

UNAUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the six-month interim period ended 30 June 2024

PROFIT AFTER TAX
11% ↑

CUSTOMER ADVANCES
4% ↑

CUSTOMER DEPOSITS
8% ↑

TOTAL ASSETS
13% ↑

COST INCOME RATIO
46%

RETURN ON AVERAGE EQUITY
36%

CREDIT LOSS RATIO
1.39%

DIVIDEND PER SHARE (US CENTS)
0.21

Exchange rate trends

Country	Currency	30 June 2024		30 June 2023		31 Dec 2023	
		Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
Botswana	BWP	13.66	13.59	13.44	13.51	13.36	13.40
Malawi	MWK	1 707.12	1 733.83	1035.20	1053.43	1145.60	1683.33
Mozambique	MZN	63.90	63.91	63.88	63.88	63.89	63.90
Zambia	ZMW	25.48	24.03	18.82	17.59	20.13	25.75
Mauritius	MUR	45.88	47.44	45.43	45.55	45.19	44.05
Zimbabwe	USD	1.00	1.00	1.00	1.00	1.00	1.00

REVIEW OF PERIOD

Group results

In the six months to 30 June 2024, FMBcapital Holdings plc (the Group or FMBCH) successfully navigated a difficult economic environment to record a profit after tax of USD 46.8 million and deliver a 12-month rolling return on average equity (ROE) of 36%. This performance is underpinned by continued balance sheet growth and higher margins.

Key highlights of the Group's 2024 interim performance include:

- Net interest income for the half year is up 13% and total non-interest income is 2% below prior period, resulting in total operating income of USD 128 million – a growth of 6% period on period.
- Profit after tax is USD 46.8 million - up 11% from June 2023.
- Profit after tax attributable to owners of FMBCH is USD 29.5 million, 2% below prior period.
- Loans and advances to customers grew by 4%, closing at USD 729 million.
- Credit loss ratio on customer advances (net impairment expense as a proportion of average advances) continues to be market leading at 1.39% (June 2023: 0.94%).
- Customer deposits are up 8% to more than USD 1.23 billion.

The Group's strategy remains growth oriented, with sustained impetus to build 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 allocation is optimal.

All considered, the Group's results for the period ended 30 June 2024 reflect a healthy and growing brand, in which the efforts to enhance customer centricity, invest in our technology and our people, and remain well-governed, are reflected well.

The business remains focused on delivering superior client experience, building sustainable solutions to enable the Group to deliver against its strategy. Ongoing investment in clients and digital capabilities will support continued business growth.

Profit after tax by country

USD Million	UNAUDITED		AUDITED	
	Six months ended 30 June 2024	Six months ended 30 June 2023	Year ended 31 Dec 2023	Period on period growth
Botswana	12.08	7.65	16.78	58%
Malawi	9.76	16.33	26.30	(40%)
Mauritius	(2.42)	(2.19)	(8.08)	(11%)
Mozambique	11.81	8.93	19.18	32%
Zambia	4.08	4.50	8.86	(9%)
Zimbabwe	11.51	6.81	15.70	69%
Total	46.82	42.03	78.74	11%

Resolution of the independent auditor's report qualification matter on 2023 consolidated annual financial statements relating to the functional currency change for First Capital Bank (FCB) Zimbabwe

FCB Zimbabwe changed its functional currency on 1 January 2023, having assessed that the United States Dollar (USD) had become the dominant currency of trade since the last half of 2022. At the beginning of 2023, the USD contributed to more than 60% of all assets, liabilities, revenue, and expenses of FCB Zimbabwe and by the end of 2023, this had increased above the 90% mark. The transition date of 1 January 2023 was adopted as a practical expediency for the change in functional currency noting that the change was not an event, but the product of a technical assessment guided by practical experiences on the ground. FCB Zimbabwe successfully reported its financial outturn for 2023 with an unqualified opinion being issued by Deloitte, the component auditor for the 2023 financial year. However, the independent auditor of the Group, EY Mauritius, opined that the date of change in functional currency could only have been a date after 30 September 2023.

While this was a difference in judgement, EY concluded that the only remedy available was to issue a qualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2023. Accordingly, EY believed the first nine months of FCB Zimbabwe's 2023 financial statements should have continued to be prepared on a hyperinflationary basis in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies.

Following three-way discussions with FCB Zimbabwe's incoming auditor EY Zimbabwe, EY Mauritius and management, the following has been agreed to resolve the potential qualification of 2024 annual financial statements relating to this matter:

- Accept the functional currency change date of 1 October 2023, but for practical expediency purposes, the date of 31 December 2023 will be adopted as the effective date of the change.
- FCB Zimbabwe will prepare hyperinflationary financial statements up to 30 December 2023 and apply functional currency change from 31 December 2023.
- The new USD values for the assets held at fair value per Group's policy will be revalued on 31 December 2023.

This approach has been adopted as it meets technical expectations set by EY to avoid further qualification of the 2024 financial statements because of the adoption date of functional currency change. This also achieves balance on the usefulness and cost of producing financial information and can be achieved in time for 2024-year end reporting.

The financial impact of the functional currency change on financial statements will only be fully determined after the preparation of the financial statements on a hyperinflationary basis has been completed and audited by the component auditor, EY. However, the Board's preliminary assessment indicates that the financial statements are unlikely to differ materially from the previously reported and consolidated figures in respect of FCB Zimbabwe.

Consequently, the functional currency change will not have an impact on the dividend declared and paid to shareholders, nor on the Group's liquidity, solvency and capital adequacy.

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 2023: 0.21 US cents). The interim dividend will be paid on or about 9 October 2024 to shareholders whose names will appear on the Register of Members at close of business on Friday 4 October 2024. Accordingly, the shares will go ex-dividend by Wednesday 2 October 2024. The dividend will be paid to Malawi resident shareholders in Malawi Kwacha calculated at the closing USD mid-market rate on 4 October 2024 as published by the Reserve Bank of Malawi. The Register of Members will be closed from 4 October to 7 October 2024, both days inclusive. During this period, no share transactions will be conducted.

By order of the Board

Mr. Terence Davidson
Chairman

Mr. Busisa Moyo
Director

30 August 2024

Belief comes first.

Summary statements of comprehensive income

USD'000	CONSOLIDATED			SEPARATE		
	UNAUDITED	AUDITED		UNAUDITED	AUDITED	
	Six months ended 30 June 2024	Six months ended 30 June 2023	Year ended 31 Dec 2023	Six months ended 30 June 2024	Six months ended 30 June 2023	Year ended 31 Dec 2023
Interest and similar income	104 063	90 461	191 964	180	149	297
Interest expense and similar charges	(30 727)	(25 627)	(55 429)	(1 294)	(1 162)	(2 385)
Net interest income/(expense)	73 336	64 834	136 535	(1 114)	(1 013)	(2 088)
Non-interest income	54 856	56 088	114 744	23 149	15 218	34 181
Total operating income	128 192	120 922	251 279	22 035	14 205	32 093
Operating expenses	(58 723)	(57 356)	(122 999)	(5 490)	(5 286)	(11 543)
Impairment loss on financial assets	(2 922)	(6 251)	(13 288)	-	-	-
Operating profit	66 547	57 315	114 992	16 545	8 919	20 550
Share of loss in joint venture	(51)	-	(1 240)	-	-	-
Profit before income tax expense	66 496	57 315	113 752	16 545	8 919	20 550
Income tax expense	(19 672)	(15 283)	(35 008)	(1 355)	(1 073)	(2 510)
Profit for the period	46 824	42 032	78 744	15 190	7 846	18 040
Other comprehensive income items that will not be classified to profit or loss						
Revaluation (loss)/surplus on property	-	(5 314)	4 514	-	-	-
Deferred tax on revalued property	-	1 958	383	-	-	-
Fair value gain/(loss) on investments	464	(2 365)	(1 573)	-	-	-
Deferred tax on fair value changes on investments	(223)	72	389	-	-	-
	241	(5 649)	3 713	-	-	-
Items that may be reclassified subsequently to profit or loss						
Fair value loss on FVOCI financial assets	(126)	-	(1 325)	-	-	-
Exchange differences on translating foreign operations	2 809	(1 875)	(39 509)	-	-	-
	2 683	(1 875)	(40 834)	-	-	-
Total other comprehensive income/(loss) for the period	2 924	(7 524)	(37 121)	-	-	-
Total comprehensive income for the period	49 748	34 508	41 623	15 190	7 846	18 040
Profit or loss attributable to:						
Owners of the parent	29 499	30 024	52 625	15 190	7 846	18 040
Non-controlling interest	17 325	12 008	26 119	-	-	-
Profit for the period	46 824	42 032	78 744	15 190	7 846	18 040
Total comprehensive income attributable to:						
Owners of the parent	31 851	26 601	23 009	15 190	7 846	18 040
Non-controlling interest	17 897	7 907	18 614	-	-	-
Total comprehensive income for the period	49 748	34 508	41 623	15 190	7 846	18 040
Basic earnings per share (US cents)	1.200	1.221	2.141	-	-	-
Diluted earnings per share (US cents)	1.116	1.133	1.994	-	-	-

Summary statements of changes in equity

USD'000	CONSOLIDATED			SEPARATE		
	UNAUDITED	AUDITED		UNAUDITED	AUDITED	
	Six months ended 30 June 2024	Six months ended 30 June 2023	Year ended 31 Dec 2023	Six months ended 30 June 2024	Six months ended 30 June 2023	Year ended 31 Dec 2023
Opening equity	215 854	196 882	196 882	130 386	125 821	125 821
Profit for the period	46 824	42 032	78 744	15 190	7 846	18 040
Total other comprehensive income/(loss) for the period	2 924	(7 524)	(37 121)	-	-	-
Dividends declared and paid	(19 208)	(14 097)	(22 652)	(10 625)	(8 313)	(13 475)
Movements in other reserves	167	-	1	-	-	-
Closing equity	246 561	217 293	215 854	134 951	125 354	130 386

Summary statements of financial position

USD'000	CONSOLIDATED			SEPARATE		
	UNAUDITED	AUDITED		UNAUDITED	AUDITED	
	As at 30 June 2024	As at 30 June 2023	As at 31 Dec 2023	As at 30 June 2024	As at 30 June 2023	As at 31 Dec 2023
ASSETS						
Cash and balances with central banks	540 291	392 206	439 423	12 370	1 562	6 515
Money market investments	317 581	297 750	220 156	-	-	-
Loans and advances to customers	728 908	700 022	716 389	-	-	-
Repurchase agreements	5 025	16 738	4 980	-	-	-
Derivative financial assets	13 798	-	6 209	-	-	-
Current tax asset	1 607	1 126	2 759	-	-	-
Assets held for sale	2 217	81	2 217	-	-	-
Investments at fair value through profit or loss	13 331	10 736	9 815	-	-	-
Investments at fair value through other comprehensive income	4 332	4 435	4 332	-	-	-
Investments in subsidiary companies	-	-	-	141 386	141 386	141 386
Investment in joint venture	14 288	15 580	14 340	-	-	-
Other assets	22 534	21 141	24 862	16 547	5 919	5 906
Investment property	1 494	4 800	1 494	-	-	-
Intangible assets	5 769	7 509	6 808	2 133	3 986	4 037
Property and equipment and right-of-use assets	71 282	69 667	65 300	1 083	691	775
Deferred tax assets	2 134	1 622	1 448	-	-	-
Total assets	1 744 591	1 543 413	1 520 532	173 519	153 544	158 619
LIABILITIES AND EQUITY						
Liabilities						
Balances due to other banks	87 345	82 188	70 274	-	-	-
Customer deposits	1 225 697	1 133 897	1 096 195	-	-	-
Derivative financial liabilities	10 460	-	4 845	-	-	-
Other payables and provisions	81 247	64 909	58 541	11 100	1 368	1 104
Current tax liabilities	6 937	6 109	9 518	-	-	-
Deferred tax liabilities	10 176	3 881	8 862	-	-	-
Loans payable	53 723	16 035	33 835	16 681	16 035	16 342
Subordinated debt	11 658	8 314	11 821	-	-	-
Convertible preference shares	10 787	10 787	10 787	10 787	10 787	10 787
Total liabilities	1 498 030	1 326 120	1 304 678	38 568	28 190	28 233
Equity						
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	13 320	8 928	13 320	-	-	-
Loan loss reserve	6 143	3 097	5 084	-	-	-
Other reserves	12 612	2 977	6 624	-	-	-
Foreign currency translation reserve	(79 733)	(51 182)	(82 024)	-	-	-
Retained earnings	143 605	119 857	131 549	17 542	7 945	12 977
Total equity attributable to equity holders of the company	158 845	146 575	137 451	134 951	125 354	130 386
Non-controlling Interest	87 716	70 718	78 403	-	-	-
Total equity	246 561	217 293	215 854	134 951	125 354	130 386
Total equity and liabilities	1 744 591	1 543 413	1 520 532	173 519	153 544	158 619

Summary statements of cash flows

USD'000	CONSOLIDATED			SEPARATE		
	UNAUDITED	AUDITED		UNAUDITED	AUDITED	