FMBcapital HOLDINGS plc

SUMMARY STATEMENTS OF COMPREHENSIVE INCOME

UNAUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

SUMMARY STATEMENTS OF FINANCIAL POSITION

for the half year ended 30 June 2022

PROFIT AFTER TAX 193% **CUSTOMER ADVANCES 22% CUSTOMER DEPOSITS 36% COST INCOME RATIO 51% RETURN ON AVERAGE EQUITY 32%** DIVIDEND PER SHARE 0.15 US CENTS

	(Consolidate	d		Separate	
	Unau	dited	Audited	Unau	dited	Audited
US\$'000	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 Dec 2021	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 Dec 2021
Interest and similar income	70 236	56 948	126 014	143	137	251
Interest expense and similar charges	(18 179)	(12 775)	(28 886)	(1 2 1 0)	(1 144)	(2 384)
Net interest income/(expense)	52 057	44 173	97 128	(1 067)	(1 007)	(2 133)
Non-interest revenue	43 686	32 501	76 255	13 922	6 273	11 597
Total operating income	95 743	76 674	173 383	12 855	5 266	9 464
Operating expenses	(48 463)	(46 298)	(96 898)	(2 138)	(2 158)	(4 459)
Impairment loss on financial assets	(2 864)	(3 341)	(7 058)	-	-	-
Operating profit Net monetary loss Impairment loss on owner occupied property Impairment loss on investment in joint venture Fair value gain/(loss) on investment property Share of profit in joint venture	44 416 (4 811) - - 131 426	27 035 (898) (1 240) (1 812) (549)	69 427 (5 129) (3 365) (16 505) 448 14 222	10 717 - - - - -	3 108 - - - - -	5 005 - - - -
Profit before income tax expense	40 162	22 536	59 098	10 717	3 108	5 005
Income tax expense	(14 919)	(9 444)	(18 652)	(1 040)	(271)	(806)
Profit for the year	25 243	13 092	40 446	9 677	2 837	4 199
Other comprehensive income Items that will not be classified to profit or loss Deferred tax on revalued property Fair value gain on equity instruments net of deferred tax	- 1 851	(149) 2 327	- 4 041	-	-	-
Items that may be reclassified subsequently to profit or loss Exchange differences on translating foreign operations incorporating effects of hyperinflation	1 851 (5 881)	2 178 3 459	4 041 7 679	-	-	-
Total other comprehensive (loss)/income for the year	(4 030)	5 637	11 720	-	-	-
Total comprehensive income for the year	21 213	18 729	52 166	9 677	2 837	4 199
Profit or loss attributable to: Owners of the parent Non-controlling interest	17 332 7 911	9 220 3 872	27 206 13 240	9 677	2 837	4 199 _
Profit for the year	25 243	13 092	40 446	9 677	2 837	4 199
Total comprehensive income attributable to: Owners of the parent Non-controlling interest	14 987 6 226	11 762 6 967	32 831 19 335	9 677 _	2 837	4 199 _
Total comprehensive income for the year	21 213	18 729	52 166	9 677	2 837	4 199
Basic earnings per share (US cents) Diluted earnings per share (US cents)	0.705 0.664	0.375 0.353	1.107 1.042	-	-	-

OVERVIEW OF THE PERIOD

The first half of 2022 was characterised by varied influences. Economic activity increased regionally across sectors, from trade to tourism across FMBcapital Holdings (FMBCH's, or the Group's) plc's geographies. However, a key concern remains the Russo-Ukrainian war and its pressure on domestic prices, partly induced by supply disruptions, reducing affordability of fuel, wheat, and fertiliser, creating imported inflation into the Southern African region.

FMBcapital Holdings Group: robust growth and performance

Despite the challenging first half of 2022, the Group's robust growth reported for the year ended December 2021 continued into the reporting period.

Consolidated profit after tax (PAT) for the 2022 interim period increased over the prior period by 93% to US\$ 25.2m (June 2021) US\$ 13.1m), with a healthy trajectory across all the Group's business segments and geographies

This improvement in profitability is a continuation of the strong momentum from the second half of 2021 and is driven by a combination of expanding corporate banking deal pipelines, as well as improved cost efficiency and scale growth across all five country banking operations, while maintaining credit risk management discipline. The Group recorded a 1.2% annualised credit loss ratio (June 2021: 1.6%), which resulted largely from the same profile of arrears, supported by higher recoveries of prior period defaults. The enhanced internal impairment model implemented in 2021 continues to be applied.

The Group's total income earning assets remained steady at 67% of total assets, while average gross yields have improved from 16.3% (June 2021) to 17.3%. The Group has made pleasing progress with its retail solutions offerings. Further, deposit liabilities across the Group's five banking operation countries grew by an aggregate 36% to US\$ 897m (June 2021: US\$ 658m). As a result, the Group closed the interim period with a loan to deposit ratio of 70% (June 2021: 78%), signifying productive deposit utilisation.

The Group's cost to income ratio has improved to 51% from 60% against the same period last year and 58% for the full year (2021). Business level cost management as well as the benefits of the Mauritius based banking IT and operations shared service centre (SSC) have assisted in maintaining flat operating costs period on period while total operating income grew by 25%.

	(Consolidate	d		Separate	
	Unau	dited	Audited	Unau	dited	Audited
US\$'000	As at 30 June 2022	As at 30 June 2021	As at 31 Dec 2021	As at 30 June 2022	As at 30 June 2021	As at 31 Dec 2021
	2022	2021	2021	2022	2021	2021
ASSETS	200.444	264 720	200 744	0.040	0.400	0.400
Cash and balances with central banks	290 411	264 738	308 714	8 010	8 133	9 100
Money market investments	212 310	253 935	280 272	-	-	-
Loans and advances to customers	625 790	513 868	552 811	-	-	-
Current tax assets	714	2 173	857	-	-	-
Repurchase agreements	31 391	56 717	94 159	-	-	-
Assets held for sale	254	2 322	343	-	-	-
Financial assets at fair value		1051	6.645			
hrough profit or loss	3 395	4 864	6 6 1 5	-	-	-
Equity instruments	5 302	3 635	5 302	-	-	-
nvestments in subsidiary companies	-	-	-	144 686	137 916	141 386
nvestment in joint venture	11 972	11 978	11 875	-	-	-
Other assets	32 535	35 748	34 370	3 002	7 258	1 436
Deferred tax assets	3 513	3 535	3 899	-	-	-
nvestment property	4 700	4 618	4 700	-	-	-
ntangible assets	7 841	9 914	9 817	2 833	1 679	2 314
Property, equipment and						
right-of-use assets	59 129	55 840	61 622	675	860	735
Total assets	1 289 257	1 223 885	1 375 356	159 206	155 846	154 971
LIABILITIES AND EQUITY						
Liabilities						
Balances due to other banks	114 533	312 509	209 386	-	-	-
Customer deposits	896 905	658 333	887 233	-	-	_
Other payables and provisions	51 497	43 961	45 621	4 447	2 310	1 864
Current tax liabilities	3 814	2 850	2 564	-	-	_
Deferred tax liabilities	2 816	6 983	5 2 2 6	-	-	_
Loans payable	21 745	18 462	17 165	16 745	20 170	22 312
Subordinated debt	12 804	17 347	16 012	_		
Convertible preference shares	10 787	10 787	10 787	10 787	10 787	10 787
Total liabilities	1 114 901	1 071 232	1 193 994	31 979	33 267	34 963
	1114,201	10/1252	+ + + + + + + + + + + + + + + + + + + +	51515	55 201	54 705
Equity	117 400	117 400	117 400	117 400	117 400	117 400
Share capital	117 409	117 409	117 409	117 409	117 409	117 409
Restructuring reserve	(54 511)	(54 511)	(54 511)	-	-	-
Property revaluation reserve	6 932	6 193	6 3 4 2	-	-	-
Loan loss reserve	4 404	4 802	2 280	-	-	-
Non-distributable reserves	6 561	2 683	4 010	-	-	-
Foreign currency translation reserve	(32 857)	(29 947)	(24 170)	-	-	-
Retained earnings	61 583	53 151	65 337	9 818	5 170	2 599
Total equity attributable						
to ordinary shareholders	109 521	99 780	116 697	127 227	122 579	120 008
Non-controlling interests	64 835	52 873	64 665	-	-	-
Total equity	174 356	152 653	181 362	127 227	122 579	120 008
Total equity and liabilities	1 289 257	1 223 885	1 375 356	159 206	155 846	154 971

Overall, the Group's country teams have built on the efforts to create a strong customer acquisition, service and value proposition. The Group's enhanced internet banking platform is now live across four of its five banking operations, in addition to Mozambigue's separate instance, with enhanced functionality and customer experience over the previous solution

As a result of this sound performance and growth, four of FMBCH subsidiary operations have paid combined dividend income totalling US\$ 10.8m (June 2021: US\$ 3.8m).

Business performance reviews by country

PROFIT AFTER TAX BY COUNTRY Unaudited

US\$ Million	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 Dec 2021	Half year on Half year growth
Botswana	6.53	4.12	9.49	58%
Malawi	8.71	6.88	18.33	27%
Mauritius	(0.03)	(1.12)	(3.47)	97%
Mozambique	3.78	0.37	1.46	922%
Zambia	5.00	2.14	4.81	134%
Zimbabwe	1.25	0.70	9.82	79%
Total	25.24	13.09	40.44	93%

FMBcapital Holdings plc operates full commercial banking operations in Botswana, Malawi, Mozambique, Zambia and Zimbabwe, all branded First Capital Bank (FCB) in each country. The company also operates a technical, operations and strategic shared service centre (SSC) domiciled in Mauritius.

SUMMARY STATEMENTS OF CHANGES IN EQUITY					EXCHANGE RATE TRENDS									
		Consolidated udited	ed Audited		Separate Unaudited Audited		I	Six months ended 30 June 2022				Six months ended 30 June 2021		ar ended Dec 2021
	Six months ended	Six months ended	Year ended	Six months ended	Six months ended	Year ended	Entity	Currency	Closing rate	5	Closing rate	5	5	5
US\$'000	30 June 2022	30 June 2021	31 Dec 2021	30 June 2022	30 June 2021	31 Dec 2021	Afcarme Zimbabwe Holdings (Private) Limited First Capital Bank Limited	ZWL	. 366.27	366.27	85.42	85.42	108.67	108.67
Opening equity Profit for the period	181 362 25 243	136 141 13 092	136 141 40 446	120 008 9 677	119 742 2 837	119 742 4 199	Birst Capital Bank Limited (Botswana) First Capital Bank Limited (Zambia)	BWP ZMW			10.88 22.66		11.75 16.66	
Total other comprehensive (loss)/income Dividends declared and paid	(4 030) (8 218)		11 720 (6 705)	_ (2 458)	-	_ (3 933)	First Capital Bank Plc (Malawi) First Capital Bank S.A	MWK			811.95			
Movements in other reserves	(20 001)	(2 217)	(240)	-	-		(Mozambique) First Capital Shared Services	MZN			63.44			
Closing equity	174 356	152 653	181 362	127 227	122 579	120 008	Limited	MUR	45.55	43.79	42.77	40.35	43.74	41.64

SUMMARY STATEMENTS OF CASH FLOWS

JOIMMART STATEMENTS OF CA	ASITILOW	3								
,		Consolidate	-		Separate			Unau	dited	Audited
	Six months	udited Six months	Audited Year ended	Six months	udited Six months ended	Audited Year ended	US\$'000	As at 30 June 2022	As at 30 June 2021	As at 31 Dec 2021
US\$'000	ended 30 June 2022	ended 30 June 2021	ended 31 Dec 2021	ended 30 June 2022	ended 30 June 2021	ended 31 Dec 2021	Balances due to other banks Borrowings from other banks Currency swap liabilities	55 055 50 168	204 758 99 010	106 309 90 078
Cash generated from operating activities Cash outflow applied to investing	54 860	36 899	52 095	1 618	1 641	4 933	European Investment Bank (EIB) FMO Line of Credit	115 9 195	1 105 7 636	633 12 366
activities Cash flows from financing activities	(67 311) 29 791	(73 650) 685	(143 905) 122 472	(4 045) 1 337	(225) 2 500	(1 100) 1 050	Maturing as follows	114 533	312 509	209 386
Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at beginning	17 340	(36 066)	30 662	(1 090)	3 916	4 883	Due within 1 year Due between 2 and 5 years	95 930 18 603	312 509 _	195 578 13 808
of period	308 755	307 756	307 795	9 100	4 217	4 217		114 533	312 509	209 386
Effect of changes in exchange rate and hyperinflation	(35 643)	(6 952)	(29 702)	-	-	-	During the period, FCB Malawi balance with Reserve Bank of Malawi of US\$ 46 million and currency swap liabilities by Group subsidiaries FCB Botswana, FCB Malawi and			
Cash and cash equivalents at end of period*	290 452	264 738	308 755	8 010	8 133	9 100	FCB Zimbabwe with domestic and foreign banks of US\$ 35 million matured.			
* Excludes provision for expected credit losses					<u>.</u>		Subordinated debt Notes issued by FCB Botswana	12 804	17 347	16 012
ADDITIONAL INFO	DRMA	TION					The subordinated debt notes constitute direct, subordinated and unsecured obligations and the terms are unchanged from 31 December 2021. During the period subordinated debt including interest of US\$ 2.6 million matured.			
INVESTMENT IN SUBSIDIARY C	COMPANIE	ĒS					Loans payable Related parties Other lenders	6 600 15 145	6 500 11 962	6 500 10 665
At the end of the reporting period, the com	npany's portf	olio of invest	ments in sub	osidiaries com	prised:		· · · · · · · · · · · · · · · · · · ·	21 745	18 462	17 165

			Holding %		US\$	000	
Name of entity	Nature of Business	Type of Investment	As at 30 June 2022	As at 31 Dec 2021	As at 30 June 2022	As at 31 Dec 2021	
Afcarme Zimbabwe Holdings (Private) Limited First Capital Bank Limited	Banking	Equity shares	100	100	17 670	17 670	
(Botswana)	Banking	Equity shares	38.6	38.6	3 047	3 047	
First Capital Bank Limited (Botswana) First Capital Bank Limited	Banking	Preference shares	100	100	2 475	2 475	
(Zambia)	Banking	Equity shares	49	49	4 634	4 634	
First Capital Bank Plc (Malawi)	Banking	Equity shares	100	100	88 034	88 034	
First Capital Bank S.A. (Mozambique)*	Banking	Equity shares and subordinated debt	80	80	24 666	21 366	
First Capital Shared Services Limited	Shared Services	Equity shares	100	100	4 160	4 160	
Total investment in subsidiary co	ompanies				144 686	141 386	

Botswana

The Botswana business expanded its country footprint, opening a branch in Maun, and continues to achieve robust growth in the consumer lending business. FCB Botswana has deepened its pipeline of corporate business off strong customer relationships. Liquidity pressure has continued in the market, which the business manages actively.

Malawi

The Board of directors has resolved to pay an interim dividend of US\$ 3 687 375 representing 0.15 cents (USD) per share (2021: 0.08 cents). The interim dividend will be paid on 30 September 2022 to shareholders whose names will appear Malawi operations remain strongly profitable and consistent. However, the challenging operating environment has seen a on the Register of Members as at close of business on 23 September 2022. The dividend will be paid to Malawi resident sharp rise in inflation spiked by administered price increases (fuel in the main), continued foreign exchange (FX) shortages shareholders in Malawi Kwacha calculated at the closing US\$ mid-market rate on 23 September 2022 as published by the and a 25% devaluation of the Malawi Kwacha relative to the US Dollar towards the end of the reporting period. Reserve Bank of Malawi. The Register of Members will be closed from 26 to 30 September 2022 both days inclusive. During this period, no share transactions will be conducted.

Mozambique

The Mozambique business is seeing the first full half with a new CEO, an internal appointment from within the Group. The FCB Mozambique team has focused on both top and bottom-line growth, resulting in a significant increase of PAT.

Zambia

Audited

The FCB Zambia operation doubled its performance over the same period last year to deliver US\$ 5m profit after tax. This was off the back of the base built in 2021, combined with additional corporate, institutional and small business deals in the period, broadening its customer base.

Zimbabwe

The Zimbabwe business continues to post profits despite its hyperinflationary economy and attendant complexities. As of June 2022, the year-on-year inflation rate stood at 192%. FCB Zimbabwe carries investment property as well as an investment into a joint venture. The carrying values of these assets appreciated in Zimbabwe dollar (ZWL) terms during the period under review. An inflation-adjusted indexed point of view, combined with a desktop valuation, indicate no material change in underlying values. A full, independent valuation exercise on these investments will be conducted as per Group policy at 31 December 2022. Net monetary losses arising from the purchasing power the bank lost on holding excess monetary assets stood at US\$ 4.8m (June 2021: US\$ 0.898m).

r Included in investment in subsidiary companies balance is US\$ 3.3 million subordinated debt to FCB Mozambique

DEBT AND OTHER LIABILITIES

Related party loans are unsecured and repayable in full in 2023. Interest on loans from other lenders is payable annually.

First Capital Shared Services Limited (FCSSL)

FMBCH's centralised Information Technology (IT) and SSC operations in Mauritius continue to operate efficiently The SSC provides systematic and automated banking operations services, from account opening, customer onboarding to reconciliations, compliance and monitoring reviews on a regular basis. The SSC allows the Group to manage its operations cost base, while strengthening the internal control environment relating to it, ensuring rigour, quality and superior customer experience.

Group Performance Outlook

The interim period of 2022 follows through positively on concerted efforts from 2021. Investments were deliberate across the Group's human capital base, solutions for key segments to create recurring revenue streams, and digital technology as well as information systems.

The Board of directors is optimistic that the balance sheet growth during the first half of 2022 and the positive momentum across all Group's banking operations will allow it to deliver strong performance for the year, albeit at a lower period on period growth rate compared to the first half of 2022.

The Board of directors remains confident in FMBCH's strong and diverse leadership teams across all businesses, and in its ability to continue to transform the Group with a strong emphasis on competitive agility and digitisation. The Group will seek to balance delivering shareholder returns, through dividends, with investments into the business' long term growth potential, to continue supporting its clients with relevant, and digitally abled solutions.

Interim Dividend

By order of the board

Mr. Mahendra Gursahani – Director 29 August 2022

Where to find us

Registered Office:

C/o: JTC Fiduciary Services (Mauritius) Limited. Suite 2004, Level 2, Alexander House, 35 Cyber City Ebene, Mauritius,

www.fmbcapitalgroup.com

Belief comes first.

Mr. Busisa Moyo – Director

Branch Office: Livingstone Towers, 3 Floor Private Bag 122, Glyn Jones Road, Blantvre, Malawi Tel: +265 (0) 1821942/943/1823720