7%	7 851 149	–	–	7 851 149	195 793	–	–	195 793
Sub-standard grade	11.7%–29.50%	26 777 862	–	–	26 777 862	214 483	–	–	214 483
Low grade	29.5%–100%	–	–	–	–	–	–	–	–
Non-performing									
Individually impaired	100%	–	–	–	–	–	–	–	–
Total		221 964 693	–	–	221 964 693	2 514 397	–	–	2 514 397
Coverage ratio		1.133%	–	–					

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.7 Disclosure on credit risk (continued)

7.7.6 Credit quality by Internal rating grades (continued)

Consolidated													
USD Restated¹	12 month Basel PD range	Gross carrying amount			Expected credit losses								
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total				
2023													
Repurchase agreements													
Performing													
High grade	0.00%–0.50%	5 000 000	–	–	5 000 000	19 869	–	–	19 869				
Standard grade	0.50%– 11.7%	–	–	–	–	–	–	–	–				
Sub-standard grade	11.7%–29.50%	–	–	–	–	–	–	–	–				
Low grade	29.5%–100%	–	–	–	–	–	–	–	–				
Non-performing													
Individually impaired	100%	–	–	–	–	–	–	–	–				
Total		5 000 000	–	–	5 000 000	19 869	–	–	19 869				
Coverage ratio		0.397%	–	–									
Other assets													
Performing													
High grade	0.00%–0.50%	5 028 657	–	–						5 028 657	–	–	–
Standard grade	0.50%– 11.7%	9 659 248	–	–						9 659 248	98 671	–	–
Sub-standard grade	11.7%–29.50%	–	–	–	–	–	–	–					
Low grade	29.5%–100%	–	–	–	–	–	–	–					
Non-performing													
Individually impaired	100%	–	–	–	–	–	–	–	–				
Total		14 687 905	–	–	14 687 905	98 671	–	–	98 671				
Coverage ratio		0.672%	–	–									
Guarantees letters of credit and other commitments to lend													
Performing													
High grade	0.00%–0.50%	9 454 413	–	–						9 454 413	12 094	–	–
Standard grade	0.50%– 11.7%	178 677 672	10 779 154	–						189 456 826	906 894	297 376	–
Sub-standard grade	11.7%–29.50%	2 603 387	236 855	29 022	2 869 264	164 342	15 111	15 332					
Low grade	29.5%–100%	–	–	–	–	–	–	–					
Non-performing													
Individually impaired	100%	–	–	–	–	–	–	–	–				
Total		190 735 472	11 016 009	29 022	201 780 503	1 083 330	312 487	15 332	1 411 149				
Coverage ratio		0.568%	2.837%	52.829%									

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. For further details on the restatement refer to Note 58.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.7 Disclosure on credit risk (continued)

7.7.7 Maximum credit risk exposure

The Group's maximum exposure to credit risk and expected credit losses (ECLs) are analysed as follows:

The maximum exposure to credit risk represents the gross carrying amount of financial assets subject to credit risk before considering any collateral or other credit enhancements.

USD	Maximum credit risk exposure				Expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
2024								
Loans and advances to customers								
Term loans	530 659 548	31 540 189	14 920 732	577 120 469	3 837 104	1 808 093	6 533 974	12 179 171
Mortgage loans	28 191 025	1 106 934	709 887	30 007 846	144 025	31 912	317 357	493 294
Overdraft	142 654 220	22 601 117	4 451 666	169 707 003	933 590	59 804	1 712 832	2 706 226
Finance leases	9 464 393	989 628	494 573	10 948 594	53 313	16 887	157 176	227 376
Total	710 969 186	56 237 868	20 576 858	787 783 912	4 968 032	1 916 696	8 721 339	15 606 067
Cash and cash equivalents								
Deposits with Central Banks	281 301 419	–	–	281 301 419	142 902	–	–	142 902
Balances with other banks	108 322 541	–	–	108 322 541	1 499	–	–	1 499
Placements with other banks	214 792 441	–	–	214 792 441	2 646	–	–	2 646
Balances in the course of clearing with other banks	53 108	–	–	53 108	–	–	–	–
Total	604 469 509	–	–	604 469 509	147 047	–	–	147 047
Money market investments								
Held at Amortised cost								
Treasury Bills	200 726 648	–	–	200 726 648	1 009 084	–	–	1 009 084
Placements with other banks	45 276 616	–	–	45 276 616	50 266	–	–	50 266
Treasury Notes	191 049 771	–	–	191 049 771	1 637 899	–	–	1 637 899
Multilateral bank bonds	5 052 130	–	–	5 052 130	29 745	–	–	29 745
Government Bonds	9 743 105	–	–	9 743 105	659 982	–	–	659 982
Government Stocks	18 010 726	–	–	18 010 726	–	–	–	–
Held at fair value through other comprehensive income								
Treasury Bills	4 453 525	–	–	4 453 525	–	–	–	–
Total	474 312 521	–	–	474 312 521	3 386 976	–	–	3 386 976
Repurchase agreements								
Repurchase agreements	5 046 420	–	–	5 046 420	20 256	–	–	20 256
Total	5 046 420	–	–	5 046 420	20 256	–	–	20 256
Other assets								
Other financial assets	18 838 678	457 516	49 609	19 345 803	24 567	7 803	22 324	54 694
Total	18 838 678	457 516	49 609	19 345 803	24 567	7 803	22 324	54 694
Total on balance sheet	1 813 636 314	56 695 384	20 626 467	1 890 958 165	8 546 878	1 924 499	8 743 663	19 215 040
Guarantees and letters of credit								
Guarantees	244 496 648	2 114 049	3 166 167	249 776 864	1 151 219	29 543	302 267	1 483 029
Letters of credit	63 485 072	716 204	–	64 201 276	275 189	421	–	275 610
Other undrawn commitments to lend	66 916 531	4 133 052	215 109	71 264 692	45 603	4 138	2 729	52 470
Total	374 898 251	6 963 305	3 381 276	385 242 832	1 472 011	34 102	304 996	1 811 109

At the Company level credit risk is considered low. The Company is exposed to credit risk on cash and balances with other banks amounting to USD 5 175 409 and other assets totaling USD 7 321 652 which includes USD 3 300 000 in subordinated debt receivable from FCB Mozambique as disclosed in Note 7.7.5.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.7 Disclosure on credit risk (continued)

7.7.7 Maximum credit risk exposure (continued)

USD Restated	Maximum credit risk exposure				Expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
2023								
Loans and advances to customers								
Restated ¹								
Term loans	404 991 774	32 690 064	18 273 506	455 955 344	5 102 540	1 340 117	7 596 346	14 039 003
Mortgage loans	15 104 675	575 716	510 348	16 190 739	118 190	14 912	1 391 475	1 524 577
Overdraft	237 499 448	10 176 442	4 472 439	252 148 329	951 465	674 228	2 511 520	4 137 213
Finance leases	10 673 444	865 504	492 083	12 031 031	57 815	12 941	146 310	217 066
Total	668 269 341	44 307 726	23 748 376	736 325 443	6 230 010	2 042 198	11 645 651	19 917 859
Cash and cash equivalents								
Deposits with Central Banks	171 996 011	–	–	171 996 011	26 491	–	–	26 491
Balances with other banks	78 262 188	–	–	78 262 188	4 006	–	–	4 006
Placements with other banks	144 626 532	–	–	144 626 532	71	–	–	71
Balances in the course of clearing with other banks	1 317 509	–	–	1 317 509	–	–	–	–
Cash and balances	3 329 000	–	–	3 329 000	–	–	–	–
Total	399 531 240	–	–	399 531 240	30 568	–	–	30 568
Money market investments								
Held at amortised cost								
Treasury Bills	58 563 066	–	–	58 563 066	310 296	–	–	310 296
Placements with other banks	17 905 185	–	–	17 905 185	349 239	–	–	349 239
Treasury Notes	123 400 027	–	–	123 400 027	966 934	–	–	966 934
Corporate Bonds	7 851 149	–	–	7 851 149	887 928	–	–	887 928
Government Stocks	11 067 984	–	–	11 067 984	–	–	–	–
Held at fair value through other comprehensive income								
Treasury Bills	3 177 282	–	–	3 177 282	–	–	–	–
Total	221 964 693	–	–	221 964 693	2 514 397	–	–	2 514 397
Repurchase agreements								
Repurchase agreements	5 000 000	–	–	5 000 000	19 869	–	–	19 869
Total	5 000 000	–	–	5 000 000	19 869	–	–	19 869
Other assets								
Other assets	458 307	–	–	458 307	–	–	–	–
Other receivables	14 229 598	–	–	14 229 598	98 671	–	–	98 671
Total	14 687 905	–	–	14 687 905	98 671	–	–	98 671
Total on balance sheet	1 309 453 179	44 307 726	23 748 376	1 377 509 281	8 893 515	2 042 198	11 645 651	22 581 364
Guarantees and letters of credit								
Guarantees	159 636 108	11 016 009	29 022	170 681 139	1 068 521	312 487	15 332	1 396 340
Letters of credit	25 360 963	–	–	25 360 963	14 809	–	–	14 809
Other undrawn commitments to lend	5 738 401	–	–	5 738 401	–	–	–	–
Total	190 735 472	11 016 009	29 022	201 780 503	1 083 330	312 487	15 332	1 411 149

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. For further details on the restatement, refer to Note 58.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)
7.7 Disclosure on credit risk (continued)

7.7.8 Reconciliation of amounts arising from ECLs

The Group’s maximum exposure to credit risk and ECLs are analysed and reconciled as follows:

USD	Gross carrying amount				Expected credit losses			
	Loans and advances				Loans and advances			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
2024								
Balance as at 31 December 2023 (As originally presented)	668 269 341	44 307 726	23 603 998	736 181 065	6 230 010	2 042 198	11 520 129	19 792 337
Impact of restatement (Note 58)	–	–	144 378	144 378	–	–	125 522	125 522
Restated balance as at 31 December 2023/ Balance as at 1 January 2024	668 269 341	44 307 726	23 748 376	736 325 443	6 230 010	2 042 198	11 645 651	19 917 859
New assets originated ¹	479 312 827	30 291 951	2 263 269	511 868 047	3 526 657	3 783 305	2 263 269	9 573 231
Payments and assets derecognised	(391 389 274)	(31 883 533)	(10 700 489)	(433 973 296)	(2 642 042)	(1 239 429)	(1 332 784)	(5 214 255)
Transfer (from)/to stage 1	(38 167 888)	32 324 895	5 842 993	–	(47 200)	19 688	27 512	–
Transfer (from)/to stage 2	12 242 274	(20 098 722)	7 856 448	–	293 096	(2 474 664)	2 181 568	–
Transfer (from)/to stage 3	159 818	2 697 401	(2 857 219)	–	126 088	171 606	(297 694)	–
Subsequent changes in ECL	–	–	–	–	(1 664 353)	(137 440)	448 559	(1 353 234)
Amounts written off	(1 178 494)	(267 110)	(6 794 777)	(8 240 381)	(746 869)	(217 959)	(4 871 890)	(5 836 718)
Other movements	–	–	–	–	–	–	(530 839)	(530 839)
Effects of changes in exchange rates	(18 279 418)	(1 134 740)	1 218 257	(18 195 901)	(107 355)	(30 609)	(812 013)	(949 977)
Balance as at 31 December 2024	710 969 186	56 237 868	20 576 858	787 783 912	4 968 032	1 916 696	8 721 339	15 606 067

1 Stage 3 includes loans advances originated during the year but moved to stage 3.

ECL for cash and balances with banks money market investments repurchase agreements and other assets were not material for both 2024 and 2023.

The Expected Credit Losses (ECL) decreased in 2024 despite an increase in the gross carrying amount of loans and advances. This reduction is primarily attributable to changes in the risk parameters used in the model as part of the Group's annual review. Specifically the review of the Fractal Model data parameters conducted as part of the model's annual governance resulted in the adjustment. The write-offs were mainly attributed to FCB Botswana which holds a significant portfolio of retail loans. In addition the composition of gross carrying amount in terms of stage 3 fell as at 31 December 2024 and this led to an overall decrease in ECL given that default rate for Stage 3 exposures are relatively higher than stage 1 and 2.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)
7.7 Disclosure on credit risk (continued)
7.7.8 Reconciliation of amounts arising from ECLs (continued)

USD Restated ¹	Gross carrying amount				Expected credit losses			
	Loans and advances				Loans and advances			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
2023								
Balance as at 1 January 2023	598 312 603	47 933 466	18 332 636	664 578 705	3 060 749	3 589 231	6 202 508	12 852 488
New assets originated or purchased ²	365 485 479	28 029 520	6 939 421	400 454 420	4 296 197	2 013 920	8 055 870	14 365 987
Payments and assets derecognised	(200 002 438)	(16 127 954)	(4 435 752)	(220 566 144)	(1 575 966)	(1 086 622)	(1 117 241)	(3 779 829)
Transfer (from)/to stage 1	(18 473 188)	15 965 940	2 507 248	–	(1 587 324)	286 256	1 301 068	–
Transfer (from)/to stage 2	19 267 790	(25 263 360)	5 995 570	–	2 251 568	(1 257 489)	(994 079)	–
Transfer (from)/to stage 3	(627 979)	42 829	585 150	–	(313 939)	112 517	201 422	–
Impact on ECL of transfers	–	–	–	–	(654 276)	229 500	934 045	509 269
Impaired accounts written off	(596 969)	(1 567 159)	(1 668 069)	(3 832 197)	–	–	(2 619 451)	(2 619 451)
Other movements	–	–	–	–	230 181	41 568	(192 076)	79 673
Effects of changes in exchange rates	(95 095 957)	(4 705 556)	(4 507 828)	(104 309 341)	522 820	(1 886 683)	(126 415)	(1 490 278)
Balance as at 31 December 2023	668 269 341	44 307 726	23 748 376	736 325 443	6 230 010	2 042 198	11 645 651	19 917 859

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. For further details on the restatement refer to Note 58.

2 Stage 3 includes loans advances originated during the year but moved to stage 3.

The contractual amount outstanding on financial assets that were written off during the year ended 31 December 2024 but remain subject to enforcement activity is USD 8 240 381 (2023: USD 3 832 197). These amounts represent loans and other financial assets that have been derecognised from the statement of financial position but are still being pursued through legal or recovery processes. The Group continues to make efforts to recover these amounts through various enforcement mechanisms including collateral realization and legal proceedings.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.8 Market risk

Market risk is the risk of the bank's earnings or capital being reduced due to the bank being impacted by changes in the level of volatility of prices affecting the positions in its trading books or due to the repricing mismatch in the bank's assets and liabilities. The fluctuation in market variables includes but not limited to interest rates foreign exchange equity prices commodity prices credit spreads implied volatilities and asset correlations. The Group separates exposures to market risk into trading and non-trading portfolios (banking book).

Management of Market Risk

The Group uses sensitivity-based measures to monitor the market risk positions within each risk type for example for interest rate risk in the banking book the net Interest sensitivity and for foreign currency risk the Net Open Position (NOP) to capital. Sensitivity limits are set for portfolios products and risk types with risk both across and within asset classes.

Overall authority for market risk is vested in each entity's Asset and Liability Committee (ALCO). Group Risk is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

7.8.1 Currency risk

The table below indicates the net open positions in various currencies to which the Group had significant exposure at the end of the reported periods on its non-trading monetary assets and liabilities. The analysis calculates the effect of a possible 10% appreciation and depreciation of the currency rate against the United States Dollar (all other variables being constant) on the statement of profit or loss (due to the fair value of the currency rate against the United States Dollar (all other variables being constant) on the statement of profit or loss (due to the fair value of currency sensitive non-trading monetary assets and liabilities).

The net open foreign currency position (NOP) of the Group is set out below:

(USD) Currency	Consolidated			
	NOP	Risk position	Stress factor	Risk measure
2024				
EUR	980 513	980 513	6%	60 106
GBP	996 695	996 695	6%	61 716
USD	14 811 053	14 811 053	5%	801 319
ZAR	1 997 484	1 997 484	8%	160 867
Others	1 484 065	1 484 065	7%	103 521
Total	20 269 810	20 269 810		1 187 529
2023				
EUR	641 913	641 913	39%	51 520
GBP	375 804	408 878	40%	42 289
USD	4 154 424	4 145 424	30%	324 861
ZAR	988 071	988 071	39%	78 748
Others	11 461 519	11 461 519	30%	5 960 652
Total	17 621 731	17 645 805		6 458 070

Others as a currency group comprises mainly of the Zimbabwean Gold (ZWG) as well as the Zambian Kwacha (ZMW) Japanese Yen (JPY) and Indian Rupee (INR).

(USD) Currency	Separate			
	NOP	Risk position	Stress factor	Risk measure
2024				
Others	1 484 065	1 484 065	7%	103 521
Total	1 484 065	1 484 065		103 521
2023				
Others	7 067 688	7 067 688	30%	2 120 307
Total	7 067 688	7 067 688		2 120 307

1 Currency volatility was calculated as daily standard deviation of currency rates for a year over seven years. The worst standard deviation was considered as the daily stress measure that is worst daily volatility. The stress factor was then defined to be a stress even whereby positions are held for a period of 40 days.

2 Risk measure represents the potential foreign currency gain/loss if the NOP position was held for 40 days.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.8 Market risk

7.8.2 Foreign exchange risk

Foreign exchange risk relates to the exposure of the Group's foreign exchange position to adverse movements in foreign exchange rates. These movements may impact on the Group's future cash flows.

Foreign Exchange Risk Management

The Group manages this risk by adhering to internally set limits and those set by the Regulators in respective jurisdictions. The business generally uses sensitivity-based measures to monitor market risk positions with Net Open Position (NOP) to capital sensitivity for foreign exchange risk. In respect of monetary assets and liabilities in foreign currency the Group ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate.

A movement in each of the currencies below against the United States Dollar would have resulted in an equivalent but opposite impact. A negative amount in the table reflects a potential net reduction in the income statement or equity while a positive amount reflects a net potential increase.

Appreciation of the USD

Foreign currency risk
sensitivity in USD
equivalents

Consolidated

	EUR	GBP	USD	ZAR	Others	Total
2024						
Total net long/ (short position)	980 513	996 695	14 811 053	1 997 484	1 484 065	20 269 810
Sensitivity (USD equivalent)	10	10	10	10	10	
Impact on profit or loss/(equity)	98 051	99 670	1 481 105	199 748	148 407	2 026 981

Foreign currency risk
sensitivity in USD
equivalents

Consolidated

	EUR	GBP	USD	ZAR	Others	Total
2023						
Total net long/ (short position)	641 913	375 804	4 154 424	988 071	11 461 519	17 621 731
Sensitivity (USD equivalent)	10	10	10	10	10	
Impact on profit or loss/(equity)	64 191	37 580	415 442	98 807	1 146 152	1 762 173

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.9 Interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rates gaps and by having pre-approved limits for repricing bands.

7.9.1 Interest rate gap analysis

The tables below summarise the exposure to interest rate risk as at 31 December 2024 and 31 December 2023. Included in the tables are the Group's assets and liabilities at carrying amounts categorised by the earlier of contractual repricing or maturity dates.

Consolidated									
USD	Non interest sensitive	Overnight	0 – 1 month	1 – 3 months	3 – 6 months	6 – 9 months	9 – 12 months	Over 12 months	Total
2024									
Assets									
Cash and balances with banks	419 495 103	82 352 465	79 371 928	63 931 703	–	5 175 409	1 342 647	–	651 669 255
Money market investments	–	–	45 956 390	98 150 404	51 950 667	83 137 169	28 740 558	162 990 357	470 925 545
Loans and advances to customers	9 407	143 434 255	80 651 422	199 529 945	25 434 852	31 729 652	16 411 242	274 977 070	772 177 845
Derivative financial assets	–	–	3 611 023	11 558 939	379 983	379 984	–	–	15 929 929
Repurchase agreements	–	–	–	5 026 164	–	–	–	–	5 026 164
Other financial assets	15 039 999	–	–	–	4 251 110	–	–	–	19 291 109
Total assets	434 544 509	225 786 720	209 590 763	378 197 155	82 016 612	120 422 214	46 494 447	437 967 427	1 935 019 847
Liabilities									
Balances due to other banks	–	15 983 699	36 007 381	21 241 449	11 156 615	–	–	–	84 389 144
Customer deposits	118 504 922	368 528 601	357 431 719	299 593 491	155 634 237	75 176 719	56 995 222	82 753 351	1 514 618 262
Derivative financial liabilities	1 683 348	–	527 169	11 301 435	–	–	–	–	13 511 952
Subordinated debt	–	–	2 458 169	1 093 454	7 998 133	–	–	825	11 550 581
Convertible preference shares	–	–	–	–	–	–	–	10 786 747	10 786 747
Lease liabilities	–	–	65 074	91 018	145 604	95 378	297 873	6 159 182	6 854 129
Loan payable	–	–	–	13 206 780	26 177 437	7 979 972	–	8 500 477	55 864 666
Other payables	37 506 137	–	–	–	–	–	635 295	802 056	38 943 488
Total liabilities	157 694 407	384 512 300	396 489 512	346 527 627	201 112 026	83 252 069	57 928 390	109 002 638	1 736 518 969
Total on-balance sheet interest sensitivity gap	276 850 102	(158 725 580)	(186 898 749)	31 669 528	(119 095 414)	37 170 145	(11 433 943)	328 964 789	198 500 878
Off-balance sheet exposures									
Financial guarantees	248 293 835	–	–	–	–	–	–	–	248 293 835
Letters of credit	63 925 666	–	–	–	–	–	–	–	63 925 666
Other undrawn commitments to lend	71 212 222	–	–	–	–	–	–	–	71 212 222
	383 431 723	–	–	–	–	–	–	–	383 431 723
Total on and off-balance sheet interest sensitivity gap	(106 581 621)	(158 725 580)	(186 898 749)	31 669 528	(119 095 414)	37 170 145	(11 433 943)	328 964 789	(184 930 845)

The interest rate gap analysis reflects an asset-sensitive balance sheet where assets reprice faster than liabilities. This results in positive gaps in the immediate time buckets and negative gaps in the medium-term time buckets. The negative pricing gaps are actively managed through ongoing monitoring and analysis of the contractual interest rate gap. This ensures that the exposure remains within the Group's risk appetite aligning with the Group's overall interest rate risk management strategy.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.9 Interest rate risk (continued)

7.9.1 Interest rate gap analysis (continued)

	Consolidated								
USD Restated ¹	Non interest sensitive	Overnight	0 – 1 month	1 – 3 months	3 – 6 months	6 – 9 months	9 – 12 months	Over 12 months	Total
2023									
Assets									
Cash and balances with banks	126 794 958	70 212 995	79 776 633	162 645 488					439 430 074
Money market investments	–	–	3 361 427	2 845 872	43 608 531	26 470 597	69 128 758	74 035 111	219 450 296
Loans and advances to customers	47 786	83 400 321	59 998 753	33 442 548	24 597 905	10 712 517	93 091 363	411 116 391	716 407 584
Derivative financial assets	–	–	–	907 654	5 302 627	–	–	–	6 210 281
Repurchase agreements	–	–	–	4 980 131	–	–	–	–	4 980 131
Other financial assets	14 589 234	–	–	–	–	–	–	–	14 589 234
Total assets	141 431 978	153 613 316	143 136 813	204 821 693	73 509 063	37 183 114	162 220 121	485 151 502	1 401 067 600
Liabilities									
Balances due to other banks	–	18 080 645	6 966 546	4 369 404	6 828 351	2 000 000	29 159 226	2 870 346	70 274 518
Customer deposits	57 529 477	297 198 748	147 488 833	169 055 030	121 468 288	175 295 847	78 362 873	49 625 231	1 096 024 327
Derivative financial liabilities	–	–	–	694 913	203 808	3 946 506	–	–	4 845 227
Subordinated debt	–	–	2 587 200	1 176 000	7 920 368	–	–	137 790	11 821 358
Loan payable	–	–	–	–	17 493 154	–	346 130	15 995 778	33 835 062
Lease liabilities	–	–	951 921	35 236	51 000	154 404	–	4 884 425	6 076 986
Convertible preference shares	–	–	–	–	–	–	–	10 786 747	10 786 747
Other financial liabilities	20 409 250	266 339	–	5 787 994	49 413	48 292	155 340	1 316 731	28 033 359
Total liabilities	77 938 727	315 545 732	157 994 500	181 118 577	154 014 382	181 445 049	108 023 569	85 617 048	1 261 697 584
Total on-balance sheet interest sensitivity gap	63 493 251	(161 932 416)	(14 857 687)	23 703 116	(80 505 319)	(144 261 935)	54 196 552	399 534 454	139 370 016
Off-balance sheet exposures									
Financial guarantees	–	–	9 095 873	57 091 353	57 674 691	26 098 397	–	20 720 825	170 681 139
Letters of credit	–	–	14 021 554	6 823 808	2 830 500	1 685 101	–	–	25 360 963
Other undrawn commitments to lend	–	–	5 738 401	–	–	–	–	–	5 738 401
	–	–	28 855 828	63 915 161	60 505 191	27 783 498	–	20 720 825	201 780 503
Total on and off-balance sheet interest sensitivity gap	63 493 251	(161 932 416)	(43 713 515)	(40 212 045)	(141 010 510)	(172 045 433)	54 196 552	378 813 629	(62 410 487)

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries on the restatement refer to Note 58.

Notes to the financial statements (continued)

for the year ended 31 December 2024

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.9 Interest rate risk (continued)

7.9.1 Interest rate gap analysis (continued)

Separate									
USD	Non-interest sensitive	Overnight	0 – 1 month	1 – 3 months	3 – 6 months	6 – 9 months	9 – 12 months	Over 12 months	Total
2024									
Assets									
Cash and balances with banks	–	–	5 175 409	–	–	–	–	–	5 175 409
Other financial assets	–	–	–	–	–	–	–	5 775 355	5 775 355
Total assets	–	–	5 175 409	–	–	–	–	5 775 355	10 950 764
Liabilities									
Convertible preference shares	–	–	–	–	–	–	–	10 786 747	10 786 747
Loan payable	–	–	–	134 903	–	–	–	8 500 000	8 634 903
Other financial liabilities	–	–	–	–	–	–	–	862 216	862 216
Total liabilities	–	–	–	134 903	–	–	–	20 148 963	20 283 866
Total interest sensitivity gap	–	–	5 175 409	(134 903)	–	–	–	(14 373 608)	(9 333 102)

Separate									
USD	Non-interest sensitive	Overnight	0 – 1 month	1 – 3 months	3 – 6 months	6 – 9 months	9 – 12 months	Over 12 months	Total
2023									
Assets									
Cash and balances with banks	–	–	6 515 058	–	–	6 515 058	–	–	6 515 058
Other financial assets	–	–	–	–	–	–	–	3 300 000	3 300 000
Total assets	–	–	6 515 058	–	–	6 515 058	–	3 300 000	9 815 058
Liabilities									
Convertible preference shares	–	–	–	–	–	–	–	10 786 747	10 786 747
Loan payable	–	–	–	–	–	–	346 130	15 995 778	16 341 908
Other financial liabilities	–	–	–	–	–	–	49 753	26 299	76 052
Total liabilities	–	–	–	–	–	–	395 883	26 808 824	27 204 707
Total interest sensitivity gap	–	–	6 515 058	–	–	–	(395 883)	(23 508 824)	(17 389 649)

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios.

The Group has an Interest Rate of the Banking Book (IRRBB) policy which it refers to when managing interest rate risk of the banking book. IRRBB refers to the current or prospective risk to the Group's capital and earnings arising from adverse movements in interest rates that affect the Group's banking book positions. When interest rates change the present value and timing of future cash flows change.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.9 Interest rate risk (continued)

7.9.1 Interest rate gap analysis (continued)

The effective interest rates for the principal financial assets and liabilities at 31 December 2024 were:

%	Separate	
	2024 Interest rate percentage range	2023 Interest rate percentage range
ASSETS		
Government securities	16 – 35	1 – 110
Deposits with banking institutions	16 – 35	1 – 110
Loans and advances to customers	23.6 – 25.2	6.5 – 200
LIABILITIES		
Customer deposits	0 – 22.75	0.10 – 80
Loans payable	1 – 9.2	1 – 9.2
Preference shares	5 – 9	5 – 9

Exposure to Interest Rate Risk in the Banking Book (IRRBB)

IRRBB refers to the current or prospective risk to a bank's capital and to its earnings arising from the impact of adverse movements in interest rates on its banking book. The principal tool used to measure and control Interest Rate Risk exposure within the Group's Banking Book portfolio is Net Interest Income (NII). NII is the difference between revenues generated by interest-bearing assets and the cost of servicing (interest-burdened) liabilities.

NII as a measure of IRRBB is calculated for a change in the interest rates and provides us with net interest income/loss over the next 12 months due to the shift in the interest rates. The Banks within the Group uses the standardised framework to calculate NII as outlined in the Basel Committee IRRBB Standards to the extent that it does not conflict with local regulation for the management of IRRBB.

An aggregation of countries' NII stress impact was adopted as the Group's stress measure. This is reflecting that countries' balance sheets are being managed separately and shock parameters were applied differently depending on respective economic fundamentals.

NII measures the sensitivity of annual earnings to changes in interest rates. NII sensitivity is calculated at change intervals (increase or decrease) 500 basis points in the interest rate.

USD	Consolidated			
	2024 Change in NII	% contribution	2023 Change in NII	% contribution
NII Impact per country				
Botswana	4 846 977	41%	2 941 993	47%
Malawi	3 772 793	32%	1 097 749	17%
Mozambique	839 557	7%	183 746	3%
Zambia	1 972 768	17%	1 456 413	23%
Zimbabwe	249 096	2%	623 281	10%
Total	11 681 191	1.00	6 303 182	100%

An increase in interest rates by 500 basis points would increase the NII by USD 11 681 191 (2023: USD 6 303 182) and a decrease in interest rates by 500 basis points would have an equal and opposite effect on NII. The impact is both on equity and profit or loss.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.10 Equity risk

The value of investments in equity instruments held by FCB Malawi and carried at FVTPL as at 31 December 2024 and 2023 were as follows:

Investments at FVPL

USD	Consolidated	
	2024	2023
Fair value of investments at FVPL	10 496 502	9 815 296
Increase in fair value during the year	1 265 769	5 763 753
Impact on profit and equity of		
Increase of share price by 10%	1 049 650	981 530
Decrease of share price by 10%	(1 049 650)	(981 530)

The value of investments in equity instruments held by FCB Zimbabwe and FCB Mozambique carried at FVOCI as at 31 December 2024 and 2023 were as follows:

Investments at FVOCI

USD	Consolidated	
	2024	Restated ¹ 2023
Fair value of investments at FVOCI	4 412 979	4 331 698
(Decrease)/increase in fair value during the year	636 000	1 091 220
Impact on equity of		
Increase of investment value by 10%	441 298	433 170
Decrease of investment value by 10%	(441 298)	(433 170)

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Liquidity risk disclosures were not materially impacted by the restatement. Refer to Note 58 for details of the restatement.

The Company is not exposed to equity risk.

7.11 Liquidity risk

Liquidity risk is the risk that business units are unable to meet their payment obligations when they fall due and to replace funds when they are withdrawn the consequences of which may be the failure to meet obligations to repay depositors and to fulfil commitments to lend. Liquidity risk more generally is the risk that the business unit(s) will be unable to continue operating as a going concern owing to a lack of funding. Liquidity risk is inherent in all the Group's banking operations.

Liquidity risk management

Liquidity risk is managed by using a two-pronged approach whereby the liquidity position is managed both from a business as usual (BAU) as well as a stressed perspective. BAU liquidity risk management refers to the management of the cash inflows and outflows of the business unit(s) in the ordinary course of business whereas stress liquidity risk management refers to the management of liquidity risk during times of unexpected outflows arising from bank specific market specific and combined stress events. This is all done at Business Unit level with the support of Group Treasury.

Contingency funding plan

Contingent Funding and Liquidity Plan has been designed to protect depositors creditors and shareholders during adverse liquidity conditions. The plan includes early warning indicators and sets out the crisis response strategy addressing sources of stress funding strategies for crisis avoidance/minimisation and the internal and external communication strategy. Liquidity simulation exercises are conducted regularly to test the robustness of the plan and to ensure that key stakeholders remain up to date on liquidity matters.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.11 Liquidity risk (continued)

Liquidity risk measurement

The following tools are used to assess and measure liquidity risk:

- Liquidity gap analysis with balance sheet behaviouralisation
- Liquidity Ratio analysis (Key Risk Indicators)
- Stress testing.

The contractual liquidity gap shows the mismatch before any adjustments are made for product and customer behavioural assumptions. Monitoring of liquidity risk using structural gaps is facilitated by the adoption of limit appetite triggers. Should there be breaches and the liquidity situation tightens ALCO triggers the contingency funding plan to raise additional funding. ALCO reviews the product and customer behavioural assumptions when there is indication that there is a shift in one or more of the variables.

The tables below summarise the maturity profile of the Group's financial assets and liabilities, presenting the undiscounted cash flows of financial assets and liabilities as at 31 December 2024, and the discounted cash flows of financial assets together with the undiscounted cash flows of financial liabilities as at 31 December 2023.

The Group's contingent liabilities and commitments are presented under off-balance sheet exposures. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

Consolidated

USD	Carrying amount	Gross nominal amount	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	Over 12 months	Total
2024								
Assets								
Cash and balances with banks	651 669 255	651 930 912	595 570 274	56 360 638	–	–	–	651 930 912
Money market investments	470 925 545	623 903 443	71 650 003	75 945 363	42 098 878	134 686 179	299 523 020	623 903 443
Derivative financial assets	15 929 929	16 063 476	3 013 399	11 950 917	236 034	791 192	71 934	16 063 476
Repurchase agreement	5 026 164	9 231 134	1 227 188	6 976 720	236 034	791 192	–	9 231 134
Loans and advances to customers	772 177 845	971 495 738	119 872 650	62 490 873	66 656 431	104 142 492	618 333 292	971 495 738
Investments at fair value through other comprehensive income	4 412 979	4 412 979	–	–	–	–	4 412 979	4 412 979
Investments at fair value through profit or loss	10 496 502	10 496 502	–	–	–	–	10 496 502	10 496 502
Other financial assets	19 291 109	19 470 932	8 415 331	1 428 926	13 000	5 110 168	4 503 507	19 470 932
Total undiscounted assets	1 949 929 328	2 307 005 116	799 748 845	215 153 437	109 240 377	245 521 223	937 341 234	2 307 005 116
Liabilities								
Balances due to other banks	84 389 144	86 003 071	56 770 003	5 381 206	10 494 325	–	13 357 537	86 003 071
Derivative financial liabilities	13 511 952	13 528 517	2 729 536	10 487 578	251 592	59 811	–	13 528 517
Customer deposits	1 514 618 262	1 528 819 521	894 887 360	180 095 322	193 784 760	191 372 315	68 679 764	1 528 819 521
Other financial liabilities	38 943 488	38 943 488	35 883 340	801 579	1 578 355	635 772	44 442	38 943 488
Lease liabilities	6 854 129	9 032 151	182 654	269 697	428 610	734 800	7 416 390	9 032 151
Subordinated debt	11 550 581	18 953 988	98 955	21 462	358 713	480 390	17 994 468	18 953 988
Loan payable	55 864 666	55 864 667	–	13 206 780	26 177 437	16 480 450	–	55 864 667
Convertible preference shares	10 786 747	13 699 169	–	970 807	970 808	970 807	10 786 747	13 699 169
Total undiscounted liabilities	1 736 518 969	1 764 844 572	990 551 848	211 234 431	234 044 600	210 734 345	118 279 348	1 764 844 572
On balance sheet liquidity gap	213 410 359	542 160 544	(190 803 003)	3 919 006	(124 804 223)	34 786 878	819 061 886	542 160 544
Cumulative on-balance sheet liquidity gap	213 410 359	755 570 903	564 767 900	568 686 906	443 882 683	478 669 561	1 297 731 447	
Off-balance sheet exposures								
Financial guarantees	248 293 835	249 776 864	6 805 948	35 027 380	25 735 730	33 771 869	148 435 937	249 776 864
Letters of credit	63 925 666	64 201 276	4 253 457	1 379 622	19 451 827	–	39 116 370	64 201 276
Other undrawn commitments to lend	71 212 222	71 264 692	45 300 804	1 213 243	1 650 578	3 253 206	19 846 861	71 264 692
Total off-balance sheet exposures	383 431 723	385 242 832	56 360 209	37 620 245	46 838 135	37 025 075	207 399 168	385 242 832

In the current reporting period the Group changed presentation of financial assets from discounted to undiscounted. Comparative disclosures have not been adjusted as the information was not available.

The negative gaps up to 12 months are primarily due to the short-term nature of the Group's deposits based on contractual maturities. Management continues to manage this gap by monitoring and analysing liquidity requirements ensuring intra-day and day-to-day anticipated obligations can be met and maintaining contingency funding lines to draw upon where necessary. The Group also performs and monitors a behavioural analysis on liquidity and conducts stress testing which is in line with Group's liquidity management framework.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.11 Liquidity risk (continued)

	Consolidated							
USD Restated¹	Carrying amount	Gross nominal amount	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	Over 12 months	Total
2023								
Assets								
Cash and balances with banks	439 430 074	439 430 074	372 011 818	67 418 256	–	–	–	439 430 074
Money market investments	219 450 296	219 450 296	12 986 808	8 223 718	38 087 146	50 300 887	109 851 737	219 450 296
Derivative financial assets	6 210 281	6 210 281	381 608	527 020	5 301 653	–	–	6 210 281
Repurchase agreement	4 980 131	4 980 131	4 980 131	–	–	–	–	4 980 131
Loans and advances to customers	716 407 584	716 407 584	136 123 237	45 007 659	71 556 452	76 690 958	387 029 278	716 407 584
Investments at fair value through other comprehensive income	4 331 698	4 331 698	–	4 331 698	–	–	–	4 331 698
Investments at fair value through profit or loss	9 815 296	9 815 296	4 626 144	1 297 288	1 297 288	1 297 288	1 297 288	9 815 296
Other financial assets	14 589 234	14 589 234	694 218	8 486 383	874 645	–	4 136 298	14 191 544
Total discounted assets	1 415 214 594	1 415 214 594	531 803 964	135 292 022	117 117 184	128 289 133	502 314 601	1 414 816 904
Liabilities								
Balances due to other banks	70 274 518	71 116 156	40 656 611	4 582 207	4 995 338	2 000 000	18 882 000	71 116 156
Derivative financial liabilities	4 845 227	4 853 494	4 288 943	296 040	268 511	–	–	4 853 494
Customer deposits	1 096 024 327	1 108 019 144	495 798 097	171 910 224	116 804 273	166 143 639	157 362 911	1 108 019 144
Other financial liabilities	28 033 359	28 033 359	12 288 771	5 204 012	5 300 875	2 421 026	2 818 675	28 033 359
Lease liabilities	6 076 986	6 963 379	951 921	35 236	51 000	1 356 257	4 568 965	6 963 379
Subordinated debt	11 821 358	17 839 405	101 267	21 963	367 094	491 615	16 857 466	17 839 405
Loan payable	33 835 062	37 660 569	362 135	362 135	20 479 261	362 135	16 094 903	37 660 569
Convertible preference shares	10 786 747	11 757 555	242 702	242 702	242 702	242 702	10 786 747	11 757 555
Total undiscounted liabilities	1 261 697 584	1 286 243 061	554 690 447	182 654 519	148 509 054	173 017 374	227 371 667	1 286 243 061
Off-balance sheet exposures								
Financial guarantees	169 284 799	170 681 139	9 095 873	57 091 353	57 674 691	26 098 397	20 720 825	170 681 139
Letters of credit	25 346 154	25 360 963	14 021 554	6 823 808	2 830 500	1 685 101	–	25 360 963
Other undrawn commitments to lend	5 738 401	5 738 401	5 738 401	–	–	–	–	5 738 401
Total off-balance sheet exposures	200 369 354	201 780 503	28 855 828	63 915 161	60 505 191	27 783 498	20 720 825	201 780 503

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Capital risk management disclosures were not materially impacted by the restatement. Refer to Note 58 for details of the restatement.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.11 Liquidity risk (continued)

Separate								
USD	Carrying amount	Gross nominal amount	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	Over 12 months	Total
2024								
Assets								
Cash and cash equivalents	5 175 409	5 175 409	5 175 409	–	–	–	–	5 175 409
Other financial assets	9 523 147	9 882 525	3 587 420	74 250	74 250	74 250	6 072 355	9 882 525
Total undiscounted assets	14 698 556	15 057 934	8 762 829	74 250	74 250	74 250	6 072 355	15 057 934
Liabilities								
Lease liabilities	59 312	59 312	59 312	–	–	–	–	59 312
Loan payable	8 634 903	11 142 650	–	134 903	–	–	11 007 747	11 142 650
Convertible preference shares	10 786 747	13 699 169	–	970 807	970 807	970 807	10 786 747	13 699 168
Total undiscounted liabilities	19 480 962	24 901 130	59 312	1 105 710	970 807	970 807	21 794 494	24 901 130
On balance sheet liquidity gap	(4 782 406)	(9 843 196)	8 703 517	(1 031 460)	(896 557)	(896 557)	(15 722 139)	(9 843 196)
Cumulative on-balance sheet liquidity gap	(4 782 406)	(9 843 196)	8 703 517	7 672 057	6 775 500	5 878 943	(9 843 196)	
Off-balance sheet exposures								
Financial guarantees	10 000 000	10 000 000	10 000 000	–	–	–	–	10 000 000
Total off-balance sheet exposures	10 000 000	10 000 000	10 000 000	–	–	–	–	10 000 000

In the current reporting period the Company changed presentation of financial assets in the liquidity risk maturity analysis from discounted to undiscounted. Comparative disclosures have not been adjusted as the information was not available.

Separate								
USD	Carrying amount	Gross nominal amount	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	Over 12 months	Total
2023								
Assets								
Cash and balances with banks	6 515 058	6 515 058	6 515 058	–	–	–	–	6 515 058
Other financial assets	3 300 000	3 300 000	–	–	–	–	3 300 000	3 300 000
Total discounted assets	9 815 058	9 815 058	6 515 058	–	–	–	3 300 000	9 815 058
Liabilities								
Lease liabilities	76 052	76 052	–	–	–	49 753	26 299	76 052
Loan payable	16 341 908	17 543 443	362 135	362 135	362 135	362 135	16 094 903	17 543 443
Convertible preference shares	10 786 747	11 757 555	242 702	242 702	242 702	242 702	10 786 747	11 757 555
Total undiscounted liabilities	27 204 707	29 377 050	604 837	604 837	604 837	654 590	26 907 949	29 377 050

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.11 Liquidity risk (continued)

Analysis of encumbered and unencumbered assets*

Below is the analysis of the Group's encumbered and unencumbered assets that would be available to obtain additional future funding as securities. For this purpose encumbered assets are:

- Assets which have been pledged as collateral (e.g. which are required to be separately disclosed under IFRS 7); or
- Assets that an entity believes it is restricted from using to secure funding for legal or other reasons which may include market practice or sound risk management. Restrictions related to the legal position of certain assets.

Unencumbered assets are the remaining assets that the Group owns.

USD	Consolidated				
	Encumbered		Unencumbered		Total
	Pledged as collateral	Other	Available as collateral	Other	
2024					
Asset type					
Cash and balances with banks	1 342 409	–	650 326 846	–	651 669 255
Money market investments	72 198 346	–	398 727 199	–	470 925 545
Repurchase agreements	–	–	5 026 164	–	5 026 164
Derivative financial instruments	–	–	15 929 929	–	15 929 929
Investments assets at fair value through profit or loss	–	–	10 496 502	–	10 496 502
Loans and advances to customers	–	–	772 177 845	–	772 177 845
Investments at fair value through other comprehensive income	–	–	4 412 979	–	4 412 979
Other assets	–	–	19 291 109	–	19 291 109
Total	73 540 755	–	1 876 388 573	–	1 949 929 328

USD Restated ¹	Consolidated					Total
	Encumbered		Unencumbered			
	Pledged as collateral	Other	Available as collateral	Other		
2023						
Asset type						
Cash and balances with banks	–	6 693 349	432 736 725	–	439 430 074	
Money market investments	81 998 340	–	137 451 956	–	219 450 296	
Repurchase agreements	–	–	4 980 131	–	4 980 131	
Derivative financial instruments	–	–	6 210 281	–	6 210 281	
Investments assets at fair value through profit or loss	–	–	9 815 296	–	9 815 296	
Loans and advances to customers	–	–	716 407 584	–	716 407 584	
Investments at fair value through other comprehensive income	–	–	4 331 698	–	4 331 698	
Other assets	9 630	–	14 579 604	–	14 589 234	
Total	82 007 970	6 693 349	1 326 513 275	–	1 415 214 594	

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Liquidity risk disclosures were not materially impacted by the restatement. Refer to Note 58 for details of the restatement.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.12 Capital management

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

- To comply with the capital requirements set by the Central Bank (Reserve Bank of Malawi);
- To safeguard the Group's ability to continue as a going concern so that it can continue to "provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management employing techniques based on the guidelines developed by the Basel as implemented by the Reserve Bank Of Malawi for supervisory purposes. The required information is filed with Group on a quarterly basis. The Group maintains a ratio of total regulatory capital to its risk-weighted assets above a minimum level agreed with the Reserve Bank of Malawi which takes into account the risk profile of the Group.

The Group's regulatory capital is managed by the Finance department and comprises two tiers:

• Tier 1 capital:

Stated capital (net of any book values of the treasury shares) non-controlling interests arising on consolidation from interests in permanent shareholders' equity retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 Capital.

• Tier 2 capital:

Qualifying subordinated loan capital and collective impairment allowances. Given the prevailing economic context the Group has adopted a prudent approach to balancing an efficient capital position with the need to retain sufficient capital for unexpected fluctuations in earnings volatility. This has resulted in increasing the capital adequacy ratio and conserving capital and taking into account a medium- to long-term horizon.

USD	Consolidated	
	2024	Restated ¹ 2023
Share capital	117 409 081	117 409 081
Non distributable reserves	(27 255 312)	(27 255 312)
Translation reserve	(45 133 148)	(47 456 272)
Retained earnings	186 197 073	138 354 692
Non controlling interest	105 145 358	80 423 761
Deduct:		
Deferred tax asset	4 411 479	1 447 747
Total Tier 1 Capital	331 951 573	260 028 203
Tier 2 Capital		
Translation reserve	(45 133 148)	(47 456 272)
Non distributable reserves	(13 100 572)	(18 310 842)
Property revaluation reserve	12 879 448	14 747 281
Loan loss reserve	3 924 732	4 114 373
Eligible subordinated debt	11 550 581	11 821 358
Tier 2 Capital	(29 878 959)	(35 084 102)
Total qualifying capital	302 072 614	224 944 101
Risk Weighted Assets (RWA)		
Credit RWAs	1 100 361 318	991 842 085
Market RWAs	28 061 143	19 217 565
Operational RWAs	411 000 519	208 641 560
Total Risk Weighted Assets	1 539 422 980	1 219 701 210
Tier 1 risk based capital ratio (minimum 10%)	22%	21%
Total risk-weighted capital ratio (minimum 15%)	20%	18%

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Capital risk management disclosures were not materially impacted by the restatement. Refer to Note 58 for details of the restatement.

The Group and the Company manages exposure to capital risk by monitoring levels of capital.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.12 Capital management (continued)

		Consolidated			
		2024		2023	
Country	Metric	Tier 1 Capital	Total Capital	Tier 1 Capital	Total Capital
Botswana	Minimum Requirement %	7.50%	12.50%	7.50%	12.50%
	Actual %	16.42%	19.78%	13.95%	17.74%
	Absolute minimum requirement (USD'000)	–	364.43	–	53 725.27
	Actual (USD'000)	66 191	79 728	50 975	64 838
Malawi	Minimum Requirement %	10.00%	15.00%	10.00%	15.00%
	Actual %	17.01%	19.12%	16.09%	19.54%
	Absolute minimum requirement (USD'000) ¹	5 768	–	5 941	–
	Actual (USD'000)	51 370	57 691	37 300	44 726
Mozambique	Minimum Requirement %	10.00%	12.00%	10.00%	12.00%
	Actual %	18.10%	19.09%	16.93%	18.48%
	Absolute minimum requirement (USD'000)	–	26 600	–	26 604
	Actual (USD'000)	36 625	38 629	29 050	31 711
Zambia	Minimum Requirement %	5.00%	10.00%	5.00%	10.00%
	Actual %	14.21%	14.21%	13.82%	13.82%
	Absolute minimum requirement (USD'000)	–	3 724	–	13 728
	Actual (USD'000)	24 466	24 466	18 975	18 975
Zimbabwe	Minimum Requirement %	8.00%	12.00%	8.00%	12.00%
	Actual %	22.75%	28.82%	22.09%	33.35%
	Absolute minimum requirement (USD'000)	–	30 000	–	30 000
	Actual (USD'000)	57 035	72 233	50 253	75 872

¹ The comparative figure has been restated to correctly reflect the absolute minimum requirement.

Minimum capital requirements for each jurisdiction in local currencies are as follows:

1. Botswana – maximum of P5 million 12.5% of RWAs
2. Malawi – maximum of MWK10 billion 15% of RWAs
3. Mozambique – maximum MZN1.7million 12% of RWAs
4. Zambia – maximum of ZMW104 million 10% of RWAs
5. Zimbabwe is absolute at USD 30 million.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.13 Country risk

Country risk is the risk that economic social and political conditions and events in a foreign country will affect the current or projected financial condition or resilience of the Group.

Generally these occurrences relate but are not limited to sovereign events such as defaults or restructuring; political events such as contested elections or referendums; restrictions on currency movements; non-market currency convertibility; regional conflicts; economic contagion from the events such as sovereign default issues or regional turmoil; banking and currency crisis; and natural disasters.

The Group is vulnerable to three general types of crises – sovereign default exchange rate and banking system. Currency devaluations foreign exchange controls and other political actions such as nationalization or expropriation of assets can affect both domestic and foreign entities. Currency devaluations increase the Group's exposure to credit price and liquidity risks.

The Group's risk management framework incorporates a number of measures and tools to monitor this risk. These measures include stress testing of concentrated portfolios; various limits by country; Country Risk Management committee meetings (monthly or as necessary) for in-country reviews and the Group Board Risk Committee meetings (quarterly) to review and re-assess guidance for each country. The country risk is generally identified with the domicile of the legal entity which is the Group's counterparty unless the majority of assets or revenues of such entity are located in another country in which case reference is made to such different country. Further disclosures on how the Group manages country risk relating to expected credit losses on financial assets are included in note 7.1.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.13 Country risk (continued)

Group and Country Board Risk Committees are responsible providing oversight over management of country risk. The following tables provide a summary of exposures by country of risk:

Consolidated

USD	Botswana	Malawi	Mauritius	Mozambique	Zambia	Zimbabwe	Eliminations	Total
2024								
Financial assets								
Cash and balances with banks	167 934 987	81 654 498	5 632 884	219 718 241	84 387 851	96 957 707	(4 616 913)	651 669 255
Money market investments	57 163 241	178 735 693	–	137 844 304	78 868 950	18 313 357	–	470 925 545
Loans and advances to customers	345 384 883	95 213 696	–	92 917 857	125 547 665	113 113 744	–	772 177 845
Repurchase agreements	–	5 026 164	–	–	–	–	–	5 026 164
Derivative financial assets	4 119 889	–	–	–	10 502 264	1 307 776	–	15 929 929
Investments at fair value through profit or loss	–	9 140 647	–	–	–	1 355 855	–	10 496 502
Investments at fair value through other comprehensive income	–	–	–	99 007	–	4 313 972	–	4 412 979
Other assets	14 445 189	27 156 584	154 678 149	12 084 366	17 068 430	61 301 000	(150 722 926)	136 010 792
Total exposure	589 048 189	396 927 282	160 311 033	462 663 775	316 375 160	296 663 411	(155 339 839)	2 066 649 011
Commitments and guarantees	38 945 541	112 593 299	10 000 000	171 334 585	43 777 712	16 780 586	(10 000 000)	383 431 723

Consolidated

USD	Botswana	Malawi	Mauritius	Mozambique	Zambia	Zimbabwe	Eliminations	Total
Restated ¹								
2023								
Financial assets								
Cash and balances with banks	124 515 603	51 512 014	8 120 243	150 099 685	61 310 451	70 877 373	(27 005 295)	439 430 074
Money market investments	27 270 716	95 436 086	–	22 096 434	66 281 950	12 071 041	(3 705 931)	219 450 296
Loans and advances to customers	315 739 175	109 797 714	–	102 320 110	102 469 402	86 081 183	–	716 407 584
Repurchase agreements	–	4 980 131	–	–	–	–	–	4 980 131
Derivative financial assets	2 265 617	–	–	–	3 943 689	975	–	6 210 281
Investments at fair value through profit or loss	–	6 486 440	–	–	–	3 328 856	–	9 815 296
Investments at fair value through other comprehensive income	–	–	–	99 023	–	4 232 675	–	4 331 698
Other assets	12 734 836	19 407 576	153 638 260	9 223 218	13 022 748	81 408 889	(168 338 201)	121 097 326
Total exposure	482 525 947	287 619 961	161 758 503	283 838 470	247 028 240	258 000 992	(199 049 427)	1 521 722 686
Commitments and guarantees	44 283 712	136 640	–	135 317 133	6 286 018	15 757 000	–	201 780 503

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.14 Overall application of the going concern principle given uncertainties presented by macroeconomic changes

The Directors have reviewed the Group's budgets and flow of funds forecasts. The Directors have considered the Group's ability to continue as a going concern considering current and anticipated economic conditions. These budgets and flow of funds forecasts incorporate the expected consequences of geopolitical conflicts on the economy the market and the operating environment and include projections of these impacts on the Group's capital funding and funding requirements.

As part of this assessment the Directors considered:

- The sufficiency of the Group's financial resources over a three-year horizon. The management of the Group's financial resources which it defines as capital funding and liquidity and risk capacity are the critical enablers of the achievement of the Group's stated growth and return targets and is driven by the Group's overall risk appetite. Forecast change in earnings and balance sheet RWA are based on the Group's macroeconomic outlook and are evaluated against available financial resources considering the requirements of capital providers and regulators;
- The adequacy of the Group's liquidity as the Group supports customers throughout the crisis;
- The Group's operating resilience to provide continuity of service through the crisis;
- The resilience of the Group's IT and operating systems;
- The legal and regulatory environment in which the Group operates; and
- The potential valuation concerns around Group's assets recognised on the statement of financial position. Given the Group's risk appetite credit risk governance ongoing monitoring evaluation and management the Directors are of the view that the emerging and expected losses from the conflict are immaterial and any are rigorously managed with minimum expected shock to the Group's earnings and asset quality.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.15 Climate-related risks

The Group and its clients may face significant climate-related risks which could result in both financial and non-financial impacts. These risks stem from political economic and environmental responses to climate change and are subject to increasing regulatory political and societal scrutiny both locally and internationally.

The key sources of climate-related risks include:

- 1. Physical risks** – These arise from acute weather events such as hurricanes floods and wildfires as well as long-term climate shifts including sustained higher temperatures heat waves droughts and rising sea levels. While some physical risks may be predictable significant uncertainties remain regarding their timing and extent.
- 2. Transition risks** – These result from shifts toward a low-carbon economy including new laws and regulations evolving consumer preferences supply chain disruptions and changing investor expectations. Transition risks may also include legal and reputation risks associated with failure to mitigate or adapt to climate change.

Integration of climate risk in the Group's risk management

The Board Risk Committee oversees the development and integration of climate-related risk policies within the Group's broader risk framework. The Group has taken several steps to embed climate risk management including:

- Developing risk appetite metrics to assess climate-related exposure where relevant.
- Enhancing data collection systems to assess clients' exposure to physical and transition risks and classify these risks accordingly.
- Re-evaluating credit risk models to incorporate climate-related risks in borrower credit assessments.
- Considering climate risks in the credit assessment process where applicable on a case-by-case basis.
- Developing climate risk scenarios to assess the impact of climate-related risks on forward-looking financial information.
- Building capacity and awareness across the Group on climate-related risks.

The Group acknowledges the increasing importance of managing climate-related risks as part of its broader risk management framework. While the Group does not currently have a standalone climate risk policy climate-related risk frameworks are under development in line with local regulatory requirements for the subsidiary banks with work now in progress across all countries.

These frameworks are designed to support the assessment of climate-related risks on the Group's business operations and enhance the Group's ability to identify monitor and manage these risks effectively.

The development process considers both physical and transition risks associated with climate change ensuring the Group can respond to emerging regulatory expectations and evolving environmental factors.

The Group remains committed to integrating climate risk considerations into its overall risk management processes governance structures and reporting practices as part of its sustainability agenda.

The Group is aligning its climate-related risk disclosures with IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures) issued by the International Sustainability Standards Board (ISSB). These standards provide a global baseline for sustainability-related financial reporting ensuring that climate-related risks and opportunities are effectively integrated into financial disclosures.

Notes to the financial statements (continued)

for the year ended 31 December 2024

7 Risk management (continued)

7.15 Climate-related risks (continued)

In accordance with IFRS S2 the Group is working to enhance its climate-related financial disclosures by:

- Assessing the financial impact of climate risks on key areas such as credit risk capital adequacy and asset valuation.
- Enhancing scenario analysis to quantify potential future exposures to climate-related risks.
- Strengthening risk management and governance structures to ensure climate risk considerations are embedded in decision-making processes.

The Group recognises that further efforts are required to fully integrate climate risks into its risk assessments stress testing and overall risk management protocols. The impact of climate-related risks has been considered in the preparation of these financial statements including their effect on reported amounts and related disclosures. As at 31 December 2024 the Group is still assessing the impact of IFRS S1 and IFRS S2.

Environmental Social and Governance (ESG) Reporting

In 2023 the Malawi Stock Exchange (MSE) introduced new Environmental Social and Governance (ESG) Reporting requirements which became effective in 2024. These requirements were disclosed in the Group's 2023 Annual Financial Statements and the Group has since continued working towards their full implementation.

The key requirements of the new MSE listing rules include:

- (a) Sustainability Policy Disclosure – Issuers must disclose their sustainability policy including risk mitigation strategies sustainability performance data and other material information to enhance stakeholders' understanding of corporate performance.
- (b) Balanced ESG Reporting – Issuers should provide a balanced and objective view of their performance by reporting both positive and negative impacts on the environment and society as well as how their activities relate to stakeholders and contribute to sustainable development.
- (c) Global ESG Reporting Standards – The MSE encourages issuers to adopt the Global Reporting Initiative (GRI) Guidelines or Standards on ESG reporting.
- (d) Alternative Frameworks – Where other ESG reporting frameworks are adopted issuers must ensure that they:
 - Provide benchmarks and performance measurement systems that allow for comparisons over time.
 - Offer guidance on key performance indicators and data that should be measured.

The MSE recommends the adoption of the GRI Sustainability Reporting Guidelines or Standards which are globally recognised and provide principles and indicators for measuring and reporting economic environmental and social performance.

Progress towards ESG reporting implementation

Since the initial disclosure of these requirements in the 2023 Annual Financial Statements the Group has continued engaging with MSE and other stakeholders to ensure a smooth transition to the new ESG reporting framework.

For the 2024 financial year the Group has made significant progress in aligning its reporting with the new ESG requirements including:

- Enhancing data collection systems to capture relevant ESG performance metrics.
- Strengthening internal governance structures to support ESG reporting and compliance.
- Assessing the applicability of GRI Standards in line with the Group's operations.
- Continuing efforts to build internal capacity and awareness on ESG reporting across all subsidiaries.

In the Board's and management's assessments the material impacts of ESG reporting are on social and governance risks and related measures which the Group is monitoring and will report on.

The Group remains committed to ensuring full compliance with the new MSE ESG reporting requirements and will provide comprehensive ESG disclosures in the 2024 Integrated Annual Report.

Notes to the financial statements (continued)

for the year ended 31 December 2024

8 Fair value measurement

8.1 Fair value of financial instruments

The Group measures fair values using the fair value hierarchy as disclosed in note 6.6.5 that reflects the significance of the inputs used in making the measurements.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

		Consolidated			
USD	Notes	Level 1	Level 2	Level 3	Total
2024					
Financial assets					
Assets measured at fair value on a recurring basis					
Derivative financial assets	13	–	15 929 929	–	15 929 929
Investments at FVPL	17	10 496 502	–	–	10 496 502
Treasury bills at FVOCI	10	–	–	4 453 525	4 453 525
Investments at FVOCI	18	–		4 412 979	4 412 979
		10 496 502	15 929 929	8 866 504	35 292 935
Financial liabilities					
Liabilities measured at fair value on a recurring basis					
Derivative financial liabilities	13	–	13 511 952	–	13 511 952
		–	13 511 952	–	13 511 952

USD	Notes	Consolidated			Total
		Level 1	Level 2	Level 3	
Restated ¹					
2023					
Financial assets					
Assets measured at fair value on a recurring basis					
Derivative financial assets	13	–	6 210 281	–	6 210 281
Investments at FVPL	17	9 815 296	–	–	9 815 296
Treasury bills at FVOCI	10	–	–	3 177 282	3 177 282
Investments at FVOCI	18	–	–	4 331 698	4 331 698
		9 815 296	6 210 281	7 508 980	23 534 557
Financial liabilities					
Liabilities measured at fair value on a recurring basis					
Derivative financial liabilities	13	–	4 845 227	–	4 845 227
		–	4 845 227	–	4 845 227

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement. In addition the comparatives have been amended to conform to the current year presentation.

In the opinion of directors the fair value of the Group and Company's financial assets and liabilities measured at amortised cost approximates the respective carrying amount due to the generally short period of most of the contractual repricing dates are liquid and are floating rate instruments.

Notes to the financial statements (continued)

for the year ended 31 December 2024

8 Fair value measurement (continued)

8.1 Fair value of financial instruments (continued)

The table below sets out carrying amounts and fair value of the Company's and Group's financial assets and financial liabilities.

		Consolidated			Separate		
USD	Notes	At amortised cost	Fair value	Total carrying amount	At amortised cost	Fair value	Total carrying amount
2024							
Financial assets							
Cash and balances with banks	9	651 669 255	–	651 669 255	5 175 409	–	5 175 409
Money market investments	10	466 472 020	4 453 525	470 925 545	–	–	–
Loans and advances to customers	11	772 177 845	–	772 177 845	–	–	–
Repurchase agreements	12	5 026 164	–	5 026 164	–	–	–
Derivative financial assets	13	–	15 929 929	15 929 929	–	–	–
Other assets	16	19 291 109	–	19 291 109	9 523 147	–	9 523 147
Investments at FVPL	17	–	10 496 502	10 496 502	–	–	–
Investments at FVOCI	18	–	4 412 979	4 412 979	–	–	–
		1 914 636 393	35 292 935	1 949 929 328	14 698 556	–	14 698 556
Financial liabilities							
Balances due to other banks	26	84 389 144	–	84 389 144	–	–	–
Customer deposits	27	1 514 618 262	–	1 514 618 262	–	–	–
Derivative financial liabilities	13	–	13 511 952	13 511 952	–	–	–
Lease liabilities	22	6 854 129	–	6 854 129	76 052	–	76 052
Other payables	28	38 943 488	–	38 943 488	–	–	–
Loans payable	29	55 864 666	–	55 864 666	16 341 908	–	16 341 908
Subordinated debt	30	11 550 581	–	11 550 581	–	–	–
Convertible preference shares	32	10 786 747	–	10 786 747	10 786 747	–	10 786 747
		1 723 007 017	13 511 952	1 736 518 969	27 204 707	–	27 204 707
Off-balance sheet items							
Guarantees	31	248 293 835	–	248 293 835	10 000 000	–	10 000 000
Letters of credit for customers	31	63 925 666	–	63 925 666	–	–	–
Undrawn facilities	31	71 212 222	–	71 212 222	–	–	–
Total off-balance sheet items		383 431 723	–	383 431 723	10 000 000	–	10 000 000

Notes to the financial statements (continued)

for the year ended 31 December 2024

8 Fair value measurement (continued)

8.1 Fair value of financial instruments (continued)

		Consolidated			Separate		
USD Restated ¹	Notes	At amortised cost	Fair value	Total carrying amount	At amortised cost	Fair value	Total carrying amount
2023							
Financial assets							
Cash and balances with banks	9	439 430 074	–	439 430 074	6 515 058	–	6 515 058
Money market investments	10	216 273 014	3 177 282	219 450 296	–	–	–
Loans and advances to customers	11	716 407 584	–	716 407 584	–	–	–
Repurchase agreements	12	4 980 131	–	4 980 131	–	–	–
Derivative financial assets	13	–	6 210 281	6 210 281	–	–	–
Other assets	16	14 589 234	–	14 589 234	4 992 071	–	4 992 071
Investments at FVPL	17	–	9 815 296	9 815 296	–	–	–
Investments at FVOCI	18	–	4 331 698	4 331 698	–	–	–
		1 391 680 037	23 534 557	1 415 214 594	11 507 129	–	11 507 129
Financial liabilities							
Balances due to other banks	26	70 274 518	–	70 274 518	–	–	–
Customer deposits	27	1 096 024 327	–	1 096 024 327	–	–	–
Derivative financial liabilities	13	4 845 227	–	4 845 227	–	–	–
Lease liabilities	22	6 076 986	–	6 076 986	76 052	–	76 052
Other payables	28	28 033 359	–	28 033 359	–	–	–
Loans payable	29	33 835 062	–	33 835 062	16 341 908	–	16 341 908
Subordinated debt	30	11 821 358	–	11 821 358	–	–	–
Convertible preference shares	32	10 786 747	–	10 786 747	10 786 747	–	10 786 747
		1 261 697 584	–	1 261 697 584	27 204 707	–	27 204 707
Off-balance sheet items							
Guarantees	31	169 284 799	–	169 284 799	–	–	–
Letters of credit for customers	31	25 346 154	–	25 346 154	–	–	–
Undrawn facilities	31	5 738 401	–	5 738 401	–	–	–
Total off-balance sheet items		200 369 354	–	200 369 354	–	–	–

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement. In addition the comparatives have been amended to conform to the current year presentation. Separate figures have included for the first in the current year. As a result comparatives have been presented as well in line with IFRS 13.

Notes to the financial statements (continued)

for the year ended 31 December 2024

8 Fair value measurement (continued)

8.2 Valuation techniques

The Group determines the fair value of its assets and liabilities using valuation techniques that are appropriate in the circumstances and for which sufficient data are available. These techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Fair value assessments are conducted at both the business unit and Group level particularly during periods of market volatility to ensure valuations reflect current market conditions. The use of observable inputs reduces reliance on management judgement thereby decreasing the uncertainty associated with fair value measurement.

Financial instruments

Valuation techniques for financial instruments rely primarily on observable market data. The Group uses widely accepted valuation models including discounted cash flow models and mark-to-market methods particularly for instruments where quoted prices are available or inputs are observable. The valuation techniques applied to financial instruments include:

(a) Derivative Assets and Liabilities

The Group values its derivatives using models that incorporate observable market data which include interest rate curves foreign exchange rates and counterparty credit risk. The key inputs used in the valuation process consist of foreign exchange rates forward rates and appropriate discount factors.

These inputs are sourced from reputable market data providers such as Bloomberg Terminal and Refinitiv (formerly Thomson Reuters). The use of these observable market inputs ensures that derivative valuations are reflective of current market conditions.

(b) Investments at Value Through Profit or Loss (FVPL)

(i) Investment in equity instruments at Fair Value Through Profit or Loss (FVPL)

Measured using quoted market prices where available. Where markets are less liquid adjustments for liquidity and volatility are made.

(ii) Digital gold coins

Measured based on quoted prices for gold in active markets. Valuation is influenced by real-time market prices and prevailing liquidity.

Notes to the financial statements (continued)

for the year ended 31 December 2024

8 Fair value measurement (continued)

8.2 Valuation techniques (continued)

c) Investments at Fair Value Through Other Comprehensive Income (FVOCI)

These instruments are valued using the earnings multiples approach and the Discounted cash flow method. Key inputs to the model include discount rates and terminal growth rates.

d) Treasury bills at FVOCI (Money market investments)

These instruments are not actively traded hence the valuation inputs are unobservable. The unobservable inputs are generally determined based on inputs of similar nature or historical observations. Treasury bills are fairly valued based on yields of recent treasury bill issues using discounted cash flow techniques.

Non-Financial assets

Non-financial assets for the Group measured at fair value include investment property and freehold land and leasehold improvements. The Group uses valuation techniques that reflect current market conditions incorporating both observable and unobservable inputs depending on the availability of data. Significant judgement is applied in selecting key assumptions such as discount rates future cash flows and market comparables. The valuation techniques applied to these assets include the Discounted Cash Flow (DCF) method the market comparison approach and the income capitalisation method.

Further information on significant unobservable inputs and sensitivity analyses relating to the valuation of investment property and freehold land and leasehold improvements is disclosed in Note 20 and Note 24 respectively.

Notes to the financial statements (continued)

for the year ended 31 December 2024

8 Fair value measurement (continued)

8.3 Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

The table below describes the effect of changing the significant unobservable inputs to reasonable possible alternatives. All changes except for debt and equity instruments classified as fair value through other comprehensive income (FVOCI) would be reflected in the statement of profit or loss. Sensitivity data are calculated using a number of techniques including analysing price dispersion of different price sources adjusting model inputs to reasonable changes within the fair value methodology. The ranges are not comparable or symmetrical as the model inputs are usually not in the middle of the favourable/unfavourable range.

The value of investments at fair value through OCI held by the Group as at 31 December 2024 and 31 December 2023 would change as follows if the fair value was to increase or decrease by 10%.

Consolidated							
USD	Valuation Technique	Significant Observable and Unobservable Inputs	Range of estimates utilised for the unobservable inputs	2024		2023	
				Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Investments at FVOCI	Discounted Cash Flow and earnings multiples	Terminal growth rate and discount rate	28.75% – 33.25% 4.5%	441 298	(441 298)	719 610	(677 820)
Treasury bills at FVOCI	Discounted Cash Flow	Market yield or recent issued treasury bills	15% to 22%	445 353	(445 353)	953 020	(896 960)
Total				886 651	(886 651)	1 672 630	(1 574 780)

Notes to the financial statements (continued)

for the year ended 31 December 2024

8 Fair value measurement (continued)

8.4 Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value. Transfers from Level 3 to Level 2 occur when the market for some securities becomes more liquid which eliminates the need for the previously required significant unobservable valuation inputs. There were no transfers between levels in the current reporting period. Therefore the Group did not require significant unobservable inputs to calculate their fair value.

Consolidated

	At 31 December (as originally presented)	Impact of restatement (Note 58)	At 31 December 2023 as restated/ At 1 January	Purchases/ (Maturities)	Other comprehensive income	Exchange rate differences	At 31 December	Unrealised gains and losses related to balances held at the end of the period
USD								
2024								
Assets measured at fair value on a recurring basis								
Investments at FVOCI	4 331 698	–	4 331 698	–	636 000	(554 719)	4 412 979	636 000
Treasury bills at FVOCI	4 467 762	(1 290 480)	3 177 282	1 596 243	(320 000)	–	4 453 525	(320 000)
	8 799 460	(1 290 480)	7 508 980	–	316 000	(554 719)	8 866 504	316 000

Consolidated

	At 1 January	Purchases/ (Maturities)	Other comprehensive income	Exchange rate differences and effects of hyperinflation	At 31 December	Unrealised gains and losses related to balances held at the end of the period
USD Restated ¹						
2023						
Assets measured at fair value on a recurring basis						
Investments at FVOCI	5 905 854	–	1 091 220	(2 665 376)	4 331 698	1 091 220
Treasury bills at FVOCI	6 786 282	(3 609 000)	(1 459 172)	–	3 177 282	(1 459 172)
	12 692 136	(3 609 000)	(367 952)	(2 665 376)	7 508 980	(367 952)

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

Notes to the financial statements (continued)

for the year ended 31 December 2024

9 Cash and balances with banks

USD	Consolidated		Separate	
	2024	Restated ¹ 2023	2024	2023
Deposits with Central Banks	281 301 419	171 996 011	–	–
Balances with other banks	108 322 541	78 262 188	1 388 521	6 515 058
Placements with other banks	214 792 441	144 626 532	3 786 888	–
Balances in the course of clearing with other banks	53 108	1 317 509	–	–
Cash balances	48 221 793	43 488 070	–	–
Total cash and balances with banks before deducting expected credit losses and cash collateral	652 691 302	439 690 310	5 175 409	6 515 058
Less: Expected credit loss	(147 047)	(30 568)	–	–
Less: Cash collateral maturing after 3 months	(875 000)	(229 668)	–	–
Total cash and balances with banks	651 669 255	439 430 074	5 175 409	6 515 058
Reconciliation of cash and balances with banks to total cash and cash equivalents presented in the statement cash flows is as follows:				
Total cash and balances with central banks	651 669 255	439 430 074	5 175 409	6 515 058
Less: Mandatory reserves	(112 527 254)	(46 738 691)	–	–
Add: Expected credit losses	147 047	30 568	–	–
	(112 380 207)	(46 708 123)	–	–
Total cash and cash equivalents	539 289 048	392 721 951	5 175 409	6 515 058

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

Included in balances with other banks is an amount of USD 875 000 (2023: USD 229 668) held as cash collateral which is subject to contractual restrictions imposed by third parties.

Balances with central banks include an amount of USD 112 527 254 (2023: USD 46 738 691) held with the Bank of Mozambique to meet cash reserve maintenance requirements. These balances are restricted and not available to finance the Group's day-to-day operations; therefore they are not classified as cash and cash equivalents.

All other balances with Central Banks relate to cash held in current accounts and primary reserve requirement which is determined through "reserves averaging". The Group does not have to meet the primary reserve requirement daily but rather fulfil these statutory requirements on an average basis. Hence this makes them available for use and are classified as cash and cash equivalents.

Notes to the financial statements (continued)

for the year ended 31 December 2024

10 Money market investments

	Consolidated	
USD	2024	Restated ¹ 2023
Held at Amortised cost		
Treasury Bills	200 726 648	58 563 066
Placements with other banks	45 276 616	17 905 185
Government Promissory Notes	191 049 771	123 400 027
Corporate Bonds	–	7 851 149
Multilateral bank bonds	5 052 130	–
Government Bonds	9 743 105	–
Government Stocks	18 010 726	11 067 984
Held at fair value through other comprehensive income		
Treasury Bills	4 453 525	3 177 282
Total before expected credit losses	474 312 521	221 964 693
Expected credit loss	(3 386 976)	(2 514 397)
Total money market investments	470 925 545	219 450 296
Movement during the year was as follows:		
Balance as at 31 December 2023 (As originally presented)	225 349 282	–
Impact of restatement (Note 58)	(3 384 589)	–
Restated balance as at 31 December 2023/ Balance as at 1 January	221 964 693	212 036 706
Effect of changes in exchange rate and hyperinflation	(187 400)	(90 756 607)
Fair value loss on treasury bills at FVOCI	(320 000)	(1 459 172)
Purchases	252 855 228	102 143 766
As at 31 December	474 312 521	221 964 693
Expected Credit losses		
Balance as at 31 December 2023 (As originally presented)	(5 193 056)	–
Impact of restatement (Note 58)	(2 678 659)	–
Restated balance as at 31 December 2023/ Balance as at 1 January	(2 514 397)	(1 747 980)
Credit/(charge) for the year (Note 51)	(872 579)	(766 417)
Balance at 31 December	(3 386 976)	(2 514 397)
Total money market investments	470 925 545	219 450 296

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

As of the reporting date FCB Botswana has made pledges with the Bank of Botswana against bonds with a combined par value of USD 13 843 420 (2023: USD 12 391 757).

The interest rate on money market investments approximates the market interest rate and hence the carrying amount reasonably approximates the fair value. Money market investments held to earn interest income over their tenor and to collect contractual cash flows are classified as financial assets at amortised cost. Treasury bills held at fair value through other comprehensive income (FVOCI) are held to earn interest income but may be sold. Placements with other banks with a tenor of more than three months have been classified as money market investments.

Notes to the financial statements (continued)

for the year ended 31 December 2024

11 Loans and advances to customers

USD	Consolidated	
	2024	Restated ¹ 2023
Loans and advances to customers is made up of:		
Term loans	577 120 469	455 955 344
Mortgage loans	30 007 846	16 190 739
Overdraft	169 707 003	252 148 329
Finance leases	10 948 594	12 031 031
Gross carrying amount of loans and advances to customers	787 783 912	736 325 443
Less: Expected Credit losses	(15 606 067)	(19 917 859)
Net carrying amount of loans and advances to customers	772 177 845	716 407 584
Loans and advances at amortised cost are receivable as follows:		
Maturing within 3 months	155 714 443	167 015 761
Maturing between 3 and 12 months	99 745 118	138 403 865
Maturing after 12 months	532 324 351	430 905 817
Gross carrying amount of loans and advances to customers	787 783 912	736 325 443

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

The Directors consider that the carrying amounts of loans lease receivables and advances are a reasonable approximation of their fair value. Internal reporting and performance measurement of these loans lease receivables and advances are at amortised cost. Impairment of loans and advances has been calculated as disclosed in Notes 7.7.7 and 51. Loans lease receivables and advances by industry/sector have been disclosed in Note 7.7.4. Effective interest rates for loans and advances have been disclosed in Note 7.9.

Notes to the financial statements (continued)

for the year ended 31 December 2024

12 Repurchase agreements

	Consolidated	
USD	2024	2023
As at 1 January	4 980 131	5 040 116
Movement during the year was as follows:		
Additions	5 079 029	570 315 699
Maturities	(5 240 580)	(567 447 148)
Effect of changes in exchange rate	227 840	(2 908 667)
Gross Carrying amount as at 31 December	5 046 420	5 000 000
Expected credit losses	(20 256)	(19 869)
Net Carrying amount as at 31 December	5 026 164	4 980 131

All repurchase agreements are denominated in US Dollars.

FCB Malawi entered into an agreement with the Reserve Bank of Malawi (RBM) in which the Bank sold US Dollars to RBM.

The corresponding liability has been included in Note 26.1 as part of balances due to other banks.

13 Derivative financial instruments

	Consolidated	
USD	2024	Restated ¹ 2023
Derivative assets		
Foreign currency swaps	11 882 481	975
Foreign currency forward contracts	4 047 448	6 209 306
Total Derivative assets	15 929 929	6 210 281
Derivative liabilities		
Foreign currency swaps	13 511 952	3 946 506
Foreign currency forward contracts	–	898 721
Total Derivative liabilities	13 511 952	4 845 227
Net gains/(losses) on derivative instruments		
Net losses on foreign currency swaps	(208 227)	(227 072)
Net gains on foreign currency forward contracts	7 001 847	2 317 719
Net gains on derivative instruments	6 793 620	2 090 647

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

Foreign currency swaps and forward contracts are primarily held by the Group's subsidiaries in Botswana, Zambia, and Zimbabwe. These derivative financial instruments are utilized for risk management purposes in line with the Group's treasury policies to hedge against foreign exchange fluctuations.

Notes to the financial statements (continued)

for the year ended 31 December 2024

14 Current tax

14.1 Current tax expense

	Consolidated		Separate	
USD	2024	Restated ¹ 2023	2024	2023
Current year tax based on profits	47 247 705	31 601 745	–	–
Prior year under provision	103 266	–	–	–
Corporate Climate Responsibility Levy (CCR)	497 427	–	497 427	–
Foreign tax credit: Underlying tax	(497 427)	–	(497 427)	–
Withholding tax on dividend	2 030 590	2 510 271	2 030 590	2 510 271
Origination and reversal of temporary differences (Note 25)	(7 133 155)	5 474 849	–	–
Income tax expense	42 248 406	39 586 865	2 030 590	2 510 271

14.2 Reconciliation of effective tax rate

	Consolidated		Separate	
USD	2024	Restated ¹ 2023	2024	2023
	15.0%	15.0%	15%	15%
Foreign companies tax differential	16.70%	16.70%	–	–
Non-deductible expenses	12.11%	12.36%	5.17%	8.07%
Tax exempt income	(14.83%)	(13.92%)	(11.59%)	(10.85%)
	28.98%	30.14%	8.58%	12.22%

14.3 Income tax recoverable/(payable)

	Consolidated		Separate	
USD	2024	Restated ¹ 2023	2024	2023
Balance at 1 January	6 758 144	1 372 164	–	–
Charges for the year	47 247 705	31 601 745	–	–
Withholding tax on dividend	2 030 590	2 510 271	2 030 590	2 510 271
Effect of changes in exchange rate and hyperinflation	541 913	(38 086)	–	–
Prior year under provision	103 266	–	–	–
Paid during the year	(49 634 624)	(28 687 950)	(2 030 590)	(2 510 271)
As at 31 December	7 046 994	6 758 144	–	–

Income tax (recoverable)/payable is presented as follows in the statements of financial position.

Presented as:

	Consolidated		Separate	
USD	2024	Restated ¹ 2023	2024	2023
Current tax asset	(2 339 446)	(2 759 472)	–	–
Income tax payable	9 386 440	9 517 616	–	–
	7 046 994	6 758 144	–	–

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

Notes to the financial statements (continued)

for the year ended 31 December 2024

14 Current tax (continued)

14.4 Statutory tax rate

Statutory tax rates for territories in the group are as follows:¹

	2024	2023
Botswana	22.00%	22.00%
Malawi ²	30.00%	30.00%
Mozambique	32.00%	32.00%
Mauritius	15.00%	15.00%
Zambia	30.00%	30.00%
Zimbabwe	24.72%	24.72%

1 The tax rates for the foreign operations range from 22% to 32%. In Mauritius the Company is subject to income tax at 15%. However as a Global Business Licence company it is entitled to a foreign tax credit equivalent to 80% of the Mauritius tax liability or the actual foreign tax suffered.

2 In Malawi taxable profits up to K10 billion are subject to the standard corporate tax rate of 30%. Profits exceeding K10 billion are taxed at an elevated rate of 40% in accordance with local tax legislation.

Taxation

Under the current laws the Company is subject to tax in Mauritius on its taxable profits at a rate of 15%. Foreign tax credit applies on any foreign source income that has been subject to any foreign tax. Mauritius does not have any capital gains tax and furthermore any trading profits on the sale of securities are generally exempt from tax.

14.5 Regulatory

The Financial Services Commission ("FSC") issued a Global Business Licence ("GBL") to the Company on 30 September 2020. Further to the changes made by the Finance (Miscellaneous Provisions) Act 2018 ("FMPA 2018") to the Financial Services Act ("FSA") the FSC is no longer empowered to issue any GBL1 as from 1 January 2019.

As from 1 July 2021 the Company was no longer allowed to compute its foreign tax according to a presumed amount of 80% of the Mauritian tax of the relevant foreign sourced income. Furthermore transactions with GBL corporations and non-residents will not necessarily be considered to be foreign sourced income. Effective as from 1 January 2019 the Company may apply an exemption on its foreign dividend income interest income and profits from foreign permanent establishments: the exemption is computed at 80% of the relevant foreign sourced income and is subject to certain prescribed conditions. The exemption is not mandatory so that the Company may apply the credit system if it so wishes.

In his National Budget on 7 June 2024 the Mauritian Finance Minister announced the introduction of a Corporate Climate Responsibility Levy ("CCRL") equivalent to 2% of the company's profits for companies with a yearly turnover of more than MUR 50 million.

Section 41(iii) of the Financial (Miscellaneous Provisions) Act 2024 ("FMPA 2024") gave effect to the CCRL and its effective date is the year of assessment 2024/2025.

The CCRL also applies to any Mauritian tax resident partnership. The CCRL is computed on the taxable profit of the company and is specifically considered to be an income tax under section 41(a)(i)(A) of the FMPA 2024.

Notes to the financial statements (continued)

for the year ended 31 December 2024

15 Assets held for sale

USD	Consolidated	
	2024	2023
As at 1 January	2 217 391	132 722
Transfer from investment property (Note 20)	–	2 217 391
Disposal of assets held	(2 217 391)	(132 687)
Effect of changes in exchange rates	–	(35)
Carrying amount as at 31 December	–	2 217 391

During the 2024 financial year the Group completed the sale of Dolphin House a commercial building located in Harare's Central Business District.

The sale was successfully concluded in 2024 resulting in the derecognition of the asset from the statement of financial position. The transaction incurred a disposal cost of USD 228 200 which has been recognised as an expense in the statement of profit or loss.

As at 31 December 2024 the Group does not hold any non-current assets classified as held for sale.

16 Other assets

USD	Consolidated		Separate	
	2024	Restated ¹ 2023	2024	2023
Prepayments	6 891 127	11 946 695	273 860	913 957
Preference shares ²	–	–	2 475 355	–
Stock of stationery computer spares and other items	326 083	478 561	–	–
Card security deposit and settlement balances	511 092	458 307	–	–
Loan receivable from subsidiary	–	–	3 300 000	3 300 000
Other receivables	20 879 006	14 229 598	3 747 792	1 692 071
Gross Balance	28 607 308	27 113 161	9 797 007	5 906 028
Less: Expected credit loss	(54 694)	(98 671)	–	–
Total other assets	28 552 614	27 014 490	9 797 007	5 906 028
Current	26 200 433	23 210 326	4 021 652	2 606 028
Non-current	2 352 181	3 804 164	5 775 355	3 300 000
Total other assets	28 552 614	27 014 490	9 797 007	5 906 028

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

2 In the previous reporting period, the Company incorrectly classified its preference share investment under 'Investments in subsidiary companies'. In the current financial year, the investment has been reclassified under 'Other assets', as it meets the definition of a financial asset in accordance with IFRS 9. The impact of this reclassification on prior periods was assessed and determined to be immaterial. Accordingly, in line with IAS 8, comparative figures have not been restated. The reclassification has been applied prospectively, with no impact on the current period's statement of profit or loss or equity.

Prepayments consists of expenses paid in advance including rentals paid for retail outlets annual maintenance contracts and software licence fees for several items of software and hardware used in the day-to-day operations of companies in the Group.

The Company holds an investment in preference shares with FCB Botswana classified as a financial asset measured at amortized cost in accordance with the substance of the contractual terms. The preference shares bear a cumulative non-discretionary coupon rate of 8.26% per annum. Although redeemable at the option of the Bank the shares cannot be redeemed within the first five years from issuance. The cash flows associated with these preference shares consist solely of principal and interest payments meeting the criteria for amortized cost classification under IFRS 9.

Notes to the financial statements (continued)

for the year ended 31 December 2024

16 Other assets (continued)

Consolidated other receivables include funds receivable from currency auctions cash collateral pledged balances receivable for pledged securities and clearing accounts. Separate other receivables include amounts due from subsidiaries for the Group. These balances are recoverable less than one year and are interest free. Due to the short-term nature of these assets historical experience to date and forward looking information the ECL on other receivables is not considered material and no further ECL disclosure is provided as a result.

Loan receivable from subsidiary relates to subordinated debt issued by FCB Mozambique to the Company in 2022. The loan was advanced to assist FCB Mozambique in meeting its minimum regulatory capital requirements in accordance with the laws and regulations of the Republic of Mozambique.

The loan has a nominal value of USD 3.3 million a 5-year term maturing in January 2027 and bears interest at a nominal rate of 9% per annum payable semi-annually. The agreement also provides FCB Mozambique with an early redemption option subject to prior approval from Banco de Mozambique.

As at 31 December 2024 FCB Mozambique had not exercised this early redemption option and the balance remains classified as a loan receivable from subsidiary within other assets in the Group's financial statements.

17 Investments at fair value through profit or loss

	Consolidated	
	2024	2023
Shares held (numbers)		
Illovo Sugar (Malawi) Plc	8 665 541	8 665 541
Old Mutual Limited	2 105 557	–
Share Price (cents)		
Illovo Sugar (Malawi) Plc	0.78	0.75
Old Mutual Limited	1.12	–
Market Value		
Illovo Sugar (Malawi) Plc	6 772 566	6 486 440
Old Mutual Limited	2 368 081	–
Total investments in shares	9 140 647	6 486 440
Digital Gold Coins	1 355 855	3 328 856
Total investments at FVPL	10 496 502	9 815 296
Balance at 1 January	9 815 296	4 610 875
Purchase of digital gold coins	2 616 294	3 627 571
Purchase of investments at FVPL	1 601 132	–
Sale of investments at FVPL	(5 994 464)	(97 645)
Effect of changes in exchange rate	1 192 475	(4 089 258)
Fair value gain (Note 44)	1 265 769	5 763 753
Balance at 31 December	10 496 502	9 815 296

During the year FCB Malawi a subsidiary of the Group subscribed to shares in Old Mutual Limited a company listed on the Malawi Stock Exchange. This investment is part of FCB Malawi's strategy to diversify its portfolio through investments in listed companies.

All investments in listed companies held by the Group are listed on the Malawi Stock Exchange and are measured at fair value through profit or loss (FVPL) as they are classified as held for trading in accordance with IFRS 9 – Financial Instruments. Changes in the fair value of these investments are recognised directly in profit or loss in the period in which they arise. The fair value measurement of these investments has been categorised as Level 1 under the IFRS 13 – Fair Value Measurement hierarchy as the valuation is based on quoted market prices observable on the Malawi Stock Exchange at the reporting date.

The Group holds digital gold coins issued by the Reserve Bank of Zimbabwe (RBZ) which were acquired in the prior financial year as part of the Group's asset management and liquidity strategy. These digital gold coins are classified and measured at fair value through profit or loss (FVPL) in accordance with IFRS 9 – Financial Instruments with changes in fair value recognised directly in profit or loss. The fair value measurement has been categorised as Level 1 under the IFRS 13 – Fair Value Measurement hierarchy as valuation is based on observable market inputs including the international gold price and official exchange rates published by the Reserve Bank of Zimbabwe.

Notes to the financial statements (continued)

for the year ended 31 December 2024

18 Investments at fair value through other comprehensive income

USD	Consolidated	
	2024	Restated ¹ 2023
Equity instruments		
As at 1 January 2023	4 331 698	5 905 854
Effects of changes in exchange rate and hyperinflation	(554 719)	(2 665 376)
Fair value gain	636 000	1 091 220
Total equity instruments	4 412 979	4 331 698
Represented by		
Investment in Zimswitch Technologies Private Limited (Zimswitch)	3 886 200	3 886 200
Swift Investment	427 772	346 475
Investment in Sociedade Interbancária de Moçambique (SIMO)	99 007	99 023
Total equity instruments	4 412 979	4 331 698

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

The effects of changes in exchange rate and hyperinflation were previously reported at USD (1 644) and fair value loss at USD (1 572 512) and restated as per above.

Financial assets at FVOCI represent strategic equity investments held by certain subsidiary banks within the Group in local payments switch companies in their respective markets.

FCB Zimbabwe holds 11.98% of the issued share capital of Zimswitch Limited. The Directors have applied a dividend growth model to estimate the fair value of this investment at reporting date. Changes in fair value are recognised in other comprehensive income in line with the Group's accounting policy.

First Capital Bank S.A. (Mozambique) (FCB Mozambique) holds 0.5% of the issued share capital of SIMO the national switch company in Mozambique.

The investment in SIMO has been kept at cost as there is no active market for this investment. The cost is considered to approximate fair value.

Dividend income on the equity instruments amounted to USD 174 000 (2023: 330 000).

For more information on fair value measurement on these instruments refer to note 8.

Notes to the financial statements (continued)

for the year ended 31 December 2024

19 Investment in joint venture

	Consolidated	
USD	2024	Restated ¹ 2023
Group's interest in investment		
Group's interest at beginning of year	14 339 532	15 580 000
Effects of changes in exchange rates and hyperinflation	–	(4 976 962)
Share of (loss)/profit in joint venture	(442 063)	3 736 494
Carrying amount of investment as at 31 December	13 897 469	14 339 532

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement. The effects of changes in exchange rates and hyperinflation were previously reported at USD Nil and share of loss in joint venture at USD (1 240 468) and restated as per above.

The Group holds a 50% interest in a joint venture that owns a commercial property located in Victoria Falls Zimbabwe. The property is classified as an investment property. The fair value of the investment property was determined by independent external valuers who possess the appropriate recognised professional qualifications and have experience in the location and category of the property being valued. The independent valuers provide a fair value assessment of the property annually.

Summary information Makasa Sun (Private) Limited (joint venture):

USD	2024	Restated ¹ 2023
Revenue	50 000	801 358
Fair value (loss)/gain on investment property	(834 126)	112 157
Other expenses	(100 000)	(2 153 983)
Loss for the year	(884 126)	(1 240 468)
Total comprehensive income	(884 126)	(1 240 468)
Non current assets	30 000 126	30 000 126
Current assets	241 000	1 162 000
Non current liabilities	2 186 000	2 211 000
Current liabilities	260 188	272 062
Equity	27 794 938	28 679 064

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from the Zimbabwe Dollar (ZWL) to the United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for further details on the restatement. As a result, the previously reported effects of changes in exchange rates and hyperinflation, which were disclosed as USD Nil, and the share of loss in the joint venture, previously reported as USD (1,240,468), have been restated accordingly.

As at 31 December 2024 the Group's 50% share of equity in the joint venture amounted to USD 13 897 469 (2023: USD 14 339 532).

Notes to the financial statements (continued)

for the year ended 31 December 2024

20 Investment property

Investment property comprises commercial properties that are leased to third parties and land held for capital appreciation. Movement during the year was as follows:

USD	Consolidated	
	2024	Restated ¹ 2023
At fair value		
Balance as at 1 January	1 494 000	4 800 000
Effects of changes in exchange rates and hyperinflation	(75 948)	(1 588 378)
Transfer from Property and equipment (Note 24)	2 455 723	–
Transfer to assets held for sale (Note 15)	–	(2 217 391)
Fair value gain	7 221	499 769
Balance as at 31 December	3 880 996	1 494 000

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from the Zimbabwe Dollar (ZWL) to the United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for further details on the restatement. The effects of changes in exchange rates and hyperinflation, previously reported at USD Nil, and the fair value loss, previously reported at USD (1,088,609), have been restated accordingly.

During the year the Group through its subsidiary FCB Botswana transferred a building previously recognised under property and equipment to investment property. This transfer was made following a change in the use of the property as it is now held to earn rental income or for capital appreciation rather than for use in the supply of goods or services or for administrative purposes.

The fair value of the investment property is determined by external independent property valuers in each country where the Group operates. These valuers have the appropriate recognised professional qualifications and recent experience in valuing properties in their respective locations and categories. The valuations are conducted on an open market value basis and are reviewed annually. In the case of the Group's Zimbabwean properties the valuation report presents the land and property values together as they are not separately identifiable.

For the year ended 31 December 2024 the Group recognised rental income from investment properties amounting to USD 162 697. The associated operating costs including direct expenses related to rental-generating properties totaled USD 65 858. As a result the Group reported a net income of USD 96 839 from investment properties for the year. In comparison for the year ended 31 December 2023 the Group did not record any rental income or related expenses resulting in a net loss of USD 40 000 from investment properties.

The fair value measurement of the investment property has been classified as Level 3 under the IFRS 13 – Fair Value Measurement hierarchy as the valuation relies on significant unobservable inputs. Refer to note 8 for further details on fair value measurement.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of property as well as the significant unobservable inputs used and impact on fair value measurement.

	Fair value	Valuation technique	Significant unobservable inputs	Range (weighted average)	Impact on fair value (increase by 5%)	Impact on fair value (decrease by 5%)
Buildings	3 880 996	Income approach	Rental per sqm	120 – 260 (162)	194 050	(194 050)

Notes to the financial statements (continued)

for the year ended 31 December 2024

21 Intangible assets

USD	Consolidated		Separate	
	2024	Restated ¹ 2023	2024	2023
COST				
Balance as at 31 December 2023 (As originally presented)	19 374 816	21 211 608	6 794 789	5 531 950
Impact of restatement (Note 58)	(1 575 885)	–	–	–
Restated balance as at 31 December 2023/				
Balance as at 1 January	17 798 931	21 211 608	6 794 789	5 531 950
Transfer to/(from) property and equipment (Note 24)	305 144	54 034	–	–
Additions	3 062 569	2 170 105	422 161	1 262 839
Disposals	–	–	(2 396 866)	–
Write off	(858 077)	(207 762)	–	–
Effect of changes in exchange rate and hyperinflation	(358 476)	(5 286 559)	–	–
Reclassification to property and equipment (Note 24)	(48 363)	(142 495)	–	–
As at 31 December	19 901 728	17 798 931	4 820 084	6 794 789
ACCUMULATED AMORTISATION				
Balance as at 31 December 2023 (As originally presented)	(12 566 840)	(12 960 394)	(2 757 620)	(1 609 212)
Impact of restatement (Note 58)	1 418 400	–	–	–
Restated balance as at 31 December 2023/				
Balance as at 1 January	(11 148 440)	(12 960 394)	(2 757 620)	(1 609 212)
Effect of changes in exchange rate and hyperinflation	327 077	3 271 367	–	–
Disposals	–	–	684 397	–
Write off	648 808	64 754	–	–
Charge for the year	(1 795 668)	(1 524 167)	(875 535)	(1 148 408)
As at 31 December	(11 968 223)	(11 148 440)	(2 948 758)	(2 757 620)
Carrying amount as at 31 December	7 933 505	6 650 491	1 871 326	4 037 169

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

Intangible assets include computer software website development core banking switch software and licences which are accounted for at cost incurred on acquisition or development. These assets are controlled by the entity and are separately identifiable.

During the financial year ended 31 December 2024 the Company disposed its OBDX (Oracle Banking Digital Experience) software an intangible asset to its banking subsidiaries as part of the Group's strategic initiative to decentralize digital banking technology and enhance operational efficiency within each banking entity.

The disposal was executed at the net book value of the software and no gain or loss was recorded in the financial statements of the Company. The write off at Group level and the disposal at Company level were non-cash items and hence excluded from statements of cash flows.

Notes to the financial statements (continued)

for the year ended 31 December 2024

22 Leases

USD	Consolidated		Separate	
	2024	Restated ¹ 2023	2024	2023
RIGHT-OF-USE ASSET				
Balance as at 31 December 2023 (As originally presented)	6 434 133	6 592 797	53 301	41 900
Impact of restatement (Note 58)	(125 523)	–	–	–
Restated balance as at 31 December 2023/ Balance as at 1 January	6 308 610	6 592 797	53 301	41 900
Additions	4 718 858	3 472 742	–	19 112
Modifications	–	(60 407)	–	–
Terminations	(199 971)	(27 369)	–	–
Amortisation charge	(3 022 682)	(2 409 698)	(17 535)	(7 711)
Effect of changes in exchange rate and hyperinflation	(459 107)	(1 259 455)	–	–
Carrying amount at 31 December	7 345 708	6 308 610	35 766	53 301
LEASE LIABILITIES				
Maturity analysis – contractual undiscounted cash flows				
Less than one year	2 104 042	2 394 414	59 312	49 753
One to five years	6 510 965	3 928 591	–	26 299
More than five years	490 330	640 374	–	–
Total undiscounted contractual cash flows as at 31 December	9 105 337	6 963 379	59 312	76 052
Lease liabilities included in statement of financial position				
Current	1 716 376	2 607 674	59 312	48 631
Non-current	5 137 753	3 469 312	–	27 421
Carrying amount at 31 December	6 854 129	6 076 986	59 312	76 052
Movement in lease liability				
Balance as at 1 January	6 076 986	6 571 505	76 052	63 303
Interest charges	762 752	651 435	3 332	4 589
Additions	2 409 202	1 829 398	–	12 749
Payments	(2 270 500)	(2 975 352)	(20 039)	(4 589)
Terminations	(124 311)	–	(33)	–
Balance as at 31 December	6 854 129	6 076 986	59 312	76 052
Amounts recognised in Profit and Loss				
Interest on lease liability	762 752	651 435	3 332	4 589
Expenses-short term low value leases	35 461	124 208	–	–
Depreciation charge	3 022 682	2 409 698	17 534	7 711
Total amounts recognised in Profit and Loss	3 820 895	3 528 365	20 866	12 300

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

The Group had total cash outflows for leases amounting to USD 2 270 500 (2023: USD 2 975 352) during the year while the Company had total cash outflows for leases amounting to USD 20 039 (2023: USD 4 589). Right-of-use additions terminations modification and amortisation charges are non-cash in nature and have been excluded from the statement of cash flows.

The Group's right-of-use assets comprise office buildings and residential properties leased for staff accommodation which are essential for the business's operations. These leases provide the Group with secure office space for its activities and housing for employees where required.

Notes to the financial statements (continued)

for the year ended 31 December 2024

23 Investments in subsidiary companies

	Nature of Business	Type of Investment	Holding %		USD	
			2024	2023	2024	2023
First Capital Bank PLC (Malawi)	Banking	Equity Shares	100.00	100.00	88 034 223	88 034 223
Afcarme Zimbabwe Holdings (Private) Limited	Banking	Equity Shares	100.00	100.00	17 670 080	17 670 080
First Capital Bank Limited (Zambia)	Banking	Equity Shares	49.00	49.00	4 634 343	4 634 343
First Capital Shared Services Limited	Shared Service	Equity Shares	100.00	100.00	4 159 549	4 159 549
First Capital Bank Limited (Botswana)	Banking	Equity Shares	38.60	38.60	3 046 405	3 046 405
First Capital Bank Limited (Botswana) ^{1, 2}	Banking	Preference Shares	–	100.00	–	2 475 355
First Capital Bank S.A. (Mozambique)	Banking	Equity Shares	80.00	80.00	21 365 742	21 365 742
Total investments in subsidiary companies					138 910 342	141 385 697

1 The investment in preference shares is classified as financial assets measured at amortised cost in accordance with the substance of the contractual terms of the instruments (cumulative preference interest at 8.26% per annum. The Bank's preference shares are redeemable at the option of the Bank but not within five years from issuance and bear non-discretionary coupons that are cumulative.

2 In the previous reporting period, the Company incorrectly classified its preference share investment under 'Investments in subsidiary companies'. In the current financial year, the investment has been reclassified under 'Other assets', as it meets the definition of a financial asset in accordance with IFRS 9. The impact of this reclassification on prior periods was assessed and determined to be immaterial. Accordingly, in line with IAS 8, comparative figures have not been restated. The reclassification has been applied prospectively, with no impact on the current period's statement of profit or loss or equity.

Notes to the financial statements (continued)

for the year ended 31 December 2024

24 Property and equipment

Consolidated

USD	Freehold property	Leasehold improvements	Motor vehicles	Corporate aircraft	Equipment fixtures and fittings	Capital work-in-progress ¹	Consolidated total
2024							
Cost or valuation							
Balance as at 1 January 2024	30 987 451	8 832 911	7 394 607	923 764	30 056 713	5 805 545	84 000 991
Additions ²	253 374	848 599	603 302	–	6 421 940	10 037 728	18 164 943
Effect of changes in exchange rates	(714 833)	(1 231 453)	(59 362)	(24 204)	(555 294)	(177 054)	(2 762 200)
Revaluation surplus/(loss)	1 006 696	586 781	(296 256)	–	–	–	1 297 221
Disposals	(15)	(161 900)	(224 643)	–	(546 848)	(7 811)	(941 217)
Transfer to investment property (Note 20)	(2 470 273)	–	–	–	–	–	(2 470 273)
Transfer from work-in-progress	4 634 132	476 013	–	–	1 816 762	(6 926 907)	–
Transfer to intangible assets (Note 21)	–	–	–	–	–	(305 144)	(305 144)
Reclassification from intangible assets (21)	–	–	–	–	48 359	–	48 359
Write offs	–	(773 520)	(25 754)	–	(719 345)	(70 333)	(1 588 952)
Balance at 31 December 2024	33 696 532	8 577 431	7 391 894	899 560	36 522 287	8 356 024	95 443 728
Accumulated depreciation							
Balance as at 1 January 2024	904 758	2 303 289	3 653 633	391 666	17 882 052	–	25 135 398
Charge for the year	563 332	509 650	1 020 541	48 716	4 579 692	–	6 721 931
Released on disposal	–	(112 900)	(30 466)	–	(271 964)	–	(415 330)
Transfer to investment property (Note 20)	(14 550)	–	–	–	–	–	(14 550)
Effect of changes in exchange rate	(5 258)	(23 849)	(37 942)	(9 019)	(1 289 804)	–	(1 365 872)
Released on write offs	–	(773 772)	(25 854)	–	(678 432)	–	(1 478 058)
Eliminated on revaluation	(590 427)	(198 939)	–	–	–	–	(789 366)
Balance at 31 December 2024	857 855	1 703 479	4 579 912	431 363	20 221 544	–	27 794 153
Carrying amount							
At 31 December 2024	32 838 677	6 873 952	2 811 982	468 197	16 300 743	8 356 024	67 649 575
At 31 December 2023	30 082 693	6 529 622	3 740 974	532 098	12 174 661	5 805 545	58 865 593

¹ Capital work-in-progress represents development of the various branches of the Group's banking interests. Once the projects completed the work in progress is classified to its respective category of fixed assets.

² At 31 December 2024, USD 2 054 859 out of additions of USD 18 164 943 pertain non-cash item and hence excluded from statement of cash flows.

Notes to the financial statements (continued)

for the year ended 31 December 2024

24 Property and equipment (continued)

Consolidated

USD Restated ¹	Freehold property	Leasehold improve- ments	Motor vehicles	Corporate aircraft	Equipment fixtures and fittings	Capital work-in- progress	Consolidated total
2023							
Cost or valuation							
Balance at 1 January 2023	32 305 954	11 760 998	5 483 603	1 456 050	24 555 167	3 685 295	79 247 067
Additions	1 920 039	381 557	760 392	–	4 976 131	5 078 099	13 116 218
Revaluation surplus	4 320 060	97 135	2 243 323	–	4 141 666	–	10 802 184
Reclassification from intangible assets (Note 21)	–	–	–	–	142 495	–	142 495
Effect of changes in exchange rates and hyperinflation	(1 771 129)	(3 120 117)	717 487	(532 286)	(568 386)	(2 181 011)	(7 455 442)
Disposals	–	(315 451)	(388 815)	–	(594 777)	–	(1 299 043)
Impairment loss	(6 152 685)	–	(1 421 383)	–	(2 924 386)	–	(10 498 454)
Transfers to intangible assets (Note 21)	–	–	–	–	–	(54 034)	(54 034)
Transfer from work-in-progress	365 212	28 789	–	–	328 803	(722 804)	–
Balance at 31 December 2023	30 987 451	8 832 911	7 394 607	923 764	30 056 713	5 805 545	84 000 991
Accumulated depreciation							
Balance at 1 January 2023	531 489	2 581 656	3 464 008	501 337	18 147 848	–	25 226 338
Charge for the year	557 093	562 450	742 068	73 257	3 655 498	–	5 590 366
Released on disposal	–	(306 893)	(236 054)	–	(573 071)	–	(1 116 018)
Effect of changes in exchange rates and hyperinflation	184 215	(471 258)	105 247	(182 928)	(2 653 163)	–	(3 017 887)
Released on revaluation	(368 039)	(62 666)	(421 636)	–	(695 060)	–	(1 547 401)
Balance at 31 December 2023	904 758	2 303 289	3 653 633	391 666	17 882 052	–	25 135 398
Carrying amount							
At 31 December 2023	30 082 693	6 529 622	3 740 974	532 098	12 174 661	5 805 545	58 865 593
At 31 December 2022	31 774 465	9 179 342	2 019 595	954 713	6 407 319	3 685 295	54 020 729

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement. There has been no change to the previously reported balance at 1 January 2023 and 31 December 2023. The effect of the restatement was mainly within the movement including mainly revaluation surplus additions disposals impairment loss and effect of changes in exchange rates and hyperinflation.

Notes to the financial statements (continued)

for the year ended 31 December 2024

24 Property and equipment (continued)

USD	Freehold property	Leasehold improve- ments	Computers	Equipment	Furniture and fittings	Motor vehicles	Total
2024							
Cost	25 794 943	6 733 904	3 439 709	3 887 815	1 325 360	3 219 973	44 401 704
Accumulated depreciation and impairments	(1 795 658)	(837 164)	(1 204 099)	(956 117)	(192 344)	(1 392 531)	(6 377 913)
Net carrying amount	23 999 285	5 896 740	2 235 610	2 931 698	1 133 016	1 827 442	38 023 791
2023							
Cost	16 870 225	874 394	2 818 709	2 829 815	556 360	3 231 973	27 181 476
Accumulated depreciation and impairments	(861 592)	(260 822)	(534 099)	(578 117)	(57 344)	(685 531)	(2 977 505)
Net carrying amount	16 008 633	613 572	2 284 610	2 251 698	499 016	2 546 442	24 203 971

The Group measures property and leasehold improvements at revalued amounts for its operations in Botswana, Malawi, and Zimbabwe.

Notes to the financial statements (continued)

for the year ended 31 December 2024

24 Property and equipment (continued)

Revaluation surplus sensitivity

The revaluation of items of property plant and equipment and leasehold improvements is performed with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the reporting date. Where there is a material change from the previous year a revaluation exercise is done every year. The revaluation exercises are conducted across the Group on the basis of input from independent valuation experts.

These specialists use a combination of models and underlying parameters or variables to arrive at estimated valuations of property and leasehold improvements adopted in these financial statements.

Should the combined effect of all applicable variables parameters and the models be varied upwards or downwards the revaluation surpluses would have been as follows:

USD	5% positive impact	5% adverse impact
2024		
Revaluation surplus as recognised	1 297 221	1 297 221
Sensitivity impact	64 861	(64 861)
Sensitivity-adjusted revaluation surplus	1 362 082	1 232 360
USD Restated ¹	5% positive impact	5% adverse impact
2023		
Revaluation surplus as recognised	10 802 184	10 802 184
Sensitivity impact	540 109	(540 109)
Sensitivity-adjusted revaluation surplus	11 342 293	10 262 075

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Africame Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

Notes to the financial statements (continued)

for the year ended 31 December 2024

24 Property and equipment (continued)

	Separate		
USD	Motor vehicles	Equipment fixtures and fittings	Total
COST			
Balance at 1 January 2024	–	1 876 359	1 876 359
Additions	29 251	382 252	411 503
Balance at 31 December 2024	29 251	2 258 611	2 287 862
ACCUMULATED DEPRECIATION			
Balance at 1 January 2024	–	1 153 933	1 153 933
Charge for the year	8 691	321 836	330 527
Balance at 31 December 2024	8 691	1 475 769	1 484 460
Carrying amount at 31 December 2024	20 560	782 842	803 402
COST			
Balance at 1 January 2023	–	1 570 402	1 570 402
Additions	–	305 957	305 957
Balance at 31 December 2023	–	1 876 359	1 876 359
ACCUMULATED DEPRECIATION			
Balance at 1 January 2023	–	784 811	784 811
Charge for the year	–	369 122	369 122
Balance at 31 December 2023	–	1 153 933	1 153 933
Carrying amount at 31 December 2023	–	722 426	722 426

The freehold properties and leasehold improvements of the Group's companies were last revalued by independent valuers on an open market value current as at 31 December 2024 for all entities.

Property and equipment were subjected to impairment testing by way of internal evaluation of obsolescence of equipment. No items of property and equipment were pledged as collateral as at 31 December 2023 and 31 December 2024. The fair value measurement for properties has been categorised as Level 3 fair value based on inputs to the valuation techniques used. The following table shows the valuation technique used in measuring the fair values of freehold properties and leasehold improvements as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs
Open Market Value Basis Open market value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably prudently and without compulsion.	The valuation approach adopted takes cognisance of the performance of the property market at the time of valuation. The approach relies on sales data and all relevant factors pertaining to the property market.
The valuation process makes comparisons between the subject property and comparable property in order to formulate an opinion for a fair market value using an estimate of the future potential net income generated by the use of the property.	The method recognises that property can be assembled not only for occupation and use of the owner but also to let to one or more tenants who will pay the owner rent for the right to the use and occupation of the property.

Notes to the financial statements (continued)

for the year ended 31 December 2024

25 Deferred tax

Consolidated

USD	Balance as at 31 December 2023 (As originally presented)	Impact of restate-ments (Note 58)	Restated balance as at 31 December 2023/ 1 January	Recognised in profit or loss	Recognised in other compre-hensive income	Effects of changes in exchange rates and hyper-inflation	Balance at 31 December 2024
2024							
Property and equipment	2 468 341	(763 178)	1 705 163	522 239	–	(534 201)	1 693 201
Accrued income	6 168 230	(2 327 000)	3 841 230	(6 223 199)	–	(446 003)	(2 827 972)
Revaluation of property	437 440	3 671 688	4 109 128	(2 190 236)	2 318 055	(101 178)	4 135 769
Tax losses	–	(5 585)	(5 585)	–	–	–	(5 585)
Gratuity and severance pay liabilities	(605 699)	–	(605 699)	(718 419)	–	20 698	(1 303 420)
Expected credit loss provisions	(3 318 530)	2 482 067	(836 463)	487 869	–	74 092	(274 502)
Other temporary differences ¹	2 264 080	(603 551)	1 660 529	988 591	305 000	(915 726)	2 038 394
	7 413 862	2 454 441	9 868 303	(7 133 155)	2 623 055	(1 902 318)	3 455 885
Restated² 2023							
Property and equipment	–	–	2 627 544	2 293 181	–	(3 215 562)	1 705 163
Accrued income	–	–	2 465 299	2 129 199	–	(753 268)	3 841 230
Revaluation of property	–	–	877 073	103 514	3 185 079	(56 538)	4 109 128
Tax losses	–	–	–	(5 585)	–	–	(5 585)
Gratuity and severance pay liabilities	–	–	(490 342)	(384 752)	–	269 395	(605 699)
Expected credit loss provisions	–	–	(1 771 971)	(2 408 632)	–	3 344 140	(836 463)
Other temporary differences ¹	–	–	1 471 899	3 747 924	(432 392)	(3 126 902)	1 660 529
	–	–	5 179 502	5 474 849	2 752 687	(3 538 735)	9 868 303

Consolidated

USD	2024	2023
Disclosed as:		
Deferred tax assets	(4 411 479)	(1 447 747)
Deferred tax liabilities	7 867 364	11 316 050
Balance as at 31 December	3 455 885	9 868 303

1 Other temporary differences include provisions for bonus management fees operational losses frauds and forgeries prepaid expenses right-of-use assets and lease liabilities deferred commission income and expense unrealised gains and losses on mark-to-market investment securities and investment property. There is no material offsetting between deferred tax assets and deferred tax liabilities.

2 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

Deferred income tax assets are recognised only to the extent that the related tax benefit is probable.

Notes to the financial statements (continued)

for the year ended 31 December 2024

26 Balances due to other banks

26.1 Balances due to other banks

	Consolidated	
USD	2024	Restated ¹ 2023
Repurchase agreements (a)	5 000 524	3 314 208
Borrowings from other banks (b)	67 001 811	47 306 904
BOZ – TMTRF (c)	329 552	2 870 345
European Investment Bank (d) ²	12 057 257	10 783 061
FMO Line of Credit	–	6 000 000
Total balances due to other banks	84 389 144	70 274 518
Payable as follows:		
Due within one year	74 646 331	53 590 043
Due between two and five years	9 742 813	16 684 475
Total balances due to other banks	84 389 144	70 274 518

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Africame Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

2 In the current reporting period borrowings from the European Investment Bank (EIB) which were previously reported as part of borrowings from other banks in the prior period have been disclosed separately. Comparative figures have been adjusted for consistency and comparability.

(a) The corresponding asset related to the repurchase agreement is disclosed in Note 12.

(b) Borrowings from other banks represent short term facilities with interest rates ranging from 7–8% with interest payable in quarterly instalments. Borrowings from other banks include but are not limited to facility lines of credit from European Investment Bank Afreximbank and Crown Agents Bank. In May 2022 FCB Zimbabwe secured a development line of credit amounting to EUR 12.5 million from EIB. As at 31 December 2024 the Bank had drawn down in the order of USD 12.7 million (2023: USD 11 million). The facility matures in April 2029.

In August 2023 FCB Zimbabwe secured a USD 20 million trade finance facility from African Export Import Bank to support its SME clients. As at 31 December 2024 the Bank had an outstanding balance of USD Nil (2023: USD 6 million). The trade finance facility expires in June 2026. In addition FCB Mozambique has correspondent banking lines with Crown Agents Bank and CitiBank. These amounted to USD 13 million at nil interest and repayable on a short-term revolving basis.

(c) In 2020 FCB Zambia secured a targeted medium-term refinancing facility Bank of Zambia – Targeted Medium Term Refinancing Facility (BOZ-TMTRF) for on-lending to customers. Interest is payable linked to the Zambia Monetary policy rate which was 8% per annum. The loan is repayable in quarterly instalments with interest. The loan was disbursed in three tranches whose maturity dates are 1 September 2023 4 February 2024 and 8 February 2025.

(d) As at 31 December 2024 the Group's subsidiary First Capital Bank Zimbabwe (FCB Zimbabwe) had an outstanding balance of USD 12 057 257 due to the European Investment Bank (EIB) (2023: USD 10 783 061). The facility originally obtained for SME and Midcap financing had a total loan amount of EUR 12 500 000 and is denominated in EUR.

The loan carries a fixed interest rate of 6.4% per annum and is repayable in installments as specified in each tranche document with a final maturity date of 2 April 2029. It is measured at amortized cost in accordance with IFRS 9 – Financial Instruments.

As at the reporting date FCB Zimbabwe remains in compliance with all loan covenants. Management has assessed the associated foreign exchange and interest rate risks and considers the exposure to be manageable with appropriate risk mitigation strategies in place.

Notes to the financial statements (continued)

for the year ended 31 December 2024

26 Balances due to other banks (continued)

26.2 Movement in term borrowings

Consolidated

USD	Balance due to other banks (Note 26.1)	Subordinated debt (Note 30)	Loans payable (Note 29)	Total
2024				
Balance as at 31 December 2023 (As originally presented)	70 274 378	11 821 358	33 835 062	115 930 798
Impact of restatement (Note 58)	140	–	–	–
Restated balance as at 31 December 2023/ Balance as at 1 January	70 274 518	11 821 358	33 835 062	115 930 938
Cash flow items:				
Net increase in term borrowings	14 298 495	–	21 435 881	35 734 376
Additions	34 372 206	–	54 314 914	88 687 120
Interest paid	(4 488 064)	–	–	(4 488 064)
Repayment	(15 585 647)	–	(32 879 033)	(48 464 680)
Non-cash flow items:				
Accrued interest	14 233	25 467	134 903	174 603
Unamortised issue cost	–	(27 188)	–	(27 188)
Effects of changes in exchange rate and hyperinflation	(198 102)	(269 056)	458 820	(8 338)
Carrying amount as at 31 December	84 389 144	11 550 581	55 864 666	151 804 391

Separate

USD	Loans payable (Note 29)	Total
2024		
As at 1 January	16 341 908	16 341 908
Cash flow items:		
Net increase or (decrease) in term borrowings	(7 841 908)	(7 841 908)
Additions	–	–
Repayments – principal	(7 490 000)	(7 490 000)
Repayments – interest	(351 908)	(351 908)
Non-cash flow items:		
Accrued interest	134 903	134 903
Carrying amount as at 31 December	8 634 903	8 634 903

Notes to the financial statements (continued)

for the year ended 31 December 2024

26 Balances due to other banks (continued)

26.2 Movement in term borrowings (continued)

USD Restated ¹	Consolidated			Total
	Balance due to other banks (Note 26.1)	Subordinated debt (Note 30)	Loans payable (Note 29)	
2023				
Balance at 1 January	36 784 818	12 446 592	16 920 504	66 151 914
Cash flow items:				
Net increase in term borrowings	31 523 547	–	16 602 314	48 125 861
Additions	72 985 253	–	17 496 736	90 481 989
Repayment	(41 461 706)	–	(894 422)	(42 356 128)
Non-cash flow items:				
Accrued interest	–	140 709	346 130	486 839
Unamortised issue cost	–	(31 241)	–	(31 241)
Effects of changes in exchange rate and hyperinflation	1 966 153	(734 702)	(33 886)	1 197 565
Carrying amount as at 31 December	70 274 518	11 821 358	33 835 062	115 930 938

¹The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

USD	Separate	
	Loans payable (Note 29)	Total
2023		
As at 1 January	16 890 200	16 890 200
Net decrease in term borrowings	(894 422)	(894 422)
Additions	–	–
Repayments	(894 422)	(894 422)
Accrued interest	346 130	346 130
Carrying amount as at 31 December	16 341 908	16 341 908

Notes to the financial statements (continued)

for the year ended 31 December 2024

27 Customer deposits

USD	Consolidated	
	2024	Restated ¹ 2023
Current accounts	652 212 114	327 600 832
Savings accounts	110 147 357	69 695 810
Foreign currency denominated accounts	151 382 134	249 649 809
Term deposit accounts	586 492 501	436 655 253
Interest payable on deposits	14 384 156	12 422 623
Total customer deposits	1 514 618 262	1 096 024 327
Payable as follows:	–	–
Maturing within three months	1 186 205 163	620 870 749
Maturing after three months	328 413 099	475 153 578
Total customer deposits	1 514 618 262	1 096 024 327

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

Deposits from customers only include financial instruments classified as liabilities at amortised cost. Fair value of deposits from customers approximates carrying amount due to their alignment with market rates. Refer to Note 8.1.

28 Other payables

USD	Consolidated		Separate	
	2024	Restated ¹ 2023	2024	2023
Accrued expenses	14 276 789	19 574 228	862 216	1 004 729
Bankers cheques issued and uncleared	7 579 373	3 501 924	–	–
Margins on letters of credit and other instruments	1 659 268	2 120 419	–	–
Trade and other payables	23 217 048	21 279 329	16 712	24 642
Total other payables	46 732 478	46 475 900	878 928	1 029 371

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

All amounts included in other payables are non-interest bearing. Directors consider that the carrying amounts of other payables approximate their fair values.

Trade and other payables include settlement and clearing accounts unearned fee and commissions value added taxes payable to tax authorities in each jurisdiction among others.

29 Loans payable

USD	Consolidated		Separate	
	2024	2023	2024	2023
Related parties	5 500 000	6 500 000	5 500 000	6 500 000
Other lenders	3 000 477	9 495 778	3 000 000	9 495 778
Commercial paper	46 487 248	17 214 397	–	–
Accrued interest	876 941	624 887	134 903	346 130
Total loans payable	55 864 666	33 835 062	8 634 903	16 341 908
Current	47 364 189	17 839 284	134 903	346 130
Non-current	8 500 477	15 995 778	8 500 000	15 995 778
Total loans payable	55 864 666	33 835 062	8 634 903	16 341 908

Notes to the financial statements (continued)

for the year ended 31 December 2024

29 Loans payable (continued)

Refer to note 55 for related party balances and transactions.

During the year 2017 FMBCH obtained loan facilities of USD 6.5 million from related parties for the purpose of discharging the purchase consideration for acquisition of shares in FCB Zimbabwe. These loans are unsecured and bear an interest of 9% payable annually with the first interest payment due one year after drawdown and thereafter every quarter. Related party loans are unsecured and repayable in full in 2026. These loans bear interest rate of 9% payable annually.

Amounts payable to other lenders are unsecured and bear interest of 9% annually with repayment terms in 2026.

FCB Mozambique issued several tranches of commercial paper with interest rates ranging from 12.5% to 15% per annum. These instruments have maturity dates between April 2025 and July 2025.

30 Subordinated debt

	Consolidated		Separate	
USD	2024	2023	2024	2023
As at 1 January	11 821 358	12 446 592	–	–
Non-cash flow items				
Accrued interest	25 467	140 709	–	–
Unamortised issue cost	(27 188)	(31 241)	–	–
Effect of changes in exchange rate	(269 056)	(734 702)	–	–
Carrying amount as at 31 December	11 550 581	11 821 358	–	–

These notes were issued by FCB Botswana.

Subordinated debt comprises:

- BWP15 million floating rate notes of BWP1.00 each maturing on 1 July 2027 which earned interest at a cumulative rate of 7.21% (2023: 7.96%).
- BWP33 million floating rate notes of BWP1.00 each maturing on 25 July 2028 which earned interest at a cumulative rate of 8.16% following introduction of the MOPR by the Bank of Botswana in April 2022.
- BWP100 million floating rate notes of BWP1.00 each maturing on 31 July 2029 which earned interest at a cumulative rate of 8.51% following introduction of the MOPR by the Bank of Botswana in April 2022. The Bank has an early optional redemption date of 30 April 2024 subject to prior written consent from Bank of Botswana.
- BWP4 million floating rate notes of BWP1.00 each maturing on 31 July 2029 which earned interest at a cumulative rate of 8.51% following introduction of the MOPR by the Bank of Botswana in April 2022. The Bank has an early optional redemption date of 30 April 2024 subject to prior written consent from Bank of Botswana.
- BWP5 million floating rate notes of BWP1.00 each maturing on 31 January 2030 which earned interest at a cumulative rate of 8.51% following introduction of the MOPR by the Bank of Botswana in April 2022. The Bank has an early optional redemption date of 16 January 2025 subject to prior written consent from Bank of Botswana.

Management has no current plans to redeem the subordinated debt before its stated maturity. The debt remains subject to the terms and conditions outlined in the respective agreements including any regulatory or contractual restrictions on early redemption.

The subordinated debt notes constitute direct subordinated and unsecured obligations of FCB Botswana.

The notes rank pari passu among themselves and are subordinated to general creditors and claims of depositors. Refer to Note 7.11 on liquidity risk for undiscounted maturity analysis disclosure.

Notes to the financial statements (continued)

for the year ended 31 December 2024

31 Financial guarantees letters of credit and other undrawn commitments

To meet the financial needs of customers the Group enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees letters of credit and other commitments to lend. Even though these obligations may not be recognised on the statement of financial position they contain credit risk and therefore form part of the overall risk of the Group.

Letters of credit and guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers in the event of a specific act generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans. The nominal values of such commitments are listed below:

USD	Consolidated		Separate	
	2024	2023	2024	2023
Financial guarantees	249 776 864	170 681 139	10 000 000	–
Letters of credit	64 201 276	25 360 963	–	–
Other undrawn commitments	71 264 692	5 738 401	–	–
Total	385 242 832	201 780 503	10 000 000	–

The balances above are presented excluding associated ECLs. Information regarding the ECL allowance for financial guarantees letters of credit and other undrawn commitments respectively is presented in Note 7.

Contingencies in respect of letters of credit will only crystallise into an asset or a liability when bills are presented in accordance with the terms and conditions of payment of the individual letters of credit. Contingencies in respect of guarantees and performance bonds issued will only crystallise into an asset and a liability in the event of default by the relevant counterparty.

On 13 March 2024, FMBcapital Holdings Plc issued a financial guarantee in favor of FCB Mozambique for an amount of USD 10 million to support the beneficiary's trade transactions. The guarantee is provided on such terms and conditions as agreed upon between the facility provider and FCB Mozambique at the time of each drawdown. In accordance with IFRS 9, the Company assesses the financial guarantee for expected credit losses (ECL). As of the reporting date, management has evaluated the credit risk associated with the guarantee and determined that no provision is required based on the ECL model. Management continues to monitor the exposure and will reassess the provision requirements periodically.

In common with other banks, the business of the Group's entities involves acceptances, guarantees, performance bonds and indemnities.

The majority of these facilities are offset by corresponding obligations of third parties.

32 Convertible preference shares

During the year 2017 FMBCH concluded an agreement with Barclays Bank PLC ("BBPLC") for the acquisition of the Zimbabwe operations. Payment for the acquisition was made partly through cash consideration of USD6.6 million and partly by issue to BBPLC of 10 786 747 convertible redeemable preference shares of USD1.00 each in the capital of the Company.

32.1 Terms and conditions of convertible preference shares

During the year 2017, FMBCH concluded an agreement with Barclays Bank PLC ("BBPLC"), for the acquisition of the Zimbabwe operations. Payment for the acquisition was made partly through cash consideration of USD6.6 million and partly by issue to BBPLC of 10 786 747 convertible redeemable preference shares of USD1.00 each in the capital of the Company. At issue the 10 786 747 preference shares were convertible after three years at USD 0.0472 cents of per share and FMBCH is obliged to pay a fixed cumulative preferential dividend of 5% per annum out of profits or other reserves available for distribution.

It was agreed during 2020 to extend the conversion date of the preference shares for a further two years to 10 October 2022 at the same conversion price of USD 0.0472. The interest terms of the preference shares are set out below:

- From issue to 09 October 2020 5% per annum
- 10 October 2020 to 09 October 2021 7% per annum
- 10 October 2021 to 09 October 2022 8% per annum
- 10 October 2022 onwards 9% per annum.

The convertible preference shares were acquired by Magni Holdings Limited and Prime Bank Limited from BBPLC during November 2021. The new shareholders agreed not to convert the preference shares for three years from November 2021. Accordingly the preference shares were not convertible. The preference share agreement has been extended for a further 3 years to 31 October 2027.

Notes to the financial statements (continued)

for the year ended 31 December 2024

32 Convertible preference shares (continued)

32.2 Classification of convertible preference shares as a compound instrument

As at 31 December 2024, the Company assessed the classification of its Convertible Preference Shares in accordance with IAS 32 – *Financial Instruments: Presentation*.

Historically, up to 30 September 2024, the Convertible Preference Shares were classified as a compound financial instrument, comprising both a financial liability and an equity component. The equity component was assessed as immaterial. This classification was based on the following contractual terms that were in effect:

a) Dividend rights

The shares carried a fixed cumulative preferential dividend of 9% per annum, payable bi-annually in June and December, with priority over any distributions to holders of ordinary shares.

b) Voting rights

Preference shareholders had no voting rights at general meetings.

c) Maturity and redemption

The shares matured in three-year intervals. Holders were entitled to redeem their investment, including all cumulative dividends, or upon a change in control.

d) Conversion option

If not redeemed, the shares could be converted into ordinary shares at a fixed price of USD 0.0472 at the holder's discretion, subject to providing a conversion notice.

e) Ranking

The shares ranked junior to all secured and unsubordinated creditors but ahead of ordinary shareholders.

Effective from 10 October 2024, certain terms of the Convertible Preference Shares were amended or reaffirmed as follows:

a) Dividend rights

The right to receive the fixed cumulative preferential dividend of 9% per annum through to 10 October 2027 was maintained. However, the revised terms clarified that these dividends are no longer subordinated to any category of share capital or other subordinated obligations of FMBcapital Holdings Plc.

b) Maturity and redemption

The shares continue to be mandatorily redeemable on 10 October 2027, creating a contractual obligation to deliver cash.

The conversion option has not been exercised to date, and based on current expectations, it is considered unlikely to be exercised. Accordingly, while the conversion feature continues to represent an equity component under IAS 32, it remains immaterial.

As such, the Convertible Preference Shares continue to be accounted for as a compound financial instrument, with a primary classification as a financial liability, and an immaterial residual equity component as at 31 December 2024 and 31 December 2023.

Notes to the financial statements (continued)

for the year ended 31 December 2024

33 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled. Trading assets and liabilities including derivatives have been classified to mature and/or be repaid within 12 months regardless of the actual contractual maturities of the products. With regard to loans and advances to customers the Group uses the same basis of expected repayment behaviour that was used for estimating the EIR. Issued debt reflects the contractual coupon amortisation.

As at 31 December 2024

Consolidated

USD	Within 12 Months	After 12 Months	Total
ASSETS			
Cash and balances with banks	651 669 255	–	651 669 255
Money market investments	307 935 188	162 990 357	470 925 545
Loans and advances to customers	239 853 494	532 324 351	772 177 845
Repurchase agreements	5 026 164	–	5 026 164
Derivative financial assets	15 929 929	–	15 929 929
Current tax assets	2 339 446	–	2 339 446
Other assets	26 200 433	2 352 181	28 552 614
Investments at fair value through profit or loss	–	10 496 502	10 496 502
Investments at fair value through other comprehensive income	–	4 412 979	4 412 979
Investment in joint venture	–	13 897 469	13 897 469
Investment property	–	3 880 996	3 880 996
Intangible assets	–	7 933 505	7 933 505
Right-of-use assets	–	7 345 708	7 345 708
Property and equipment	–	67 649 575	67 649 575
Deferred tax assets	–	4 411 479	4 411 479
Total assets	1 248 953 909	817 695 102	2 066 649 011
LIABILITIES			
Balances due to other banks	74 646 331	9 742 813	84 389 144
Customer deposits	1 431 864 911	82 753 351	1 514 618 262
Derivative financial liabilities	13 511 952	–	13 511 952
Other payables	46 732 478	–	46 732 478
Current tax liabilities	9 386 440	–	9 386 440
Lease liabilities	6 854 129	–	6 854 129
Loans payable	47 364 189	8 500 477	55 864 666
Subordinated debt	25 467	11 525 114	11 550 581
Convertible preference shares	–	10 786 747	10 786 747
Provisions	10 153 735	–	10 153 735
Deferred tax liabilities	–	7 867 364	7 867 364
Total liabilities	1 640 539 632	131 175 866	1 771 715 498

Notes to the financial statements (continued)

for the year ended 31 December 2024

33 Maturity analysis of assets and liabilities (continued)

As at 31 December 2023

Consolidated

USD Restated ¹	Within 12 Months	After 12 Months	Total
ASSETS			
Cash and balances with banks	439 430 074	–	439 430 074
Money market investments	145 415 185	74 035 111	219 450 296
Loans and advances to customers	305 291 193	411 116 391	716 407 584
Repurchase agreements	4 980 131	–	4 980 131
Derivative financial assets	6 210 281	–	6 210 281
Current tax assets	2 759 472	–	2 759 472
Assets held for sale	2 217 391	–	2 217 391
Other assets	23 210 326	3 804 164	27 014 490
Investments at fair value through profit or loss	–	9 815 296	9 815 296
Investments at fair value through other comprehensive income	–	4 331 698	4 331 698
Investment in joint venture	–	14 339 532	14 339 532
Investment property	–	1 494 000	1 494 000
Intangible assets	–	6 650 491	6 650 491
Right-of-use assets	–	6 308 610	6 308 610
Property and equipment	–	58 865 593	58 865 593
Deferred tax assets	–	1 447 747	1 447 747
Total assets	929 514 053	592 208 633	1 521 722 686
LIABILITIES			
Balances due to other banks	53 590 043	16 684 475	70 274 518
Customer deposits	1 046 399 096	49 625 231	1 096 024 327
Derivative financial liabilities	4 845 227	–	4 845 227
Other payables	46 475 900	–	46 475 900
Current tax liabilities	9 517 616	–	9 517 616
Lease liabilities	2 607 674	3 469 312	6 076 986
Loans payable	17 839 284	15 995 778	33 835 062
Subordinated debt	140 709	11 680 649	11 821 358
Convertible preference shares	–	10 786 747	10 786 747
Provisions	6 178 404	–	6 178 404
Deferred tax liabilities	–	11 316 050	11 316 050
Total liabilities	1 187 593 953	119 558 242	1 307 152 195

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

Notes to the financial statements (continued)

for the year ended 31 December 2024

33 Maturity analysis of assets and liabilities (continued)

As at 31 December 2024

Separate

USD	Within 12 Months	After 12 Months	Total
ASSETS			
Cash and balances with banks	5 175 409	–	5 175 409
Other assets	4 021 652	5 775 355	9 797 007
Intangible assets	–	1 871 326	1 871 326
Right-of-use assets	–	35 766	35 766
Investments in subsidiary companies	–	138 910 342	138 910 342
Property and equipment	–	803 402	803 402
Total assets	9 197 061	147 396 191	156 593 252
LIABILITIES			
Other payables	878 928	–	878 928
Lease liabilities	–	59 312	59 312
Loans payable	134 903	8 500 000	8 634 903
Convertible preference shares	–	10 786 747	10 786 747
Total liabilities	1 013 831	19 346 059	20 359 890

As at 31 December 2023

Separate

USD	Within 12 Months	After 12 Months	Total
ASSETS			
Cash and balances with banks	6 515 058	–	6 515 058
Other assets	2 606 028	3 300 000	5 906 028
Intangible assets	–	4 037 169	4 037 169
Right-of-use assets	48 631	4 670	53 301
Investments in subsidiary companies	–	141 385 697	141 385 697
Property and equipment	–	722 426	722 426
Total assets	9 169 717	149 449 962	158 619 679
LIABILITIES			
Other payables	1 029 371	–	1 029 371
Lease liabilities	48 631	27 421	76 052
Loans payable	346 130	15 995 778	16 341 908
Convertible preference shares	–	10 786 747	10 786 747
Total liabilities	1 424 132	26 809 946	28 234 078

Notes to the financial statements (continued)

for the year ended 31 December 2024

34 Provisions

USD	Consolidated			
	Staff retention incentive	Outstanding employee leave	Others	Total
Balance as at 1 January 2024	688 328	2 101 896	3 388 180	6 178 404
Arising during the year	5 230 507	557 795	2 592 856	8 381 158
Utilised	(3 678 544)	(540 256)	(1 044 427)	(5 263 227)
Unused amounts reversed	–	(9 656)	(41 054)	(50 710)
Effects of changes in exchange rates and hyperinflation	(81 863)	(13 380)	1 003 353	908 110
Balance as at 31 December 2024	2 158 428	2 096 399	5 898 908	10 153 735
Balance as at 1 January 2023	2 701 913	2 056 641	815 943	5 574 497
Arising during the year	1 689 493	290 591	5 736 714	7 716 798
Utilised	(2 925 633)	(169 172)	(1 590 132)	(4 684 937)
Effects of changes in exchange rates and hyperinflation	(777 445)	(76 164)	(1 574 345)	(2 427 954)
Balance as at 31 December 2023	688 328	2 101 896	3 388 180	6 178 404

The staff retention incentive represents a provision for performance based staff incentive and is included in staff costs.

Employee entitlements to annual leave are recognised when they accrue to employees. Others includes the estimate for provisions of legal cases and provisions for expected credit losses for financial guarantees letters of credit and undrawn commitments.

These provisions are payable within 12 months of the reporting date.

35 Share capital

USD	Consolidated		Separate	
	2024	2023	2024	2023
Issued and fully paid up	117 409 081	117 409 081	117 409 081	117 409 081
Total authorised shares of 2 458 250 000 Ordinary shares of no par value	117 409 081	117 409 081	117 409 081	117 409 081

The terms and conditions of the ordinary shares are as follows:

- Each holder has a right to one vote on a poll at a meeting of the Company on any resolution;
- Each holder has an equal share in dividends authorised by the Board; and
- Each holder has a right to an equal share in the distribution of the surplus assets of the Company.

Notes to the financial statements (continued)

for the year ended 31 December 2024

36 Restructuring reserve

In 2017 the takeover of FCB Malawi was a business combination of entities under common control. Shares issued by the Company as a consequence of the offer were recorded at fair value on the date of issue determined by reference to their stock exchange quoted price. In the consolidated financial statements a Restructuring reserve has been debited with the difference between the fair value of FMBCH shares issued and the historic carrying amount of FCB Malawi issued shares share premium and accumulated non-statutory reserves at date of share exchange. Restructuring reserve includes net translation reserve of USD 3 467 428 and property revaluation reserve of USD 4 766 722 which shall be reclassified to profit or loss upon disposal of the related asset.

36.1 Restructuring reserve movements comprise:

USD	Consolidated	
	2024	2023
Historical cost of 2 336 250 000 shares	161 497	161 497
Share premium	2 164 142	2 164 142
Fair value of 2 336 250 000 shares at the completion of share exchange	(105 707 965)	(105 707 965)
Net increase	(103 382 326)	(103 382 326)
Adjustment for reserves prior to restructuring		
Property revaluation reserve	4 766 722	4 766 722
Translation reserve	3 467 428	3 467 428
Retained earnings	40 637 553	40 637 553
Balance as at 31 December	(54 510 623)	(54 510 623)

37 Property revaluation reserve

USD	Consolidated	
	2024	2023
Balance as at 31 December 2023 (As originally presented)	15 182 127	–
Impact of restatement (Note 58)	2 719 582	–
Restated balance as at 31 December 2023/ Balance as at 1 January	17 901 709	10 284 604
Property revaluation	1 297 221	10 802 184
Deferred tax on revalued assets	(2 318 055)	(3 185 079)
Balance as at 31 December	16 880 875	17 901 709
Attributable to owners of parent		
Balance as at 31 December 2023 (As originally presented)	13 319 772	–
Impact of restatement (Note 58)	1 427 509	–
Restated balance as at 31 December 2023/ Balance as at 1 January	14 747 281	10 188 610
Property revaluation	807 150	6 307 915
Deferred tax on revalued assets	(2 674 983)	(1 749 244)
Balance as at 31 December	12 879 448	14 747 281
Attributable to non-controlling interest		
Property revaluation	490 071	4 494 269
Deferred tax on revalued assets	356 928	(1 435 835)
Total movement for the year	846 999	3 058 434

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

Notes to the financial statements (continued)

for the year ended 31 December 2024

38 Loan loss reserve

In order to comply with asset classification directives by central banks the Directors have made a transfer to the loan loss reserve in addition to provisions charged to profit or loss.

39 Other reserves

Other reserves include the following:

Investment revaluation reserve

The Group's investments in corporate bonds and debentures held as available for sale financial assets under IFRS 9 have been classified as financial assets at Fair Value through Other Comprehensive Income (FVOCI) because they are held with an objective both to collect contractual cash flows and to sell the bonds. The change in the fair value on these redeemable notes continues to accumulate in the investment revaluation reserve until they are derecognised or reclassified.

Share based payment reserve

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

40 Foreign currency translation reserve

This represents translation differences arising on translation of foreign subsidiaries at the end of the reporting period.

Notes to the financial statements (continued)

for the year ended 31 December 2024

41 Group subsidiaries

41.1 Shareholding in subsidiaries

As at 31 December 2024 the Company had the following subsidiaries:

Subsidiary	Domicile	Shares held by FMBCH		Sub subsidiary	Domicile	Shares held by subsidiary	
		2024	2023			2024	2023
First Capital Bank Plc	Malawi	100	100	FMB Forex Bureau Limited (dormant)	Malawi	100	100
				FMB Pensions Limited (dormant)	Malawi	100	100
				FMB Capital Markets Limited (dormant)	Malawi	100	100
				International Commercial Bank Limited (dormant)	Malawi	100	100
First Capital Bank Limited	Botswana	38.6	38.6	Jetwig Enterprises Proprietary Limited	Botswana	100	100
Afcarme Zimbabwe Holdings (Private) Limited	Zimbabwe	100	100	First Capital Bank Limited	Zimbabwe	52.49	52.49
				Thulile (Private) Limited	Zimbabwe	100	100
First Capital Bank Limited	Zambia	49	49				
First Capital Bank S.A.	Mozambique	80	80				
First Capital Shared Services Limited	Mauritius	100	100				

Notes to the financial statements (continued)

for the year ended 31 December 2024

41 Group subsidiaries (continued)

41.2 Non-controlling interests (NCI) in subsidiaries

Summarised statements of financial position as at 31 December.

USD	First Capital Bank Botswana	First Capital Bank Mozambique	First Capital Bank Zambia	Afcarme Zimbabwe	Total
2024					
NCI percentage and voting rights	61.4%	20.0%	51.0%	47.51%	
ASSETS					
Cash and balances with banks	167 934 987	219 718 241	84 387 851	96 957 707	568 998 786
Money market investments	57 163 240	137 844 304	78 868 950	18 313 358	292 189 852
Loans and advances to customers	345 384 883	92 917 857	125 547 665	113 113 744	676 964 149
All other assets	18 565 079	12 183 373	27 570 694	68 278 602	126 597 748
Total assets	589 048 189	462 663 775	316 375 160	296 663 411	1 664 750 535
LIABILITIES					
Balances due to other banks	46 296 720	15 939 304	867 276	16 240 994	79 344 294
Customer deposits	449 634 643	315 101 388	274 613 950	178 382 810	1 217 732 791
Commercial paper	–	47 229 286	–	–	47 229 286
Subordinated debt	11 549 756	3 443 550	–	–	14 993 306
All other liabilities	12 974 036	15 843 564	16 405 355	23 069 447	68 292 402
Total liabilities	520 455 155	397 557 092	291 886 581	217 693 251	1 427 592 079
Net assets	68 593 034	65 106 683	24 488 579	78 970 160	237 158 456
Net assets attributable to NCI	42 116 123	13 021 337	12 489 175	37 518 723	105 145 358
Carrying amount of NCI	42 116 123	13 021 337	12 489 175	37 518 723	105 145 358
Dividend paid to NCI	(4 022 928)	(2 301 351)	–	(5 812 916)	(12 137 195)

Notes to the financial statements (continued)

for the year ended 31 December 2024

41 Group subsidiaries (continued)

41.2 Non-controlling interests (NCI) in subsidiaries (continued)

Summarised statements of financial position as at 31 December.

USD Restated ^{1,2}	First Capital Bank Botswana	First Capital Bank Mozambique	First Capital Bank Zambia	Afcarme Zimbabwe	Total
2023					
NCI percentage and voting rights	61.4%	20%	51%	47.51%	
ASSETS					
Cash and balances with banks	124 515 603	150 099 685	61 310 451	70 877 373	406 803 112
Money market investments	27 270 716	22 096 434	66 281 950	12 071 041	127 720 141
Loans and advances to customers	315 739 177	102 320 110	102 469 402	86 081 183	606 609 872
All other assets	14 925 852	9 322 241	16 966 437	68 099 347	109 313 877
Total assets	482 451 348	283 838 470	247 028 240	237 128 944	1 250 447 002
LIABILITIES					
Balances due to other banks	13 099 880	25 540 504	18 748 164	24 416 241	81 804 789
Customer deposits	394 520 499	171 016 314	201 623 326	122 980 810	890 140 949
Commercial paper	—	17 493 153	—	—	17 493 153
Subordinated debt	11 821 358	3 442 725	—	—	15 264 083
All other liabilities	10 978 101	15 845 125	7 462 845	23 105 048	57 391 119
Total liabilities	430 419 838	233 337 821	227 834 335	170 502 099	1 062 094 093
Net assets	52 031 510	50 500 649	19 193 905	66 626 845	188 352 909
Net assets attributable to NCI	30 635 642	10 098 178	8 035 527	31 654 414	80 423 761
Carrying amount of NCI	30 635 642	10 098 178	8 035 527	31 654 414	80 423 761
Dividend paid to NCI	(2 778 288)	(1 225 515)	(2 311 869)	(2 861 591)	(9 177 263)

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

2 The Group has presented summarised statements of financial position for each subsidiary with material non-controlling interests in accordance with the disclosure requirements of *IFRS 12 Disclosure of Interests in Other Entities*. For the year ended 31 December 2024 this summarised financial information has been further condensed to include only selected financial statement line items considered relevant to the users of the financial statements. Comparative information for the year ended 31 December 2023 has been restated to conform to the current year's presentation to enhance comparability.

The net asset values consolidated into the Group's financial statements between that attributable to the parent and non-controlling interests are arrived at after considering fair value adjustments to align subsidiaries' assets and liabilities to fair value at reporting date exchange rate differences through the reporting period and after eliminating intercompany transactions and balances.

Notes to the financial statements (continued)

for the year ended 31 December 2024

41 Group subsidiaries (continued)

41.2 Non-controlling interests (NCI) in subsidiaries (continued)

Summarised statements of profit or loss and other comprehensive income for the year ended 31 December.

USD	First Capital Bank Botswana	First Capital Bank Mozambique	First Capital Bank Zambia	Afcarme Zimbabwe	Total
2024					
NCI percentage and voting rights	61%	20%	51%	47.51%	
Net interest income	43 026 315	33 022 188	14 961 694	33 115 590	124 125 787
Total non-interest income	8 312 430	23 666 937	7 866 567	40 432 882	80 278 816
Total operating income	51 338 745	56 689 125	22 828 261	73 548 472	204 404 603
Total expenses	(19 971 610)	(16 992 487)	(12 465 880)	(46 617 943)	(96 047 920)
Profit for the year	24 227 373	26 122 587	7 291 466	23 264 145	80 905 571
Profit allocated to NCI	14 875 607	5 224 517	3 718 648	11 052 795	34 871 567
USD Restated ^{1,2}	First Capital Bank Botswana	First Capital Bank Mozambique	First Capital Bank Zambia	Afcarme Zimbabwe	Total
2023					
NCI percentage and voting rights	61.4%	20%	51%	47.51%	
Net interest income	33 266 353	23 891 254	17 887 041	22 436 450	97 481 098
Total non-interest income	6 846 675	21 550 329	6 762 983	55 766 157	90 926 144
Total operating income	40 113 028	45 441 583	24 650 024	78 202 607	188 407 242
Total expenses	(18 196 207)	(18 054 138)	(12 052 241)	(44 935 042)	(93 237 628)
Profit for the year	16 783 742	19 184 676	8 859 387	28 736 554	73 564 359
Profit allocated to NCI	10 305 218	3 836 935	4 518 287	13 652 737	32 313 177

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

2 The Group has presented summarised statements of profit or loss and other comprehensive income for each subsidiary with material non-controlling interests in accordance with the disclosure requirements of *IFRS 12 Disclosure of Interests in Other Entities*. For the year ended 31 December 2024 this summarised financial information has been further condensed to include only selected financial statement line items considered relevant to the users of the financial statements. Comparative information for the year ended 31 December 2023 has been restated to conform to the current year's presentation to enhance comparability.

Notes to the financial statements (continued)

for the year ended 31 December 2024

41 Group subsidiaries (continued)

41.2 Non-controlling interests (NCI) in subsidiaries (continued)

Summarised cash flow information for the year ended 31 December.

USD	First Capital Bank Botswana	First Capital Bank Mozambique	First Capital Bank Zambia	Afcarme Zimbabwe	Total
2024					
Operating	51 740 611	137 996 232	55 352 583	60 493 127	305 582 553
Investing	(32 910 444)	(119 073 485)	(22 419 352)	(8 146 141)	(182 549 422)
Financing	25 921 050	17 609 332	(2 937 761)	(17 402 023)	23 190 598
Net increase or decrease in cash and cash equivalents	44 751 217	36 532 079	29 995 470	34 944 963	146 223 729
USD Restated ¹	First Capital Bank Botswana	First Capital Bank Mozambique	First Capital Bank Zambia	Afcarme Zimbabwe	Total
2023					
Operating	37 274 464	14 203 096	74 296 505	14 321 194	140 095 259
Investing	(9 287 939)	(12 766 335)	(19 951 770)	(6 745 092)	(48 751 136)
Financing	(4 807 553)	10 822 356	(10 035 409)	17 777 300	13 756 694
Net increase in cash and cash equivalents	23 178 972	12 259 117	44 309 326	25 353 402	105 100 817

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

Notes to the financial statements (continued)

for the year ended 31 December 2024

42 Net interest income

42.1 Interest and similar income

	Consolidated		Separate	
USD	2024	Restated ¹ 2023	2024	2023
Interest income calculated using the effective interest method				
Loans and advances	146 086 589	128 498 882	–	–
Lease finance	860 896	905 017	–	–
Government notes and stocks	51 266 541	43 082 871	–	–
Placements with other banks	14 499 741	11 181 026	–	–
Corporate bonds	14 574 127	5 425 254	–	–
	227 287 894	189 093 050	–	–
Other interest and similar income				
Other interest earning assets	2 086 905	2 465 143	379 144	297 000
Total interest and similar income	229 374 799	191 558 193	379 144	297 000

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

42.2 Interest expense and similar charges

	Consolidated		Separate	
USD	2024	Restated ¹ 2023	2024	2023
Interest expense calculated using the effective interest method				
Instruments at amortised costs	62 856 352	55 560 638	2 217 485	2 384 575
Interest expense and similar charges	62 856 352	55 560 638	2 217 485	2 384 575
Customer deposits	48 942 495	47 121 867	–	–
Subordinated debt	998 246	919 386	–	–
Preference shares	973 467	970 807	973 467	970 807
Borrowings from banks	4 898 519	2 853 615	–	–
Loans payable	6 280 873	3 043 528	1 240 686	1 409 179
Lease liability	762 752	651 435	3 332	4 589
Total interest expense and similar charges	62 856 352	55 560 638	2 217 485	2 384 575

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

Notes to the financial statements (continued)

for the year ended 31 December 2024

43 Net fees and commissions

USD	Consolidated		Separate	
	2024	Restated ¹ 2023	2024	2023
Fee and commission income				
Fee earned from services that are provided at a point in time:				
Account activity fees	30 962 180	30 862 587	–	–
Card-based transaction fees	547 577	158 220	–	–
Facility processing fees	3 338 481	3 330 839	–	–
Other fees and commissions ²	17 800 379	12 997 592	–	–
	52 648 617	47 349 238	–	–
Fee earned from services that are provided over time:				
Insurance commission	433 102	435 322	–	–
Guarantee fees	2 544 011	7 956 634	–	–
	2 977 113	8 391 956	–	–
Total fee and commissions income	55 625 730	55 741 194	–	–
Fees and commission expense	(7 006 393)	(3 658 292)	–	–
Net fee and commission income	48 619 337	52 082 902	–	–

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

2 Other fees and commissions include point of sale fees auction facilitation fees card issuance fees and commission on bill payments.

Fee income and expense relates to amounts other than those included in determining the effective interest rate. These arise from financial assets and liabilities that are not measured at FVPL and trust and other fiduciary duties that result in the holding or investing of assets on behalf of the Group's customers.

Disaggregated revenue information

USD	Consolidated					
	Botswana	Malawi	Mozambique	Zambia	Zimbabwe	Total
2024						
Fee earned from services that are provided at a point in time:						
Account activity fees	1 151 508	4 914 502	402 923	494 750	23 998 497	30 962 180
Card-based transaction fees	6 101	210 605	–	32 581	298 290	547 577
Facility processing fees	3 350	1 616 706	905 688	812 737	–	3 338 481
Other fees and commissions	1 326 594	2 488 672	6 238 721	1 775 029	5 971 363	17 800 379
	2 487 553	9 230 485	7 547 332	3 115 097	30 268 150	52 648 617
Fee earned from services that are provided over time:						
Insurance commission	–	51 429	236 355	38	145 280	433 102
Guarantee fees	442 164	1 730 552	38 871	180 617	151 807	2 544 011
	442 164	1 781 981	275 226	180 655	297 087	2 977 113
Gross fees and commissions income	2 929 717	11 012 466	7 822 558	3 295 752	30 565 237	55 625 730
Less: Fees and commission expense	(746 717)	(1 638 280)	(1 339 897)	(1 252 520)	(2 028 979)	(7 006 393)
Net fees and commission income	2 183 000	9 374 186	6 482 661	2 043 232	28 536 258	48 619 337

Notes to the financial statements (continued)

for the year ended 31 December 2024

43 Net fees and commissions (continued) Disaggregated revenue information (continued)

USD	Consolidated					Total
	Botswana	Malawi	Mozambique	Zambia	Zimbabwe	
Restated ¹ 2023						
Fee earned from services that are provided at a point in time:						
Account activity fees	272 608	1 471 842	1 242 440	352 832	27 522 865	30 862 587
Card-based transaction fees	5 059	63 440	1 008	4 839	83 874	158 220
Facility processing fees	–	2 076 945	1 242 681	11 213	–	3 330 839
Other fees and commission	1 227 428	4 015 253	4 009 020	1 646 962	2 098 929	12 997 592
	1 505 095	7 627 480	6 495 149	2 015 846	29 705 668	47 349 238
Fee earned from services that are provided over time:						
Insurance commission	270 236	–	–	–	165 086	435 322
Guarantees fees	374 499	1 264 896	3 605 127	106 679	2 605 433	7 956 634
	644 735	1 264 896	3 605 127	106 679	2 770 519	8 391 956
Gross fees and commissions income	2 149 830	8 892 376	10 100 276	2 122 525	32 476 187	55 741 194
Less: Fees and commission expense	(341 137)	–	(646 174)	(956 877)	(1 714 104)	(3 658 292)
Net fees and commission income	1 808 693	8 892 376	9 454 102	1 165 648	30 762 083	52 082 902

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

44 Income from investments

USD	Consolidated	Restated ¹	Separate	
	2024	2023	2024	2023
Dividend income	200 428	475 710	26 584 197	23 466 815
Movement in fair value of investments at FVPL (Note 17)	1 265 769	5 763 753	–	–
Total income from investments	1 466 197	6 239 463	26 584 197	23 466 815

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

Notes to the financial statements (continued)

for the year ended 31 December 2024

45 Net gains/(loss) on foreign exchange transactions

	Consolidated		Separate	
USD	2024	Restated ¹ 2023	2024	2023
Net foreign exchange revaluation gain /(loss)	17 362 774	25 239 068	(13 267)	657 527
Net foreign exchange trading income ¹	35 064 034	30 638 222	–	–
Other trading income	–	3 221 052	–	–
Total gains/(loss) on foreign exchange transactions	52 426 808	59 098 342	(13 267)	657 527

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

46 Other operating income

	Consolidated		Separate	
USD	2024	Restated ¹ 2023	2024	2023
(Loss)/gain on disposal of assets	(157 034)	29 272	–	–
Rental income	363 503	510 689	–	–
Bad debts recovered	35 317	35 896	–	–
Cost recoveries	–	–	9 945 918	9 927 545
Sundry income	2 228 381	490 357	98 614	128 091
Total other operating income	2 470 167	1 066 214	10 044 532	10 055 636

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

47 Staff and training costs

	Consolidated		Separate	
USD	2024	Restated ¹ 2023	2024	2023
Salaries and other short-term benefits	48 754 020	47 238 820	4 337 305	4 167 003
Training and other staff costs	12 193 667	8 310 189	2 445 698	1 698 159
Contributions to defined contribution plans	2 309 568	2 438 642	12 260	11 234
Total staff and training costs	63 257 255	57 987 651	6 795 263	5 876 396

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

Notes to the financial statements (continued)

for the year ended 31 December 2024

48 Premises and equipment costs

	Consolidated		Separate	
USD	2024	Restated ¹ 2023	2023	2023
Repairs and maintenance	1 193 576	1 633 668	–	52
Equipment hire	406 095	368 263	–	–
IT related costs	12 691 256	12 043 328	1 030 606	2 583 701
Rent rates and utilities	1 819 655	1 655 865	67 428	85 732
Security costs	1 430 431	1 621 757	41 177	33 407
Total premises and equipment costs	17 541 013	17 322 881	1 139 211	2 702 892

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

Equipment hire under premises and equipment costs includes leases that meet the criteria for low value asset leases in accordance with IFRS 16 – Leases.

49 Depreciation and amortisation

	Consolidated		Separate	
USD	2024	Restated ¹ 2023	2024	2023
Property and Equipment (Note 24)	6 721 931	5 590 366	330 527	369 122
Lease – right-of-use asset depreciation (Note 22)	3 022 682	2 409 698	17 534	7 711
Intangible assets amortisation (Note 21)	1 795 668	1 524 167	875 534	1 148 408
Total depreciation and amortisation	11 540 281	9 524 231	1 223 596	1 525 241

¹ The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarne Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

Notes to the financial statements (continued)

for the year ended 31 December 2024

50 Administration and general expenses

USD	Consolidated		Separate	
	2024	Restated ¹ 2023	2024	2023
Auditor's remuneration	2 297 365	1 911 931	622 089	92 065
Bank charges	1 343 279	1 306 738	1 481	845
Non-Executive Director's fees and expenses	1 585 771	1 291 786	293 403	268 265
Insurance	895 680	1 131 303	1 046	2 613
Legal consultancy fees fines and penalties	3 534 649	3 719 526	414 364	551 443
Marketing costs	3 332 117	3 181 293	10 569	20 569
Motor vehicle running costs	364 625	505 738	2 835	12 662
Operational losses	1 226 058	789 793	–	–
Other administration costs ²	13 162 568	8 373 465	267 086	190 863
Treasury bill balances write off ³	–	2 864 337	–	–
Cash in transit expenses	867 068	749 147	–	–
Postage	237 046	266 184	–	57
Printing and stationery	1 008 288	1 068 762	67 140	57 918
Professional subscriptions	1 116 012	1 203 902	75 180	67 548
Repairs and maintenance other	745 853	726 547	27 705	33 387
Communication and connectivity costs	408 966	281 212	–	–
Travel expenses	2 187 645	2 414 624	170 329	139 588
Total administration and general expenses	34 312 990	31 786 288	1 953 227	1 437 823

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Africame Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

2 Other administrative costs include expenses related to indirect taxes, fuel, donations, and various office running costs.

3 Treasury bill balances write off related to FCB Zimbabwe.

Notes to the financial statements (continued)

for the year ended 31 December 2024

51 Impairment loss on financial assets

USD	Consolidated	
	2024	Restated ¹ 2023
Impairment charge on loans finance leases and advance to customers		
Impairment charge ²	5 321 789	12 308 173
Recoveries	(1 223 704)	(551 541)
	4 098 085	11 756 632
Impairment (credit)/charge on other financial assets		
– Money market	872 579	796 417
– Cash and balances with banks	116 479	15 838
– Repurchase agreements	387	17 589
– Other assets	(43 977)	65 421
– Guarantees and letters of credit	399 960	139 878
	1 345 428	1 035 143
Total impairment loss on financial assets	5 443 513	12 791 775

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Refer to Note 58 for details of the restatement.

2 Included in the impairment charge for the year ended 31 December 2024 is USD 2.3m of exposures written off for which ECL was not previously provided for (2023: USD 1.2m).

52 Basic and diluted earnings per share

The calculation of basic earnings per share at 31 December 2024 was based on profit attributable to ordinary shareholders of USD 68 644 709 (2023: USD 59 430 742) and a weighted average number of ordinary shares outstanding of 2 458 250 000 (2023: 2 458 250 000) calculated as follows:

USD	Consolidated	
	2024	Restated ¹ 2023
BASIC EARNINGS PER SHARE (EPS)		
Profit attributable to ordinary shareholders (USD)	68 644 709	59 430 742
Weighted average number of ordinary shares in issue	2 458 250 000	2 458 250 000
Basic earnings per share (US cents)	2.792	2.418

The calculation of diluted earnings per share at 31 December 2024 was based on adjusted profit attributable to ordinary shareholders of USD 69 618 176 (2023: USD 60 401 549) and a weighted average number of ordinary shares adjusted for the dilutive effect of convertible preference shares calculated as follows:

USD	Consolidated	
	2024	Restated ¹ 2023
DILUTED EARNINGS PER SHARE		
Adjusted profit attributable to ordinary shareholders (USD)	69 618 176	60 401 549
Weighted average number of ordinary shares in issue	2 458 250 000	2 458 250 000
Adjustment for convertible preferences shares	228 532 775	228 532 775
Diluted average number of ordinary shares	2 686 782 775	2 686 782 775
Diluted earnings per share (US cents)	2.591	2.248

1 The prior period consolidated financial statements have been restated to reflect a revised adoption date for the change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollar (USD) for Afcarme Holdings (Private) Limited and its subsidiaries. Basic and diluted earnings per share were impacted by the restatement as result of a change in profit attributable to ordinary shareholders. Refer to Note 58 for details of the restatement.

The 10 786 747 convertible preference shares (see Note 32) are convertible into ordinary shares and are dilutive in 2024 and 2023.

Notes to the financial statements (continued)

for the year ended 31 December 2024

53 Contingent liabilities

The contractual amount of the Group companies' off balance sheet financial instruments that commit it to extend credit to customers are as follows:

USD	Consolidated		Separate	
	2024	2023	2024	2023
Legal claims	475 691	962 140	–	–
Defined benefit obligations ¹	6 438 204	–	–	–
Total contingent liabilities	6 913 895	962 140	–	–

¹ These obligations relate to FCB Zimbabwe. Refer to note 59 for further details.

Legal claims represent ongoing civil litigation matters involving the Group. These matters are subject to legal uncertainty and are at various stages of resolution. Where, based on legal advice and management's assessment, the outflow of economic resources is considered probable and can be reliably estimated, provisions have been recognised in accordance with *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*. Details of such provisions are included in Note 34.

54 Capital commitments

Capital expenditures which had been authorised at the balance sheet date but not recognised in the financial statements are as follows:

USD	Consolidated		Separate	
	2024	2023	2024	2023
Authorised and contracted for	15 491 702	21 325 671	–	4 701 500
Authorised but not yet contracted for	11 733 898	6 745 763	–	905 000
Total Capital commitments	27 225 600	28 071 434	–	5 606 500

The Group's commitments are classified as below:

USD	Consolidated		Separate	
	2024	2023	2024	2023
Authorised and contracted for				
Property and equipment	15 354 882	18 866 674	–	2 306 500
Intangible assets – Computer software	136 820	2 458 997	–	2 395 000
	15 491 702	21 325 671	–	4 701 500
Authorised but not yet contracted for				
Property and equipment	9 971 998	4 709 230	–	505 000
Intangible assets – Computer software	1 761 900	2 036 533	–	400 000
	11 733 898	6 745 763	–	905 000
Total Capital commitments	27 225 600	28 071 434	–	5 606 500

There were no capital commitments for the Company. All capital commitments made by the Company were directly incurred by the Group subsidiaries.

Notes to the financial statements (continued)

for the year ended 31 December 2024

55 Related party transactions

55.1 Transactions with subsidiaries and other related parties

The following transactions were carried out by/with related parties during the year:

			Separate	
			USD	
Name of related party	Relationship	Nature of transactions	2024	2023
Administration and secretarial services				
JTC Fiduciary Services (Mauritius) Limited	Administrator and secretary	Administrative and secretary fees	(35 807)	(29 896)
Dividend income on preference shares				
First Capital Bank Limited (Botswana)	Subsidiary	Dividend income on preference shares	151 531	161 354
Dividend income on ordinary shares				
First Capital Bank Limited (Zimbabwe)	Subsidiary	Dividend income on ordinary shares	6 422 227	3 164 080
First Capital Bank Limited (Botswana)	Subsidiary	Dividend income on ordinary shares	2 529 072	1 746 611
First Capital Bank Plc (Malawi)	Subsidiary	Dividend income on ordinary shares	8 280 982	11 271 505
First Capital Bank Limited (Zambia)	Subsidiary	Dividend income on ordinary shares	–	2 221 207
First Capital Bank S.A. (Mozambique)	Subsidiary	Dividend income on ordinary shares	9 205 402	4 902 059
Group shared services for subsidiaries				
First Capital Bank Limited (Zimbabwe)	Subsidiary	Group shared services	2 623 805	2 836 596
First Capital Bank Limited (Botswana)	Subsidiary	Group shared services	1 828 251	1 675 414
First Capital Bank S.A. (Mozambique)	Subsidiary	Group shared services	1 212 594	1 039 650
First Capital Bank Plc (Malawi)	Subsidiary	Group shared services	3 220 520	3 336 774
First Capital Bank Limited (Zambia)	Subsidiary	Group shared services	1 060 747	1 039 110
Interest income				
First Capital Bank S.A. (Mozambique)	Subsidiary	Interest on subordinated debt	297 000	297 000
First Capital Bank Limited (Botswana)	Subsidiary	Interest on deposits	80 725	–
Fees and commissions				
First Capital Bank S.A. (Mozambique)	Subsidiary	Commission on guarantee	23 471	–
Interest paid on convertible preference shares				
Magni Holdings Limited	Shareholder	Interest on convertible preference shares	(486 733)	(485 404)
Prime Bank Limited	Shareholder	Interest on convertible preference shares	(486 734)	(485 404)

Notes to the financial statements (continued)

for the year ended 31 December 2024

55 Related party transactions (continued)

55.1 Transactions with subsidiaries and other related parties (continued)

			Separate	
			USD	
Name of related party	Relationship	Nature of transactions	2024	2023
Interest paid on loans				
Mrs Meeta Anadkat	Immediate family member of a shareholder	Interest on loan payable	(91 500)	(91 250)
Premier Capital (Mauritius) Limited	Shareholder	Interest on loan payable	(114 375)	(114 063)
Prime Bank Limited	Shareholder	Interest on loan payable	(297 375)	(296 563)
Dividend paid				
Premier Capital (Mauritius) Limited	Shareholder	Dividend paid on ordinary shares	(4 921 145)	(4 200 304)
Prime Bank Limited	Shareholder	Dividend paid on ordinary shares	(1 685 838)	(1 438 899)
Prime Capital Holdings Limited	Shareholder	Dividend paid on ordinary shares	(1 685 838)	(1 438 899)
Magni Holdings Limited	Shareholder	Dividend paid on ordinary shares	(1 489 960)	(1 271 713)
Hitesh N. Anadkat	Shareholder	Dividend paid on ordinary shares	(400 092)	(343 178)
NG Anadkat Limited	Shareholder	Dividend paid on ordinary shares	(173 833)	(148 370)
Livingstone Exports Limited	Shareholder	Dividend paid on ordinary shares	(86 360)	(73 710)
Livingstone Holdings Limited	Shareholder	Dividend paid on ordinary shares	(84 240)	(83 855)
Thomas Kadantot	Shareholder	Dividend paid on ordinary shares	(10 196)	(8 702)
Omega O'Neill	Shareholder and immediate family member of a director	Dividend paid on ordinary shares	–	(7 166)
Shaun Anadkat	Shareholder and immediate family member of a director	Dividend paid on ordinary shares	(4 496)	(3 837)
Sheena Anadkat	Shareholder and immediate family member of a director	Dividend paid on ordinary shares	(3 211)	(2 741)
Dillon Anadkat	Shareholder and immediate family member of a director	Dividend paid on ordinary shares	(2 569)	(2 193)

Notes to the financial statements (continued)

for the year ended 31 December 2024

55 Related party transactions (continued)

55.2 Balances with subsidiaries and other related parties

Outstanding balances with related parties as at 31 December are as follows:

			Separate USD	
Name of related party	Relationship	Nature of transactions	2024	2023
Balances outstanding – Group shared services				
First Capital Bank Limited (Zimbabwe)	Subsidiary	Group shared services	627 702	1 178 393
First Capital Bank Limited (Botswana)	Subsidiary	Group shared services	215 435	149 452
First Capital Shared Services Limited	Subsidiary	Group shared services	(1 316)	72
First Capital Bank Plc (Malawi)	Subsidiary	Group shared services	467 961	(165 869)
First Capital Bank S.A. (Mozambique)	Subsidiary	Group shared services	730 512	131 757
First Capital Bank Limited (Zambia)	Subsidiary	Group shared services	1 220 940	78 640
Loan receivable				
First Capital Bank S.A. (Mozambique)	Subsidiary	Subordinated debt	3 442 725	3 442 725
Loans payable				
Mrs Meeta Anadkat	Immediate family member of a shareholder	Loan payable	(1 000 000)	(1 000 000)
Premier Capital (Mauritius) Limited	Shareholder	Loan payable	(1 250 000)	(1 250 000)
Prime Bank Limited	Shareholder	Loan payable	(3 250 000)	(3 250 000)
Convertible preference shares outstanding				
Magni Holdings Limited	Shareholder	Convertible preference shares	(5 393 374)	(5 393 374)
Prime Bank Limited	Shareholder	Convertible preference shares	(5 393 373)	(5 393 373)
Cash and cash equivalents				
First Capital Bank Limited (Botswana)	Subsidiary	Cash and cash equivalents	4 129 524	4 602 302
First Capital Bank Plc (Malawi)	Subsidiary	Cash and cash equivalents	1 242	10 465
First Capital Bank S.A. (Mozambique)	Subsidiary	Cash and cash equivalents	41 374	34 258
Preference shares investment				
First Capital Bank Limited (Botswana)	Subsidiary	Preference shares	1 949 451	1 949 451

No interest was charged on balances outstanding from related parties.

The Mauritius entities provide strategic, technological and operations shared services to the banking subsidiaries in the Group.

Name of related party	Relationship	Nature of transactions	Consolidated USD	
			2024	2023
Makasa Sun (Private) Limited	Jointly controlled entity	Loans and advances	600 000	262 000
Makasa Sun (Private) Limited	Jointly controlled entity	Deposits	49 000	52 000

Notes to the financial statements (continued)

for the year ended 31 December 2024

55 Related party transactions (continued)

55.3 Compensation of key management personnel

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors of the company and its parent, as well as members of the executive committee who are not directors.

Compensation paid to the board of directors and to other key management personnel, as well as the number of share instruments held, are shown below:

USD	Consolidated		Separate	
	2024	2023	2024	2023
Executive directors	2 888 875	2 208 616	–	–
	12 132 568	12 072 370	3 535 620	3 711 363
Short-term employee benefits	11 767 059	11 720 345	3 535 620	3 711 363
Post-employment benefits	365 509	229 142	–	–
Share based payments	–	122 883	–	–
Non-Executive directors	1 261 190	869 408	190 000	186 000
Total	16 282 633	15 150 394	3 725 620	3 897 363

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Senior management personnel of the Group, excluding non-executive directors, are included in an annual cash bonus scheme. Bonuses in this scheme are determined on the basis of both financial and non-financial KPIs depending on their roles. Amounts awarded under this scheme are included in short-term employee benefits in the table above.

55.4 Transactions with key management personnel

USD	Consolidated	
	2024	2023
Senior management:		
Loans and advances		
Loans outstanding at the beginning of the year	2 848 721	2 512 077
Change in key management structures	8 947	(177 779)
Net change in loans during the year	(554 544)	1 024 936
Effects of changes in exchange rates	(56 892)	(510 513)
Loans outstanding at the end of the year	2 246 232	2 848 721
Interest income	150 825	143 098
Deposits		
Deposits outstanding at the beginning of the year	844 053	312 343
Change in key management structures	(3 965)	39 207
Net change in deposits during the year	(365 793)	523 912
Effects of changes in exchange rates	(10 562)	(31 409)
Deposits outstanding at the end of the year	463 733	844 053
Net interest expense	3 634	3 306

Notes to the financial statements (continued)

for the year ended 31 December 2024

55 Related party transactions (continued)

55.4 Transactions with key management personnel

Corporate bodies directly or indirectly related to Directors:

	Consolidated	
USD	2024	2023
Loans and advances		
Loans outstanding at the beginning of the year	8 079 286	3 681 282
Net change in loans during the year	(2 921 489)	5 809 495
Effects of changes in exchange rates	(143 367)	(1 411 491)
Loans outstanding at the end of the year	5 014 430	8 079 286
Interest income	121 093	283 381
Deposits		
Deposits outstanding at the beginning of the year	15 230 689	9 454 686
Net change in deposits during the year	15 072 486	7 976 436
Effects of changes in exchange rates	(651 907)	(2 200 433)
Deposits outstanding at the end of the year	29 651 268	15 230 689
Net interest income/(expense)	162 041	78 800

56 Events after the reporting date

56.1 Dissolution of Afcarne Holdings (Private) Limited

In February 2025, Afcarne Holdings (Private) Limited ("Afcarne"), the immediate holding company of First Capital Bank Zimbabwe ("FCB Zimbabwe"), was dissolved following approval by the Afcarne and FCB Zimbabwe Boards and local regulators. The dissolution was part of a group restructuring initiative aimed at simplifying the ownership structure and enhancing operational efficiencies within the Group. As a result, all shares previously held by Afcarne in FCB Zimbabwe were transferred to FMBcapital Holdings Plc, granting the Group direct control over FCB Zimbabwe.

This transaction qualifies as a common control transaction under *IFRS 3 – Business Combinations*, as FMBcapital Holdings Plc ultimately controlled FCB Zimbabwe both before and after the dissolution of Afcarne Holdings (Private) Limited. Since IFRS 3 excludes common control transactions from its scope, the Group has accounted for this restructuring using the predecessor method, whereby assets and liabilities are carried forward at their existing book values.

The dissolution of Afcarne Holdings (Private) Limited is considered a non-adjusting subsequent event under *IAS 10 – Events after the Reporting Period*, as the event occurred after the reporting date of 31 December 2024. This event does not impact the recognition or measurement of assets and liabilities as at that date, and there is no material effect on the Group's consolidated financial statements.

The Board has evaluated all other subsequent events through 23 April 2025 and has determined that there are no further events requiring disclosure or adjustment to the financial statements.

56.2 Sovereign credit rating downgrade for Mozambique

In February 2025, the financial rating agency Standard & Poor's (S&P) downgraded Mozambique's sovereign credit rating from CCC to CCC-. This downgrade reflects concerns about Mozambique's debt sustainability, particularly the high level of public debt and fiscal challenges. As a result, the perception of risk associated with Mozambique has increased, which could lead to higher borrowing costs and more difficult access to international financing for entities operating in the country, including subsidiaries of the Group.

While this downgrade primarily impacts the country's economic outlook, it could have indirect implications for the Group, particularly in relation to credit impairments in Mozambique. The downgrade in credit rating resulted in an increase in credit impairments (PDs), particularly for financial instruments related to the Group's exposure in Mozambique. The estimated impact of the downgrade on impairments as of 31 December 2024, is approximately USD 0.27 million.

The Group's exposure to Mozambique's financial instruments is expected to decrease as the FCB Mozambique continues to reduce its exposure to these assets. As of March 2025, the total portfolio associated with the Mozambique exposure is estimated at USD 97.47 million, down from USD 138.91 million as of 31 December 2024.

Notes to the financial statements (continued)

for the year ended 31 December 2024

57 Exchange rates used for translating the Group's foreign operations

Rates in the table below were used in calculation of the Group's foreign currency translation reserve when converting to the Group reporting currency.

Entity	2024		2023	
	Closing rate	Average rate	Closing rate	Average rate
Afcarme Zimbabwe Holdings (Private) Limited	1.00	1.00	1.00	1.00
First Capital Bank Limited (Botswana)	13.72	13.59	13.40	13.36
First Capital Bank Plc (Malawi)	1 733.83	1 722.70	1 683.33	1 145.60
First Capital Bank S.A. (Mozambique)	63.91	63.91	63.90	63.89
First Capital Bank Limited (Zambia)	27.93	26.02	25.75	20.13
First Capital Shared Services Limited	47.08	46.09	44.05	45.19

58 Restatements

58.1 Restatement of consolidated financial statements due to revised adoption date of functional currency change and application of IAS 29 for the Afcarme Holdings (Private) Limited and its subsidiaries

In the prior period, the Group's consolidated financial statements reflected a change in the functional currency of Afcarme Holdings (Private) Limited and its subsidiaries, First Capital Bank Zimbabwe Limited and Thulile (Private) Limited (together referred to as the "Zimbabwean Group"), from the Zimbabwean Dollar (ZWL) to the United States Dollar (USD), with effect from 1 January 2023. In accordance with the criteria set out under *IAS 21 The Effects of Changes in Foreign Exchange Rates*, the Group has determined that the functional currency change should have been applied from last quarter of 2023, as the conditions required for the change were only met from that period. Further details on the factors considered in determining the timing of the functional currency change are provided in Note 2.3.1.

Moreover, considering Zimbabwe's status as a hyperinflationary economy, the Group concluded that *IAS 29 Financial Reporting in Hyperinflationary Economies* should have continued to apply to the Zimbabwean Group until the end of the third quarter of 2023.

The Group has restated its consolidated financial statements for the year ended 31 December 2023, reflecting the functional currency change of the Zimbabwean Group as effective from 31 December 2023, with the continued application of IAS 29 up to 30 December 2023. In accordance with IAS 29, the Zimbabwean's Group financial statements were restated to reflect the effects of hyperinflation. Non-monetary items and components of equity were restated using appropriate inflation indices. A net monetary loss was recognised in profit or loss for the year ended 31 December 2023.

As FMBcapital Holdings Plc's functional and presentation currency is a stable currency (USD), the previously consolidated balances of the Zimbabwean Group for the year ended 31 December 2022 were not restated in the Group's financial statements. Differences arising from restating the Zimbabwean Group's opening equity for the year ended 31 December 2023 to reflect the measuring unit current as at 31 December 2023 – the date of the change in functional currency – and the subsequent translation into the Group's presentation currency were recognised in other comprehensive income, in accordance with the Group's accounting policy. Accordingly, the functional currency change was applied as at 31 December 2023 for both the Group and Zimbabwean Group.

The change in functional currency was implemented using the official exchange rate as of 31 December 2023, which was USD 1: ZWL 6,104.72. The inflation-adjusted balances as of that date, along with transactions for the year up to that date, were converted into USD using this official exchange rate.

This restatement ensures continued compliance with IAS 21 and IAS 29. The impact of the restatement on the Group's consolidated financial position, results of operations and cash flows is disclosed in Note 58.2.

Notes to the financial statements (continued)

for the year ended 31 December 2024

58 Restatements (continued)

58.2 Impact of restatements on financial statements

The following tables show the adjustments recognised for each individual financial statement line item. Financial statement line items that were not affected by the restatements have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The restatement adjustments are explained in more detail in Note 58.1.

Statement of financial position (extract)

		Consolidated		
USD	Notes	As previously reported 2023	Increase/ (Decrease)	Restated 2023
ASSETS				
Cash and balances with banks	9	439 423 064	7 010	439 430 074
Money market investments	10	220 156 226	(705 930)	219 450 296
Loans and advances to customers	11	716 388 728	18 856	716 407 584
Derivative financial assets	13	6 209 306	975	6 210 281
Other assets	16	24 862 084	2 152 406	27 014 490
Intangible assets	21	6 807 976	(157 485)	6 650 491
Right-of-use assets	22	6 434 133	(125 523)	6 308 610
Total assets		1 520 532 377	1 190 309	1 521 722 686
LIABILITIES AND EQUITY				
Liabilities				
Balances due to other banks	26	70 274 378	140	70 274 518
Customer deposits	27	1 096 195 084	(170 757)	1 096 024 327
Other payables	28	46 285 407	190 493	46 475 900
Deferred tax liabilities	25	8 861 609	2 454 441	11 316 050
Total liabilities		1 304 677 878	2 474 317	1 307 152 195
Equity				
Property revaluation reserve	37	13 319 772	1 427 509	14 747 281
Loan loss reserve	38	5 084 373	(970 000)	4 114 373
Other reserves	39	6 624 168	2 320 302	8 944 470
Foreign currency translation reserve	40	(82 024 316)	(12 888 228)	(94 912 544)
Retained earnings		131 548 887	6 805 805	138 354 692
Total equity attributable to equity holders of the company		137 451 342	(3 304 612)	134 146 730
Non-controlling Interest	41.2	78 403 157	2 020 604	80 423 761
Total equity		215 854 499	(1 284 008)	214 570 491
Total equity and liabilities		1 520 532 377	1 190 309	1 521 722 686

Notes to the financial statements (continued)

for the year ended 31 December 2024

58 Restatements (continued)

58.2 Impact of restatements on financial statements (continued)

Statement of profit or loss and other comprehensive income (extract)

		Consolidated		
USD	Notes	As previously reported 2023	Increase/ (Decrease)	Restated 2023
Interest and similar income	42.1	191 963 977	(405 784)	191 558 193
Interest expense and similar charges	42.2	(55 429 344)	(131 294)	(55 560 638)
Net interest income/(expense)		136 534 633	(537 078)	135 997 555
Fees and commission income	43	54 416 495	1 324 699	55 741 194
Fees and commission expense	43	(1 959 188)	(1 699 104)	(3 658 292)
Income from investments	44	6 291 928	(52 465)	6 239 463
Net gains on foreign exchange transactions	45	53 752 374	5 345 968	59 098 342
Fair value (loss)/gain on investment property	20	(1 088 609)	1 588 378	499 769
Other operating income	46	1 241 492	(175 278)	1 066 214
Total non-interest income		114 745 139	6 332 198	121 077 337
Total operating income		251 279 772	5 795 120	257 074 892
Staff and training costs	47	(56 655 426)	(1 332 225)	(57 987 651)
Premises and equipment costs	48	(18 331 455)	1 008 574	(17 322 881)
Depreciation and amortisation	49	(11 709 497)	2 185 266	(9 524 231)
Administration and general expenses	50	(36 303 925)	4 517 637	(31 786 288)
Total expenses		(123 000 303)	6 379 252	(116 621 051)
Impairment loss on financial assets	51	(13 287 888)	496 113	(12 791 775)
Operating profit		114 991 581	12 670 485	127 662 066
Net monetary loss		–	(67 776)	(67 776)
Share of (loss)/profit in joint venture	19	(1 240 468)	4 976 962	3 736 494
Profit before income tax expense		113 751 113	17 579 671	131 330 784
Income tax expense	14.1	(35 007 544)	(4 579 321)	(39 586 865)
Profit for the year		78 743 569	13 000 350	91 743 919

Notes to the financial statements (continued)

for the year ended 31 December 2024

58 Restatements (continued)

58.2 Impact of restatements on financial statements (continued)

Statement of profit or loss and other comprehensive income (extract) (continued)

		Consolidated		
USD	Notes	As previously reported 2023	Increase/ (Decrease)	Restated 2023
Items that will not be reclassified to profit or loss				
Revaluation surplus on property	24,37	4 514 428	6 287 756	10 802 184
Deferred tax on revalued property	37	383 095	(3 568 174)	(3 185 079)
Fair value (loss)/gain on investments		(1 572 512)	2 663 732	1 091 220
Deferred tax on fair value changes on investments		388 725	43 667	432 392
		3 713 736	5 426 981	9 140 717
Items that will be reclassified subsequently to profit or loss				
Fair value loss on FVOCI financial assets		(1 324 761)	(134 411)	(1 459 172)
Exchange differences on translating foreign operations ¹		(39 509 298)	(19 575 928)	(59 085 226)
		(40 834 059)	(19 710 339)	(60 544 398)
Total other comprehensive loss for the year		(37 120 323)	(14 283 358)	(51 403 681)
Total comprehensive income for the year		41 623 246	(1 283 008)	40 340 238
Profit or loss attributable to:				
Owners of the parent		52 624 910	6 805 832	59 430 742
Non-controlling interest	41.2	26 118 659	6 194 518	32 313 177
Profit for the year		78 743 569	13 000 350	91 743 919
Total comprehensive income attributable to:				
Owners of the parent		23 008 713	(3 304 087)	19 704 626
Non-controlling interest		18 614 533	2 021 079	20 635 612
Total comprehensive income for the year		41 623 246	(1 283 008)	40 340 238
Basic earnings per share (US cents)	52	2.141	0.277	2.418
Diluted earnings per share (US cents)	52	1.994	0.254	2.248

¹ The restated exchange differences on translating foreign operations incorporate the effects of hyperinflation. The increase in the foreign currency translation loss is primarily due to the significant depreciation of the Zimbabwean Dollar (ZWL) against the US Dollar (USD), with the exchange rate weakening from 687.28 ZWL: 1 USD as of 31 December 2022 to 6,104.72 ZWL: 1 USD as of 31 December 2023. This change reflects the application of hyperinflation adjustments and translation adjustments up to 30 December 2023, in accordance with IAS 21.

Notes to the financial statements (continued)

for the year ended 31 December 2024

58 Restatements (continued)

58.2 Impact of restatements on financial statements (continued)

Statement of cash flows (extract)

		Consolidated			
USD	Notes	As previously reported 2023	Increase/ (Decrease) ¹	Increase/ (Decrease) ²	Restated 2023
Cash flows from operating activities					
Interest and fees received		277 343 044	597 179	–	277 940 223
Interest paid		(52 110 374)	166 540	–	(51 943 834)
Cash paid to suppliers and employees		(100 876 172)	(10 653 161)	–	(111 529 333)
		84 965 543	(9 889 442)	–	75 076 101
Increase in net customer balances		120 459 408	–	(120 459 408)	–
Increase loans and advances		–	(23 657 763)	(38 993 761)	(62 651 524)
Increase in deposits		–	53 630 299	159 453 169	213 083 468
Cash generated from operations					
Income taxes paid	14.3	205 424 951 (29 501 653)	20 083 094 813 703	–	225 508 045 (28 687 950)
Cash generated from operating activities		176 106 895	20 896 797	–	197 003 692
Cash flows from investing activities					
Purchases of money market investments	10	(104 958 389)	2 814 623	–	(102 143 766)
Proceeds from sale of equipment		328 300	(15 000)	–	313 300
Acquisition of property and equipment and intangible assets	21,24	(15 734 323)	448 000	–	(15 286 323)
Purchase of digital gold coins	16	(4 320 000)	692 429	–	(3 627 571)
Dividends received		981 000	(651 000)	–	330 000
Net cash (used in)/generated from investing activities		(126 474 318)	3 289 052	–	(123 185 266)
Cash flows from financing activities					
Payments for lease liabilities		(2 474 352)	(501 000)	–	(2 975 352)
Proceeds from/(repayments of) from short and long term borrowings	26.2	46 430 891	–	(46 430 891)	–
Proceeds from short and long term borrowings	26.2	–	30 057 950	60 424 039	90 481 989
Repayments of short and long term borrowings	26.2	–	(28 362 980)	(13 993 148)	(42 356 128)
Net cash generated from financing activities		21 304 326	1 193 970	–	22 498 296
Net increase in cash and cash equivalents		70 936 903	25 379 819	–	96 316 722
Cash and cash equivalents at beginning of year		376 787 540	–	–	376 787 540
Effect of changes in exchange rates and hyperinflation		(55 002 875)	(25 379 436)	–	(80 382 311)
Cash and cash equivalents at 31 December	9	392 721 568	383	–	392 721 951

¹ The restatements relate to the change in the functional currency.

² The restatements relate to the disaggregation of net customer balances and net cash flows from borrowings to comply with the requirements of IAS 7.21.

59 Retirement benefit pension plan

First Capital Bank Zimbabwe Pension Fund

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

The plan assets comprise of property, bank balance, equity instruments and money market deposits at 31 December 2024.

59.1 Composition of pension fund plan assets

	2024	2023
Cash and bank balances	507 000	373 000
Equity and unity trusts	2 792 000	3 065 000
Money market	4 962 000	3 423 000
Properties	27 113 000	27 740 000
Other	186 000	247 000
Total	35 560 000	34 848 000

59.2 Defined contribution plans

The defined contribution pension plan, to which the Group contributes 18% (2023: 18%), is provided for permanent employees. Over and above the Group's contribution, the employee contributes 6% (2023: 6%) of the basic salary. Under this scheme, retirement benefits are determined by reference to the employees' and the Group's contributions to date and the performance of the Fund. The value of contributions made to the defined contribution fund is USD 1.22m (2023:USD 0.34m).

All employees are also members of the National Social Security Authority Scheme, to which both the employer and the employees contribute. The Group contributes 4.5% of pensionable emoluments (maximum USD 5 400) for eligible employees.

59.3 Defined benefit pension plans

The Fund provides for annuities for those pensioners who opted not to purchase the annuity from an external insurer at the point of retirement. All annuities are now purchased outside the Fund at the point of retirement.

The provision of pension annuities to pensioners is a significant defined benefit. As a result, a valuation was performed based on IAS 19 Employee Benefits for the whole Fund for both the assets and liabilities.

59.4 Summary valuation of the pension obligation

Summary of the valuation is shown below:

	2024	2023
Present value of pensioner obligation (Defined Benefit)	6 439 000	6 300 000
Active members liability (Defined Contribution)	16 843 000	15 162 000
Deferred and preserved pensioners	6 723 000	6 277 000
Other liabilities – risk pools	696 000	792 000
Other sundry liabilities	31 000	85 000
Total liabilities	30 732 000	28 616 000
Total assets	35 560 000	34 848 000
Net surplus	4 828 000	6 232 000

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

Notes to the financial statements (continued)

for the year ended 31 December 2024

59 Retirement benefit pension plan (continued)

59.4 Summary valuation of the pension obligation (continued)

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

	2024	2023
Opening present value	6 300 000	7 915 000
Interest cost	134 000	18 000
Surplus allocated to pensioners	5 717 000	5 420 000
Benefits paid	(691 000)	(682 000)
Remeasurement of obligation	–	654 000
Impact of exchange rate movement	(5 021 000)	(7 025 000)
Present value at 31 December	6 439 000	6 300 000

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

Principal actuarial assumptions

	2024	2023
Discount rate	2%	2%
Average life expectancy in years of pensioner retiring at 60 – Male	16%	18%
Average life expectancy in years of pensioner retiring at 60 – Female	19%	22%

Sensitivity of key principal assumptions

	Increase in defined benefit obligation
Decrease in discount rate (0.5%)	6 916
Increase in life expectancy (1 year)	4 818

Pre-2009 Compensation for Loss of Value

In October 2023, Statutory Instrument 162 of 2023, the Pensions and Provident Funds (Compensation for Loss of Pre-2009 Value of Pension Benefits) Regulations, 2023, were promulgated. The regulations require the Pension Fund to quantify the loss of value and offer compensation to both current and former members for the investigative period.

This process is currently ongoing, and the Pension Fund has yet to make a final determination, with data availability being a significant challenge. As of December 2024, the Group has taken into account the actuarial valuation of the pensioner liability.

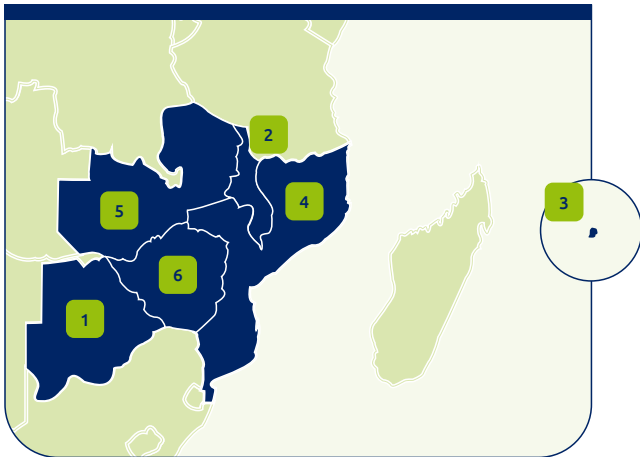
A contingent liability related to this matter has been disclosed in Note 53.

Abbreviations and acronyms

FMBCH or the Company	FMBcapital Holdings Plc
the Group	First Capital Bank Plc (Malawi), First Capital Bank Limited (Zambia), First Capital Bank Limited (Botswana), First Capital Bank S.A. (Mozambique), First Capital Shared Services Limited, Afcarme Zimbabwe Holdings (Private) Limited, First Capital Bank Limited (Zimbabwe)
FCB Botswana	First Capital Bank Limited (Botswana)
FCB Malawi	First Capital Bank Plc (Malawi)
FCB Mozambique	First Capital Bank S.A. (Mozambique)
FCB Zambia	First Capital Bank Limited (Zambia)
FCB Zimbabwe	Afcarme Zimbabwe Holdings (Private) Limited, First Capital Bank Limited (Zimbabwe)
FCSSL	First Capital Shared Services Ltd
FMBCH	FMBcapital Holdings Plc

CAR	Capital Adequacy Ratio	LAR	Liquid Asset Ratio
CFA	Chartered Financial Analyst	LC	Letter of Credit
CIB	Corporate and Investment Banking	LGD	Loss given default
COO	Chief Operating Officer	LPG	Liquified Petroleum Gas
COVID	Corona Virus Disease	M&A	Mergers and Acquisitions
CSR	Corporate Social Responsibility	MDR	Managed Detection and Response
EAD	Exposure at default	MRC	Management Risk Committee
ECL	Expected Credit Losses	NCI	Non-Controlling Interests
12mECL	12 Month Expected Credit Losses	NOP	Net Open Foreign Currency Position
EPS	Earnings Per Share	NPAT	Net Profit After Tax
FVPL	Fair Value through Profit or Loss	NPLs	Non-Performing Loans
FVOCI	Fair Value through Other Comprehensive Income	PD	Probability of Default
FX	Foreign Exchange	PPE	Personal Protective Equipment
GMD	Group Managing Director	PRM	Professional Risk Manager
IAS	International Accounting Standards	RBM	Reserve Bank of Malawi
ICT	Information and Communication Technology	RWA	Risk-Weighted Assets
IFRIC	International Financial Reporting Interpretations Committee	RMA	Relationship Management Application
IFRS	International Financial Reporting Standards	RTGS	Real-Time Gross Settlement
IIRC	International Integrated Reporting Council	SICR	Significant Increase in Credit Risk
ICAAP	Internal Capital Adequacy and Assessment Process	USD	United States Dollars
ITGRC	IT Governance, Risk and Compliance		
<IR>	Integrated Reporting		

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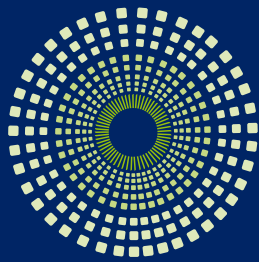
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Belief comes first.