

UNAUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the half year ended 30 June 2022

PROFIT AFTER TAX ↑ 93% | **CUSTOMER ADVANCES ↑ 22%** | **CUSTOMER DEPOSITS ↑ 36%**
COST INCOME RATIO 51% | **RETURN ON AVERAGE EQUITY 32%** | **DIVIDEND PER SHARE 0.15 US CENTS**

SUMMARY STATEMENTS OF COMPREHENSIVE INCOME

	Consolidated			Separate		
	Unaudited	Audited		Unaudited	Audited	
	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 Dec 2021	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 Dec 2021
US\$'000						
Interest and similar income	70 236	56 948	126 014	143	137	251
Interest expense and similar charges	(18 179)	(12 775)	(28 886)	(1 210)	(1 144)	(2 384)
Net interest income/(expense)	52 057	44 173	97 128	(1 067)	(1 007)	(2 133)
Non-interest revenue	43 686	32 501	76 255	13 922	6 273	11 597
Total operating income	95 743	76 674	173 383	12 855	5 266	9 464
Operating expenses	(48 463)	(46 298)	(96 898)	(2 138)	(2 158)	(4 459)
Impairment loss on financial assets	(2 864)	(3 341)	(7 058)	-	-	-
Operating profit	44 416	27 035	69 427	10 717	3 108	5 005
Net monetary loss	(4 811)	(898)	(5 129)	-	-	-
Impairment loss on owner occupied property	-	(1 240)	(3 365)	-	-	-
Impairment loss on investment in joint venture	-	(1 812)	(16 505)	-	-	-
Fair value gain/(loss) on investment property	131	(549)	448	-	-	-
Share of profit in joint venture	426	-	14 222	-	-	-
Profit before income tax expense	40 162	22 536	59 098	10 717	3 108	5 005
Income tax expense	(14 919)	(9 444)	(18 652)	(1 040)	(271)	(806)
Profit for the year	25 243	13 092	40 446	9 677	2 837	4 199
Other comprehensive income						
Items that will not be classified to profit or loss						
Deferred tax on revalued property	-	(149)	-	-	-	-
Fair value gain on equity instruments net of deferred tax	1 851	2 327	4 041	-	-	-
Items that may be reclassified subsequently to profit or loss	1 851	2 178	4 041	-	-	-
Exchange differences on translating foreign operations incorporating effects of hyperinflation	(5 881)	3 459	7 679	-	-	-
Total other comprehensive (loss)/income for the year	(4 030)	5 637	11 720	-	-	-
Total comprehensive income for the year	21 213	18 729	52 166	9 677	2 837	4 199
Profit or loss attributable to:						
Owners of the parent	17 332	9 220	27 206	9 677	2 837	4 199
Non-controlling interest	7 911	3 872	13 240	-	-	-
Profit for the year	25 243	13 092	40 446	9 677	2 837	4 199
Total comprehensive income attributable to:						
Owners of the parent	14 987	11 762	32 831	9 677	2 837	4 199
Non-controlling interest	6 226	6 967	19 335	-	-	-
Total comprehensive income for the year	21 213	18 729	52 166	9 677	2 837	4 199
Basic earnings per share (US cents)	0.705	0.375	1.107	-	-	-
Diluted earnings per share (US cents)	0.664	0.353	1.042	-	-	-

OVERVIEW OF THE PERIOD

The first half of 2022 was characterised by varied influences. Economic activity increased regionally across sectors, from trade to tourism across FMBcapital Holdings (FMBCH's, or the Group's) plc's geographies. However, a key concern remains the Russo-Ukrainian war and its pressure on domestic prices, partly induced by supply disruptions, reducing affordability of fuel, wheat, and fertiliser, creating imported inflation into the Southern African region.

FMBcapital Holdings Group: robust growth and performance

Despite the challenging first half of 2022, the Group's robust growth reported for the year ended December 2021 continued into the reporting period.

Consolidated profit after tax (PAT) for the 2022 interim period increased over the prior period by 93% to US\$ 25.2m (June 2021: US\$ 13.1m), with a healthy trajectory across all the Group's business segments and geographies.

This improvement in profitability is a continuation of the strong momentum from the second half of 2021 and is driven by a combination of expanding corporate banking deal pipelines, as well as improved cost efficiency and scale growth across all five country banking operations, while maintaining credit risk management discipline. The Group recorded a 1.2% annualised credit loss ratio (June 2021: 1.6%), which resulted largely from the same profile of arrears, supported by higher recoveries of prior period defaults. The enhanced internal impairment model implemented in 2021 continues to be applied.

The Group's total income earning assets remained steady at 67% of total assets, while average gross yields have improved from 16.3% (June 2021) to 17.3%. The Group has made pleasing progress with its retail solutions offerings. Further, deposit liabilities across the Group's five banking operation countries grew by an aggregate 36% to US\$ 897m (June 2021: US\$ 658m). As a result, the Group closed the interim period with a loan to deposit ratio of 70% (June 2021: 78%), signifying productive deposit utilisation.

The Group's cost to income ratio has improved to 51% from 60% against the same period last year and 58% for the full year (2021). Business level cost management as well as the benefits of the Mauritius based banking IT and operations shared service centre (SSC) have assisted in maintaining flat operating costs period on period while total operating income grew by 25%.

SUMMARY STATEMENTS OF FINANCIAL POSITION

	Consolidated			Separate		
	Unaudited	Audited		Unaudited	Audited	
	As at 30 June 2022	As at 30 June 2021	As at 31 Dec 2021	As at 30 June 2022	As at 30 June 2021	As at 31 Dec 2021
US\$'000						
ASSETS						
Cash and balances with central banks	290 411	264 738	308 714	8 010	8 133	9 100
Money market investments	212 310	253 935	280 272	-	-	-
Loans and advances to customers	625 790	513 868	552 811	-	-	-
Current tax assets	714	2 173	857	-	-	-
Repurchase agreements	31 391	56 717	94 159	-	-	-
Assets held for sale	254	2 322	343	-	-	-
Financial assets at fair value through profit or loss	3 395	4 864	6 615	-	-	-
Equity instruments	5 302	3 635	5 302	-	-	-
Investments in subsidiary companies	-	-	-	144 686	137 916	141 386
Investment in joint venture	11 972	11 978	11 875	-	-	-
Other assets	32 535	35 748	34 370	3 002	7 258	1 436
Deferred tax assets	3 513	3 535	3 899	-	-	-
Investment property	4 700	4 618	4 700	-	-	-
Intangible assets	7 841	9 914	9 817	2 833	1 679	2 314
Property, equipment and right-of-use assets	59 129	55 840	61 622	675	860	735
Total assets	1 289 257	1 223 885	1 375 356	159 206	155 846	154 971
LIABILITIES AND EQUITY						
Liabilities						
Balances due to other banks	114 533	312 509	209 386	-	-	-
Customer deposits	896 905	658 333	887 233	-	-	-
Other payables and provisions	51 497	43 961	45 621	4 447	2 310	1 864
Current tax liabilities	3 814	2 850	2 564	-	-	-
Deferred tax liabilities	2 816	6 983	5 226	-	-	-
Loans payable	21 745	18 462	17 165	16 745	20 170	22 312
Subordinated debt	12 804	17 347	16 012	-	-	-
Convertible preference shares	10 787	10 787	10 787	10 787	10 787	10 787
Total liabilities	1 114 901	1 071 232	1 193 994	31 979	33 267	34 963
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	6 932	6 193	6 342	-	-	-
Loan loss reserve	4 404	4 802	2 280	-	-	-
Non-distributable reserves	6 561	2 683	4 010	-	-	-
Foreign currency translation reserve	(32 857)	(29 947)	(24 170)	-	-	-
Retained earnings	61 583	53 151	65 337	9 818	5 170	2 599
Total equity attributable to ordinary shareholders	109 521	99 780	116 697	127 227	122 579	120 008
Non-controlling interests	64 835	52 873	64 665	-	-	-
Total equity	174 356	152 653	181 362	127 227	122 579	120 008
Total equity and liabilities	1 289 257	1 223 885	1 375 356	159 206	155 846	154 971

Overall, the Group's country teams have built on the efforts to create a strong customer acquisition, service and value proposition. The Group's enhanced internet banking platform is now live across four of its five banking operations, in addition to Mozambique's separate instance, with enhanced functionality and customer experience over the previous solution.

As a result of this sound performance and growth, four of FMBCH subsidiary operations have paid combined dividend income totalling US\$ 10.8m (June 2021: US\$ 3.8m).

Business performance reviews by country

PROFIT AFTER TAX BY COUNTRY

US\$ Million	Unaudited		Audited	
	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 Dec 2021	Half year on Half year growth
Botswana	6.53	4.12	9.49	58%
Malawi	8.71	6.88	18.33	27%
Mauritius	(0.03)	(1.12)	(3.47)	97%
Mozambique	3.78	0.37	1.46	922%
Zambia	5.00	2.14	4.81	134%
Zimbabwe	1.25	0.70	9.82	79%
Total	25.24	13.09	40.44	93%

FMBcapital Holdings plc operates full commercial banking operations in Botswana, Malawi, Mozambique, Zambia and Zimbabwe, all branded First Capital Bank (FCB) in each country. The company also operates a technical, operations and strategic shared service centre (SSC) domiciled in Mauritius.

SUMMARY STATEMENTS OF CHANGES IN EQUITY

	Consolidated			Separate		
	Unaudited	Audited		Unaudited	Audited	
	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 Dec 2021	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 Dec 2021
US\$'000						
Opening equity	181 362	136 141	136 141	120 008	119 742	119 742
Profit for the period	25 243	13 092	40 446	9 677	2 837	4 199
Total other comprehensive (loss)/income	(4 030)	5 637	11 720	-	-	-
Dividends declared and paid	(8 218)	-	(6 705)	(2 458)	-	(3 933)
Movements in other reserves	(20 001)	(2 217)	(240)	-	-	-
Closing equity	174 356	152 653	181 362	127 227	122 579	120 008

SUMMARY STATEMENTS OF CASH FLOWS

	Consolidated			Separate		
	Unaudited	Audited		Unaudited	Audited	
	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 Dec 2021	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 Dec 2021
US\$'000						
Cash generated from operating activities	54 860	36 899	52 095	1 618	1 641	4 933
Cash outflow applied to investing activities	(67 311)	(73 650)	(143 905)	(4 045)	(225)	(1 100)
Cash flows from financing activities	29 791	685	122 472	1 337	2 500	1 050
Net increase/(decrease) in cash and cash equivalents	17 340	(36 066)	30 662	(1 090)	3 916	4 883
Cash and cash equivalents at beginning of period	308 755	307 756	307 795	9 100	4 217	4 217
Effect of changes in exchange rate and hyperinflation	(35 643)	(6 952)	(29 702)	-	-	-
Cash and cash equivalents at end of period*	290 452	264 738	308 755	8 010	8 133	9 100

* Excludes provision for expected credit losses

ADDITIONAL INFORMATION

INVESTMENT IN SUBSIDIARY COMPANIES

At the end of the reporting period, the company's portfolio of investments in subsidiaries comprised:

Name of entity	Nature of Business	Type of Investment	Holding %		US\$'000	
			As at 30 June 2022	As at 31 Dec 2021	As at 30 June 2022	As at 31 Dec 2021
Afcarme Zimbabwe Holdings (Private) Limited	Banking	Equity shares	100	100	17 670	17 670
First Capital Bank Limited (Botswana)	Banking	Equity shares	38.6	38.6	3 047	3 047
First Capital Bank Limited (Botswana)	Banking	Preference shares	100	100	2 475	2 475
First Capital Bank Limited (Zambia)	Banking	Equity shares	49	49	4 634	4 634
First Capital Bank Plc (Malawi)	Banking	Equity shares	100	100	88 034	88 034
First Capital Bank S.A. (Mozambique)*	Banking	Equity shares and subordinated debt	80	80	24 666	21 366
First Capital Shared Services Limited	Shared Services	Equity shares	100	100	4 160	4 160
Total investment in subsidiary companies					144 686	141 386

* Included in investment in subsidiary companies balance is US\$ 3.3 million subordinated debt to FCB Mozambique.

Botswana

The Botswana business expanded its country footprint, opening a branch in Maun, and continues to achieve robust growth in the consumer lending business. FCB Botswana has deepened its pipeline of corporate business off strong customer relationships. Liquidity pressure has continued in the market, which the business manages actively.

Malawi

Malawi operations remain strongly profitable and consistent. However, the challenging operating environment has seen a sharp rise in inflation spiked by administered price increases (fuel in the main), continued Foreign exchange (FX) shortages and a 25% devaluation of the Malawi Kwacha relative to the US Dollar towards the end of the reporting period.

Mozambique

The Mozambique business is seeing the first full half with a new CEO, an internal appointment from within the Group. The FCB Mozambique team has focused on both top and bottom-line growth, resulting in a significant increase of PAT.

Zambia

The FCB Zambia operation doubled its performance over the same period last year to deliver US\$ 5m profit after tax. This was off the back of the base built in 2021, combined with additional corporate, institutional and small business deals in the period, broadening its customer base.