

SUMMARY AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 December 2023

SUMMARY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | CONSOLIDATED | | SEPARATE | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Audited 31-Dec-23 | Audited 31-Dec-22 | Audited 31-Dec-23 | Audited 31-Dec-22 |
| <i>In millions of Malawi Kwacha</i> | | | | |
| Interest income | 60,781 | 39,352 | 60,781 | 39,352 |
| Interest expense on deposits and other accounts | (14,995) | (8,055) | (14,995) | (8,055) |
| Net interest income | 45,786 | 31,297 | 45,786 | 31,297 |
| Non-interest income | 36,897 | 20,029 | 36,897 | 20,029 |
| Total operating income | 82,683 | 51,326 | 82,683 | 51,326 |
| Total operating expenses | (36,383) | (26,280) | (36,383) | (26,280) |
| Profit before impairment losses on financial assets | 46,300 | 25,046 | 46,300 | 25,046 |
| Net impairment losses on financial assets | (3,425) | (262) | (3,425) | (262) |
| Profit before income tax expense | 42,875 | 24,784 | 42,875 | 24,784 |
| Income tax expense | (13,890) | (6,514) | (13,890) | (6,514) |
| Profit for the year | 28,985 | 18,270 | 28,985 | 18,270 |
| Other comprehensive income | | | | |
| Revaluation surplus on property | 1,093 | 3,201 | 1,093 | 3,201 |
| Deferred tax on revalued property | (133) | 652 | (133) | 652 |
| Total other comprehensive income for the year | 960 | 3,853 | 960 | 3,853 |
| Total comprehensive income for the year | 29,945 | 22,123 | 29,945 | 22,123 |
| Profit or loss attributable to: | | | | |
| Owners of the parent | 28,985 | 18,270 | 28,985 | 18,270 |
| Profit for the year | 28,985 | 18,270 | 28,985 | 18,270 |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | 29,945 | 22,123 | 29,945 | 22,123 |
| Total comprehensive income for the year | 29,945 | 22,123 | 29,945 | 22,123 |
| Basic and diluted earnings per share (tambala) | 1,241 | 782 | | |

SUMMARY STATEMENTS OF FINANCIAL POSITION

| | CONSOLIDATED | | SEPARATE | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Audited 31-Dec-23 | Audited 31-Dec-22 | Audited 31-Dec-23 | Audited 31-Dec-22 |
| <i>In millions of Malawi Kwacha</i> | | | | |
| Liabilities and equity | | | | |
| Liabilities | | | | |
| Balances due to other banks | 22,879 | 8,289 | 22,879 | 8,289 |
| Customer deposits | 354,465 | 229,815 | 354,783 | 230,132 |
| Income tax payable | 4,245 | 2,647 | 4,235 | 2,637 |
| Other payables | 21,840 | 11,598 | 22,024 | 11,783 |
| Lease liabilities | 448 | 454 | 448 | 454 |
| Provisions | 2,217 | 796 | 2,217 | 796 |
| Total liabilities | 406,094 | 253,599 | 406,586 | 254,091 |
| Total equity | 77,554 | 61,364 | 77,196 | 61,006 |
| Total equity and liabilities | 483,648 | 314,963 | 483,782 | 315,097 |
| Assets | | | | |
| Cash and cash equivalents | 86,394 | 56,233 | 86,394 | 56,233 |
| Money market investments | 160,651 | 91,766 | 160,651 | 91,766 |
| Loans and advances to customers | 184,826 | 127,332 | 184,826 | 127,332 |
| Amounts due from related parties | 121 | 264 | 121 | 264 |
| Repurchase agreements | 8,383 | 5,128 | 8,383 | 5,128 |
| Current tax asset | 44 | 44 | - | - |
| Investments at fair value through profit or loss | 10,919 | 4,731 | 10,919 | 4,731 |
| Other assets | 4,318 | 2,632 | 4,290 | 2,604 |
| Investment in subsidiary companies | - | - | 209 | 209 |
| Property and equipment | 25,793 | 23,619 | 25,793 | 23,619 |
| Right of use assets | 333 | 357 | 333 | 357 |
| Deferred tax assets | 497 | 809 | 494 | 806 |
| Intangible assets | 1,369 | 2,048 | 1,369 | 2,048 |
| Total assets | 483,648 | 314,963 | 483,782 | 315,097 |

SUMMARY STATEMENTS OF CHANGES IN EQUITY

| | CONSOLIDATED | | SEPARATE | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Audited 31-Dec-23 | Audited 31-Dec-22 | Audited 31-Dec-23 | Audited 31-Dec-22 |
| <i>In millions of Malawi Kwacha</i> | | | | |
| As at the beginning of the year | 61,364 | 47,721 | 61,006 | 47,363 |
| Net profit for the year | 28,985 | 18,270 | 28,985 | 18,270 |
| Other comprehensive income | 960 | 3,853 | 960 | 3,853 |
| Comprehensive income attributable to owners | 91,309 | 69,844 | 90,951 | 69,486 |
| Dividends paid | (13,755) | (8,480) | (13,755) | (8,480) |
| Balance at the end of the year | 77,554 | 61,364 | 77,196 | 61,006 |

SUMMARY STATEMENTS OF CASH FLOWS

| | CONSOLIDATED | | SEPARATE | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Audited 31-Dec-23 | Audited 31-Dec-22 | Audited 31-Dec-23 | Audited 31-Dec-22 |
| <i>In millions of Malawi Kwacha</i> | | | | |
| Cash generated from operations before income tax paid | 111,182 | 55,662 | 111,182 | 55,662 |
| Income taxes paid | (12,113) | (7,378) | (12,113) | (7,378) |
| Net cash from operating activities | 99,069 | 48,284 | 99,069 | 48,284 |
| Net cash (used in)/from investing activities | (76,422) | 84,950 | (76,422) | 84,950 |
| Net cash (used in)/from financing activities | 481 | (123,712) | 481 | (123,712) |
| Net increase in cash and cash equivalents | 23,128 | 9,522 | 23,128 | 9,522 |
| Cash and cash equivalents at 1 January | 56,233 | 46,300 | 56,233 | 46,300 |
| Effect of changes in exchange rates | 7,033 | 411 | 7,033 | 411 |
| Cash and cash equivalents at year end | 86,394 | 56,233 | 86,394 | 56,233 |

IMPAIRMENT LOSSES/NON-PERFORMING CREDIT FACILITIES AND PROVISIONS FOR LOSSES BY INDUSTRY

| Industry | 31-Dec-23 | | | 31-Dec-22 | | |
|-------------------------------------|---------------------|-----------------|--------------------|---------------------|-----------------|--------------------|
| | Out-standing Amount | Impaired Amount | Specific Provision | Out-standing Amount | Impaired Amount | Specific Provision |
| <i>In millions of Malawi Kwacha</i> | | | | | | |
| Agriculture | 36,422 | 1,085 | 480 | 22,407 | 948 | 382 |
| Mining | 28 | - | - | 18 | - | - |
| Financial Services | 923 | - | - | 520 | 7 | 3 |
| Construction | 13,812 | 93 | 41 | 7,755 | 163 | 66 |
| Energy/Electricity/Gas/Water | 15,573 | - | - | 9,362 | - | - |
| Manufacturing | 36,929 | 1,694 | 748 | 29,284 | 2,137 | 631 |
| Wholesale and Retail | 28,937 | 2,188 | 967 | 24,106 | 1,638 | 660 |
| Individual/Households | 47,655 | 326 | 144 | 26,014 | 458 | 185 |
| Real Estate | 3 | - | - | 271 | - | - |
| Tourism & Leisure | 2,635 | 326 | 144 | 2,867 | 324 | 131 |
| Transport & Communication | 5,774 | 10 | 4 | 7,393 | 618 | 249 |
| Others | 920 | 73 | 57 | 280 | 17 | 23 |
| | 189,611 | 5,795 | 2,585 | 130,277 | 6,310 | 2,330 |

CREDIT CONCENTRATIONS

| Sector of Borrower | 31-Dec-23 | | 31-Dec-22 | |
|--------------------------------------|------------|-------------------|------------|-------------------|
| | Amount | % of Core Capital | Amount | % of Core Capital |
| <i>In thousands of Malawi Kwacha</i> | | | | |
| Wholesale and Retail | 13,905,000 | 27.31% | 13,925,000 | 33.95% |
| Construction | 29,725,813 | 58.38% | 11,288,077 | 27.52% |
| Transport & Communication | 16,833,334 | 33.06% | 10,260,901 | 25.01% |

Note: Credit concentration represents total credit facilities including guarantees, acceptances, and other similar commitments extended to any one customer or group of related customers where amounts exceed 25% of core capital.

LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES

| | 31-Dec-23 | | 31-Dec-22 | |
|---|------------------|-------------------|------------------|-------------------|
| | Amount | % of Core Capital | Amount | % of Core Capital |
| <i>In thousands of Malawi Kwacha</i> | | | | |
| Corporate bodies directly or indirectly related to directors*: | | | | |
| Balance at the beginning of the year | 2,929,524 | | 1,902,029 | |
| Loans granted during the year | 3,455,449 | | 1,027,495 | |
| Repayments | (2,929,524) | | - | |
| Balance at the end of the year | 3,455,449 | | 2,929,524 | |
| Senior management | | | | |
| Balance at the beginning of the year | 979,394 | | 316,004 | |
| Loans granted during the year | 114,723 | | 730,836 | |
| Repayments | (110,342) | | (67,446) | |
| Balance at the end of the year | 983,775 | | 979,394 | |

* All loans to bodies directly or indirectly linked to directors were made on arm's length commercial terms.

INVESTMENT IN SUBSIDIARIES

| Institution | Number of Shares ('000) | Percentage Holding | 31-Dec-23 (MK'000) | 31-Dec-22 (MK'000) |
|-----------------------------|-------------------------|--------------------|--------------------|--------------------|
| ICB Malawi Limited | 7,149 | 100.00% | 148,791 | 148,791 |
| FMB Capital Markets Limited | 500 | 100.00% | 50,000 | 50,000 |
| FMB Forex Bureau | 10,000 | 100.00% | 10,000 | 10,000 |
| FMB Pensions Limited | 1,000 | 100.00% | - | - |
| | | | 208,791 | 208,791 |

BASE LENDING RATE

| | 31-Dec-23 | 31-Dec-22 |
|--|-----------|-----------|
| Base lending rate (local currency loans) | 23.60% | 13.80% |
| Maximum applicable range (percentage points) | 11.10% | 11.10% |
| Base lending rate (foreign currency loans) | 0.00 | 0.00 |
| Maximum applicable range (percentage points) | 9.50 | 9.50 |
| Reference rate | 23.60% | 13.80% |

DEPOSIT RATES

| | 31-Dec-23 | 31-Dec-22 |
|---|------------|------------|
| Savings Accounts (Balances above K10,000) | 4.00% | 4.00% |
| Fast Accounts (Balances above K10,000) | 2.00% | 2.00% |
| Call Accounts | | |
| 7 day call | 3.00% | 3.00% |
| 30 day call | 3.00% | 3.00% |
| Fixed Deposits (Minimum deposit K25,000) | | |
| 1 Month | 3.50% | 3.50% |
| 2 Months | 5.50% | 5.50% |
| 3 Months | 5.00% | 5.00% |
| Above 3 Months | Negotiable | Negotiable |
| Current Account (Balances above K500,000) | 0.00% | 0.00% |

DIRECTORS' FEES AND BONUSES TO STAFF

| | 31-Dec-23 | 31-Dec-22 |
|--------------------------------------|-----------|-----------|
| <i>In thousands of Malawi Kwacha</i> | | |
| Fees paid to Non-Executive Directors | 432,201 | 332,036 |
| Bonuses paid to staff | 1,296,079 | 1,037,635 |

BASIS OF PREPARATION

The Directors have prepared the summary consolidated and separate financial statements to meet the requirements of the Financial Services Act, 2010. The Directors have considered the requirements of the Financial Services Act, 2010 and believe that the summary consolidated and separate statements of financial position, the summary consolidated and separate statements of comprehensive income, the summary consolidated and separate statements of changes in equity and the summary consolidated and separate statements of cash flows are sufficient to meet the requirements of the users of the summary consolidated and separate financial statements. The amounts in the summary consolidated and separate financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards. The summary consolidated and separate financial statements have been derived from the consolidated and separate financial statements which were approved by the board of directors on 12 March 2024 and are available at the registered office of the bank.

FINANCIAL PERFORMANCE

The bank's profit after tax for the year ended 31 December 2023 was MK28.99 billion being 59% above prior year. Net interest income grew by 46% mainly due to growth in loans and advances. Non-interest income grew by 84% to MK36.9 billion mainly driven by growth in transactional income and gains on listed securities. The bank's cost to income ratio for the year dropped from 52% in 2022 to 48% in 2023. Management implemented robust cost containment measures in the wake of the high inflationary pressures and cost increases due to the depreciation of the Malawi Kwacha.

Balance sheet growth year on year was 54% (2023: MK483.6 billion; 2022: MK315.0 billion). Customer deposits grew by 54% from MK229.8 billion to MK354.5 billion in 2023, and customer loans and advances grew by 45%.

The 2024 country's Gross Domestic Product (GDP) growth rate is difficult to predict. The El Niño impact on agricultural production will have a negative impact. On the positive side the IMF's Extended Credit Facility (ECF) program should unlock foreign budgetary support and provide additional foreign exchange inflows into the country.

Overall, the operating environment shall continue to be very uncertain. The Bank will continue to monitor and modify its strategies regularly to navigate through the expected challenging economic environment.

By order of the Board



Hitesh N Anadkat
Director



Agness Jazza
Chief Executive Officer



Michael Kadumbo
Chief Finance Officer

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REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

To the members of First Capital Bank Plc

OPINION

The summary consolidated and separate financial statements, which comprise the summary consolidated and separate statements of financial position as at 31 December 2023, 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, and related notes, are derived from the audited consolidated and separate financial statements of First Capital Bank Plc for the year ended 31 December 2023.

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, in accordance with International Financial Reporting Standards and in compliance with the Companies Act, 2013.

THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The summary consolidated and separate financial statements do not contain all the disclosures required by the International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 2013. 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.

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.



Building a better working world
Chartered Accountants (Malawi)
Chiwemi Chihana
Registered Practising Accountant
3 April 2024