FMBcapital HOLDINGS plc

TOTAL ASSETS 10%	CUSTOMER ADVANCES 10%	RETURN ON AVERAGE EQUITY 38%	PROFIT AFTER TAX 29%
TOTAL OPERATING INCOME 31%	COST INCOME RATIO 49%	CREDIT LOSS RATIO 1.9%	DIVIDEND PER SHARE DISTRIBUTED FROM 2023 PROFITS (US CENTS) 0.64

UNAUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 December 2023

Summary statements of comprehensive income

for the year ended 31 December

	CONSOLIDATED		SEPARATE	
	UNAUDITED	RESTATED[1] AUDITED	UNAUDITED	AUDITED
USD'000	**2023**	**2022**	**2023**	**2022**
Interest and similar income[1]	**191 964**	147 419	**297**	291
Interest expense and similar charges[1]	**(55 429)**	(38 473)	**(2 385)**	(2 381)
Net interest income/(expense)	**136 535**	108 946	**(2 088)**	(2 090)
Fee and commission income	**54 416**	38 182	**–**	–
Fee and commission expense	**(1 959)**	(1 673)	**–**	–
Income from investments	**6 292**	4 337	**23 467**	16 366
Net gains on foreign exchange transactions[1]	**53 752**	37 631	**658**	292
Net gains on derivative instruments[1]	**2 091**	1 932	**–**	–
Fair value loss on investment property	**(1 089)**	–	**–**	–
Other operating income	**1 241**	2 197	**10 056**	7 737
Total non-interest income	**114 744**	82 606	**34 181**	24 395
Total operating income	**251 279**	191 552	**32 093**	22 305
Staff and training costs	**(56 655)**	(47 750)	**(5 876)**	(4 399)
Premises and equipment costs	**(18 331)**	(14 293)	**(2 703)**	(1 904)
Depreciation and amortisation	**(11 709)**	(8 668)	**(1 525)**	(946)
Administration and general expenses	**(36 304)**	(25 583)	**(1 439)**	(1 406)
Total expenses	**(122 999)**	(96 294)	**(11 543)**	(8 655)
Impairment loss on financial assets	**(13 288)**	(4 202)	**–**	–
Operating profit	**114 992**	91 056	**20 550**	13 650
Net monetary loss	**–**	(7 662)	**–**	–
Impairment loss on investment in joint venture	**–**	(719)	**–**	–
Share of (loss)/profit in joint venture	**(1 240)**	4 424	**–**	–
Profit before income tax expense	**113 752**	87 099	**20 550**	13 650
Income tax expense	**(35 008)**	(25 904)	**(2 510)**	(1 692)
Profit for the year	**78 744**	61 195	**18 040**	11 958
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Revaluation surplus on property	**4 514**	3 351	**–**	–
Deferred tax on revalued property	**383**	592	**–**	–
Fair value (loss)/profit on investments net of deferred tax[2]	**(1 184)**	399	**–**	–
Fair value movement on FVOCI financial assets	**(1 168)**	(58)	**–**	–
	2 545	4 284	**–**	–
Items that will be reclassified subsequently to profit or loss				
Fair value loss on investments net of deferred tax[2]	**(157)**	(194)	**–**	–
Exchange differences on translating foreign operations[3]	**(39 509)**	(35 663)	**–**	–
	(39 666)	(35 857)	**–**	–
Total other comprehensive loss for the year	**(37 121)**	(31 573)	**–**	–
Total comprehensive income for the year	**41 623**	29 622	**18 040**	11 958
Profit or loss attributable to:				
Owners of the parent	**52 625**	40 089	**18 040**	11 958
Non-controlling interest	**26 119**	21 106	**–**	–
Profit for the year	**78 744**	61 195	**18 040**	11 958
Total comprehensive income attributable to:				
Owners of the parent	**23 009**	17 589	**18 040**	11 958
Non-controlling interest	**18 614**	12 033	**–**	–
Total comprehensive income for the year	**41 623**	29 622	**18 040**	11 958
Basic earnings per share (US cents)	**2.141**	1.631		
Diluted earnings per share (US cents)	**1.994**	1.525		

[1] Prior year financial statements were restated to correct errors relating to presentation of net gains from derivative financial instruments.

[2] Prior period fair value loss on treasury bills of USD 193 994 in other comprehensive income previously reported under items that will not be reclassified to profit or loss has been reclassified to items that will be subsequently reclassified to profit or loss.

[3] Comparative period incorporates effects of hyperinflation from Zimbabwe.

Summary statements of financial position

as at 31 December

	CONSOLIDATED		SEPARATE	
	UNAUDITED	RESTATED[1] AUDITED	UNAUDITED	AUDITED
USD'000	**2023**	**2022**	**2023**	**2022**
ASSETS				
Cash and balances with central banks	**439 423**	384 137	**6 515**	2 897
Money market investments[1]	**220 156**	210 289	**–**	–
Loans and advances to customers	**716 389**	651 726	**–**	–
Repurchase agreements[1]	**4 980**	5 038	**–**	–
Derivative financial assets[1]	**6 209**	4 391	**–**	–
Current tax assets	**2 759**	2 375	**–**	–
Assets held for sale	**2 217**	133	**–**	–
Investments at fair value through profit or loss	**9 815**	4 611	**–**	–
Investments at fair value through other comprehensive income	**4 332**	5 906	**–**	–
Investments in subsidiary companies	**–**	–	**141 386**	141 386
Investment in joint venture	**14 340**	15 580	**–**	–
Other assets[1]	**24 862**	24 589	**5 906**	5 441
Investment property	**1 494**	4 800	**–**	–
Intangible assets	**6 808**	8 251	**4 037**	3 922
Right-of-use assets	**6 434**	6 593	**53**	42
Property and equipment	**58 866**	54 021	**722**	786
Deferred tax assets	**1 448**	2 262	**–**	–
Total assets	**1 520 532**	1 384 702	**158 619**	154 474
LIABILITIES AND EQUITY				
Liabilities				
Balances due to other banks[1]	**77 280**	36 785	**–**	–
Customer deposits	**1 096 195**	1 039 070	**–**	–
Derivative financial liabilities[1]	**4 845**	3 401		
Other payables[1]	**46 987**	45 315	**1 275**	1 124
Current tax liabilities	**9 518**	3 748	**–**	–
Lease liabilities	**6 077**	6 572	**76**	63
Loans payable	**26 128**	16 679	**16 095**	16 679
Subordinated debt	**11 821**	12 447	**–**	–
Convertible preference shares	**10 787**	10 787	**10 787**	10 787
Provisions[2]	**6 178**	5 574	**–**	–
Deferred tax liabilities[2]	**8 862**	7 442	**–**	–
Total liabilities	**1 304 678**	1 187 820	**28 233**	28 653
Equity				
Share capital	**117 409**	117 409	**117 409**	117 409
Restructuring reserve	**(54 511)**	(54 511)	**–**	–
Property revaluation reserve	**13 320**	10 189	**–**	–
Loan loss reserve	**5 084**	3 097	**–**	–
Other reserves	**6 624**	4 181	**–**	–
Foreign currency translation reserve	**(82 024)**	(50 594)	**–**	–
Retained earnings	**131 549**	98 146	**12 977**	8 412
Total equity attributable to equity holders of the company	**137 451**	127 917	**130 386**	125 821
Non-controlling Interest	**78 403**	68 965	**–**	–
Total equity	**215 854**	196 882	**130 386**	125 821
Total equity and liabilities	**1 520 532**	1 384 702	**158 619**	154 474

[1] Prior year financial statements were restated to correct errors relating to presentation and disclosures of derivative financial assets and liabilities.

[2] During 2023, the group reassessed the order of liquidity within the statement of financial position and moved provisions and deferred tax liabilities below convertible preference shares line on the face of the statement of financial position as these items were found to be less liquid than those that precede them in the above presentation. This had no impact on the associated amounts within these line items. The reorder has also been applied to the prior year and notes where the line items are listed.

Summary statements of changes in equity

for the year ended 31 December

	CONSOLIDATED		SEPARATE	
	UNAUDITED	AUDITED	UNAUDITED	AUDITED
USD'000	**2023**	**2022**	**2023**	**2022**
Opening equity	**196 882**	181 362	**125 821**	120 009
Profit for the year	**78 744**	61 195	**18 040**	11 958
Total other comprehensive loss	**(37 120)**	(31 573)	**–**	–
Dividends declared and paid	**(22 652)**	(13 676)	**(13 475)**	(6 146)
Movements in other reserves	**–**	(426)	**–**	–
Closing equity	**215 854**	196 882	**130 386**	125 821

Summary statements of cash flows

for the year ended 31 December

	CONSOLIDATED		SEPARATE	
	UNAUDITED	RESTATED AUDITED	UNAUDITED	AUDITED
USD'000	**2023**	**2022**	**2023**	**2022**
Cash generated from operating activities	**165 550**	258 034	**18 671**	10 977
Net cash generated from/(used in) investing activities	**(126 615)**	46 397	**(1 569)**	(2 658)
Net cash generated from/(used in) financing activities	**24 629**	(191 198)	**(13 484)**	(14 522)
Net increase/(decrease) in cash and cash equivalents	**63 564**	113 233	**3 618**	(6 203)
Cash and cash equivalents at beginning of period	**384 151**	308 755	**2 897**	9 100
Effect of changes in exchange rate and hyperinflation	**(55 320)**	(37 837)	**–**	–
Cash and cash equivalents at end of period[1]	**392 395**	384 151	**6 515**	2 897

[1] Consolidated cash and cash equivalents at 31 December 2023 are gross amounts excluding expected credit losses of USD 37 195, cash collateral of USD 229 668, and restricted cash balance of USD 46 750 644 held for liquidity reserving requirements with Bank of Mozambique. Consolidated cash balance for 2022 excludes expected credit loss of USD 14 730.

Basis of preparation

The Directors have prepared the summary consolidated and separate financial statements in order to meet the listing requirements of the Malawi Stock Exchange. The Directors have considered the listing requirements and believe that the summary statements of financial position, comprehensive income and cash flows are sufficient to meet the requirements of the users of the summary consolidated and separate financial statements. The accounting policies applied in the preparation of the consolidated and separate financial statements, from which the summary consolidated and separate financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated and separate financial statements. These summary consolidated and separate preliminary unaudited financial statements have been reviewed by our external auditors, Ernst & Young Mauritius.

ADDITIONAL INFORMATION

Investment in subsidiary companies

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

			31 December	
			Holding %	USD'000
Name of entity	Nature of Business	Type of Investment	**2023**	**2023**
First Capital Bank Plc (Malawi)	Banking	Equity shares	**100**	**88 034**
Afcarme Zimbabwe Holdings (Private) Limited[1]	Banking	Equity shares	**100**	**17 670**
First Capital Bank (Zambia) Limited	Banking	Equity shares	**49**	**4 634**
First Capital Shared Services Limited	Shared Services	Equity shares	**100**	**4 160**
First Capital Bank Ltd (Botswana)	Banking	Equity shares	**38.6**	**3 047**
First Capital Bank Ltd (Botswana)	Banking	Preference shares	**100**	**2 475**
First Capital Bank S.A. (Mozambique)	Banking	Equity shares	**80**	**21 366**
Total investment in subsidiary companies				**141 386**

[1] Afcarme Zimbabwe Holdings (Private) Limited in turn owns 52.49% of First Capital Bank Zimbabwe Limited's issued share capital.

Exchange rate trends

		2023		2022	
Entity	Currency	**Closing rate**	**Average rate**	**Closing rate**	**Average rate**
Afcarme Zimbabwe Holdings (Private) Limited[1]	USD/ZWL	**1.00**	**1.00**	687.28	687.28
First Capital Bank (Botswana)	BWP	**13.40**	**13.36**	12.76	12.32
First Capital Bank Plc (Malawi)	MWK	**1 683.33**	**1 145.60**	1 026.09	937.46
First Capital Bank S.A (Mozambique)	MZN	**63.90**	**63.89**	63.87	63.84
First Capital Bank Limited (Zambia)	ZMW	**25.75**	**20.13**	18.11	16.89
First Capital Shared Services Limited	MUR	**44.05**	**45.19**	43.65	43.91

[1] Effective 1 January 2023 Afcarme Zimbabwe Holdings (Private) Limited and its subsidiaries changed their functional currency from Zimbabwe Dollar to United States Dollar.

Profit after tax by country

for the year ended 31 December

	UNAUDITED	AUDITED	
USD Million	**2023**	**2022**	**Year-on-Year growth**
Botswana	**16.78**	13.66	23%
Malawi	**26.30**	19.34	36%
Mauritius	**(8.08)**	(4.24)	(91%)
Mozambique	**19.18**	11.05	74%
Zambia	**8.86**	10.01	(11%)
Zimbabwe	**15.70**	11.37	38%
Total	**78.74**	61.19	29%

Debt and other liabilities

as at 31 December

	UNAUDITED	RESTATED AUDITED
USD'000	**2023**	**2022**
Borrowings from other banks	**65 095**	10 692
Currency swap liabilities	**3 314**	12 440
Bank of Zambia – TMTRF	**2 871**	7 485
FMO Line of Credit	**6 000**	6 168
	77 280	36 785
Maturing as follows		
Due within 1 year	**57 725**	32 773
Due between 2 and 5 years	**19 555**	4 012
	77 280	36 785

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 2023, the Bank had drawn down in the order of 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 2023, the Bank had an outstanding balance of 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, attracting 0%, and repayable on a short-term, revolving basis.

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 instalments with interest. The loan was disbursed in three tranches whose maturity dates are 1 September 2023, 4 February 2024 and 8 February 2025. In the prior year these loan balances were reported under balances due to other banks and have been reclassified to loans payable.

Subordinated debt

	UNAUDITED	AUDITED
USD'000	**2023**	**2022**
Notes issued by FCB Botswana	**11 821**	12 447

The subordinated debt notes constitute direct, subordinated and unsecured obligations and the terms are unchanged from 31 December 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 earned interest at a cumulative rate of 7.96% per annum following introduction of the Monetary Policy rate (MOPR) by the Bank of Botswana (BOB) in April 2022.

Loans payable

	UNAUDITED	AUDITED
USD'000	**2023**	**2022**
Related parties	**6 500**	6 500
Other lenders	**2 414**	10 179
Commercial paper	**17 214**	–
	26 128	16 679

Commercial paper was issued by FCB Mozambique in November 2023 with maturity date of May 2024 and a fixed interest rate of 15% per annum. Related party loans are unsecured and repayable in full in 2026. These loans bear interest rate of 9% payable annually.

BUSINESS AND FINANCIAL PERFORMANCE

Economic Context and Our Performance

The Board of Directors of the FMBcapital Holdings (FMBCH) Group is pleased to present the financial results of the FMBCH Group for the year ended 31 December 2023.

In 2023, the Southern African region experienced a range of economic conditions, reflecting each country's unique challenges and opportunities. The year was marked by moderate economic growth tempered by global economic pressures, including fluctuating commodity prices and global geopolitical tensions.

As our First Capital Bank (FCB) country operations adapt to these fluctuating economic markets, we remain steadfast in our commitment to growth, captured by our ethos, 'Growth is our Business'. Our strategic initiatives are well-tuned to harness opportunities and navigate risks within our target corporate, commercial, and retail sectors. We prioritise delivering superior financial services, innovating products, and enhancing client relationships to not only meet but exceed the expectations of our diverse clientele. This focus ensures we remain at the forefront of banking industry growth, creating sustainable, profitable returns in all our operations.

Within this context, we have delivered strong growth. FCB Botswana continues to excel, achieving the local industry's highest return on equity through diversified ventures beyond the mining sector. In Malawi, FCB has navigated economic fluctuations with robust advancements in various sectors, despite significant currency devaluation. FCB Mozambique stands out with its stellar performance, capitalising on the dynamic energy and natural resources sectors. Although facing economic and regulatory hurdles, FCB Zambia has adeptly managed risks amid fiscal and liquidity challenges, maintaining steady progress. Similarly, FCB Zimbabwe has effectively managed the complexities of hyperinflation and regulatory changes, ensuring stability and strategic growth in difficult conditions. Each subsidiary's ability to adapt and thrive in these varied environments underscores our Group's resilient governance and strategic acumen.

Our Balance Sheet

Our business focus on enhancing our digital banking platforms – including internet and mobile banking – and our vibrant consumer lending services, alongside a commitment to strong relationship banking, drove significant growth across the Group. Despite a strengthening USD, deposits and other liquidity sources increased by 5% year-on-year, while loans and advances to customers rose by 10%, and money-market and other income-yielding financial instruments also grew by 5%.

Additionally, a focused effort to expand our current and savings account (CASA) market share, in turn aimed at fortifying our balance sheets, proved effective. Our CASA drive attracted over 61 000 new customers, ending the year with a total of 616 000 customers, aligning well with our target of a 10% increase in portfolio balances.

Our Profitability and Our Performance

We have actively managed the yields and costs associated with key financial assets and liabilities, achieving a remarkable 25% year-on-year increase in net interest income. This astute management maintained our net interest margin at 15% across net average advances, money market instruments, and other financial assets.

Non-funded income saw a substantial boost, primarily driven by enhanced transactional, trade, and foreign exchange treasury services, which surged by 39% to reach USD 115 million. This significant growth contributed to 46% of the Group's operating income of USD 251 million in 2023, compared to 43% of USD 192 million in the previous year.

Total operating income rose by 31% to USD 251 million, which, coupled with a 28% increase in total operating expenses to USD 123 million, resulted in a cost-income ratio of 49% (down from 50% in 2022). The cost of credit risk rose to 1.9% in 2023 from 0.7% in 2022, which is an acceptable and favourable metric relative to our industry and risk appetite.

As a result of these comprehensive, integrated efforts, the Group's post-tax consolidated profit grew by an impressive 29% year-on-year, reaching USD 78.7 million for 2023. Of this total profit, 67% is attributable to the owners of FMBCH. Consequently, earnings per share rose to 2.14 US cents, marking a 31% increase from the 1.63 US cents recorded in 2022. Further, the Group remains well-capitalised across its geographies, supported by robust capital and liquidity risk management frameworks.

Dividend

The Board of Directors has declared a final dividend for the fiscal year ended 31 December 2023 of USD 10 625 148, equivalent to 0.43 US cents per ordinary share. This dividend is scheduled for payment on or around July 8, 2024, and would leave healthy, solvent reserves post-distribution. It is important to note that this dividend is subject to there being no material changes in the final audited financial statements, as well as to final shareholder approval.

The total dividend paid from the 2023 profits as declared by the Board would amount to USD 15 787 473, corresponding to 0.64 US cents per share. This represents a 32% increase over the dividend per share of 0.49 US cents distributed from 2022 profits.

The Group is committed to maintaining a progressive dividend policy, aligned with our ongoing growth objectives, and contingent upon sustained operational performance.

By order of the board.

Terence Davidson – Chairman

Busisa Moyo – Director

30 April 2024

Where to find us

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Belief comes first.

STUDIO 5