

UNAUDITED SUMMARY CONSOLIDATED AND
SEPARATE FINANCIAL STATEMENTS

for the year ended 31 December 2023

Summary statements of comprehensive income

	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.

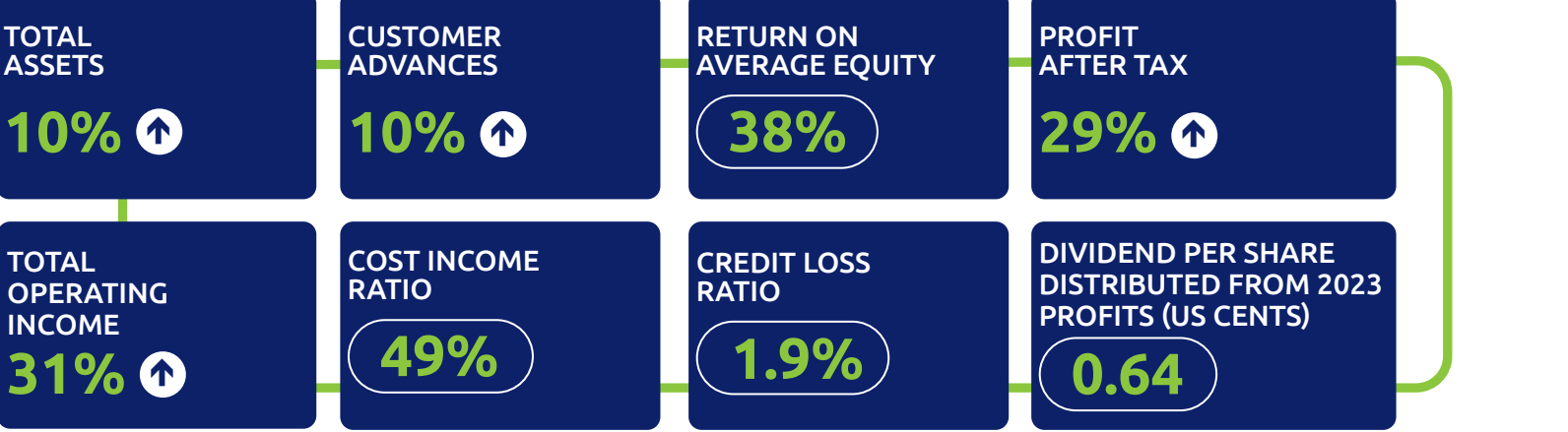
² Prior period fair value loss on treasury bills of USD 193 994 in other comprehensive income previously reported under items that will not be reclassified to profit or loss has been reclassified to items that will be subsequently reclassified to profit or loss.

³ Comparative period incorporates effects of hyperinflation from Zimbabwe.

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Summary statements of financial position

	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

	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

Belief comes first.

Summary statements of cash flows

	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 period¹	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:

Name of entity	Nature of Business	Type of Investment	31 December	
			Holding %	USD'000
			2023	2023
First Capital Bank Plc (Malawi)	Banking	Equity shares	100	88 034
Afcarne 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 Afcarne Zimbabwe Holdings (Private) Limited in turn owns 52.49% of First Capital Bank Zimbabwe Limited's issued share capital.

Exchange rate trends

Entity	Currency	2023		2022	
		Closing rate	Average rate	Closing rate	Average rate
Afcarne 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 Afcarne Zimbabwe Holdings (Private) Limited and its subsidiaries changed their functional currency from Zimbabwe Dollar to United States Dollar.

Profit after tax by country

USD Million	UNAUDITED		Year-on-Year growth
	2023	2022	
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

USD'000	UNAUDITED		RESTATED AUDITED
	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

USD'000	UNAUDITED	AUDITED
	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

USD'000	UNAUDITED	AUDITED
	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