

# **UNAUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

for the six month interim period ended 30 June 2023

Summary statements of comprehensive income								
	COI	NSOLIDA <sup>*</sup>	TED	SEPARATE				
	UNAU	DITED	AUDITED	UNAU	AUDITED			
	Six months ended 30 June	Six months ended 30 June	Year ended 31 Dec	Six months ended 30 June	Six months ended 30 June	Year ended 31 Dec		
USD'000	2023	2022	2022	2023	2022	2022		
Interest and similar income Interest expense and similar charges	90 461 (25 627)	70 236 (18 179)	148 248 (38 782)	149 (1 162)	143 (1 210)	291 (2 381)		
Net interest income/(expense)	64 834	52 057	109 466	(1 013)	(1 067)	(2 090)		
Non-interest income	56 088	43 686	82 087	15 218	13 922	24 395		
Total operating income	120 922	95 743	191 553	14 205	12 855	22 305		
Operating expenses	(57 356)	(48 463)	(96 295)	(5 286)	(2 139)	(8 655)		
Impairment loss on financial assets	(6 251)	(2 864)	(4 202)	_	_	_		
Operating profit	57 315	44 416	91 056	8 919	10 716	13 650		
Net monetary loss	-	(4 811)	(7 662)	-	_	_		
Impairment reversal/(loss) on investment in joint venture	_	131	(719)	_	_	_		
Share of profit in joint venture	-	426	4 424	-	_	-		
Profit before income tax expense Income tax expense	57 315 (15 283)	40 162 (14 919)	87 099 (25 904)	8 919 (1 073)	10 716 (1 040)	13 650 (1 692)		
Profit for the year	42 032	25 243	61 195	7 846	9 676	11 958		
Other comprehensive income Items that will not be classified to profit or loss Revaluation (reversal)/surplus on property Deferred tax on revalued property Fair value (loss)/gain on investments	(5 314) 1 958	- -	3 351 592	-	- -	- -		
net of deferred tax	(2 365)	1 851	205	-	-	-		
Fair value gain/(loss) on FVOCI financial assets	72	_	(58)	_	_	_		
Items that may be reclassified subsequently to profit or loss Exchange differences on translating foreign operations*	(5 649) (1 875)	1 851	4 090	-	-	-		
Total other comprehensive loss	(7 524)	(4 030)	(31 573)	_	_			
for the year  Total comprehensive income	(7 324)	(4 030)	(31373)					
for the year	34 508	21 213	29 622	7 846	9 676	11 958		
Profit attributable to: Owners of the parent Non-controlling interest	30 024 12 008	17 332 7 911	40 089 21 106	7 846 –	9 676 –	11 958 –		
Profit for the year	42 032	25 243	61 195	7 846	9 676	11 958		
Total comprehensive income attributable to: Owners of the parent Non-controlling interest	26 601 7 907	14 987 6 226	17 589 12 033	7 846 -	9 676 –	11 958		
Total comprehensive income for the year	34 508	21 213	29 622	7 846	9 676	11 958		
Basic earnings per share (US cents) Diluted earnings per share	1.221	0.705	1.631					

**1.133** 0.664 1.525

PROFIT AFTER TAX  67%	CUSTOMEI ADVANCES 12%
COST INCOME	RETURN O
RATIO	AVERAGE

47%

**CUSTOMER DEPOSITS** 26% ① TOTAL ASSETS 20%

**OPERATING** 

**26% ①** 

INCOME

# **AVERAGE EQUITY** 40%

CREDIT **LOSS RATIO** 

# Summary statements of financial position

	CONSOLIDATED		9	SEPARATE		
	UNAUDITED AUDITED		UNAUDITED		AUDITED	
	As at	As at	As at	As at	As at	As at
USD'000	30 June 2023	30 June 2022	31 Dec 2022	30 June 2023	30 June 2022	31 Dec 2022
ASSETS	2023	2022		2023	2022	
Cash and balances with central banks	392 206	290 411	384 137	1 562	8 010	2 897
Money market investments	297 750	212 310	212 189	1 302	8 0 1 0	2 0 7 1
Loans and advances to customers	700 022	625 790	651 726	_	_	_
Repurchase agreements	16 738	31 391	13 919	_	_	_
Current tax asset	1 126	714	2 375	_	_	_
Assets held for sale	81	254	133	_	_	_
Investments at fair value	01	254	155			
through profit or loss	10 736	3 395	4 611	_	_	_
Investments at fair value through other		5 5 7 5				
comprehensive income	4 435	5 302	5 906	_	_	_
Investments in subsidiary companies	_	_	_	141 386	141 386	141 386
Investment in joint venture	15 580	11 972	15 580	_	_	_
Other assets	21 141	32 535	27 061	5 919	6 302	5 441
Investment property	4 800	4 700	4 800	_	_	_
Intangible assets	7 509	7 841	8 251	3 986	2 833	3 923
Property and equipment and right-of-use						
assets	69 667	59 129	60 614	691	675	828
Deferred tax assets	1 622	3 513	2 262	_	-	-
Total assets	1 543 413	1 289 257	1 393 564	153 544	159 206	154 475
LIABILITIES AND EQUITY						
Liabilities						
Balances due to other banks	82 188	114 533	47 647	_	_	_
Customer deposits	1 133 897		1 039 070	_	_	_
Other payables and provisions	64 909	51 497	58 862	1 369	4 447	1 189
Current tax liabilities	6 109	3 814	3 748	_	_	-
Deferred tax liabilities	3 881	2 816	7 442	_	_	_
Loans payable	16 035	21 745	16 679	16 035	16 745	16 679
Subordinated debt	8 3 1 4	12 804	12 447	_	_	_
Convertible preference shares	10 787	10 787	10 787	10 787	10 787	10 787
Total liabilities	1 326 120	1 114 901	1 196 682	28 191	31 979	28 655
Equity	117 400	117 400	117 100	117 409	117 100	117 100
Share capital Restructuring reserve	117 409	117 409 (54 511)	117 409 (54 511)	117 409	117 409	117 409
Property revaluation reserve	(54 511) 8 928	6 932	10 189	_	_	_
Loan loss reserve	3 097	4 404	3 097	_	_	_
Other reserves	2 977	6 561	4 181	_	_	_
Foreign currency translation reserve	(51 182)	(32 857)				
Retained earnings	119 857	61 583	98 146	7 944	9 818	8 411
Total equity attributable to equity holders of the company	146 575	109 521	127 917	125 353	127 227	125 820
	70 718	64 835	68 965	125 555	121 221	123 620
Non-controlling Interest						
Total equity	217 293	174 356	196 882	125 353	127 227	125 820

# Summary statements of changes in equity

	СО	NSOLIDA	TED	SEPARATE			
	UNAU	UNAUDITED AUD		UNAUDITED		AUDITED	
USD'000	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 Dec 2022	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 Dec 2022	
Opening equity Profit for the period Total other comprehensive loss Dividends declared and paid Movements in other reserves	196 882 42 032 (7 524) (14 097)	181 362 25 243 (4 030) (8 218) (20 001)	(13 676)	125 820 7 846 - (8 313)	120 008 9 677 - (2 458)	120 008 11 958 - (6 146)	
Closing equity	217 293	174 356	196 882	125 353	127 227	125 820	

#### Summary statements of cash flows CONSOLIDATED

UNAU	DITED	AUDITED UNAUD		DITED	AUDITED
Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 Dec 2022	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 Dec 2022
124 889	54 860	211 315	7 619	1 618	10 977
(105 122)	(67 311)	93 116	(663)	(4 045)	(2 658)
(5 880)	29 791	(191 198)	(8 291)	1 337	(14 522)
13 887	17 340	113 233	(1 335)	(1 090)	(6 203)
384 151	308 755	308 755	2 897	9 100	9 100
(5 818)	(35 643)	(37 837)	-	_	_
392 220	290 452	384 151	1 562	8 010	2 897
	Six months ended 30 June 2023 124 889 (105 122) (5 880) 13 887 384 151 (5 818)	months ended 30 June 2023 2022 124 889 54 860 (105 122) (67 311) (5 880) 29 791 13 887 17 340 384 151 308 755 (5 818) (35 643)	Six months ended 30 June 2023         Six months ended 31 Dec 2022           124 889         54 860         211 315           (105 122)         (67 311)         93 116           (5 880)         29 791         (191 198)           13 887         17 340         113 233           384 151         308 755         308 755           (5 818)         (35 643)         (37 837)	Six months ended 30 June 2023         Six months ended ended 2023         Year ended 2022         Six months ended ended 2023         Six months ended 2022         Six months ended 2023         Six months ended 2022         Six months ended 2023         Six months ended 202	Six months ended 30 June 2023         Six months ended 2022         Six months ended 30 June 2022           124 889         54 860         211 315         7 619         1 618           (105 122)         (67 311)         93 116         (663)         (4 045)           (5 880)         29 791         (191 198)         (8 291)         1 337           13 887         17 340         113 233         (1 335)         (1 090)           384 151         308 755         308 755         2 897         9 100           (5 818)         (35 643)         (37 837)         -         -         -

**SEPARATE** 

- \* Comparative periods incorporate effects of hyperinflation \*\* Excludes provision for expected credit losses

## **ADDITIONAL INFORMATION**

#### Debt and other liabilities Balances due to other banks

batances due to other banks	UNAUDITE		AUDITED	
USD'000	As at 30 June 2023	As at 30 June 2022	As at 31 Dec 2022	
Deposits from banks Currency swap liabilities	51 138 16 100	55 055 50 168	15 842 18 153	
European Investment Bank (EIB) Bank of Zambia – TMTRF FMO Line of Credit	4 112 7 757 3 081	115 - 9 195	7 484 6 168	
	82 188	114 533	47 647	
Maturing as follows Due within 1 year Due between 2 and 5 years	78 056 4 132 82 188	95 930 18 603 114 533	43 635 4 012 47 647	
The European Investment Bank (EIB) line of credit for FCB Malawi, which is denominated in US Dollars, carries interest between 3.9% and 5.8% per annum and is repayable in equal bi-annual instalments.	02.100			
In 2020, FCB Zambia secured a targeted medium-term refinancing facility, Bank of Zambia – Targeted Medium Term Refinancing Facility, 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 installments with interest. The loan was disbursed in three tranches whose maturity dates are 1 September 2023, 4 February 2024 and 8 February 2025.				
Subordinated debt Notes issued by FCB Botswana	8 314	12 804	12 447	
The subordinated debt notes constitute direct, subordinated and unsecured obligations and the terms are unchanged from 30 June 2022. In 2022, First Capital Bank Botswana (FCB Botswana) issued BWP 15 million (USD 1.2 million). These are floating rate notes maturing on 1 July 2027, which earn interest at a cumulative rate of 7.96% following introduction of the Monetary Policy rate (MOPR) by the Bank of Botswana (BOB) in April 2022.				
Loans payable Related parties Other lenders	6 500 9 535	6 600 15 145	6 500 10 179	

Related party loans are unsecured and repayable in full in 2026.

# Exchange rate trends

		30 June 2023		30 June 2022		31 Dec 2022	
Country	Currency	Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
Botswana	BWP	13.44	13.51	11.79	12.33	12.76	12.32
Malawi	MWK	1 035.20	1 053.43	848.84	1 025.85	1 026.09	937.46
Mozambique	MZN	63.88	63.88	63.83	63.83	63.87	63.84
Mauritius	MUR	45.43	45.55	43.79	45.55	43.65	43.91
Zambia	ZMW	18.82	17.59	17.59	17.01	18.11	16.89
Zimbabwe	ZWL	5 555.87	5 739.80	366.27	366.27	687.28	687.28

### Investment in subsidiary companies

At the end of the reporting period, the company's portfolio of investments in subsidiary companies was unchanged from the previous reporting period and comprised:

			030 000
Nature of Business	Type of Investment	30 June	2023
Banking	Equity Shares	100	88 034
<sup>*</sup> Banking	Equity Shares	100	17 670
Banking	Equity Shares	49	4 634
Shared Services	Equity Shares	100	4 160
Banking	Equity Shares	38.6	3 047
Banking	Preference Shares	100	2 475
Banking	Equity Shares	80	21 366
			141 386
	Banking * Banking Banking Shared Services Banking Banking	Banking Equity Shares Banking Equity Shares Shared Services Equity Shares Banking Equity Shares Banking Preference Shares	Banking Equity Shares 100  * Banking Equity Shares 100  Banking Equity Shares 49  Shared Services Equity Shares 100  Banking Equity Shares 38.6  Banking Preference Shares 100

\* Afcarme owns 52.51% of First Capital Bank Zimbabwe

#### **REVIEW OF PERIOD**

#### Group results

The FMBcapital Holdings (FMBCH) Group delivered a robust performance in the six-months to 30 June 2023. FMBCH subsidiaries registered continued balance sheet growth in support of over half a million clients.

Key highlights of the Group's 2023 interim performance include:

- Net interest income for the half year is up 25% and total non-interest income is up 28%, resulting in total operating income of USD 121 million a growth of 26% period on period.
- Profit after tax is USD 42 million up 67% from June 2022.
- Profit after tax attributable to owners of FMBCH is USD 30 million, delivering 73% growth period on period. • Loans and advances to customers grew by 12%, closing at USD 700 million
- · Credit loss ratio on customer advances (net impairment expense as a proportion of average advances) was 0.94% (June 2022: 0.5%).
- Customer deposits are up 26% to more than USD 1.13 billion.

Effective 1 January 2023, FMBCH's Zimbabwe operation changed its functional currency from the Zimbabwe Dollar to the United States Dollar due to its listing on the Victoria Falls Stock Exchange.

The Group's strategy remains a growth oriented one, building into a significant regional bank with a diversified portfolio of corporate, business and consumer banking solutions, complemented by relevant treasury activities. Enterprise risk governance is a mainstay of the oversight process, such that capital, liquidity, and other resource allocations are optimised

# Profit after tax by country

UNAUDITED AUDITED

JSD Million	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 Dec 2022	Period on period growth
Botswana	7.65	6.53	13.66	17%
Malawi	16.33	8.71	19.34	87%
Mauritius	(2.19)	(0.03)	(4.24)	(7 193%)
Mozambique	8.93	3.78	11.05	136%
Zambia	4.50	5.00	10.01	(10%)
Zimbabwe	6.81	1.25	11.37	445%
Total Total	42.03	25.24	61.19	67%

#### Performance landscape and outlook

Global growth is expected to slow. The International Monetary Fund (IMF) projects that global growth will fall by 0.5% to 3.0% in 2024. The IMF expects the sub-Saharan Africa economy to grow at 3.5% and 4.1% in 2023 and 2024, respectively. This growth outlook presents a continued muted and challenging outlook.

Interim results to June 2023 were bolstered by equity investment gains in Malawi and high trading margins in Malawi, Mozambique and Zimbabwe, which the Board is of the view may not recur on the scale seen in the interim period under review. As a result of the above factors, the Board's assessment of near-term performance is that the FMBCH Group's second half of 2023 is unlikely to exceed the first half in growth and profitability.

Despite these challenges, the Group's results for the period ended 30 June 2023 reflect a healthy and growing brand.

#### Dividend

The Board of directors has resolved to pay an interim dividend of USD 5 162 325 being 0.21 US cents per share (June 2022: 0.15 US cents). The interim dividend will be paid on or about 15 November 2023 to shareholders whose names will appear on the Register of Members at close of business on 10 November 2023. The dividend will be paid to Malawi resident shareholders in Malawi Kwacha calculated at the closing USD mid-market rate on 10 November 2023 as published by the Reserve Bank of Malawi. The Register of Members will be closed from 10 to 13 November 2023 both days inclusive. During this period, no share transactions will be conducted.

The Board's intent is to maintain a regular dividend policy subject to the Group's growth aspirations.

By order of the board

**16 035** 21 745 16 679

Mr. Terence Davidson – Chairman 30 August 2023

Branch Office:

Mr. Busisa Movo - Director

#### Where to find us

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Belief comes first.

# www.fmbcapitalgroup.com

\* Comparative periods incorporate effects of hyperinflation

(US cents)