

AUDITED SUMMARY CONSOLIDATED
AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 December 2022

PROFIT
AFTER TAX

51%

↑

TOTAL
OPERATING
INCOME

10%

↑

CUSTOMER
DEPOSITS

17%

↑

CUSTOMER
ADVANCES

18%

↑

CREDIT
LOSS RATIO

0.77%

DIVIDEND
PER SHARE
(US CENTS)**

0.49

COST TO
INCOME RATIO

50%

RETURN ON
AVERAGE
EQUITY

32%

	CONSOLIDATED		SEPARATE	
for the year ended 31 December USD'000	2022	2021	2022	2021
Interest and similar income	148 248	126 014	291	251
Interest expense and similar charges	(38 782)	(28 886)	(2 381)	(2 384)
Net interest income/(expense)	109 466	97 128	(2 090)	(2 133)
Net fees and commissions	36 510	44 862	–	–
Income from investments (including investment properties)	4 337	3 892	16 366	8 152
Gain on foreign exchange transactions	39 043	25 893	292	685
Other operating income	2 197	1 608	7 737	2 760
Total non-interest income	82 087	76 255	24 395	11 597
Total operating income	191 553	173 383	22 305	9 464
Staff and training costs	(47 750)	(44 428)	(4 399)	(1 543)
Premises and equipment costs	(14 293)	(14 704)	(1 904)	(1 345)
Depreciation and amortisation	(8 668)	(8 242)	(946)	(720)
Administration and general expenses	(25 584)	(29 524)	(1 406)	(851)
Total non-interest expenses	(96 295)	(96 898)	(8 655)	(4 459)
Impairment loss on financial assets	(4 202)	(7 058)	–	–
Operating profit	91 056	69 427	13 650	5 005
Net monetary loss	(7 662)	(5 129)	–	–
Loss on owner occupied property	–	(3 365)	–	–
Impairment loss on investment in joint venture	(719)	(16 505)	–	–
Fair value gain on investment property	–	448	–	–
Share of profit in joint venture	4 424	14 222	–	–
Profit before income tax expense	87 099	59 098	13 650	5 005
Income tax expense	(25 904)	(18 652)	(1 692)	(806)
Profit for the year	61 195	40 446	11 958	4 199
Other comprehensive income				
Items that will not be classified to profit or loss				
Revaluation surplus on property	3 351	–	–	–
Deferred tax on revalued property	592	–	–	–
Fair value gain on FVOCI financial assets	205	4 041	–	–
Deferred tax on FVOCI financial assets	(58)	–	–	–
	4 090	4 041	–	–
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations*	(35 663)	7 679	–	–
Total other comprehensive (loss)/income for the year	(31 573)	11 720	–	–
Total comprehensive for the year	29 622	52 166	11 958	4 199
Profit or loss attributable to:				
Owners of the parent	40 089	27 206	11 958	4 199
Non-controlling interests	21 106	13 240	–	–
Profit for the year	61 195	40 446	11 958	4 199
Total comprehensive attributable to:				
Owners of the parent	17 589	32 831	11 958	4 199
Non-controlling interests	12 033	19 335	–	–
Total comprehensive income for the year	29 622	52 166	11 958	4 199
Basic earnings per share (US cents)	1.631	1.107		
Diluted earnings per share (US cents)	1.525	1.042		

* Incorporates effects of hyperinflation.
** Represents first and second interim dividend.

	CONSOLIDATED		SEPARATE	
for the year ended 31 December USD'000	2022	2021	2022	2021
Opening equity	181 362	136 141	120 008	119 742
Profit for the year	61 195	40 446	11 958	4 199
Total other comprehensive (loss)/income	(31 573)	11 720	–	–
Dividends declared and paid	(13 676)	(3 933)	(6 146)	(3 933)
Movements in other reserves	(426)	(3 012)	–	–
Closing equity	196 882	181 362	125 820	120 008

	CONSOLIDATED		SEPARATE	
as at 31 December USD'000	2022	2021	2022	2021
ASSETS				
Cash and balances with central banks	384 137	308 714	2 897	9 100
Money market investments	212 189	280 272	–	–
Loans and advances to customers	651 726	552 811	–	–
Repurchase agreements	13 919	94 159	–	–
Current tax asset	2 375	857	–	–
Assets held for sale	133	343	–	–
Investments at fair value through profit or loss	4 611	6 615	–	–
Investments at fair value through other comprehensive income	5 906	5 302	–	–
Investments in subsidiary companies	–	–	141 386	141 386
Investment in joint venture	15 580	11 875	–	–
Other assets	27 061	34 370	5 441	1 436
Investment property	4 800	4 700	–	–
Intangible assets	8 251	9 817	3 923	2 314
Right-of-use assets	6 593	5 824	42	118
Property and equipment	54 021	55 798	786	617
Deferred tax assets	2 262	3 899	–	–
Total assets	1 393 564	1 375 356	154 475	154 971
LIABILITIES AND EQUITY				
Liabilities				
Balances due to other banks	47 647	209 386	–	–
Customer deposits	1 039 070	887 233	–	–
Other payables	46 716	32 777	1 126	1 726
Current tax liabilities	3 748	2 564	–	–
Lease liabilities	6 572	6 341	63	138
Deferred tax liabilities	7 442	5 226	–	–
Provisions	5 574	6 503	–	–
Loans payable	16 679	17 165	16 679	22 312
Subordinated debt	12 447	16 012	–	–
Convertible preference shares	10 787	10 787	10 787	10 787
Total liabilities	1 196 682	1 193 994	28 655	34 963
Equity				
Share capital	117 409	117 409	117 409	117 409
Restructuring reserve	(54 511)	(54 511)	–	–
Property revaluation reserve	10 189	6 342	–	–
Loan loss reserve	3 097	2 280	–	–
Other reserves	4 181	4 010	–	–
Foreign currency translation reserve	(50 594)	(24 170)	–	–
Retained earnings	98 146	65 337	8 411	2 599
Total equity attributable to equity holders of the company	127 917	116 697	125 820	120 008
Non-controlling Interests	68 965	64 665	–	–
Total equity	196 882	181 362	125 820	120 008
Total equity and liabilities	1 393 564	1 375 356	154 475	154 971

	CONSOLIDATED		SEPARATE	
for the year ended 31 December USD'000	2022	2021	2022	2021
Net cash generated from operating activities	211 315	52 095	10 977	4 933
Net cash generated from/ (used in) investing activities	93 116	(143 905)	(2 658)	(1 100)
Net cash (used in)/generated from financing activities	(191 198)	122 472	(14 522)	1 050
Net increase in cash and cash equivalents	113 233	30 662	(6 203)	4 883
Cash and cash equivalents at beginning of period	308 755	307 795	9 100	4 217
Effect of changes in exchange rates and hyperinflation	(37 837)	(29 702)	–	–
Cash and cash equivalents at end of period*	384 151	308 755	2 897	9 100

* Consolidated cash and cash equivalents at 31 December are gross amounts excluding expected credit losses of USD 14 730 and USD 40 979 for 2022 and 2021 respectively.

Basis of preparation

The summary consolidated and separate financial statements are prepared in order to meet the requirements of the Financial Services Act, 2010 of Malawi for summarised financial statements and to comply with the Malawi Stock Exchange Listing Requirements which require the publication of audited results by a listed entity. The summarised financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"). The summary consolidated and separate financial statements, without reference to the detailed notes, are derived from the audited consolidated and separate financial statements of FMBcapital Holdings Plc (the "Company") for the year ended 31 December 2022. These audited consolidated and separate financial statements, which have been prepared in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Global Business Licence companies, are available at the Company's registered office at JTC Fiduciary Services (Mauritius) Limited, Unit 5ABC, 5th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius.

ADDITIONAL INFORMATION				
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:				
Name of entity	Nature of Business	Type of Investment	Holding %	USD'000
			2022	
First Capital Bank Plc (Malawi)	Banking	Equity Shares	100	88 034
Afcarme Zimbabwe Holdings (Private) Limited	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 Limited (Botswana)	Banking	Equity Shares	38.6	3 047
First Capital Bank Limited (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

Country	Currency	2022		2021	
		Closing rate	Average rate	Closing rate	Average rate
Botswana	BWP	12.76	12.32	11.75	11.07
Malawi	MWK	1 026.09	937.46	814.24	802.81
Mauritius	MUR	43.65	43.91	43.74	41.64
Mozambique	MZN	63.87	63.84	63.83	65.89
Zambia	ZMW	18.11	16.89	16.66	19.99
Zimbabwe	ZWL	687.28	687.28	108.67	108.67

Debt and other liabilities		
Balances due to other banks		
AUDITED		
USD'000	2022	2021
Balances due to other banks	15 842	106 309
Currency swap liabilities	18 153	90 078
Bank of Zambia – TMTRF	7 484	–
European Investment Bank (EIB)	–	633
FMO Line of Credit	6 168	12 366
	47 647	209 386
Maturing as follows		
Due within 1 year	43 635	195 578
Due between 2 and 5 years	4 012	13 808
	47 647	209 386

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.

	CONSOLIDATED		SEPARATE	
for the year ended 31 December USD'000	2022	2021	2022	2021
Subordinated debt				
Notes issued by FCB Botswana	12 447	16 012		
The subordinated debt notes constitute direct, subordinated and unsecured obligations and the terms are unchanged from 31 December 2021. 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% following introduction of the Monetary Policy rate (MOPR) by the Bank of Botswana (BOB) in April 2022.				
Loans payable				
USD'000	2022	2021		
Related parties	6 500	6 500		
Other lenders	10 179	10 665		
	16 679	17 165		

Related party loans are unsecured and are due to mature during second half of 2023. These loans bear interest rate of 9% payable annually.

OPINION

The summary consolidated and separate financial statements, which comprise the summary consolidated and separate statements of financial position as at 31 December 2022, the summary consolidated and separate statements of profit or loss and other comprehensive income, the summary consolidated and separate statements of changes in equity and the summary consolidated and separate statements of cash flows for the year then ended, are derived from the audited financial statements of FMBcapital Holdings Plc (the "Company") for the year ended 31 December 2022.

In our opinion, the accompanying summary consolidated and separate financial statements are consistent in all material respects, with the audited consolidated and separate financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the requirements of the Mauritius Companies Act 2001, in so far as applicable to Global Business Licence companies.

Summary Consolidated and Separate Financial Statements

The summary consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report thereon. The summary consolidated and separate financial statements and the audited consolidated and separate financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated and separate financial statements.

RESPONSIBILITIES OF DIRECTORS FOR THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary consolidated and separate financial statements on the basis described in the Basis of preparation note.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Use of this report

This report, including our opinion, has been prepared for and only for the Company's Board of Directors in accordance with Section 37 of the Financial Services Act, 2010 of Malawi and the Malawi Stock Exchange Listing Requirements 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 Board of Directors, for our audit work for this report, or for the opinions we have formed.



Deloitte
Chartered Accountants (Mauritius)
23 May 2023

REVIEW OF THE YEAR			
Performance in 2022			
FMBCH plc and its subsidiaries ("the Group") posted strong performance for the year ended 31 December 2022, with growth in operating income, income accretive assets and profits across its footprint. Customer numbers grew by 26% to over 555 000, demonstrating the Group's commitment to providing quality services that meet clients' needs.			
Notable performance outcomes of 2022 against the preceding year included:			
• Net interest income for the year grew by 13% and total non-interest income by 8%, resulting in total operating income of USD 191.6 million – a growth of 10% year on year.			
• Profit after tax of USD 61.2 million was achieved – up 51% from 2021.			
• Loans and advances to customers are up 18% at year-end, closing at USD 651.7 million.			
• Credit loss ratio on customer advances (net impairment expense as a proportion of average advances) was 0.77% (2021: 1.43%).			
• Further, the Group's non-performing loans remain one of the lowest in the regional banking industry, at only 2.8% (2021: 2.9%) of the USD 664.6 million gross advances portfolio (2021: USD 565.3 million).			
• Customer deposits were up 17% rising to more than USD 1.04 billion.			

	AUDITED		
USD Million	2022	2021	Year on year growth
Botswana	13.66	9.49	44%
Malawi	19.34	18.33	6%
Mauritius	(4.24)	(3.47)	(22%)
Mozambique	11.05	1.46	657%
Zambia	10.01	4.81	108%
Zimbabwe	11.37	9.82	16%
Total	61.19	40.44	51%

The Group's basic earnings per share were 1.631 US cents (2021: 1.107 US cents), delivering a return on equity of 32% (2021: 25%).

The FMBCH Group remains intent on growing into a significant regional banking brand, with a diversified portfolio of corporate, business and consumer services complemented by a strong focus on treasury and trade activities. The Group is selectively rolling out consumer lending and other retail services across its footprint. A rigorous underpinning of enterprise risk governance at country and Group level is a mainstay of its oversight process, such that capital, liquidity, and other resource allocations are made based on risk assessment, opportunity sizing, and sound data.

The global economic environment

As the world moved into the post-pandemic new order, the Russian-Ukraine conflict brought with it supply constraints on wheat, fertiliser, fuel and gas. This exacerbated inflation, thereby driving up monetary policy interest rates. In addition, the US dollar strengthened against most currencies, including those of the FMBCH Group.

Throughout these influences, the FMBCH Group continues to be well governed with a strong focus on maintaining a healthy financial position that enables long-term, sustainable performance and growth.

Macroeconomic outlook

Global economic growth is expected to slow sharply in 2023, reflecting the prolonged effects of the war in Ukraine, and other geopolitical pressures, together with high inflation and rising interest rates.

Prices are also expected to remain high, even after inflation subsidies, fueling the risk of social unrest.

The Group remains cautiously optimistic that, despite these challenges, growth forecasts in the Southern African Development Community (SADC) remain relatively positive, and it is expected that private sector, foreign direct investment (FDI) and local investment may pick up despite foreign exchange limitations and national debt pressures in certain Group markets. The Board and management believe that there is potential to increase the Group's market share across all components through excellent customer service, innovative solutions and leveraging regional trade flows in the region, all while ensuring strong governance and simplicity of delivery. The Group continues to carefully monitor developments and market signals, particularly relating to inflation, trade, monetary policy and overall economic stability.

Dividend

The Directors have approved a second interim dividend in respect of the year ended 31 December 2022 of USD 8 312 625 (0.34 US cents per ordinary share) payable on or about 12 June 2023. The financial statements for year ended 31 December 2022 do not reflect this dividend.

Such dividend will be accounted for in equity as an appropriation of accumulated profits in the year ended 31 December 2023. In addition to the first interim dividend of 0.15 US cents per ordinary share (paid in the third quarter of 2022), the second interim dividend would bring the 2022 annual dividend to 0.49 US cents per share (2021: 0.18 US cents per share). This translates to an almost threefold growth in annual dividends.

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

By order of the board


Terence Davidson – Chairman
17 May 2023

Where to find us
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