FMBcapital HOLDINGS plc

2023 INTEGRATED REPORT

Click to enter

Belief comes first.

FMBcapital HOLDINGS plc

We aim to be the leading corporate transactional banking partner across our sub-Saharan African footprint, providing exceptional service while meeting our customers' local and cross-border needs, where **belief comes first**.

Contents

This report is **an interactive PDF.** It is best viewed in Adobe Acrobat on a desktop, mobile or tablet device.

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About this report

Scope and boundary

This report covers the material information about the financial, economic, social and environmental performance of FMBcapital Holdings Plc (FMBCH or the Group) and all its operating companies in Botswana, Malawi, Mozambique, Zambia and Zimbabwe, supported by a shared services centre in Mauritius for the financial year ended 31 December 2023. Where applicable and relevant, information after this date and up to the date of Board approval has been included.

We provide insights into matters of importance to our stakeholders, highlighting how the Group is governed, the material matters we identified and the risks and opportunities that could impact our business. We show how these factors influence our business model, strategic objectives and future plans to create and sustain value for our stakeholders in the short, medium and long term.

Connecting information

The online PDF version of this report incorporates digital navigation capabilities to assist in moving between sections, while the printed report uses icons to improve the readability and connectivity of information across the report.

Refers readers to a **page** where more information can be found in this report.

Refers readers to information available online at **www.fmbcapitalgroup.com**

Reporting principles and frameworks

The content of this report has been informed by:

- International Integrated Reporting Framework (<IR> Framework) of the IFRS Foundation
- The Mauritius Companies Act 2001 (Companies Act)
- The National Code of Corporate Governance for Mauritius 2016 (Mauritius Code)
- Listings requirements of the Malawi Stock Exchange
- Code of Best Practice for Corporate Governance in Malawi (Malawi Code II)
- United Nations Sustainable Development Goals (SDGs)
- International Financial Reporting Standards (IFRS®) Accounting Standards.

Closer alignment with the recently issued International Sustainability Standards Board's sustainability-related (IFRS S1) and climate change-related (IFRS S2) standards for capital markets will be a key objective for the Group going forward.

Materiality

FMBCH applies integrated thinking and a pragmatic approach in defining material matters, which form an integral part of our strategic planning activities. Our determination of materiality in integrated reporting is based on the guidelines of the <IR> Framework. Management is not aware of the unavailability of any reliable information or any legal prohibitions to disclosing any material information although information considered to be competitively sensitive will not be disclosed.

Refer to **page 39** for more information on our material matters.

Feedback on this report

We are committed to improving this report and welcome constructive feedback. Please email your comments to: **communications@fmbcapitalgroup.com**

The integrated report and previous annual reports are available for download from our website at **www.fmbcapitalgroup.com**

Time horizons

The report content focuses on matters that materially impact our ability to create and sustain value over the short (up to one year), medium (two to five years) and long term (more than five years).

Process disclosure

A dedicated process is followed in the preparation and approval of this report. Information contained in the report is derived from the Group's own internal resources and from information available in the public domain. A team, led by the Chief Financial Officer, ensures that an effective report preparation process is followed. Board sub-committees play a role in reviewing various sections of the annual financial statements to ensure their integrity and recommend them to the Board for approval.

Forward-looking statements

All forward-looking statements are based on beliefs and assumptions relative to information currently available to FMBCH's management. There can be no assurance that such statements will be accurate and actual results and future events could differ materially from those anticipated in such statements.

For purposes of this report, the words 'believe', 'anticipate', 'estimate', 'expect', 'intend' and similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to certain risks, uncertainties and assumptions. These risks include but are not limited to, general market conditions, our ability to manage growth, performance and changes in the regulatory environment, among others.

FMBCH undertakes no obligation to update forward-looking statements to reflect subsequently occurring events or circumstances or to reflect unanticipated events or developments.

Board approval

The Board and its sub-committees acknowledge their responsibility for overseeing the integrity and completeness of this report. The Board confirms that it has collectively reviewed the contents, preparation and presentation of this report.

Furthermore, it believes that it has appropriately considered the accuracy and completeness of the material matters as well as the reliability of all data and information presented herein. The Board approved the integrated report on 28 June 2024.

Terence Davidson *Chairman*

Hitesh Anadkat *Non-executive Director*

Susanne Alfs *Non-executive Director*

Priscilla Balgobin-Bhoyrul *Non-executive Director*

Gavin Chapman *Non-executive Director*

Christo Els *Non-executive Director*

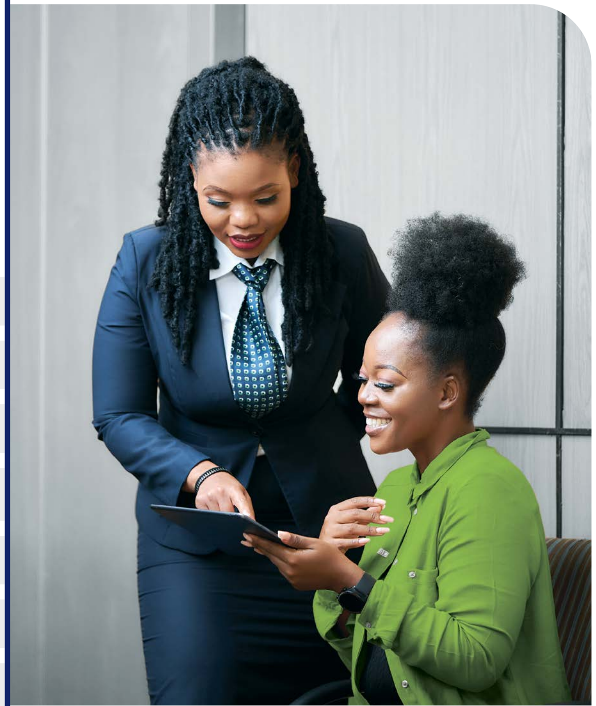
Mahendra Gursahani *Non-executive Director*

Busisa Moyo *Non-executive Director*

Kamal Taposeea *Non-executive Director*

Jaco Viljoen *Executive Director*

Signatures were removed for security and privacy reasons.



Assurance

An independent audit of the Group's annual financial statements was performed by Ernst & Young (EY) Mauritius.

About FMBCH

Interactive content

Who we are

FMBcapital Holdings Plc (FMBCH or the Group) is a Mauritius-based banking and financial services holding company.

FMBcapital Holdings Plc is the Mauritius-based holding company of the FMBcapital Group. It is listed on the Malawi Stock Exchange and has banking and finance operations in five Southern African Development Community (SADC) countries, namely Botswana, Malawi, Mozambique, Zambia and Zimbabwe.

Growth is our business

With a solid track record of financial strength and stability, we aim to be a leading provider of financial services in the country by:

- Prioritising customer service
- Efficient relationship banking
- Offering flexibility in products
- Deploying advanced information technology (IT) delivery platforms
- Providing strong leadership and management

The Group has consolidated its position as a leading regional corporate transactional bank, with a growing market share across the SADC footprint that serves the cross-border banking needs of businesses operating in the sub-Saharan region.

FMBcapital HOLDINGS plc

FMBCH is registered with the Mauritius Financial Services Commission (FSC) as a Global Business Licence Company (GBC).

First Capital BANK – Botswana 38.6%
Read more: page 52

First Capital BANK – Malawi 100%
Read more: page 54

First Capital BANK – Mozambique 80%
Read more: page 56

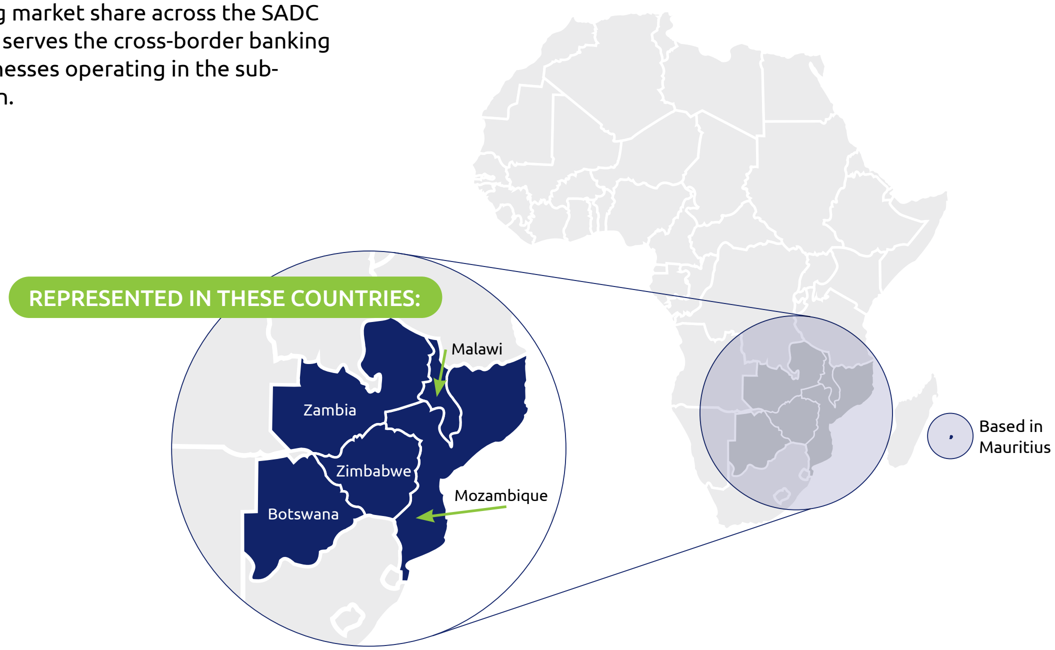
First Capital BANK – Zambia 49%
Read more: page 58

AFCARME ZIMBABWE 100%

First Capital BANK – Zimbabwe 52.49%
Read more: page 60

First Capital SHARED SERVICES LTD – 100%

Based in Mauritius, First Capital Shared Services Limited (FCSSL) provides back office and IT support services for the entire Group
Read more: page 62



Assets of
US$ 1.521 million
2022: US$ 1.385 million

Customer deposits
US$ 1.096 million
2022: US$ 1.039 million

Employees
1 948
2022: 1 913

Our timeline

The Group has grown from a single branch in Malawi to a regionally focused banking group with 84 branches across five countries, providing a range of services to suit customer needs and making First Capital Bank a trusted, reliable financial partner in our markets.

1995

Our first branch opens in Blantyre as **First Merchant Bank**

1997

We acquired **Leasing and Finance Co. of Malawi**

2006

Established in Botswana

2009

FMB (as the standalone bank) first listed on the **Malawi Stock Exchange**

2013

International Commercial Bank in Malawi, Mozambique and Zambia acquired

2016

FMBcapital Holdings Plc established in Mauritius

2017

Opportunity International Bank of Malawi acquired and merged with First Merchant Bank Limited

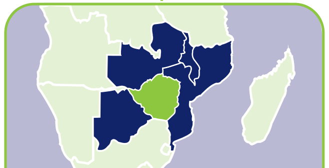
Merger of First Merchant Bank Limited with Leasing and Finance Company

2018

The Group rebrands to **First Capital Bank** in all its markets

April

Formation of **First Capital Shared Services** Ltd in Mauritius as a service centre for the Group banks



October

FMB expands to include **Zimbabwe** in its regional footprint

2019

Bank of India in Botswana acquired and merged

2020

We celebrated **25 years** in business in Malawi

2023

10 years

We celebrated **10 years** in Zambia and Mozambique

We celebrated **15 years** in Botswana

Our regional footprint

First Capital BANK

The Group serves the cross-border banking needs of businesses operating in five countries in the sub-Saharan region.

Branches, agencies and loan centres
84
2022: 72

Onsite banking
41
2022: 21

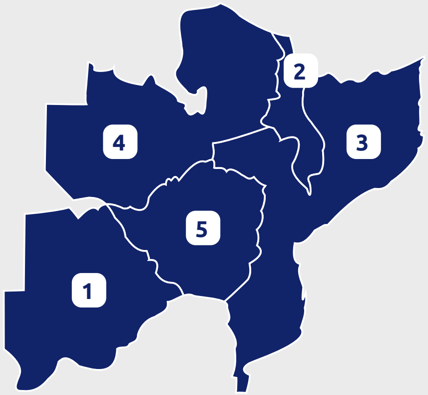
Automated teller machines (ATMs)
96
2022: 118

Employees
1 948
2022: 1 913

Point-of-sale (POS) devices
4 204
2022: 3 508

Customers
614 490
2022: 555 016

1	Botswana	38.6%
2	Malawi	100%
3	Mozambique	80%
4	Zambia	49%
5	Zimbabwe	52.49%



First Capital Bank Botswana

provides a range of corporate, commercial and personal banking services and has a strong focus on servicing small to large-scale independent businesses. The bank has branches in Gaborone, Francistown, Maun and Mogoditshane.

For more information, see **www.firstcapitalbank.co.bw**

First Capital Bank Malawi

is a full-service commercial bank offering financial products and services to the corporate, retail and personal markets. With its diverse product offering, the bank caters for the needs of all segments of the Malawi market and has one of the most extensive branch distribution networks in the country.

For more information, see **www.firstcapitalbank.co.mw**

First Capital Bank Mozambique

has established a strong and loyal customer base in the corporate sector while providing a full range of banking services across the small to medium-sized enterprise small to medium-sized (SME) and retail sectors. The bank is headquartered in Maputo and has branches in Nampula and Beira.

For more information, see **www.firstcapitalbank.co.mz**

First Capital Bank Zambia

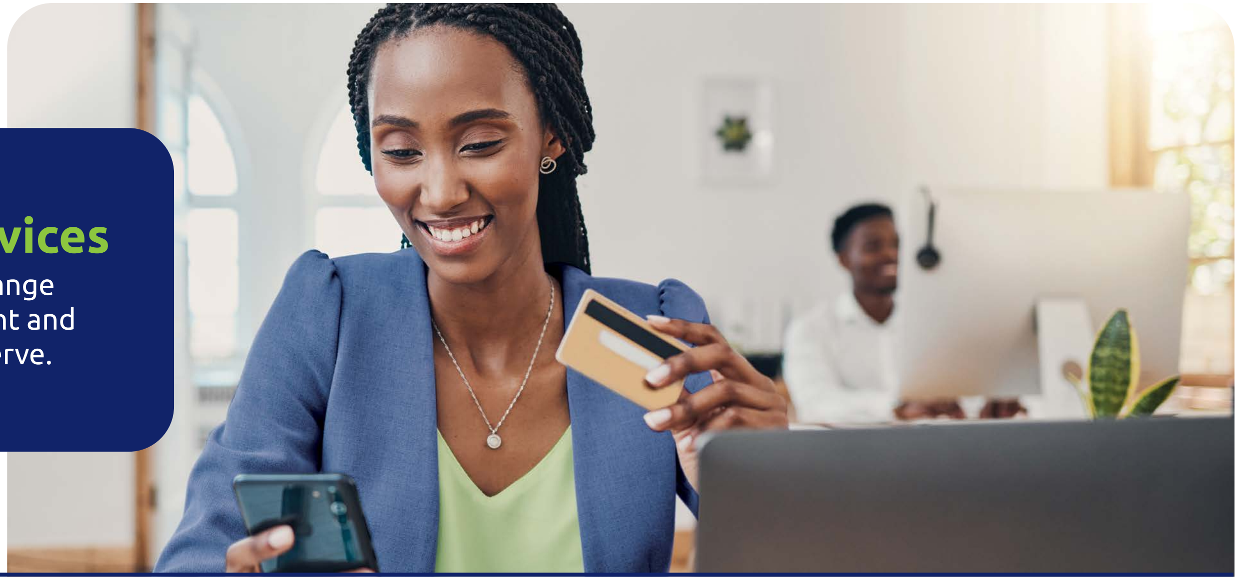
offers a comprehensive portfolio of lending, transactional banking and investment products servicing the needs of the corporate, commercial and retail markets. With a strong corporate customer base, the bank has branches in Lusaka, Ndola and Kitwe.

For more information, see **www.firstcapitalbank.co.zm**

First Capital Bank Zimbabwe

operates one of the biggest and oldest commercial banking networks in Zimbabwe. The bank offers a full range of financial products and services to the corporate, commercial and personal markets. It has branches in all large commercial centres, with a large network of ATMs. First Capital Bank Zimbabwe is listed on the Victoria Falls Exchange.

For more information, see **www.firstcapitalbank.co.zw**



Our products and services

The Group offers a comprehensive range of financial solutions that are relevant and valuable to the customers that we serve.

Payments, cash management and other services

- Bill payments
- Bulk electronic payments
- Cash-in-transit services
- Cashiering services and cash management
- Electronic fund transfers (EFT)
- Payroll solutions
- Real-time gross settlement
- Tax payment services
- Vendor payments
- Remittances

Treasury and foreign exchange

- Bank guarantees
- Documents under collection
- Foreign exchange services
- Letters of credit
- Trade finance

Investments

- Fixed deposits
- Call deposits
- Treasury bills

Channels and access

- ATMs
- Internet banking
- Mobile banking app
- Unstructured supplementary service data (USSD)
- Call centre
- Branches (including Prestige and Premier with extended banking hours)
- Agencies and loan centres
- POS devices

Cards

- Visa debit cards
- USD gold card*

Loans and overdrafts

- Foreign currency loans
- Local currency loans
- Term loans
- Overdraft facilities
- Working capital finance
- Leasing and asset finance
- Personal finance

Transactional accounts

- Current accounts
- Savings accounts
- Foreign currency accounts

Bancassurance*

- Credit life
- Short-term

* In some markets.

Our purpose

Our strategic purpose is to grow sustainable value for the benefit of all our stakeholders.

Our vision
To build a formidable business that passes the test of time

Our mission
Growth is our Business

Our values
Our strong values support our vision and mission with the collective effort of all our employees

- Our service is our pride
- We have shared responsibility for our business
- We value time and deliver quickly
- We are open and honest, but respectful
- We find simpler ways of doing things
- Integrity and reputation are our wealth

Strategic objectives and goals

The purpose of FMBCH's strategy is to secure a strong regional footprint that will result in growth for the Group's employees, customers, shareholders, communities and other stakeholders while remaining fully compliant and following good governance.

Our Critical Success Factors are underpinned by our values.

We are a trusted and respected brand
- We are recognised as a leading financial services provider in the region
- Our communities appreciate our contributions

Our strategic alliances accelerate our innovation
- We build solutions for our clients that help them grow
- We understand global, regional and local trends
- We have the right strategic alliances

Our processes enable service excellence
- Our processes are designed to delight
- Our processes reduce costs
- We maximise the benefits of shared services

We maximise long-term value for our stakeholders
- We grow market share faster than the competition
- Everyone shares in our growth

Our people drive the business
- Our people are committed to growth
- We recognise and celebrate successes

Belief comes first

Interactive content

Chairman's report

Terence Davidson
Chairman

Strategic roadmap

As we reflect on the past year, it is evident that 2023 has been a significant milestone in our journey. It has clearly demonstrated the effectiveness of our strategic initiative, "Growth is our Business". Now in its second year of implementation, this strategy continues to drive growth across all our markets, reinforcing our commitment to delivering exceptional value to our stakeholders.

Historically, First Capital Bank (FCB) in each of our markets has operated with independent strategies tailored to their unique contexts and maturity levels. However, the establishment of a more centralised structure has provided overarching leadership and strategic direction to our five banking businesses and the Mauritius-based Group Shared Services Centre. This shift has enabled us to transition from a one-dimensional approach to a holistic perspective, balancing our people, brand, market, efficiency, and profitability initiatives.

To maximise business opportunities and leverage cross-country synergies, we have established functional centres of excellence. These centres complement and support our in-country teams, ensuring that best practices and innovations are shared across the Group.

Under the unified brand banner of First Capital, supported by the technical and operational capabilities of our Group Shared Services Centre, we have seen considerable progress. Led by Group Managing Director Jaco Viljoen, our Executive Management team has made remarkable progress in executing this strategy. We are pleased with their performance against our strategic pillars, as detailed in this report.

Performance in 2023

We are proud to report that the Group delivered robust performance in 2023, with notable growth in operating income, income accretive assets, and profits across the Group. This reflects our unwavering commitment to providing quality services that meet our customers' needs.

Key performance highlights for 2023 include:

- A 31% increase in total operating income, reaching US$ 251 million.
- A 29% year-on-year growth in post-tax consolidated profit, amounting to US$ 78.7 million.
- Net interest income rose by 25%, maintaining a net interest margin of 15%.
- Non-funded income surged by 39% to US$ 115 million, driven by enhanced transactional, trade, and foreign exchange treasury services.
- Loans and advances to customers increased by 10%.
- Our current and savings account (CASA) market share expansion attracted over 61 000 new customers, ending the year with just under 615 000 customers.
- The cost-income ratio improved to 49%, down from 50% in 2022.

Despite a strengthening US Dollar, our focus on digital banking platforms, vibrant consumer lending services, and strong relationship banking drove significant growth. Our CASA drive has fortified our balance sheets, aligning well with our growth ambitions.

These outcomes are delivered by our people working in concert with each other, across functions, geographies, and segments. We continue to invest in our people. Our people initiatives ranged from launching a clearer, more transparent performance development framework to refreshed values underpinning what we stand for as a Group, as well as talent development programmes, among other things.

In addition, various functions and business units across the Group increasing the digitisation and automation of certain activities. We believe that technological advancements such as generative artificial intelligence will create opportunities for a spectrum of change, from internal efficiency to new markets altogether. Still, we are mindful of taking this on in pragmatic and well thought through manner that drives our existing and future strategies. We pay equal attention to and invest in the resources to respond to the increasing profile of cybersecurity risks that this exponential technological change can bring.

Overall, we believe that our internal orientation across people, processes, solutions and systems is on a good path, and positions us well for continued robust performance.

The global economic environment

The global economic landscape in 2023 was characterised by moderate growth, influenced by fluctuating commodity prices and geopolitical tensions. The Southern African region experienced varied economic conditions, reflecting each country's unique challenges and opportunities.

Amid these challenges, our FCB country operations have adapted and thrived, demonstrating their resilience and strategic agility. FCB Botswana achieved the highest return on equity in the local industry, while FCB Mozambique capitalised on the dynamic energy and natural resources sectors. FCB Zambia and FCB Zimbabwe managed economic and regulatory challenges effectively, ensuring stability and growth.

Macroeconomic outlook

Global economic growth is projected to slow sharply in 2024, driven by ongoing geopolitical pressures, high inflation, and rising interest rates. Despite these challenges, growth forecasts for the SADC remain positive. The Board and management believe there is potential to increase our market share by delivering excellent customer service, innovative solutions, and leveraging regional trade flows.

We continue to monitor developments in inflation, trade, monetary policy, and overall economic stability closely. Our expectations for the countries we operate in, based on World Bank research, are as follows:

- **Botswana:** Gross domestic product (GDP) growth is expected to moderate to about 4.0% in 2024. FCB Botswana remains well-positioned for growth and is recognised as one of the best banks in the country.
- **Malawi:** Despite high inflation and currency devaluation, FCB Malawi is poised to expand its client base and product range.
- **Mozambique:** Economic growth is expected to accelerate to 6%, driven by increased liquified natural gas (LNG) production and high commodity prices. FCB Mozambique is well-positioned for future growth.
- **Zambia:** GDP is projected to grow by around 4.5% annually. FCB Zambia has grown its balance sheet and is positioned to build on this strength.
- **Zimbabwe:** Real GDP growth is estimated to reach 2.7% in 2024. FCB Zimbabwe has maintained its market position and managed the challenges of hyperinflation and currency volatility effectively.

Governance, Risk, Compliance, and Shareholder Returns

Our commitment to maintaining robust governance and risk management frameworks remains unwavering. In 2023, we continued to enhance our oversight processes, ensuring that capital, liquidity, and resource allocations are made based on risk assessment and opportunity sizing.

The Board declared a final dividend of US$ 10.6 million for the fiscal year ended 31 December 2023, reflecting our commitment to delivering value to our shareholders. This dividend, coupled with our progressive dividend policy, underscores our confidence in the Group's sustained operational performance and growth prospects.

In conclusion, 2023 has been a year of significant achievements and strategic advancements for the FMBCH Group. Our focused execution of the "Growth is our Business" strategy, combined with our robust governance and risk management practices, positions us well for continued growth and success. We remain committed to delivering exceptional value to our stakeholders and are confident in our ability to navigate the challenges and opportunities that lie ahead.

Terence Davidson
Chairman

Board of directors

The Board is composed of directors from different sectors. Every director draws from their professional background and expertise to positively contribute to the Board's activities.

Chairman

Non-executive Directors

BOARD COMMITTEES

- Risk
- Appointment and Remuneration
- Audit
- IT Technology

1 Terence Davidson

Chairman
Non-executive Director
Appointed 2017

Terence is a veteran banker with over three decades with Citibank, including serving as regional head for East and Southern Africa. He was also Chief Executive Officer (CEO) of Kenya Commercial Bank, a regional East African bank. Terence was a founder member of the Kenya Capital Markets Authority, a member of the Kenya Capital Markets Tribunal, the Kenya Deposit Protection Fund, Chairman of the Kenya Bankers Association and past council member of the University of Nairobi. He works as an independent consultant and is on the Board of various companies, including Prime Bank Kenya Limited and Asilia Limited.

2 Hitesh Anadkat

Non-executive Director
Appointed 2005

MBA (Cornell University), BSc (Hons) Economics (University of London)

Before returning to Malawi to establish First Capital Bank (originally FMB Malawi), Hitesh worked in corporate finance in the USA specialising in mergers, acquisitions and valuations, initially with a global investment bank, thereafter setting up his own firm. **Hitesh** founded FMB Malawi in 1995. He was also Vice Chairman of Malawi's largest telecommunications provider, TNM, serving for 14 years through to 2021. Hitesh is a philanthropist and, through his family foundation, has contributed substantively to education, health and prison reform causes. He holds directorships in five commercial banks (part of FMBcapital Holdings Group) and in other sectors of the Malawi economy.

3 Susanne Alfs

Non-executive Director
Appointed 2020

MBA (University of Chicago Booth School of Business)

Susanne is a seasoned banker and economist. Her banking career included advisory services for emerging countries on behalf of the German government. Starting in 1998, when she joined Accenture, she continuously expanded her technology expertise. Today she assists global corporates in digital transformation, restructuring and post-merger integration. Susanne has served on boards in Germany, Mauritius and the USA.

4 Priscilla Balgobin-Bhoyrul

Non-executive Director
Appointed 2021

Harvard Business School, Authentic Leadership Programme, London School of Economics and Political Science, Understanding Women's Human Rights, City University, Higher Diploma Law, Inns of Court School of Law, Bar Vocational Course, London School of Economics and Political Science, LLB (Hons)

Admitted to the Bar of England and Wales, Admitted to the Bar of Mauritius

Member of the Mauritius Bar Association, Member of Middle Temple, United Kingdom

Priscilla is a Barrister at Law and Founder Partner of Dentons Mauritius LLP. Her main areas of focus are corporate, private equity, employment and compliance. She also has a keen interest for fintech and ESG matters. She has practiced at the Mauritian Bar since 1999 and appeared before all the courts of Mauritius, as well as before the Judicial Committee of the Privy Council in the United Kingdom (UK). She has also sat for numerous years as a member of the Public Bodies Appeal Tribunal, a Tribunal set up to hear appeals on appointment decisions made by the Public Service Commission and Local Government Service Commission in Mauritius. Priscilla is presently the Chairperson on the Mauritius Bar Association.

Non-executive directors

BOARD COMMITTEES

- Risk
- Appointment and Remuneration
- Audit
- IT Technology

5 Gavin Chapman

Non-executive Director

Appointed 2021

Fellow of the Institute of Chartered Accountants of England and Wales (FCA) and the Institute of Corporate Treasurers (FCT)

Gavin is a senior finance professional with direct financial services experience across multiple disciplines in large, world-class, complex organisations, and a track record of building and running successful businesses, managing complex change and implementing strategic growth or turnaround plans to the benefit of multiple stakeholders. He is currently the Managing Director, Co-Head of Barclays Principal Investments and has held several senior roles within the Barclays Group.

6 Christo Els

Non-executive Director

Appointed 2019

BLC, LLB with distinction (Pretoria), LLM with distinction (Unisa), Executive education programme on Leading Professional Services Firms (Harvard Business School)

Christo is a senior partner of Webber Wentzel. He specialises in mergers and acquisitions (M&A), corporate finance, equity capital markets and securities regulation law. He has advised on a number of large, transformational and cross-border transactions in sub-Saharan Africa. He has over 25 years of experience in the areas of corporate law as well as in M&A. His expertise has been recognised by various international research organisations including Chambers Global (Corporate/M&A and Capital Markets), IFLR1000 (M&A, Capital Markets), Legal 500 (Corporate/M&A) and Who's Who (M&A). Christo was named by DealMakers Magazine as Joint Dealmaker of the Year, 2011 with five further nominations between 2010-2015. In 2022, he was shortlisted as DealMaker of the Year by DealMakers.

7 Mahendra Gursahani

Non-executive Director

Appointed 2019

ACA – Institute of Chartered Accountants in England and Wales

Mahendra is an experienced CEO and board director, with over 30 years' of multinational experience in the banking and financial services industry. Mahendra's experience spans India, Australia, Singapore, the UK, UAE, Philippines and Malaysia, giving him a deep understanding of Asia and the Middle East. Mahendra is an accomplished leader in corporate banking, audit, risk, special asset management, project management, retail banking and general management. Apart from leading FMBCH Group as Interim Group Managing Director, Mahendra was recently Chief Operating Officer of Noor Bank based in Dubai, as well as CEO of Standard Chartered Bank (Philippines and Malaysia).

Non-executive directors

Executive director

8

9

10

BOARD COMMITTEES

- Risk
- Appointment and Remuneration
- Audit
- IT Technology

8 Busisa Moyo

Non-executive Director

Appointed 2021

B Acc (Unisa), MBA (IESE Business School, Spain)

Busisa is a business leader, industrialist and entrepreneur with more than 20 years' experience.

He completed his articles with the Institute of Chartered Accountants of Zimbabwe under Deloitte in 1999. He is the CEO of United Refineries.

He serves on several public sector institutions and boards and is currently the Chairman of the Zimbabwe Investment and Development Agency, the Zimbabwe International Trade Fair and Bitumen World.

9 Rajkamal Taposeea

Non-executive Director

Appointed 2017

LLB (University of Buckingham), Barrister-at-Law (Inner Temple), LLM (VUB)

Kamal has over 30 years' of professional experience extending to diverse sectors which include law, financial services, financial regulations, media and airlines as well as tourism. He currently holds non-executive directorships in various financial services companies and global funds. Kamal has been a member of the Monetary Policy Committee of the Bank of Mauritius, non-executive Chairman of Air Mauritius, General Manager (Investment Banking Group) of Al Rajhi Bank in Saudi Arabia, Regional Managing Director at Standard Bank Mauritius, Managing Director at Barclays Bank PLC Mauritius and Commercial Director of Cedel Bank. Kamal started his banking career with JP Morgan in 1985.

10 Jaco Viljoen

Executive Director

Appointed 2023

MBA from Oxford Brookes University (UK), degrees from University of Stellenbosch and University of Orange Free State, Certificate in Coaching from University of Cambridge

Jaco is an accomplished banker with more than 27 years of senior management experience working in various African countries, including South Africa and Nigeria for Standard Bank and Barclays. He joined the FMBCH Group in 2013 as CEO for First Capital Bank Botswana, following which he was appointed as CEO of First Capital Bank Malawi. In 2022, he was appointed Group Managing Director of FMBCH. A natural leader and strategic executive, Jaco has vast banking experience across multiple functions, products and segments including middle markets, retail, corporate and high net worth.

Group Executive Management

The deep experience and skills of our leadership underpin the deliberate execution of our strategic priorities.

Jaco Viljoen

Group Managing Director

Appointed 2013

MBA from Oxford Brookes University (UK), degrees from University of Stellenbosch and University of Orange Free State, Certificate in Coaching from University of Cambridge

Jaco is an accomplished banker with more than 27 years of senior management experience working in various African countries, including South Africa and Nigeria for Standard Bank and Barclays. He joined FMBCH in 2013 as CEO for First Capital Bank Botswana, following which he was appointed as CEO of First Capital Bank Malawi. In 2022, was appointed Group Managing Director of FMBCH. A natural leader and strategic executive, Jaco has vast banking experience across multiple functions, products and segments including middle markets, retail, corporate and high net worth.

Mythri Sambasivan-George

Group Chief Finance Officer

Appointed 2022

Fellow of ACCA, Fellow of BICA, Associate of CIMA, Chartered Global Management Accountant (CIMA)

Mythri is a chartered accountant with over 20 years' experience in professional services and pan-African banking and financial services. She previously worked for Letshego, in a number of Group executive roles, spanning a decade. Mythri trained with Moores Rowland and Grant Thornton, before joining KPMG, from where she joined the Letshego Group. Prior to joining FMBCH, Mythri founded Vetri Consulting, a strategy and ESG consulting firm, and chairs a non-profit organisation, Angel Network Botswana.

Willium Masamba

Group Head of Compliance

Appointed 2017

Certified Professional Risk Manager (PRM) with PRMIA, US, Certified Anti-Money Laundering Specialist (CAMS) by ACAMS, US, Master of Commerce Banking and Finance from Griffith University, Australia, B Acc from University of Malawi

Willium is a finance and risk specialist. His focus and expertise is in financial and investment analysis, quantitative analytics, strategic problem solving, compliance and financial crime risk management. Willium has 18 years' banking sector regulation experience with the Reserve Bank of Malawi. He joined FMBCH as Group Head of Compliance in 2017 and brings with him a strong understanding of regional banking prudential frameworks and application.

Thomas Kadantot

Group General Manager, Treasury and International Banking

Appointed 1995

MBA in Finance and Accounting, post-graduate Diploma in Business Administration, BS in Physics, Mathematics and Statistics from Bombay University, CAIIB from India Institute of Bankers

Thomas has been with the Group since 1997, serving in various roles. He was appointed to his current role in 2016. A professional banker with over 31 years of experience, Thomas has handled various assignments in strategy planning, new bank and branch set-ups, foreign currency management, dealing, treasury and ALCO. Thomas has a proven track record of establishing and restructuring systems and procedures, thereby contributing in a major way towards augmented growth and profitability levels.

Gian Capannesi

Group Head of Consumer Lending

Appointed 2019

BA (UCT), PGM (UCT), MBA (University of Warwick)

Gian joined First Capital Bank in 2019 to head up consumer lending in Botswana. In 2020, Gian joined FMBcapital Holdings to oversee consumer lending across the Group. Previously, he consulted with Africa-focused private equity companies in the UK and prior to that was Chief Operations Officer of Bayport Financial Services in Tanzania, Botswana and Colombia. Gian has a successful track record and background in strategy, commercial, products and finance focusing on African business, technology and retail financial sectors.

Joanne Liddle

Group Head of Human Resources

Appointed 2022

Bachelor of Commerce – Human Resources and Industrial Relations (UWS Sydney), Masters of Labour Relations and Law (UWS Sydney)

Joanne has more than 20 years' experience in financial services across the globe. Prior to joining FMB Capital, she worked for PRA Group, a global financial services firm and prior to that, at Barclays in various roles and locations for 10 years, including Barclays Africa. In these roles, she has led global Human Resources (HR) functions, including learning and development, organisational design, communications and engagement, talent management, diversity and inclusion, reward and HR systems and data.

Shwetank Singhvi

Group Chief Operating Officer and Mauritius Country Manager

Appointed 2013

MBA from International Management Institute (IMI), Bachelor of Engineering from Jawaharlal Nehru Engineering College

Shwetank is the Group Chief Operating Officer and the Country Head for Mauritius. Shwetank is a seasoned banker with 20 years of experience in retail, private, commercial, and broking domains across front, middle and back offices. He has previously worked for HDFC Bank, HSBC and Barclays with experience in India and Malawi. Shwetank also serves on the Board of First Capital Shared Services Limited.

Steven Opio

Group Chief Risk Officer

Appointed 2020

Fellow of ACCA (FCCA), MBA in Finance (Hautes Etudes Commerciales), Bachelor of Statistics (Honours) from Makerere University, Certified PRINCE2 Project Methodology Practitioner

Steven is a seasoned banker with over 15 years' pan-African experience in end-to-end client management, including risk management. Steven has a track record of successfully leading both front- and back-end teams in the delivery of operational and strategic objectives. He is currently a Level 3 Candidate in the CFA Programme. In his current role as Group Chief Risk Officer, Steven oversees enterprise risk, including strategic, operational and credit risk.

Group Executive Management (continued)

Edgar Kalanga

Group Head of Internal Audit

Appointed 2019

MBA from Heriot-Watt (UK), B Acc from University of Malawi, Fellow of ACCA, CA Malawi, Certified Information Systems Auditor

Edgar joined First Capital Bank Malawi as Head of Internal Audit in 2019. Previously, he worked for 10 years with Deloitte in Malawi, the Middle East and the UK in various capacities from Audit Trainee to Engagement Manager in Audit and Assurance. Edgar has experience in banking, micro-finance, insurance, private equity and investments and funds management.

Suruj Nawosah

Group Head of IT

Appointed 2022

Bachelor of Business Administration from Management College of Southern Africa

Suruj joined FMBCH in October 2022 with extensive experience in driving business strategy with a focus on innovation and technological change, managing transformation projects, IT applications, digital channels, data platforms. Infrastructure and core banking systems. He most recently held the role of Head of IT at AfrAsia Bank in Mauritius and previously held various leadership roles in technology and projects at Standard Bank in Mauritius, Botswana, Nigeria, South Africa, Namibia and Côte d'Ivoire.

André Potgieter

Group Head of Corporate and Agriculture

Appointed 2023

Masters in Financial Management, Hons Business Management and an Agricultural economics degree

André has 26 years of banking experience in various African markets. He joined First Capital Bank in March 2019 as Chief Commercial Officer in Botswana, where he looked after the bank's commercial growth strategy, onboarding of key clients and the corporate client value proposition. André has specific exposure to small, medium and micro enterprises as well as business and corporate clients. His experience is in relationship banking, credit, structuring of deals, formulating and implementing strategy and working with teams in order to execute on strategy. Andre also currently serves as the Interim CEO of FCB Zambia.

Sheila Maviala

Group Brand Manager

Appointed 2023

MBA and BA (International Relations) from the United States International University– Africa, ICAgile Certified Professional, Associate Certified Coach (ACC) with the International Coaching Federation

Sheila joined FMBCH in February 2023, bringing comprehensive pan-African experience in brand, marketing strategy and customer experience. She has broad experience across African markets, and most recently held the role of Group Head of Customer Experience at an African multinational financial services organisation. Prior to that, she held marketing and brand leadership roles in telecommunications, broadcasting as well as with a global social healthcare organisation.

Country heads

Our on-the-ground, in-country leadership is responsible for delivering our strategy – Growth is our Business.

Reinette van der Merwe

Chief Executive Officer
First Capital Bank Botswana

Appointed 2019

Chartered Accountant (SA), Associate Certified Professional Accountant. Masters in Business Management: Finance and Marketing from the University of North-West (South Africa), Associate of the Botswana Institute of Chartered Accountants, Advisory committee member – Jameel Index for Food Trade and Vulnerability

Reinette has 30 years of banking and financial services experience covering internal audit, retail and corporate banking across the African continent. Prior to joining First Capital Bank Botswana, Reinette was with Absa Bank (formerly Barclays) where she held a number of senior roles, including Head of Internal Audit for Africa, and Managing Director for Barclays Bank of Botswana.

Agness Jazza

Chief Executive Officer
First Capital Bank Malawi

Appointed 2023

Master of Business Administration – Management College of Southern Africa (MANCOSA)

Agness was appointed CEO of First Capital Bank Malawi in July 2023. She is a business leader and strategist with comprehensive understanding of the Malawian and regional business environment. She has 25 years of banking experience and has occupied various executive positions in various functions within First Capital Bank Malawi including branch banking, credit, and corporate banking.
She has been at the centre of wholesale banking development and rationalisation of various business processes within the Bank. Agness also serves as second Vice President of Bankers Association of Malawi in her capacity as one of three office-bearers of the Executive Committee.

João Rodrigues

Chief Executive Officer
First Capital Bank Mozambique

Appointed 2021

Degree in Business Administration (Concentration in Finance) from the Instituto Superior das Ciências do Trabalho e da Empresa (ISCTE) in Lisbon

Throughout his career João worked in audit firms, as well as commercial and investment banks, being exposed to a wide range of financial services, from banking to insurance, hedge funds and corporate finance.

João joined FMBCH in May 2018 as the Group Head of Internal Audit. He transitioned to the CEO of First Capital Bank S.A. (Mozambique) in 2021. He has over 20 years of experience in external and internal audits across different markets that include Portugal, Angola, South Africa, Mozambique, the DRC and Côte d'Ivoire. João also serves on the Board of First Capital Services Limited.

André Potgieter

Interim Chief Executive Officer First Capital Bank Limited Zambia

Appointed 2023

Master in Financial Management, Hons Business Management and an Agricultural economics degree

André has 26 years of banking experience in various African markets. He joined First Capital Bank in March 2019 as Chief Commercial Officer in Botswana, where he looked after the bank's commercial growth strategy, onboarding of key clients and the corporate client value proposition. André has specific exposure to small, medium and micro enterprises as well as business and corporate clients. His experience is in relationship banking, credit, structuring of deals, formulating and implementing strategy and working with teams in order to execute on strategy. Andre also serves as the Group Head of Corporate and Agriculture of FMBCH.

Tapera Mushoriwa

Chief Executive Officer
First Capital Bank Limited Zimbabwe

Appointed 2023

BSc, Hons in Computer Science, Master of Business Administration (MBA) from the University of Gloucester UK

Tapera was appointed CEO of First Capital Bank Zimbabwe in September 2023. He brings years of extensive local and international banking expertise as well as a proven track record in financial markets and fintechs. He has held executive leadership roles at Cassava Fintech International, Standard Chartered Bank, Steward Bank and, most recently, Managing Director of National Building Society.

Our long-term sustainability

The Group contributes to the growth of the economies and communities it operates in through its business operations, underpinned by its strategic priorities and focus on critical success factors.

FMBCH supports a conscious approach to strategy development, execution and measurement which includes considering the impact of our activities on the environment and surrounding communities. We recognise the role that we have to play and believe that a sustainable approach not only benefits the environment but also makes good business sense.

The 2030 Agenda for Sustainable Development and the 17 associated Sustainable Development Goals (SDGs) balance the three dimensions of sustainable development: economic, social and environmental. The table alongside indicates the contribution that FMBCH makes towards meeting the SDGs:

Critical success factors

- We are a trusted and respected brand
- Our strategic alliances accelerate our innovation
- Our processes enable service excellence
- We maximise long-term value for our stakeholders
- Our people drive the business

SDG	Goal	Our contribution includes:
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	▪ Learning and development programmes ▪ Graduate trainee programmes ▪ Proprietary performance development (First Performance) and intra-group secondments and mobility ▪ Active participation in driving financial awareness including through participation in Global Money Week
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	▪ We attract and promote female talent ▪ Almost 50% gender split at Executive Management level and 20% at Board level ▪ We maintain an ethical culture
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	▪ We instil investor confidence ▪ Our processes build trust ▪ Growth and transformation in our countries
10 REDUCED INEQUALITIES	Reduce inequality within and among countries	▪ We have the right strategic alliances ▪ We offer customer solutions that solve for disparities and barriers to access ▪ We support communities where we operate
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	▪ Move towards green buildings ▪ We encourage environmental protection and conservation ▪ We actively support climate disaster relief, such as cyclones, floods and related crises

Our approach to climate resilience

The Group is committed to further lowering our environmental impact by educating our people and continuously implementing actions to improve our eco-conscious approach to doing business.

The Group supports agriculture business funding and trade facilitation across its regional footprint and has partnered with European Investment Bank and Afreximbank to gain access facilities that focus on agri-business funding.

The Group also supports community initiatives that are aimed at improving ecological balance and conservation, food security and education.

Refer to **page 71** for more information on corporate social responsibility initiatives.

More details regarding the SDGs can be found online at **www.un.org/sustainabledevelopment/sustainable-development-goals**

Corporate governance

The Group is committed to the highest standards of ethics and corporate governance, which is essential to maintain the long-term sustainability of the business and create value for all stakeholders.

FMBCH has a Constitution that conforms to the provisions of the Mauritius Companies Act, 2021 and embraces and abides by the main principles of modern corporate governance, in particular, the principles set out in the National Code of Corporate Governance for Mauritius (Mauritius Code) and the Code of Best Practice for Corporate Governance in Malawi (Malawi Code II).

A copy of the Constitution can be obtained by written request from the Company Secretary or the Transfer Secretary, whose details are on **page 79**.

The Board has governance processes in place, within a framework of effective controls, to support its high standards of governance and the delivery of its strategic orientations to meet the reasonable expectations of stakeholders.

The Board ensures that the Group's subsidiary operations apply the best principles of modern corporate governance relevant to each country of operation.

PRINCIPLE

1 Governance structure

All organisations should be headed by an effective Board. Responsibilities and accountabilities within the organisation should be clearly identified.

Principles and application of the Mauritius Code

The FMBCH Board of Directors is its governing body. The directors hold one another accountable for decision-making and behave ethically. The Chairman monitors this as part of his duties.

Ultimate control of the Company rests with the Board while Executive Management is responsible for the proper management of the Company. To achieve this, the Board is responsible for establishing the objectives of the Company and approving strategy.

The Board has a fiduciary duty to act in good faith, with due care and diligence and in the best interests of the Group and its stakeholders. It is the primary body responsible for the corporate governance value of the Group. While control of the day-to-day management of the Group is delegated to Executive Management, the Board retains full and effective control over the Group.

A formal Board Charter has been adopted and all directors subscribe to a code of ethics that deals with duties of care and skills, as well as those of good faith, including honesty and integrity and the need to always act in the best interests of the Company.

The Board is not aware of any transgressions of the code of ethics during the financial year.

No issues of non-compliance, fines or prosecutions have been levied against FMBCH during the financial year.

PRINCIPLE 2

The structure of the Board and its committees

The Board should comprise independent-minded directors. It should include an appropriate combination of Executive Directors, Independent Directors and Non-independent Non-executive Directors to prevent one individual or a small group of individuals from dominating the Board's decision-taking.

The Board should be of a size and level of diversity commensurate with the sophistication and scale of the organisation.

Appropriate Board committees may be formed to assist the Board in the effective performance of its duties.

FMBCH has a unitary Board comprising an Independent Non-executive Chairman, one Non-executive Director, one Executive Director and seven Independent Non-executive Directors. The Board is responsible for directing the affairs of the business in the best interests of the Company's shareholders, in conformity with legal and regulatory frameworks and consistent with its Constitution and best governance practices.

The Board meets at least four times a year. There are adequate, efficient communication and monitoring systems in place to ensure that the directors receive all relevant and accurate information to guide them in making necessary strategic decisions, and providing effective leadership, control and strategic direction over the Group's operations, as well as ensuring that the Group fully complies with relevant legal, ethical and regulatory requirements.

The Board, with the assistance of the Appointment and Remuneration Committee, considers its composition in terms of balance of skills, experience, diversity, independence and knowledge on an annual basis, and whether this enables it to effectively discharge its role and responsibilities.

The Board has established four sub-committees to assist the directors in fulfilling their duties and responsibilities. Each committee has a formal charter and reports to the Board at regular intervals. The charters, which set out the objectives, authority, composition and responsibilities of each committee, have been approved by the Board and are reviewed at least annually. All the committees are free to take independent outside professional advice, as and when required, at the expense of the Company.

More information on the members of each committee are on **page 27**.

PRINCIPLE 3

Directors' appointment procedures

There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors.

The search for Board candidates should be conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence, and with due regard for the benefits of diversity on the Board, including gender).

The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key officeholders.

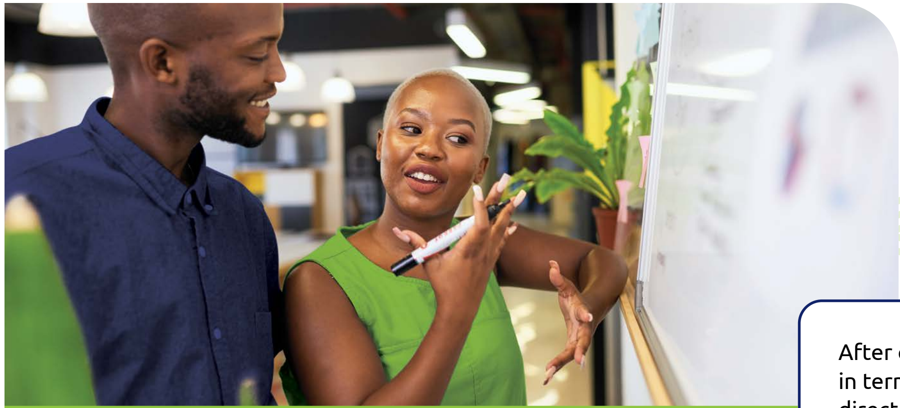
The Board is satisfied that there is a balance of skills, experience, diversity, independence and knowledge needed to discharge its role and responsibilities. The Board has taken steps to strengthen its succession plan to include an immediate and interim succession plan in the event of an unforeseen event.

The Board comprises an Independent Non-executive Chairman, one Non-executive Director, one Executive Director and seven Independent Non-executive Directors.

New directors participate in an induction and orientation process when appointed.

FMBCH believes that all Board members are suitably qualified and that the composition of the Board is in the best interests of all stakeholders, without prejudice to them. The directors are individuals of a high calibre with diverse backgrounds and expertise, facilitating independent judgement and broad deliberations in the decision-making process. Professional development and ongoing education of each individual director is available as and when required.

Refer to **page 13** for details of directors, including full names, dates of appointment, other listed directorships as well as a brief career and sphere of influence synopsis for each.



PRINCIPLE

4 Directors' duties, remuneration and performance

Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organisation. Each director must be able to allocate sufficient time to discharge his or her duties effectively.

Conflicts of interest should be disclosed and managed. The Board is responsible for the governance of the organisation's information, information technology and information security. The Board, committees and individual directors should be supplied with information in a timely manner and in an appropriate form and quality in order to perform to required standards.

The Board, committees and individual directors should have their performance evaluated and be held accountable to appropriate stakeholders. The Board should be transparent, fair and consistent in determining the remuneration policy for directors and senior executives.

After evaluating their performance internally in terms of their respective charters, the directors are of the opinion that the Board and its sub-committees have discharged all their responsibilities satisfactorily and in line with high standards of corporate governance.

FMBCH remunerates fairly, responsibly and transparently so as to promote the creation of value in a sustainable manner. The individual directors' remuneration is disclosed. The Group believes that this disclosure is sufficient and appropriately demonstrates alignment between remuneration and shareholders' returns. Assessments of the performance of the Group Chief Executive Officer and Company Secretary are conducted annually and no issues or concerns have been identified.

A service agreement with JTC Fiduciary Services (Mauritius) Limited (JTC) is in place for the provision of company secretarial services. JTC provides assistance and information on corporate governance and administration issues. The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable laws and regulations are complied with. It also has primary responsibility for guiding the Board regarding the duties and responsibilities of the directors. The Board undertakes an evaluation of the Company Secretary on an annual basis and has concluded that JTC is sufficiently independent and has the requisite qualifications, experience and competence to fulfil the role of Company Secretary.

The Risk and Technology Committees both assist the Board with the governance of IT. The Board is aware of the importance of technology and information as it is interrelated to the strategy, performance and sustainability of FMBCH.

A framework of financial reporting, and internal and operating controls has been established by the Board to ensure reasonable assurance as to the accurate and timeous reporting of business information, safeguarding of Company assets, compliance with laws and regulations, financial information and general operations. The Audit Committee monitors the design and implementation of this framework.

The Board reviewed and was satisfied with the effectiveness of the internal financial and operating controls, the process of risk management and the monitoring of legal governance compliance within the Company.

There were no material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations.

PRINCIPLE 5

Risk governance and internal control

The Board should be responsible for risk governance and should ensure that the organisation develops and executes a comprehensive and robust system of risk management. The Board should ensure the maintenance of a sound internal control system.

The Risk Committee assists the Board with the governance of risk. The Board is aware of the importance of risk management and understands how it is linked to the strategy, performance and sustainability of FMBCH. The Risk Committee implements a process whereby risks to the sustainability of the Company's business are identified and managed within acceptable parameters. The Risk Committee delegates the responsibility to management to continuously identify, assess, mitigate and manage risks within the existing and ever-changing risk profile of FMBCH's operating environment. Mitigating controls are formulated to address the risks and the Board is kept up to date on progress on the risk management plan.

The Company has established whistle-blowing rules and procedures. No reports were received during the year.

Refer to **page 44** for an overview of the risks to value creation for the Group.

PRINCIPLE 6

Reporting with integrity

The Board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook in its integrated report and on its website.

The Board provides ethical and effective leadership and sets the example for this in the way it conducts itself and oversees the business and affairs of the Group. It also promotes a culture in which the principles of integrity, accountability and transparency are embraced by all employees. The Board monitors and adapts practices to reflect global developments in corporate governance principles to ensure smooth business operations and drive optimal stakeholder engagements.

The Board is responsible for formulating its communication policy and ensuring that spokespeople of the Company adhere to it. This responsibility includes clear, transparent, balanced and truthful communication to shareholders and relevant stakeholders.

In its interim and annual integrated reports to stakeholders, the Group details both its historical performance and an assessment of the organisation's financial, environmental, social and governance position performance and outlook. This, together with further information in those and other communications, enables stakeholders to make informed assessments of FMBCH's prospects.

Refer to **page 34** for an illustration of the Group's ability to create value in a sustainable manner through its business model.

PRINCIPLE **7**

Audit

Organisations should consider having an effective and independent internal audit function that has the respect, confidence and cooperation of both the Board and management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation's auditor.

The Board is satisfied that assurance results in an adequate and effective control environment and integrity of reports for better decision-making.

The external auditor reports annually to the Audit Committee to confirm that it is and has remained independent from the Company during the financial year.

The Audit Committee assesses the performance of the auditor and has satisfied itself as to the suitability of the external auditor for reappointment for the ensuing year.

PRINCIPLE **8**

Relations with shareholders and other key stakeholders

The Board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose.

FMBCH has identified its stakeholder groups and actively balances their legitimate and reasonable needs, interests and expectations. FMBCH is committed to ensuring timeous, effective and transparent communication with shareholders and other stakeholders. The effectiveness of stakeholder management is assessed by the executive directors and Board on a continuous basis. Outcomes are addressed by the Executive Management and the Board. The areas of focus in the 2024 financial year will be the same as the 2023 financial year.

The approved minutes of Board meetings and Annual General Meetings are available to shareholders upon request.

Refer to **page 35** for more information on how we engage with stakeholders.

Governance structure

The Group is led by a unitary board, which has the ultimate responsibility for the stewardship and oversight of the organisation.

The Group operates in a clearly defined governance framework which provides for the delegation of authority and clear lines of responsibility, without abdicating the Board's responsibility.

FMBCH Board of Directors

The FMBCH **Board of Directors** oversees the Group's performance, safeguarding assets and setting strategic direction. They manage risks, monitor policies, and approve expenditure.

The Chairman provides leadership, while JTC Fiduciary Services assists with governance and compliance. The Company Secretary ensures adherence to procedures and guides board members.

- Technology Committee
- Audit Committee
- Risk and Compliance Committee
- Appointment and Remuneration Committee

Group Managing Director
Jaco Viljoen

The **Group Managing Director** is responsible for the management and supervision of the Group's operations and its day-to-day administration.

He provides leadership and direction to senior management and oversees the implementation of all plans and strategies of the business, in line with the policies, guidelines and instructions set by the Board.

FMBCH key roles

Group Chief Operating Officer and Mauritius Country Manager	Shwetank Singhvi	Group Shared Services Centre (SSC), In-country Operations
Group Head of IT	Suruj Nawosah	In-country Head of IT
Group Head Retail Products and Channels	Vacant	In-country Retail product and Channel Managers
Group Head of Consumer Lending	Gian Capannesi	In-country Consumer Lending Managers
Group Brand Manager	Sheila Maviala	In-country Marketing Managers
Group Head of Internal Audit	Edgar Kalanga	In-country Heads of Internal Audit
Group Chief Finance Officer	Mythri Sambasivan-George	In-country CFOs and Heads of Finance
Group Head of Compliance	Willium Masamba	In-country Heads of Compliance
Group Chief Risk Officer	Steven Opio	In-country Heads of Risk and Credit
Group Head of Human Resources	Joanne Liddle	In-country Heads of HR
Group Head of Corporate and Agriculture	André Potgieter (outgoing)	In-country Head of Corporate or CCO
Group GM, Treasury and International Banking	Thomas Kadantot	In-country Heads of Treasury
Country CEOs	Botswana, Malawi, Mozambique, Zambia, Zimbabwe	

BASED IN: Mauritius | Malawi | Other countries

Responsibilities of the Board

The Board is the Group's ultimate decision-making body and is collectively responsible and accountable for the affairs and overall performance of the Group. It ensures that proper systems and controls are in place to protect the Group's assets and uphold its good reputation. The Board also determines the Group's strategic direction, identifies key risk areas, monitors and evaluates the implementation of policies and plans, and approves the Group's capital expenditure.

The Board ensures that business activities comply with all legal and regulatory requirements, as well as with the Group's Constitution. The detailed responsibilities of the Board are set out in its Charter.

The Chairman provides overall leadership to the Board and ensures its smooth functioning while encouraging the active participation of all members. He ensures that the Board is effective in setting and monitoring the Group's policies, objectives and strategies.

Board and committee attendance

The Board meets four times a year. There are also adequate and efficient communication and monitoring systems in place to ensure that directors receive all relevant and accurate information to guide them in making necessary strategic decisions, to provide effective leadership, to control the strategic direction of the Group's operations and to ensure that the Group fully complies with relevant legal, ethical and regulatory requirements.

FMBCH Board Committee meeting attendance

4 meetings	Q1 23 Mar 2023	Q2 18 Jun 2023	Q3 28 Sep 2023	Q4 12 Dec 2023
Chairman				
Mr T.M. Davidson	✓	✓	✓	✓
Non-executive Directors				
Mr H.N. Anadkat	✓	✓	✓	✓
Ms S. Alfs	✓	✓	✓	✓
Ms P. Balgobin-Bhoyrul	✓	✓	✓	✓
Mr R. Taposeea	✓	✓	✓	✓
Mr J.C. Els	✓	✓	✓	✓
Mr G.J. Chapman	✓	✓	✓	✓
Mr B. Moyo	✓	✓	✓	✓
Mr M. Gursahani	✓	✓	✓	✓

The Group Managing Director is an executive director, and he attended all main Board and sub-Committee meetings during the year.

Board focus areas

During the reporting period, the Board and its sub-committees focused their deliberations and advice on material business risks, opportunities and developments.

These included monitoring and responding to sovereign and macro-economic developments and risks, foreign exchange illiquidity, inflationary pressures on cost and pricing, market share acquisition linked to customer experience, technology strategy and enhancements, and human capital development, among other areas.

Risk Committee attendance

4 meetings	Q1 22 Mar 2023	Q2 Jun 2023	Q3 22 Sep 2023	Q4 5 Dec 2023
Chairman				
Mr. R. Taposeea	✓	✓	✓	✓
Non-executive Directors				
Mr J.C. Els	✓	✓	✓	✓
Ms P. Balgobin-Bhoyrul	✓	✓	✓	✓

Mandatory invitees*

- Group Managing Director
- Group Chief Risk Officer

KEY
✓ – Attended
* Invitees may nominate an alternate if unable to attend

Appointment and Remuneration Committee attendance

2 meetings	Mar 2023	Nov 2023
Chairman		
Mr T.M. Davidson	✓	✓
Non-executive Directors		
Mr H.N. Anadkat	✓	✓

Mandatory invitees*

- Group Managing Director
- Group Head of Human Resources

Audit Committee attendance

4 meetings	Q2 3 May 2023	Q2 13 Jun 2023	Q3 19 Sep 2023	Q4 4 Dec 2023
Chairman				
Mr B. Moyo	✓	✓	✓	✓
Non-executive Directors				
Mr G.J. Chapman	✓	✓	✓	✓
Mr M. Gursahani	✓	✓	✓	✓

Mandatory invitees*

- Group Managing Director
- External auditor
- Group Chief Finance Officer
- Group Head of Internal Audit

Technology Committee attendance

4 meetings	Q1 17 Mar 2023	Q2 30 May 2023	Q3 16 Jun 2023	Q4 11 Dec 2023
Chairman				
Ms S. Alfs	✓	✓	✓	✓
Non-executive Directors				
Mr H.N. Anadkat	✓	✓	✓	A
Mr M. Gursahani	✓	✓	✓	✓

Mandatory invitees*

- Group Managing Director
- Group Chief Finance Officer
- Group Head of IT
- Group Head of Operations and Shared Services

KEY
✓ – Attended | A – Apologies
* Invitees may nominate an alternate if unable to attend

Growth is our business

Interactive content

Group Managing Director's review

Jaco Viljoen

Group Managing Director

Our unified strategy "Growth is our Business" continues to yield favourable results in our operations across all six countries.

Strategy execution and process

2023 was my second year as Group Managing Director, and I would like to thank the Board and country teams for our collaborative engagement throughout the year.

We have made considerable progress in aligning operations across all markets, which has contributed to the successful implementation of the "Growth is our business" strategy. By sharing best practices across borders, we have positively impacted our customers' experience and how we work.

In 2023, the organisation launched a new performance management system to help achieve the strategic goals set the previous year. This framework not only enabled all countries to deliver strong results, but also provided every employee with the opportunity to grow and develop, which will ensure capacity growth in the future.

The adoption of this system highlighted the need to refresh the organisation's core values. The values refresh process involved most employees and has been rolled out in 2024. The goal is to ensure the company's culture supports the execution of its strategic vision: to build a formidable business that passes the test of time.

My priority remains to drive our mission of "Growth is our Business", leveraging each country's strengths to deliver relevant solutions and services aligned with our refreshed values. Our brand equity is growing across the FMBCH Group's markets, and we are committed to further enhancing its reputation as a trusted and respected regional brand.

The steady progress we made in the year is a contribution from all our operating markets, each with **key highlights** as below:

In Botswana, the consumer lending segment experienced significant growth, with the loans and advances portfolio nearly doubling in size by the end of 2023. The growth of current and savings account balances in the corporate segment was also exceptional. This success can be attributed to efficient customer service, a compelling value proposition and effective customer acquisition strategies.

Malawi remains a significant contributor to the Group's financial position, boasting assets of US$ 288 million, profits of US$ 26 million, a branch network with over 25 access points and a dedicated workforce of over 700 individuals.

Mozambique's trade and foreign exchange support, along with consumer lending offerings, have consistently gained momentum, in addition to corporate and commercial lending and transactional services leading to a remarkable 74% growth in profit after tax and a stronger brand in 2023.

Zambia has witnessed growth in corporate transaction flows through its revamped internet banking and POS solutions, which demonstrates an increased affinity among corporate customers. Furthermore, careful investment of wholesale liquidity in government and institutional securities, considering pricing, tenor and amounts, has been a key focus.

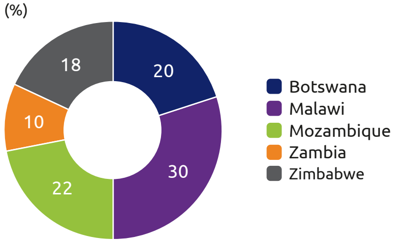
Zimbabwe operates in a unique market that demands innovation and improved digital products and services. The country's US Dollar asset and liability solutions have been well received and their consumer lending solutions targeting the civil service continue to gain traction.

*"Our success demonstrates that **Growth is our Business**."*

With our businesses we generate growth

The Group's profit after tax of **US$ 78.7 million** is a **29%** increase on 2022's US$ 61.2 million.

Country contribution to profit
(%)



Implementing our new business model

In 2022, we reviewed our business model and enhanced our Group functions, allowing us to leverage the expertise of our centres of excellence, which provide strategic and technical support for operational execution, facilitate the sharing of best practices, and encourage local ownership of initiatives aligned with the Group's overall strategic direction.

Our people are our strength

Investing in our employees is essential for driving sustainable growth and delivering value to our stakeholders. To reinforce our commitment to employee wellbeing, we have implemented a new performance development framework that promotes a fair and transparent work environment. Ongoing efforts to refresh our values will provide tangible evidence that "Our people drive the business," remains a key success factor.

2023 saw a new cohort of country leadership starting with Agness Jazza who took over from Spiro Georgopoulos as CEO of First Capital Bank Malawi. Agness has advanced through the ranks at the bank and her appointment as the CEO marks her as the inaugural Malawian to hold the position.

Additionally, we announced Tapera Mushoriwa as the new CEO of First Capital Bank Zimbabwe, replacing Ciaran McSharry. Meanwhile, André Potgieter took on the role of interim CEO for First Capital Bank Zambia following the departure of Edward Marks.

Our channels and brand

Our relaunched internet banking platforms and mobile applications continued to gain strong traction among clients across the spectrum of market segments, giving them greater flexibility to transact easily with improved security.

Introducing a unique feature to the market, we launched SoftPOS (FCBtap) in Malawi, Botswana and Zambia. With an integration to the bank, this service allows customers to accept card payments without the traditional point of sale device. FCBtap allows small business owners to accept payments directly to their accounts through their smart phones. This innovation is assisting the Bank to expand our reach to small and medium-sized enterprises (SMEs) and addressing their need for a secure and efficient way to deposit their earnings from sales.

During 2023, our customer numbers grew **11%**, and we have crossed the **600 000** milestone to close the year at just under 615 000 customers (2022: 555 016).

This increase is also attributed to our focus on the brand's goals, as we continue to improve brand image, offer more products and value-added services, as well as significant corporate social responsibility (CSR) efforts in every country with the goal of contributing up to 1% of our previous year's net profit after tax. Our contribution to these efforts more than doubled in 2023 compared to the previous year, and we are on course to achieve this target in the future.

We continue to support financial education, health, sport and the arts, adopting a strategy that includes engaging our people from the beginning, which has led to enhanced unity among our employees as they contribute to the development of our communities.

We have also kept in touch with the community's immediate needs, particularly in providing financial assistance and practical help in the face of unexpected natural disasters, such as cyclone Freddy, which had a significant impact, especially in Malawi and Mozambique.

Our commitment to sustainability is primarily achieved through projects like the construction of a five-star green-rated headquarters in Zambia, which our team moved into during the second quarter of 2024.

In the fourth quarter of 2023, we began construction on a new headquarters in Zimbabwe, applying the same eco-friendly design and sustainable practices from the Zambia project to this new building, which is anticipated to be finished by early 2025.

Group highlights for 2023

During the year, the Group made good progress in delivery on its critical success factors.

We are a trusted and respected brand

We focused on increasing market share, evidenced by the 10% growth in loans and advances to US$ 716.4 million (2022: US$ 651.7 million) and 5% growth in customer deposits to US$ 1.096 billion (2022: US$ 1.039 billion). In local currency terms, this customer portfolio growth was significantly higher. Botswana, Mozambique and Zambia each grew their advances balances by 16%, 21% and 13% respectively, while Zimbabwe saw a considerable increase of 31% and Malawi of 45%.

We also increased brand visibility and awareness with a brand refresh and stronger media engagement to further reach more corporate customers.

The result of the above, in combination with strong teams and deliberate customer focus, resulted in strong local currency profit growth across our operations.

Our strategic alliances accelerate our innovation

Our strategic partnerships have helped create new pathways for customer solutions translating into increased market share. The output of these includes the new products and services deployed in the year, including our enhanced user friendly internet banking. We continue to engage with other like-minded partners to enhance operating efficiency and Group-wide synergies.

Our processes enable service excellence

FCSSL, our Mauritius-based technology and operations Group Shared Services Centre, closely collaborates between the strengthened central Group Executive and Country Management teams, ultimately driving the delivery of smoother service to customers.

We enhanced operational efficiencies, which resulted in revenue growing faster than expenses. In combination, the teams across the Group delivered an improved cost-to-income ratio of 49% (2022: 50%) as the business' financial position and income streams scaled up.

We maximise long-term value for our stakeholders

The Group delivered a profit after tax (PAT) of US$ 78.7 million, an increase of 29% (2022: US$ 61.2 million) and a 38% total return on equity (ROE).

Dividend payments to FMBCH shareholders reflect the growing profit performance of all units in the Group, being a proposed total dividend of US$ 15.8 million off 2023 earnings (2022: US$ 12 million).

In addition, all our operations made significant contributions to the communities within which they operate through their CSR, sponsorship and partnership initiatives.

Our people drive the business

The Group workforce has grown to 1 948 across the six countries we operate in, with an almost equal gender split and growing female representation in middle, senior and leadership positions. An enhanced graduate management training programme was piloted in Malawi and saw over 800 applicants, demonstrating that we are considered an employer of choice in the market.

Outlook for 2024

We remain committed to our critical success factors and, with significant achievements delivered in the second year of implementation, we continue to drive sustainable growth.

We are a trusted and respected brand

We will continue to market the single First Capital Bank brand and strengthen our value proposition mainly via streamlining our efficiencies to more effectively serve our clients. Product and solution deployment is piloted in one country, customer feedback is then considered in the scaling across to all our countries to ensure a robust product that has embedded customer feedback.

Our strategic alliances accelerate our innovation

We are strengthening our mutually rewarding alliances to enhance our technology and solutions roll-outs. Other alliances will enable us to continually improve and enhance transactional features on internet banking, POS and mobile banking to include additional services (corporate and retail clients).

Our processes enable service excellence

We will focus on improved customer experience across channels, first by revisiting our operating model from a customer point of view and through improvement and enhancement of our transactional features. The branch operating models are being re-drawn from a customer perspective in balance with regulatory requirements, alongside system workflow enhancements, and deep branch employee training.

We maximise long-term value for our stakeholders

We will grow the business through a clearer vision and refreshed values to drive the behaviour that is supportive of the culture required to achieve our strategy.

Our CSR activities will be enhanced to reach the most deserving causes in our care for society and the environment, aligned to the UN SDGs.

Our people drive the business

We will deepen the new performance development framework launched in 2023 and work to fully embed it in 2024.

This enables us to better seek and recognise rising talent to broaden succession planning. We will leverage our graduate trainee accelerated programme to employ and support people who are keen to develop their careers at First Capital Bank.

Thank you

Jaco Viljoen
Group Managing Director

Our value-creating business model

The Group serves individual, business, corporate and institutional clients, offering a comprehensive range of products and services that are both relevant and of value to the different market segments it serves.

	Financial	Manufactured	Human	Social and relationship	Intellectual	Natural
CAPITALS AND RESOURCES	*The pool of funds supporting business operations, including equity finance and debt*	*The facilities and general infrastructure that support business operations (tangible assets)*	*The skills and experience of our people enable us to implement our strategy and deliver our products and services*	*The key long-term relationships we have nurtured with stakeholders and service providers*	*The intangibles that sustain the quality of our offering and provide competitive advantage, including our innovations, systems and reputation*	*The natural resources that we manage stringently*
INPUTS	Equity: **US$ 216 million** Debt funding: **US$ 56.3 million** Customer deposits: **US$ 1 096 million** ROE: **38%**	IT infrastructure investment, other property and equipment: **US$ 60.4 million** Physical access: ▪ ATMs: **96** ▪ POS devices: **4 204** ▪ Branches, agencies and centres: **96**	Employees: **1 948** Experienced leadership Deep intellectual property	Customers served: **614 490**	Intangible assets: **US$ 6.81 million** Internal systems, processes and procedures	Specific natural resources are not used as inputs to value creation and the Group seeks practical solutions to reduce its impact

Business activities

We offer a comprehensive range of financial products and services that serve the banking needs of our customers. Our in-country businesses provide **business functions** (Corporate, Retail, Consumer Lending and Treasury), supported by **support functions** (Credit, Finance, Human Resources, Legal and Brand, Marketing and Communications), enabled by **service delivery functions** (Operations, IT and Administration) and oversight from **control functions** (Audit, Compliance and Risk)

	Financial	Manufactured	Human	Social and relationship	Intellectual	Natural
OUTPUTS	Profit after tax: **US$ 78.7 million** Dividends declared out of 2023 profits: **US$ 15.8 million** Total assets: **US$ 1 521 million**	Premises and equipment costs: **US$ 18.33 million** Leasehold improvements: **US$ 6.53 million** Capital work in progress: **US$ 5.81 million**	Staff and training spend: **US$ 56.7 million** Employee retention rate: **83.60%**	CSR, social upliftment and education projects: invest up to **US$ 2.63 million** of prior year PAT	Range of products and services Ongoing investment to improve systems and user experience of customers and employees	Invest in green buildings Use of inverters and solar energy instead of fuel-based generators
Desired outcomes	A well-capitalised Group that delivers sustainable growth in earnings and profit distributions	Secure and productive working environments Strategically located branches and electronic banking services that offer convenient customer access Leading IT platforms offering affordable digital banking solutions	Skilled and experienced workforce motivated to deliver our strategy Ongoing employee development and training A well-organised performance management and labour relations framework that enables fair remuneration	Products and services to facilitate financial inclusion across all market sectors for broader society Ongoing community support, with a focus on health, education and sport	Full legal and regulatory compliance Efficient, effective delivery of products and services to customers Strategic brand and marketing initiatives	Responsible use of natural resources
	Read more on **page 48**	Read more on **page 5**	Read more on **page 69**	Read more on **page 71**	Read more on **page 42**	Read more on **page 20**

Engaging with our stakeholders

Our ability to deliver value depends on our relationships and the contributions and activities of our stakeholders. By providing for their needs and meeting their expectations, we create value for our clients, our people, our other stakeholders as well as the Bank.

Critical success factors that are underpinned by our values.

- We are a trusted and respected brand
- Our strategic alliances accelerate our innovation
- Our processes enable service excellence
- We maximise long-term value for our stakeholders
- Our people drive the business

KEY STAKEHOLDERS

Customers

614 490
customers
(2022: 555 016)

We strive to understand our customers so that we can speak to them in a relevant way and offer them products that suit their needs.

Our engagement

- Customer feedback, surveys
- Communications
- Hosting events

Their expectations

- Convenient and affordable banking solutions meeting diverse financial needs
- Efficient and effective delivery of financial products and services with ease of access to funds
- A risk-free environment in which to transact
- Reliability, trustworthiness and integrity
- Consistently delivering on our brand promise

Our response

- Ongoing review and enhancement of banking solutions based on customer feedback
- Deploying technology to enable efficient product and service delivery

Outcomes

- Successfully servicing customer needs
- Convenient access to banking through increasingly digital channels
- Excellent customer service supported by stable and secure IT systems
- Customers who are engaged and connected to our brand

- We are a trusted and respected brand
- Our processes enable service excellence
- Our strategic alliances accelerate our innovation
- Our people drive the business

Engaging with our stakeholders (continued)

KEY STAKEHOLDERS

Our people

1 948
employees
(2022: 1 913)

We attract, develop and retain high-performing people and reward their contributions fairly and commensurately.

Our engagement

- Training and development, formal and informal meetings and engagements
- Internal communications
- Hosting events

Their expectations

- Excellent employee experience
- Career, learning and development opportunities
- Strong leadership who instil trust and confidence
- Fair remuneration and incentives
- Safety (physical and psychological)

Our response

- Positive culture driven by our values
- Training and development offerings to embrace technological changes, further employee careers and improve our services and products
- Market-related remuneration
- Culture of integrity to provide psychological safety

Outcomes

- A skilled, competent and stable workforce who are enabled to meet client needs
- Employee retention rate of 83.60%
- Culture and value alignment with our people
- Ongoing assessment and improvement of safety (physical and psychological)

We are a trusted and respected brand

Our processes enable service excellence

Our people drive the business

KEY STAKEHOLDERS

Community and the environment

Our success as a business is influenced and supported by the communities around us, in which we have a visible presence where we operate.

Our engagement

- Continuous engagement
- Financial literacy programmes
- Robust solutions offered through digital and physical channels

Their expectations

- Partnership and support to respond to social and environmental issues
- Simple and practical financial advice
- Easy access to financial products and solutions

Our response

- CSR efforts that are responsive to the dynamic needs of the community
- Donations towards natural and other disaster relief
- Partnerships with relevant developmental, relief aid and smallholder farming organisations
- Participation in activities that advance financial literacy

Outcomes

- Financial product and service offering with a positive social impact
- Generating economic value within the community
- Advanced synergies with economic and social stakeholders

We are a trusted and respected brand

We maximise long-term value for our stakeholders

Our people drive the business

KEY STAKEHOLDERS

Governments and regulators

Includes:

Central banks and government agencies and departments, Financial intelligence agencies, Non-bank financial institution regulators, Company registrars, Mauritian Financial Services Commission, Malawi and Victoria Falls stock exchanges, Tax and revenue authorities

In the highly regulated banking sector, engagement with governments and regulatory authorities builds confidence, trust and enhances brand reputation and ease of doing business.

Our engagement

- Regular contact and interaction with regulators
- Participation in relevant meetings and conferences
- Provision of accurate and timely audited reports, compliance, risk and business management reports

Their expectations

- Capital adequacy and liquidity
- Risk and cybersecurity management
- Integrity and ethics in interaction and reporting
- Adherence to minimum regulatory standards and guidelines

Our response

- Performing above the minimum regulatory and prudential standards
- Being a better corporate citizen
- Mitigating risk across the business
- Aligning to local and international financial reporting standards

Outcomes

- Positive approval from regulators in all markets
- Banking licences remain in force
- We enjoy a good reputation and standing in the region

We are a trusted and respected brand

Our strategic alliances accelerate our innovation

Our processes enable service excellence

We maximise long-term value for our stakeholders

Our people drive the business

KEY STAKEHOLDERS

Business partners

Includes:

Technology and infrastructure
Fintechs
Data and security services
Corporate services

We engage with business partners to enhance our service offering and products, accelerate our digitisation efforts and ultimately support the achievement of our strategic objectives.

Our engagement

- Entrepreneurial engagement
- Regular business interactions and engagements
- Non-disclosure agreements

Their expectations

- Mutual benefit
- Profitability and business growth
- Ethical business practices
- Transparency and adherence to agreements

Our response

- Partnering with global and regional financial institutions and working closely with development institutions
- We ensure partners are aligned with our strategy and purpose through robust screening and due diligence prior to engagement
- We work with partners with whom we can maximise synergies across our countries

Outcomes

- Enhanced product and service experience for our customers
- Mutual benefit and long-term partnership
- Value to our partners and stakeholders
- Cost-to-income ratio improvement

Our strategic alliances accelerate our innovation

Our processes enable service excellence

We maximise long-term value for our stakeholders

KEY STAKEHOLDERS

Shareholders

Our shareholders comprise individuals, foreign and local companies, trusts, pension funds, banks and other organisations. We engage with them to build their confidence in us and ensure access to equity and debt funding.

Our engagement

- Formal report back at the Annual General Meeting (AGM)
- Publication of informative interim and annual reports
- Publication of corporate announcements and updates

Their expectations

- Long-term stability
- Consistent financial performance, growth in asset value and dividend payments
- Sound governance
- Regular reporting and transparent disclosure

Our response

- Strong liquidity and capital ratios in all our markets
- Sound business strategies aimed at delivering growth and value
- Conservatively managed balance sheet
- Strong corporate governance structures and embedded practices

Outcomes

- Continuous and sustained growth in earnings and asset value
- Optimal capital allocation
- Proactive balance sheet management and capital optimisation

We maximise long-term value for our stakeholders

Our material matters

Our material matters are the issues that have the most impact on our ability to create sustainable value for our stakeholders and influence our business model.

The Executive Management team considered all the matters that affect the Group or may affect our ability to continue creating value and, from these, identified the following matters described below as most material:

Critical success factors that are underpinned by our values.

- We are a trusted and respected brand
- Our strategic alliances accelerate our innovation
- Our processes enable service excellence
- We maximise long-term value for our stakeholders
- Our people drive the business

MATERIAL MATTER

Country macroeconomic risk

Southern Africa has strong potential for economic growth, which makes the region attractive for long-term investment. Structural trends include strong population growth, a rising middle-class supporting urbanisation and infrastructure development, as well as increasing technology usage and abundant natural resources.

These structural trends are balanced by risks from shorter term cyclical trends. These include rising inflation and volatility in foreign exchange across the different markets, which impact our business liquidity, as well as the operating risks where a catastrophic event in one country can have a causal effect across the region.

Our response

We leverage our strategic positioning across diverse economies for resilience against challenging events.

We hedge the Group against potential contagion from regional economic downturns, which could be caused by market fluctuations, political shifts, social unrest or regulatory changes.

Counter-cyclical upturns in better-performing economies provide opportunities to defend profits by benefitting from the portfolio effect of our footprint.

Outcomes

- We have the resources to offer opportunities and growth to our clients.
- We manage foreign exchange risk and inflation adequately to support our customers with negatively impacting liquidity.
- We are well-positioned for growth as economies and markets stabilise.

We are a trusted and respected brand

We maximise long-term value for our stakeholders

MATERIAL MATTER

Digital adoption

Technological advancements have the potential to change many aspects of our services. It creates new opportunities, including the digitalisation of financial services, improved client experiences, the development of new products and services as well as evolving internal processes that need new employee skills.

The risk increased cybercrime poses to disrupt critical information and digital systems continues and includes threats to data access and customer information through unauthorised access.

Our response

The Group has invested heavily in developing a sophisticated IT platform and digital channels to ensure uninterrupted banking services, facilitating and encouraging our customers to use our digital channels wherever possible.

We are developing internal processes to support how we interact with clients, digitally and through mobile platforms while increasing our cybersecurity posture.

Outcomes

- Ongoing enhancement of our multi-channel customer experience
- Accelerating digital capabilities further
- Proactively managing cyber risk, including continuous training and sensitisation of our people and customers as they engage through digital channels.

Our strategic alliances accelerate our innovation

Our processes enable service excellence

Our people drive the business

MATERIAL MATTER

Increased competition

New entrants to the financial services sector are increasing competition. These Fintech and Bigtech disruptors are revolutionising the banking experience for customers but may struggle to achieve the necessary scale to ensure financial sustainability.

With access to multiple options available, cost and customer loyalty become stronger considerations, and any lapses in business continuity could lead to decreased customer loyalty. The Group must distinguish its brand and deliver excellent services and solutions to drive customer loyalty.

Our response

We are in an organic growth phase in our business evolution and the Group is clarifying its value proposition to the middle and SME markets to leverage our strengths in these segments.

We believe our customer base is loyal and we provide a better service and personalisation approach than our competitors.

Outcomes

- Continue to deliver the best customer service and experience
- Harness digital capabilities to drive clear competitive differentiation in product and service offerings
- Robust brand building to ensure consistency and enhance our reputation across all countries

We are a trusted and respected brand

Our strategic alliances accelerate our innovation

Our processes enable service excellence

We maximise long-term value for our stakeholders

Our people drive the business

MATERIAL MATTER

Evolving workforce

Globally, competition for critical competencies is rising, particularly in technology and digital-related roles. Skills shortages are challenging across the African continent where talent attraction and retention are key for business growth.

Flexible working practices, health and safety as well as employee wellbeing have become increasingly important to attract and retain the right people with the knowledge, skills and dynamism to grow the business.

Our response

The Group needs agile leaders who understand the dynamics of the countries in which we operate.

Our continued success and long-term sustainability require a skilled and energised workforce enabled by the right resources.

Outcomes

- Continue building a strong and inspiring culture supported by a comprehensive set of values
- Reskill and upskill employees for emerging roles and invest in talent retention
- Recruit high-calibre, high-talent individuals
- Maintain our succession plans

We are a trusted and respected brand

Our people drive the business

Risk and Compliance

Risk and compliance processes are an integral part of the banking operations within the Group.

The roll-out of a comprehensive Enterprise Risk Management Framework (ERMF) has set the Group on a journey of continuous improvement with a key focus on enabling its sustainability and long-term performance. The ERMF establishes the management focus areas to provide a structured awareness of material risks in an integrated way across all day-to-day operations.

The operating environment within the Southern African banking industry continues to have its challenges. A number of our countries of operation are struggling with respect to high inflation, high interest rates, weakening domestic currencies (against the US Dollar) all of which make doing business quite formidable. The emergence of intense cyclonic weather in the region also brought an adverse impact on economic activity, mainly in the agricultural sector, which is key in these economies. These realities have emphasised the importance of managing risks carefully and proactively.

The presence of an embedded ERMF has assisted the Group in responding to some of the material shocks that are impacting operations. The governance structure and awareness of risks have enhanced the state of readiness to deal with new and emerging challenges in the conduct of business.

Risk governance and the three lines of defence

The embedment of an ERMF has established a comprehensive governance structure for the effective oversight of risks across the Group. The governance structure ensures continuous enhancements to the active management of risks in all functions and among all employees.

The risk governance structure confers responsibility to all, and a mandate for oversight to the subsidiary Boards. Each subsidiary Board is the sanctioning authority for all decisions made at an institutional level. This independence provides significant insulation for the individual banks against any risks emanating from other locations, for which the subsidiary Bank has no appetite. Therefore, all risk participation arrangements are purely on a commercial, arm's-length basis as deemed appropriate by both the subsidiary Board and Executive Management.

It is the responsibility of the subsidiary management to ensure robust and expedient implementation of strategic positions as approved by the subsidiary Board. All the Group banks have full complement management teams with sufficient skills and capabilities to run the operations. The ability to attract and retain subject matter experts in various management positions has seen the Banks within the Group establishing themselves robustly in the markets within the region.

The subsidiary banks operate a model with separate Risk and Compliance functions within the second line of defence. The second line of defence provides for the oversight and control of the enterprise-wide risk management programme. The focus on enterprise-wide risk management has seen coordinated enhancements in the management of risks and risk events across the Group. The active engagement of the second line of defence units has seen increased and proactive focus on risks and their management for a smoother operating environment.

Another area of focus, as the Group expands, is the assurance of the robustness of the control environment within the operations of the Group banks. All banks in the Group have independent Internal Audit teams fully dedicated to ensuring continuous improvement in the control environment across all operations.

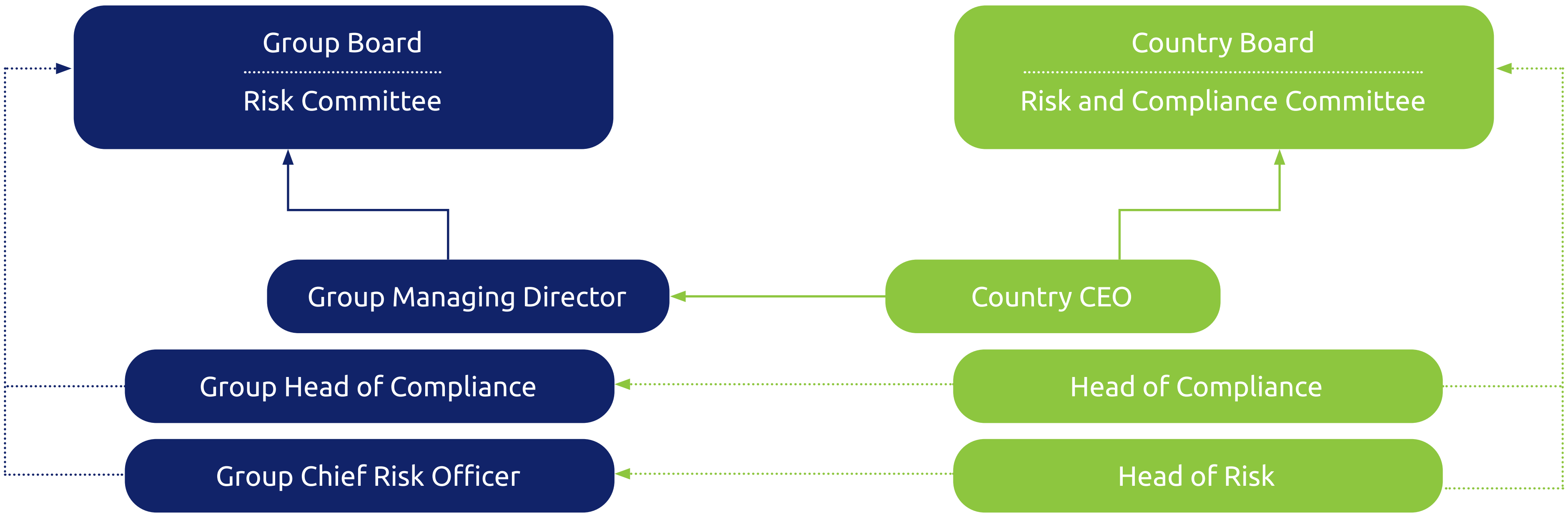
It is important that the second and third lines of defence maintain their independence for the effective operation of the oversight responsibilities. All second line of defence teams report to the Board Risk and Compliance Committee while the third line, Internal Audit, maintains a direct reporting line to the Board Audit Committee on all operational responsibilities of the function. These governance and accountability structures enhance the robustness and independence of the second and third lines of defence.

The Group operates three lines of defence in risk management:

Risk and Compliance structure

The Risk management structure in the Group follows matrix reporting with local subsidiary teams supported by a Group Technical team. The Group resources provide technical oversight to ensure implementation of best practice in all operations, researching into international trends and also facilitating specialised internal capacity building of the teams within the Group banks.

In this structure, all subsidiary Risk, Compliance and Internal Audit teams have indirect technical reports into Group functions, while the direct reporting is into their respective subsidiary Board sub-committees. The second and third lines of defence provide support to the business owners in developing and maintaining robust risk and compliance management governance and oversight and enhancement of the internal control environment. In this way, they collaborate with management teams to highlight areas of focus and collaborate in developing action plans.



Our risk universe

The Group has been deliberate in its positioning to proactively address emerging risks to support its business and strategy execution.

The independent risk function is responsible for embedding the Group's ERMF across the various risk areas for a more holistic positioning of risk in the business. The Group's risk management programme is focused on enhancing efficient capital deployment and the control environment for the delivery of customer services across the business.

The Group's risk universe outlines the principal risks in focus for the second line of defence. The principal risks in the Group's risk universe include:

1 Strategic risk

Strategic risk is defined as the risk of an adverse impact on the value of the Group due to business policy decisions, changes in the economic environment and failure to adapt thereto, and deficient or insufficient implementation of business decisions.

The Group is focused on ensuring that any adverse impact affecting the value of the Group arising from changes in economic environments is mitigated, thereby being ably positioned to adapt to changing environments.

The dynamic shifts in the global economy have resulted in significant market shocks to the region. The Group strategy focuses on ensuring continued growth in shareholder funds, focusing on capital, and business performance considering the prevalent country risks.

Capital risk

The Group's purpose is to deliver continued growth through adequate levels of capital and a mix of different components. Treasury and ALCO manage capital risk by continually assessing the demand for capital, both currently and with a forward-looking scenario-based lens, in addition to dynamically adjusting the Group's capital plan.

The Group's capital management ethos is to remain aligned with the business and regulatory environment. The risk that the Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This also includes the risk from the Group's pension plans.

2 Credit risk

Credit risk remains the significant financial risk for the Group. Credit risk is defined as the risk of loss from the failure of clients to fully honour their obligations, including the whole and timely payment of principal, interest, collateral and other receivables. It is constituted by counterparty risk and concentration risk.

3 Market risk

Market risk is the risk of losses in on and off-balance sheet positions arising from adverse movements in market prices. The Group subsidiary Banks do not hold significant positions for trading aside from foreign currency positions. The significant impact from market risk, therefore, arises from changes in exchange rates vis-à-vis the positions in the balance sheet.

4 Reputational risk

Reputational risk is defined as the risk that an action, transaction, investment, or event will reduce trust in the Group's integrity and competence by clients, counterparties, investors, regulators, employees, or the public.

The Group is focused on ensuring all exposures to its reputation are properly managed to avoid the destruction of value of its business and sustainability. The Group believes that it is in the business of trust, and as such has reinforced the importance of this by including this aspect in its refreshed cultural values.

5 Liquidity risk

Liquidity risk is defined as the risk that the Group is unable to fund assets and meet obligations as they come due, without incurring unacceptable losses. Liquidity risk, more generally, is the risk that the Group will be unable to continue operating as a going concern owing to a lack of funding, the consequences of which may be the failure to fulfil commitments to lend or repay borrowings/deposits and meet regulatory liquidity requirements in any of the jurisdictions where it operates.

6 Operational risk

Operational risk is defined as the risk of loss to the Group from inadequate or failed processes or systems, human factors or due to external events (for example fraud) where the root cause is not due to credit or market risks.

The Group monitors the risk of loss arising from failure in processes, systems, people and external events. The significance of efficient and effective processes ensures reduced errors and losses.

7 Technology risk

This risk is mainly focused on systems that are in use to service the business of the Group. With the prevalence of digital services and products, the significance of stable IT systems is invaluable. Cybersecurity has also attained a high level of focus in the Group. The Group has engaged in cyber-security training from Board level downwards into all levels of staff. It is also constantly reviewing its various routine and non-routine operations with a view to enhancing technological efficiency and robustness. This includes threat and vulnerability assessments of our card, POS, and other channel technologies.

8 People risk

People risk encompasses risks that the Group is exposed to by virtue of being an employer. People risk is further defined as failure to recruit and retain sufficient and appropriate people resource, failure to identify and manage people capability and performance, failure to comply with employment and reward legislation and regulation and unavailability of sufficient staff to conduct business activities due to external disruption.

The Group operates in a service industry with material contribution and impact from its employees. People risk is the exposure that the Group's operations are dependent on the ability of its human resources to deliver services and products expediently and efficiently. The inability to attract, train, retain and deploy skilled and able people in the delivery of its business is a significant risk to sustainability, and is a key focus at Board level as addressed by the Appointment and Remuneration Committee and as delegated through the human resource functions across the Group.

9 Compliance risk

The Group's compliance programme has a focus on three key risks:

Financial crime risk

This is defined as the risk of customers or other stakeholders using the channels and systems of the Group to process proceeds of crime. This includes offenses like money laundering, terrorist financing, bribery, corruption, and market abuse.

The risk that its infrastructure can be used to facilitate and support money laundering or financing of terrorism. The Group closely monitors all customer relationships to ensure that its products, channels and systems are not abused for the facilitation of financial crime.

Regulatory compliance risk

This is the risk that the Group's actions may violate the requirements of the regulators in each jurisdiction. Regulators include the central banks, tax authorities, pensions authorities, securities authorities, etc.

The Group's business is subject to regulatory licences requiring compliance with regulations to maintain its operating licence. The Group focuses on avoiding any regulatory sanctions and penalties in the delivery of its services.

Conduct risk

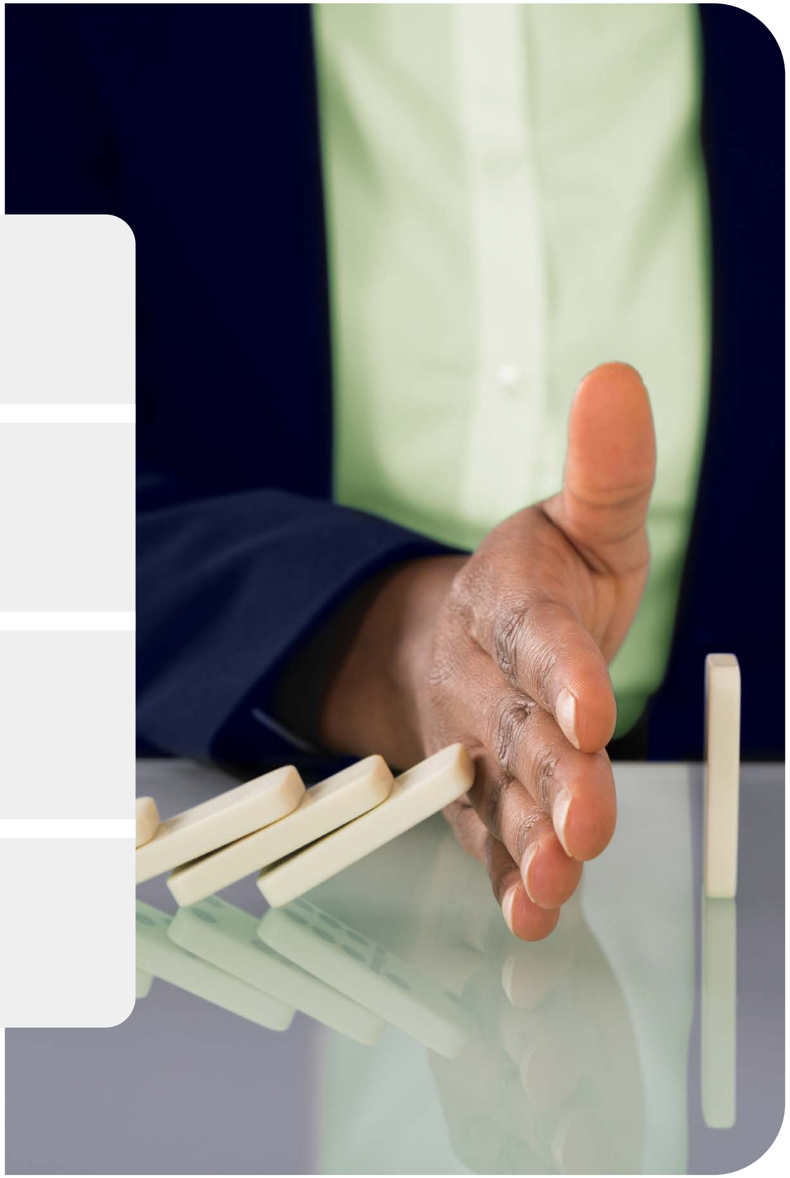
The risk of detriment to customers, clients, market integrity, competition, or the Group from the inappropriate supply of financial services, including instances of willful or negligent misconduct.

The inappropriate delivery of services and products to the detriment of the market players and customers or the Group exposes its business significantly in the long term. The Group is focused on ensuring fair treatment of customers and other players in the banking industry.

Our top risks

We identify the top risks that pose a potential threat to the execution of our business strategy and assess these risks based on the impact and severity of the risk, should they materialise, as well as the likelihood of the risk occurring.

Foreign exchange risk	▪ The US Dollar has appreciated against African currencies with the high USD interest rates reducing US Dollar liquidity in emerging markets. ▪ This is particularly relevant as FMBCH reports in USD.
Sovereign risk	▪ Three of our economies are facing tough economic conditions including high inflation. ▪ Regulators are using both monetary instruments and reserve requirements to curb inflation. Increased reserve requirements hamper our ability to lend.
Liquidity risk	▪ Our depositor concentration risk, potential hikes in regulatory ratios, and a cushion against shocks might necessitate liquidity support from the Group to the subsidiaries.
South African economy contagion	▪ South Africa's struggling economy is having a dampening effect on the SADC region's growth prospects. The 2024 SA election aftermath is being watched closely by its neighbours.



Delivering value

Interactive content

Mythri Sambasivan-George

Group Chief Finance Officer

Group Chief Finance Officer's report

Financial overview and strategic results

As we look back on 2023, our commitment to high-quality, sustainable growth and sound fiscal management continues to yield positive results. Despite facing a challenging global economic environment, the FMBcapital Holdings (FMBCH) Group has maintained a healthy balance sheet, driven by substantial customer growth and the dedicated efforts of our enthusiastic team across our countries of operation.

Our strategic focus on leveraging the six capitals model has enabled us to deepen our brand affinity and strengthen our partnerships, positioning us on a sustainable path towards cementing our strategic objective: **Growth is our Business.**

Summary of 2023 Financial Results

The Group's financial performance for the year is indicative of our robust growth trajectory and strategic execution, which gave rise to high quality earnings growth:

- **Net Operating Income:** Our net operating income, comprising net interest income and non-interest income, reached US$ 251 million, reflecting a 31% growth from the previous year. The proportion of net interest income to non-interest income remained stable, highlighting our balanced revenue streams.
- **Total Expenses:** Through process standardisation, cost control, and operational efficiency, we managed to contain total expenses growth, which increased by 28% to US$ 123 million. Our cost-to-income ratio improved to 49%, down from 50% in 2022, underscoring our ongoing efforts to enhance operational efficiencies.
- **Net Impairment Expense:** Our net impairment expense, in relation to underlying average net customer advances, rose to 1.9% in 2023 from 0.7% in 2022. This increase is within our acceptable risk parameters, reflecting our prudent credit risk management practices.
- **Profit After Tax:** We achieved a post-tax consolidated profit of US$ 78.7 million, a remarkable 29% increase from the previous year. This growth is a testament to our strategic focus on creating value while maintaining sound risk governance.
- **Return on Equity:** ROE stood at an impressive 38%, demonstrating our ability to generate substantial returns for our shareholders.

Summary of Financial Position

Our financial position remains strong, with adequate capital and liquidity to support future growth opportunities:

- **Loans and Advances** to customers increased by 10% to US$ 716 million, driven by substantial growth in Botswana, Mozambique, and Zambia. Our strategic focus on enhancing corporate-commercial growth solutions and consumer lending services has contributed to this growth.
- **Customer Deposits** rose by 5% to US$ 1.1 billion, reflecting our success in attracting and retaining customer trust through our current and savings account (CASA) market share expansion efforts. We ended the year with 614 490 customers, achieving a commendable 11% increase in portfolio balances.
- **Asset Deployment:** Deployment of liabilities into interest-earning assets, including customer advances, money market instruments, and repurchase agreements, reached 84%, indicating our efficient asset-liability management.

Strategic focus and outlook

Looking ahead, we remain committed to our growth ambition, underpinned by our reputation, people, processes, products, and services. Our strategic initiatives are designed to harness opportunities and navigate risks within our target corporate, commercial, and retail sectors.

Key focus areas for the short to medium term include:

1. **Liquidity Management:** We will continue to engage with existing and potential new depositors and work with various funds and development finance institution (DFI) partners to raise debt financing. Our emphasis will be on deepening corporate and retail CASA deposit liabilities.
2. **Credit Risk Management:** We aim to maintain non-performing loans (NPLs) under 5% and the credit loss ratio (CLR) under 3%. Our comprehensive credit risk management framework, from origination to monitoring and default management, will support this objective.
3. **Risk-Based Capital Allocation:** Effective risk-based capital allocation will be crucial, given the current and emerging regional macro and micro risks. We will continue to plan through scenarios, engage with internal and external stakeholders, and measure actual outcomes against expectations.
4. **Supporting Group Strategy:** We will leverage data, analytics, and functional support to drive initiatives that align with our critical success factors, ensuring we achieve our strategic goals.

Governance, Financial and Risk Management, Compliance, and Shareholder Returns

Our commitment to strong governance, financial, and risk management practices firm unwavering. We have robust capital and liquidity risk management frameworks in place, ensuring we are well-capitalised across our geographies. Compliance with regulatory requirements and maintaining a strong control environment are central to our operations.

In line with our progressive dividend policy, the Board of Directors has declared a final dividend of US$ 10.6 million, equivalent to 0.43 US cents per share, for the year ended 31 December 2023. This brings the total dividend paid from 2023 profits to US$ 15.8 million, representing a 32% increase over the previous year.

Conclusion

In conclusion, 2023 has been a year of significant achievements for the FMBCH Group. Our financial performance and strategic progress underscore our resilience and ability to navigate complex market conditions. We remain grateful to our dedicated team, valued customers, and stakeholders for their unwavering support.

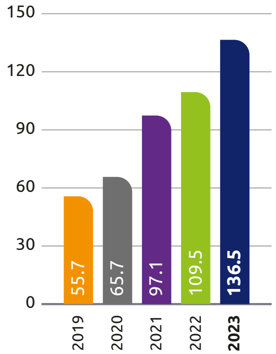
Together, we look forward to 2024, and beyond, with confidence, poised to harness new opportunities and achieve continued growth.

Mythri Sambasivan-George
Group Chief Finance Officer

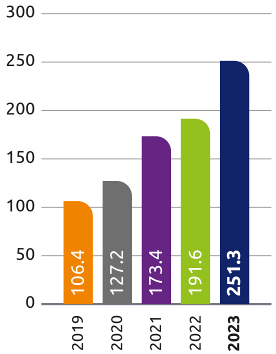
Financial highlights

The capital adequacy and liquidity ratios of the Group and all the Group Banks exceed the prescribed prudential minimum ratios in their respective territories, giving us the capacity to selectively grow our balance sheet.

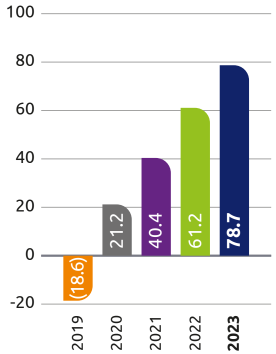
Net interest income
(US$ million)



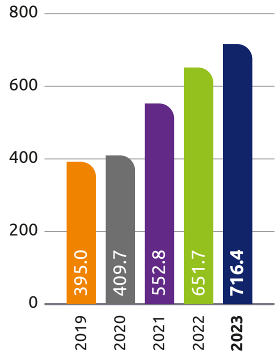
Total operating income
(US$ million)



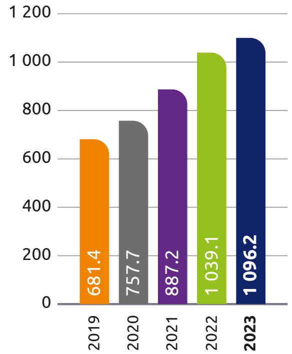
Profit after tax
(US$ million)



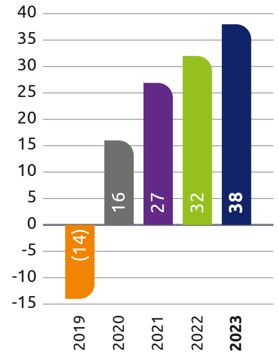
Loans and advances
(US$ million)



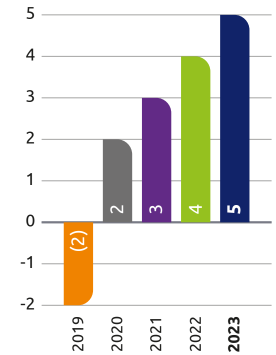
Customer deposits
(US$ million)



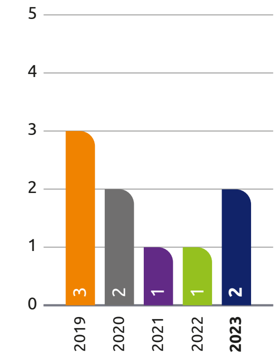
ROE
(%)



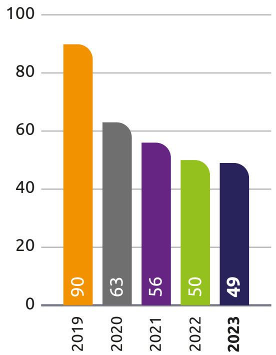
Return on assets (ROA)
(%)



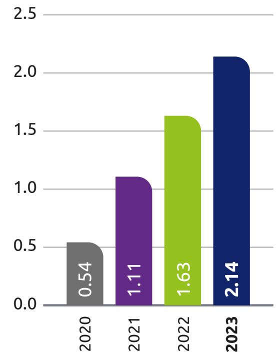
Credit loss ratio
(%)



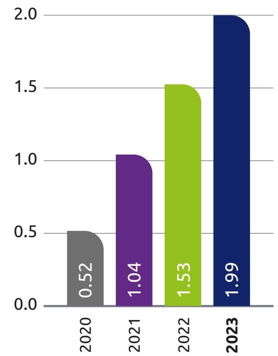
Cost-to-income ratio
(%)



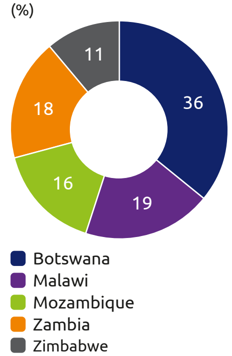
Basic earnings per share
(US$ cents)



Diluted earnings per share
(US$ cents)



Deposits from customers per country
(%)



Five-year review

US$	2019	2020	2021	2022	2023
Net interest income	55 743 951	65 748 739	97 128 043	109 465 364	**136 534 633**
Total operating income	106 433 918	127 260 758	173 383 474	191 552 481	**251 279 772**
Profit after tax	(18 609 308)	21 276 051	40 446 006	61 194 804	**78 743 569**
Loans and advances	394 978 354	409 710 461	552 811 469	651 726 217	**716 388 728**
Customer deposits	681 390 892	757 728 556	887 233 383	1 039 069 966	**1 096 195 084**
ROE (%)	(14%)	16%	27%	32%	**38%**
ROA (%)	(2%)	2%	3%	4%	**5%**
Credit loss ratio	3%	2%	1%	1%	**2%**
Cost-to-income ratio (%)	90%	63%	56%	50%	**49%**
Basic earnings per share	(0.20)	0.54	1.11	1.63	**2.14**
Diluted earnings per share	(0.16)	0.52	1.04	1.53	**1.99**

Deposits from customers (per country)*	2023
Botswana	**393 630 240**
Malawi	**211 288 566**
Mozambique	**171 016 314**
Zambia	**201 623 326**
Zimbabwe	**123 151 567**

* *Deposit balances exclude intercompany eliminations*

Profit after tax contribution (per country)	2023
Botswana	**16 783 742**
Malawi	**26 295 350**
Mozambique	**19 184 676**
Zambia	**8 859 387**
Zimbabwe	**15 698 209**

Regional performance reviews

Reinette van der Merwe
Chief Executive Officer

Botswana

2023 Country highlights

Branches	Consumer service centres		
5	6		
2022: 5	*2022: 6*		

Employees	ATMs	Customers
229	5	28 312
2022: 222	*2022: 7*	*2022: 22 537*

Operating environment

Botswana experienced the effects of the ongoing turmoil in the global diamond market, leading to an impact on the country's trade balance, particularly in the latter half of 2023. This significantly influenced the country's GDP performance, with real GDP growth slowing to 0.5% year-on-year in Quarter 3 due to subdued diamond prices, making a substantial recovery in Quarter 4 unlikely.

However, recent increases in diamond prices have raised hopes for an acceleration in real GDP growth in 2024. The Ministry of Finance has forecasted a growth rate of 4.2% for 2024/2025. Despite economic headwinds, headline inflation decreased from 12.4% in December 2022 to 3.5% in December 2023. This decline is attributed to the stringent monetary policy conditions both domestically and internationally. Towards the close of 2023, the Central Bank responded by reducing the key policy rate to 2.4%, citing relatively stable inflation rates within its medium-term target range. Regardless of this adjustment, a cautious approach to the easing cycle is expected, with the Central Bank predicting an average inflation rate of 5.0% for 2023 and projecting a further decrease to 3.9% in 2024.

The regulatory landscape is becoming increasingly stringent, encompassing financial crime risk management, consumer compliance, prudential compliance, and data protection regulations. This has led to a growing market demand for compliance with new regulations.

To avoid being placed on the Financial Action Task Force (FATF) grey list, Botswana has conducted a comprehensive National Risk Assessment for Anti-Money Laundering (AML), Countering Terrorist Financing (CFT) and Proliferation of Weapons of Mass Destruction (CPF) across major sectors and industries. This initiative was led by the Financial Intelligence Agency. As a key player in the banking industry, we are committed to contributing to this important initiative to reduce the country's exposure to financial crime risks.

Operational highlights

In 2023, First Capital Bank Botswana realigned its strategy towards achieving its ambition of being a preferred financial institution in Botswana, ensuring the effective execution of key technology and product development projects.

This ongoing effort reflects the bank's commitment to crafting a reputable brand, celebrated for personalised service and prompt delivery.

The bank successfully updated its internet banking platform to provide a more seamless and convenient digital banking experience. It also launched new savings accounts to cater to the diverse needs of its growing customer base. In order to expand its services and offer additional financial transaction options, the bank partnered with Orange Money. This initiative aligns with the bank's commitment to staying at the forefront of digital financial services.

To strengthen customer relationships, First Capital Bank organised and participated in focused customer forums, golf days, and other events. These initiatives allowed the bank to engage directly with customers, understand their needs, and solidify its position as a trusted financial partner.

First Capital Bank Botswana celebrated its 15th anniversary in the country, demonstrating its enduring commitment to the local community and sustained growth and success within Botswana's dynamic financial landscape.

Liquidity and capital adequacy

- Liquid Asset Ratio (LAR): 19.26% exceeding the regulatory threshold of 10%.
- Capital Adequacy Ratio (CAR): 18.09% surpassing the regulatory requirement of 12.5%.
- Ratio of Tier 1 capital to total risk-weighted assets: 13.55% exceeding the regulatory requirement of 7.5%.

These figures reflect our commitment to regulatory compliance and sound financial management.

Outlook

In 2024, First Capital Bank is set for a transformative year, building on the successes of 2023. We remain steadfast in being a trusted and respected brand in Botswana. Our focus for the year ahead includes enhancing our transactional banking platforms, refining Internet banking, and improving our mobile app to provide seamless and user-friendly experiences. Additionally, we will introduce new products that cater to the evolving needs of our customers.

We will focus on expanding our customer base and growing retail lending. Providing personalised service and quick turnaround times will be our top priorities. With our advanced technological infrastructure, we are well-positioned to consistently deliver meaningful results throughout the year, contributing to the enhanced well-being and success of our clients.

Financial performance

Net interest income: increased by **30%**, driven largely by **38%** growth in our loans in the consumer lending segment and non performing loans (NPLs) below 2%.

Non-interest income: grew by **7%**, driven by **12%** increase in forex income.

Profit after tax: **33%** increase of **BWP 224.6 million** (2022: BWP 169.31 million)

Total assets: increased by **19%** to **BWP 6.45 billion** (2022: BWP 5.44 billion) due to growth in our loan book and investment securities.

Loans and advances: grew by **16%**

Cost-to-income ratio: reduced to **40%** (2022: 45%)

Key indicators

BWP'000	2019	2020	2021	2022	2023
Net interest income	144 616 249	202 385 413	252 240 598	343 241 176	**444 984 526**
Non-interest income	56 676 784	63 206 309	59 926 313	84 849 001	**90 690 340**
Operating expenses	120 596 795	140 318 533	147 874 270	192 778 979	**216 849 748**
Profit after tax	47 973 783	69 724 470	102 994 875	169 313 203	**224 597 301**
Loans and advances	1 961 395 725	2 123 331 409	2 884 406 349	3 658 943 806	**4 232 420 496**
Total assets	3 633 463 050	3 916 925 737	5 175 170 574	5 443 234 572	**6 454 052 092**
Customer deposits	2 561 974 061	3 038 484 162	3 713 004 433	4 486 475 859	**5 276 513 605**
Shareholder funds	294 032 792	342 630 144	410 762 785	533 035 285	**697 632 586**

Regional performance reviews (continued)

Agness Jazza
Chief Executive Officer

Malawi

2023 Country highlights

Branches 5 *2022: 7*	**Agencies** 23 *2022: 22*	**POS devices** 682 *2022: 450*
Employees 683 *2022: 666*	**ATMs** 48 *2022: 50*	**Customers** 266 710 *2022: 239 141*

Operating environment

The current economic landscape is marked by high inflation, foreign exchange (forex) shortages, and stagnant growth. Through the Reserve Bank, the Government will continue using monetary and fiscal tools to address the situation, primarily via adjustments to interest rates and liquidity reserve requirements both of which will negatively impact businesses.

The Reserve Bank of Malawi is scheduled to implement Basel III regulations from January 2025 and this involves enhanced regulatory standards concerning capital and liquidity.

This implementation will necessitate banks to bolster their Management Information Systems (MIS) and ensure data quality to facilitate the computation of new metrics such as Credit Risk Weighted Assets, Operational Risk Capital Charge, Liquidity Coverage Ratio, and Net Stable Funding Ratio.

Macroeconomic context

The inflation rate in Malawi has been steadily increasing over the past two years, and this trend is expected to persist. Malawi's significant deficit in the balance of payments, compounded by its status as a net importer, has led to forex shortages, thereby creating inflationary pressures. Low agricultural output, especially with maize, is anticipated to continue driving food prices up.

The high inflation is likely to prompt the government to increase interest rates through monetary policy. This move will mainly exert pressure on borrowers and, while the bank stands to benefit and gain on the margins in the short term due to increasing interest rates, the pressure on borrowers will impact their ability to repay and ultimately lead to increased defaults and impairments. Further, expenses will rise due to inflationary pressures, causing an increase in prices and bloating the expenditure bracket.

Malawi is currently grappling with a substantial balance of payments deficit, amounting to about US$ 2 billion. The country's insufficient export output, coupled with an increasing demand for imports, has led to persistent forex shortages. Despite the inflows from donor aid and budgetary support received after Malawi reached a Staff Level Agreement under the Extended Credit Facility (ECF) with the IMF, forex shortages persist.

These persistent forex shortages and the rise in parallel market rates are expected to continue exerting pressure on monetary authorities to consider further devaluation to address the price mismatch. Devaluation is likely to create inflationary pressure, given the country's status as a net importer. Additionally, with devaluation, imports of capital equipment, machinery, and other inputs become more expensive, leading to increased costs and reduced productivity for businesses. The combination of high costs and low production puts customers under pressure to meet their obligations, potentially leading to increased defaults and impairments, which in turn impacts the banks' profits.

Liquidity and capital adequacy

- Liquidity ratio: averaged 46.64%, well above the 25% regulatory minimum.
- Tier 1 capital ratio: averaged 16.34%, well above the regulatory minimum of 10%.

Outlook

All our strategic priorities and focus for the short to medium term are on enhancing customer access and experience. Agency banking will be operationalised in 2024 and thereby extending our countrywide access footprint.

We will continue to enhance our digital platforms to serve our customers more efficiently and to also make it more convenient for them to easily transact. Our Premier banking solution will be enhanced.

Financial performance

Summary of key performance highlights

Profit after tax:
61% growth from K 18 billion to **K 29 billion**

Loans and advances:
45% growth from K 127 billion to **K 185 billion**

Customer deposits:
54% growth from K 230 billion to **K 354 billion**

Customer base:
grew by **12%**, with current and savings accounts growth the main drivers.

Key indicators

MWK'000	2019	2020	2021	2022	2023
Net interest income	19 885 268	20 671 967	25 108 701	31 296 934	**45 785 474**
Non-interest income	12 660 572	12 750 852	18 416 407	20 029 047	**36 896 960**
Operating expenses	22 835 331	21 135 134	23 139 677	26 541 887	**39 808 198**
Profit after tax	6 629 836	8 025 229	14 766 105	18 270 484	**28 984 084**
Loans and advances	71 592 468	79 077 559	101 043 385	127 331 876	**184 826 160**
Total assets	294 350 153	295 427 868	357 543 880	314 962 869	**483 647 888**
Customer deposits	134 553 968	157 402 033	172 901 302	229 814 668	**354 465 388**
Shareholder funds	33 450 482	37 553 891	47 719 996	61 363 407	**77 553 011**

Regional performance reviews (continued)

João Rodrigues
Chief Executive Officer

Mozambique

2023 Country highlights

Branches	POS devices	
5	336	
2022: 4	*2022: 296*	

Employees	ATMs	Customers
172	7	14 650
2022: 149	*2022: 7*	*2022: 15 911*

Operating environment

- Mozambique had a GDP growth of 5.1% in 2023 with a projected slowdown to 4.3% in 2024, due to net exports deteriorating as gas output stagnates, while weakening farmer incomes and fiscal consolidation cap consumption growth.
- As at the end of 2023, the inflation rate stood at 5.3% and expected to trend around 4%-5% in 2024.
- At the same time, the Central Bank reference interest rate closed at 17.25% and Prime Lending Rate at 24.1%, with an expected reduction in 2024.
- Increase in Cash Reserve Requirements in LCY (from 10% to 39%) and FCY (from 11.5% to 39.5%) impaired liquidity available in the market. Further, removal of Central Bank forex support for fuel imports reduced the foreign currency available in the market
- Delays in the payment of government bonds principal and interest early in 2023 led to S&P downgrading government debt in local currency to “selective default” from “B-” (later revised to “CCC+”).
- 2023 saw a general improvement in the security environment in Cabo Delgado, somewhat offset by the increase in violence towards civilians in the first months of 2024 resulting in mass displacement of local population and casualties amongst security forces.

Operating highlights

- Opening of the Beira branch in July 2023 with the aim of consolidating its commitment to offering a more convenient banking experience to its customers through personalised banking services and being a reliable partner in the country’s financial development.
- With an increase of Chinese businesses and nationals in the country, we have created a Chinese Desk with a specific relationship manager allocated to this segment.
- We deployed new payment solutions (Host-to-Host, new POS and cards with additional functionalities) to enhance our clients banking experience.
- Due to our focus on customer service, we received the following accolades in the KPMG Annual Survey The Top 100 Companies in Mozambique:
  - Bank with the biggest turnover increase in the Mozambique’s financial sector
  - Second best company in Mozambique, based on financial performance and growth.

Liquidity and capital adequacy

- CAR at 18.88% as at December 2023
- Equity regulatory capital stood at MZN 2.03 billion, against the minimum regulatory capital of MZN 1.7 billion. First dividend payout in 2023.
- Liquidity ratio at 46.5% as at December 2023.

Outlook

- Focus on growing the transactional business leveraging from the strong FX market share and deployment of payment solutions, enhancement of functionalities.
- Growth of the trade finance business supported in new trade lines.
- Enhanced customer service through the deployment of customised solutions and new products/services such as Host-to-Host and new POS deployments.

Financial performance

Profit after tax of MZN 1.23 billion, an increase of **74%** mostly driven by a net interest income increase of 85% and growth of 54% in foreign exchange income.

Total assets increased year-on-year by **43% to MZN 18.1 billion** *(above US$ 280 million)*

Loans and advances to customers increased by **21%** year-on-year was supported by the growth of the Corporate Loan book, as well as the Consumer Lending book, which represents ~33% of the total loan book.

Customer deposits grew **13%**, both from existing customers as well as from new relationships, for example, the Chinese Desk portfolio.

Two commercial papers, totalling **MZN 1.1 billion**, were issued in 2023, equivalent to ~39% of the amount listed on the stock exchange.

ROE above **43%** *(36% in 2022)*

CTI at **32%** *(41% in 2022)*

FX average position of **12.31%** in 2023, resulting in FCB Mozambique being third largest FX dealer in the market.

Key indicators

MZN'000	2019	2020	2021	2022	2023
Net interest income	277 051	310 907	465 416	821 963	**1 526 357**
Non-interest income	251 405	296 704	303 085	926 703	**1 376 797**
Operating expenses	414 120	460 896	547 591	714 102	**940 967**
Profit after tax	67 720	127 558	94 369	705 568	**1 225 661**
Loans and advances	1 515 653	2 233 267	3 983 675	5 405 706	**6 538 255**
Total assets	5 273 429	7 714 692	7 683 623	12 645 371	**18 137 278**
Customer deposits	3 388 647	5 749 931	5 420 397	9 629 210	**10 927 943**
Commercial paper	–	–	–	–	**1 117 813**
Shareholder funds	1 280 326	1 592 883	1 687 253	2 392 821	**3 226 991**
Off-Balance Sheet					
Guarantees	1 163 380	2 017 906	1 582 022	5 991 892	**7 536 462**
Letters of credit	437 466	1 714 175	1 946 801	1 297 207	**1 110 303**

André Potgieter
Interim Chief Executive Officer

Zambia

2023 Country highlights

Branches	Agencies	
7	1	
2022: 7	*2022: 1*	

Employees	ATMs	Customers
189	7	7 198
2022: 166	*2022: 7*	*2022: 5 744*

Operating environment

- 2023 saw an escalation in energy costs with rising international oil prices coupled with weaker local currency against US Dollar. The El Nino weather pattern will impact hydro electricity generation, leading to possible loadshedding that will impact private sector performance going into 2024. Further, lower-than-normal rainfall impacted agricultural yield in 2023/2024, resulting in high food and overall inflation.
- GDP growth was revised upwards to 4.3% in 2023, owing to strong performance in the non-agricultural and non-mining sectors, despite weakened mining production. However, copper production is expected to be revamped with the advanced talks that are underway to find an equity partner for Mopani Copper mines and the reinstatement of Vedanta Resources as majority shareholders in Konkola Copper Mines. Copper prices were flat for most of 2023. From a high of US$ 9 406/t in January, the red metal closed the year at US$ 8 399/t. BMI forecasts copper price to average US$ 8 800/t in 2024, higher than the average in 2023.
- As a result of being on an International Monetary Fun (IMF) programme, the Country received the second and third disbursements of US$ 187 million each, from the US$ 1.3 billion financing.
- Significant progress was made toward debt restructuring, with the signing of a memorandum of understanding (MoU) with the Official Creditor Committee in 2023. In 2024, one key milestone remains the conclusion of an MoU with the adhoc steering committee of Eurobond holders and thereafter, private external debt creditors.

Regulation and policy environment

- The adjustment to the statutory reserve requirements by the Central bank of 550 basis points to 17% in 2023 created tight liquidity conditions.
- The Central bank raised its monetary policy rate by 200 basis points from 9% to 11% during the year and this had a significant impact on the cost of funding.

Liquidity and capital adequacy

- The Central Bank revised the statutory reserve ratio from 11.5% at the start of the year to 17% at the end of the year an increase of 550 basis points. Despite this increase, the bank was able to meet liquidity requirements and maintained its core liquid asset ratio at 44.95% against regulatory requirement of 6%.

Outlook

The bank will focus on transactional banking business with the aim to mobilise more CASA and non-interest income while focusing on winning new to bank accounts and improving the mix of non-interest to net interest revenue. In addition, we will continue to manage the cost of funding closely.

Financial performance

Profit after tax growth was supported by an increased loans and advances and government securities base by **61%** and **37%** respectively coupled with fee income.

Revenue growth was at **13%** year-on-year primarily driven by a mix of interest and non-interest income.

Loans and advances grew **61%** from K 1.6 billion in 2022 to **K 2.6 billion** in 2023.

Customer deposits grew to **62%** from K 3.2 billion in 2022 to **K 5.2 billion** in 2023.

Total assets grew year-on-year from K 4 billion to **K 6.3 billion** *(above US$ 280 million)*

Key indicators

ZMW'000	2019	2020	2021	2022	2023
Net interest income	90 803 163	141 882 118	282 033 317	341 101 727	**387 493 248**
Non-interest income	48 302 750	78 235 829	86 056 368	99 016 810	**108 400 187**
Operating expenses	113 823 086	139 866 051	202 452 082	198 160 245	**241 959 596**
Profit after tax	8 186 568	42 451 569	93 516 110	168 988 900	**178 889 737**
Loans and advances	693 413 359	1 109 576 184	1 001 357 882	1 633 528 380	**2 634 886 714**
Total assets	1 517 833 725	2 456 479 614	2 822 305 943	4 010 110 534	**6 362 015 901**
Customer deposits	1 110 306 629	1 812 057 125	2 186 223 591	3 206 086 982	**5 192 229 071**
Shareholder funds	163 920 632	206 372 220	287 209 581	401 385 980	**494 243 028**

Tapera Mushoriwa
Chief Executive Officer

Zimbabwe

2023 Country highlights

Branches 26 *2022: 25*	**Consumer service/loan centres** 13 *2022: 13*
Employees 527 *2022: 528*	**ATMs** 25 *2022: 47*
Customers 342 229 *2022: 271 683*	**POS devices** 3 168 *2022: 2 762*

Operating environment

- Zimbabwe's economy is estimated to have grown by 5.5% in 2023 and this growth was underpinned by an improvement in agriculture output, especially in tobacco, wheat, and cotton.
- The Zimbabwe Dollar closed 2023 at ZWL$ 6 104 against the US Dollar, having ended December 2022 at ZWL$ 687.3. US Dollar usage increased across the economy as a result of local currency liquidity shortages throughout the year, and this in turn, increased US Dollar lending in the banking sector.
- The Government of Zimbabwe transitioned to a new method of calculating inflation – moving from a blended inflation rate of local currency and the US Dollar to a geometric aggregation model. As a result of these changes, inflation closed 2023 at 26.52%, compared to the restated 56% at the end of 2022. To control inflation, a range of measures were introduced, including a tight liquidity regime characterised by excess liquidity sterilisation through the issuance of zero-coupon non-negotiable certificates of deposits as well as the introduction of gold-backed digital coins as an alternative investment option.
- After year end, the Government has introduced a new currency named ZiG (Zimbabwe Gold) which came into effect on 5 April 2024. This currency is expected to be reasonably stable going into the future given the backing of gold, other precious minerals, and US Dollar reserves.

Operational highlights

- The EUR12.5 million European Investment Bank (EIB) line of credit was 81% fully drawn during the period under review providing significant capital funding relief to medium sized corporate customers.
- A further US$ 20 million lines of credit was mobilised from the African Export-Import Bank (Afreximbank) with US$ 6 million having been drawn down as at 31 December 2023.
- The bank enhanced existing transaction platforms to significantly improve the service experience and introduce relevant options. This included a USSD upgrade, ZIMRA on mobile, USD POS acquiring, USD denominated bill payments, security enhancement through FCB secure, ZINARA licensing in-branch and strategic alliances with global brands such as Emirates.
- New products were also introduced all with the view to support clients better and enhance their experience.
- In 2023, we made history as the first bank to list on Victoria Falls Securities Exchange (VFEX), broadening access to global capital markets for our stakeholders. Following our listing, a MOU was signed with VFEX to promote the bourse. These efforts will help to deepen Zimbabwe's capital markets and support the country's efforts to attract new investment.
- This continuing focus on customer service, sustainability and a robust corporate governance was recognised in the market, through several awards which included the **Best VFEX Listed Company of the Year Award at the Business Weekly Capital Markets Awards**.

Liquidity and capital adequacy

Local regulatory requirements and actuals

- Core capital increased by 3% from US$ 50.1 million as of 31 December 2022 to US$ 52.5 million as at 31 December 2023.
- Capital adequacy ratio remained strong, closing the period at 28% which is well above the regulatory minimum of 12%.
- Liquid assets ratio of 52%, well above minimum of 30%

Outlook

- The growth prospects for the Zimbabwean economy for 2024 are expected to be subdued on account of the El Nino weather phenomenon and its impact on the 2023/2024 summer cropping season, as well as reduced earnings from mining because of low levels of global commodity prices.
- With the introduction of the new currency, we are shaping our operating model for long-term sustainability while we impact all critical sectors of the economy and will endeavour to remain relevant in all our chosen markets.

Financial performance

Total deposits of US$ 123.2 million on 31 December 2023 which is 9% lower than US$ 136.1 million as of 31 December 2022.

ZWL deposits constituted 13% of total deposits at 31 December 2023 compared to 22% at 31 December 2022. USD denominated deposits increased by 6% during the period under review.

Adjusted profit after tax of US$ 15.7 million was achieved for the year 2023 (underlying performance). This was supported by a 33% increase in total income over the period from US$ 53.4 million in 2022 to US$ 71.2 million for the year ended 31 December 2023.

The loan loss ratio increased from 2% in 2022 to **5% in 2023** with exposures exhibiting increased credit risk being largely within the agriculture portfolio.

Loans to customers increased by **30%** over the period under review to close at **US$ 86.1 million**, compared to US$ 65.9 million as of 31 December 2022, with 92% of business having been underwritten in USD as at 31 December 2023.

Operating expenses increased by **55%** from US$ 30 million in 2022 to **US$ 46.7 million** in the year under review. This resulted in the cost to income ratio moving from 56% in 2022 to 66% in 2023.

The **adjusted total comprehensive income** for the period amounted to **US$ 16.9 million** for the year ended 31 December 2023 which is 20% lower than the US$ 20.7 million reported in 2022, driven by higher fair value revaluations on property in 2022.

Key indicators

USD'000	2019	2020	2021	2022	2023
Net interest income	5 909	6 847	13 428	18 393	**22 974**
Non-interest income	13 947	20 327	24 292	34 987	**48 262**
Operating expenses	18 803	16 169	21 877	30 038	**46 699**
Profit after tax	(5 889)	3 797	16 776	12 212	**15 698**
Loans and advances	25 767	19 005	35 893	65 973	**86 062**
Total assets	110 371	115 981	151 309	233 943	**235 943**
Customer deposits	75 237	70 877	84 752	136 063	**123 152**
Shareholder funds	23 565	26 376	52 170	67 905	**68 008**

Shwetank Singhvi
Group Chief Operating Officer and Mauritius Country Manager

Mauritius

2023 Country highlights

Employees
109
2022: 102

Shared Services Centre

Our Shared Services Centre (SSC) was established in 2018 in Mauritius with three employees and over the years has evolved as a centre of excellence for technology, back office operations, risk and compliance processes. Evolving from a decentralised functional set-up, the Group has progressively consolidated critical and specialised processes across functions in the SSC, leading to an enhanced, robust, automated and compliant service delivery framework.

Our SSC now employs more than 100 full-time employees, most of them specialists in their respective domains which helped in bolstering the capabilities of our banks. The centre is working closely with Group banks to better manage the impact of various changing external factors, complying with regulations, enhancing the transparency and controls framework and is in the process of meeting the requirements for new and better banking products and services for customers.

Looking to the future, our SSC is continuously evolving and enriching itself by adopting newer technologies and best practices from across the banking world. Creation of a shared project hub, quality control unit, enhancement of data analytics capabilities, and a best-in-class cybersecurity framework fortifies the vision of the centre to be the most valued and trusted partner to Group banks in their journey to expand and grow their businesses in the countries they operate in.

Caring for our community, our people and our environment

Corporate Social Responsibility (CSR) also plays an important role in our business strategy. By embracing CSR, our SSC not only contributes to society, but also enhances its reputation and builds trust with the local community, employees, and other stakeholders. The following outlines the specific actions that have been taken in pursuit of our CSR goals and their impact on us and the community.

The community

The SSC made donations to the Couvent du Bon Secours de Belle Rose, a convent that provides care to women residents facing various challenges (including physical and mental handicaps, health issues and old age). The donations were used to purchase necessary supplies for the residents. Additionally, employees from each department volunteered their time and spent a day with the residents. The donation and volunteer effort by the SSC demonstrated that such acts of kindness do not only benefit those in need but also help to foster a sense of community and shared responsibility.

The workplace

The SSC established an internal committee known as 'The Concept Squad' in 2022, to foster a sense of community and create a more pleasant working environment. The committee's focus has been on encouraging team-building and collaboration across departments by organising a variety of employee engagement activities. In addition, as part of our commitment to employee well-being, a talk was arranged in partnership with Link to Life, a non-profit organisation, to raise awareness and understanding of breast cancer among employees.

The environment

The SSC is committed to environmental CSR by implementing various eco-friendly practices throughout its business operations, including zero paper consumption for processing banking transactions by going paperless and introducing e-signatures. We encourage employees to use sustainable materials and conserve electricity. Through these efforts, waste is reduced and its impact on the environment lessened.

Operational highlights

On behalf of the Group banks, SSC back office operations has been supporting and executing transactions covering trade, treasury back office, international payments, account services and cards. SSC risk and compliance support teams are assisting in enhancing the Group and banks' AML/CFT framework and provides independent validation, execution, and monitoring of various non-regulatory compliance processes. All SSC functions work closely with the banks to embed an appropriate risk culture by providing support and specialised skills to help the banks comply with and meet with international and local requirements and regulations.

Group banks are focusing on supporting their customers by facilitating and structuring trade finance, treasury and various issuance and acquiring transactions. SSC technology, trade and treasury operations and product development units have been working with the banks to better serve and support such specialised transactions by providing required frameworks, partnerships, advisory and execution capabilities.

SSC technology supports Group IT infrastructure, the cybersecurity framework and monitoring (managed detection and response), core and peripheral IT applications support and enhancements, change management, digital strategy, transactional platforms on internet and mobile, integrations, cards acquiring and issuance and data analytics. The enhanced internet banking platform was one of the critical projects delivered from the centre to the banks.

Looking Forward

SSC continues to be a critical support pillar on which the Group's business is expanding and it has significantly contributed to the growth of the Group in 2023.

During the year, few critical projects have been initiated/concluded like:

- Enhancement of transactional platforms on internet and mobile access channels.
- Digital transaction acquiring platforms to further enhance the bank's distribution and transaction processing capabilities:
  - Continuation of the data analytics journey, for more robust decisioning.
  - Enhanced cybersecurity frameworks and Automation of operating processes and going digital.
  - SSC is now providing all five banks with new and innovative approaches to better serve its customers through its expertise and experience, underpinning Group's strategy of 'Growth is our Business'.

Condensed consolidated financial statements

Statement of financial position

as at 31 December 2023

USD	Consolidated 2023	Consolidated Restated[1] 2022	% change
ASSETS			
Cash and balances with central banks	**439 423 064**	384 136 678	14
Money market investments[1]	**220 156 226**	210 288 726	5
Loans and advances to customers	**716 388 728**	651 726 217	10
Repurchase agreements[1]	**4 980 131**	5 037 836	(1)
Derivative financial assets[1]	**6 209 306**	4 391 211	41
Other financial investments	**29 980 526**	30 896 729	(3)
Intangible assets	**6 807 976**	8 251 214	(17)
Right-of-use assets	**6 434 133**	6 592 797	(2)
Property and equipment	**58 865 593**	54 020 729	9
Other assets[1]	**31 286 694**	29 359 439	7
Total assets	**1 520 532 377**	1 384 701 576	10
LIABILITIES AND EQUITY			
Liabilities			
Balances due to other banks[1]	**70 274 378**	36 784 818	91
Customer deposits	**1 096 195 084**	1 039 069 966	5
Derivative financial liabilities[1]	**4 845 227**	3 401 326	42
Convertible preference shares	**10 786 747**	10 786 747	–
Other liabilities[1]	**122 576 442**	97 776 253	25
Total liabilities	**1 304 677 878**	1 187 819 110	10
Equity			
Share capital	**117 409 081**	117 409 081	–
Reserves	**(111 506 626)**	(87 637 603)	(27)
Retained earnings	**131 548 887**	98 145 576	34
Total equity attributable to equity holders of the company	**137 451 342**	127 917 054	7
Non-controlling Interest	**78 403 157**	68 965 412	14
Total equity	**215 854 499**	196 882 466	10
Total equity and liabilities	**1 520 532 377**	1 384 701 576	10

1 Prior year financial statements were restated to correct errors relating to presentation and disclosures of derivative financial assets and liabilities. Refer to Note 60 in the full annual financial statements for details relating to the restatement.

The consolidated financial statements were approved for issue by the Company's Board of Directors on 31 May 2024 and were signed on its behalf by:

Busisa Moyo
Director

Terence Davidson
Director

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2023

	Consolidated		
USD	2023	Restated[1] 2022	% change
Interest and similar income[1]	**191 963 977**	147 389 347	30
Interest expense and similar charges[1]	**(55 429 344)**	(38 462 439)	44
Net interest income/(expense)	**136 534 633**	108 926 908	25
Total non-interest income[1]	**114 745 139**	82 625 573	39
Total operating income	**251 279 772**	191 552 481	31
Staff and training costs	**(56 655 426)**	(47 750 430)	(19)
Premises and equipment costs	**(18 331 455)**	(14 293 083)	(28)
Depreciation and amortisation	**(11 709 497)**	(8 667 861)	(35)
Administration and general expenses	**(36 303 925)**	(25 583 108)	(42)
Impairment loss on financial assets	**(13 287 888)**	(4 201 963)	(216)
Operating profit	**114 991 581**	91 056 036	26
Other losses	**–**	(8 380 789)	100
Share of (loss)/profit in joint venture	**(1 240 468)**	4 423 662	(128)
Profit before income tax expense	**113 751 113**	87 098 909	31
Income tax expense	**(35 007 544)**	(25 904 105)	(35)
Profit for the year	**78 743 569**	61 194 804	29
Total other comprehensive loss for the year[2]	**(37 120 323)**	(31 572 570)	(18)
Total comprehensive income for the year	**41 623 246**	29 622 234	41
Profit or loss attributable to:	**78 743 569**	61 194 804	29
Owners of the parent	**52 624 910**	40 088 574	31
Non-controlling interest	**26 118 659**	21 106 230	24
Total comprehensive income attributable to:	**41 623 246**	29 622 234	41
Owners of the parent	**23 008 713**	17 589 187	31
Non-controlling interest	**18 614 533**	12 033 047	55
Basic earnings per share (US cents)	**2.141**	1.631	31
Diluted earnings per share (US cents)	**1.994**	1.525	31

1 Prior year financial statements were restated to correct errors relating to presentation of net gains from derivative financial instruments.

2 Comparative period incorporates effects of hyperinflation from Zimbabwe. Effective 1 January 2023 Afcarme Holdings (Private) Limited and its subsidiaries changed functional currency from Zimbabwe Dollar to United States Dollar.

Statement of changes in equity

for the year ended 31 December 2023

	Consolidated									
USD	Share capital	Restructuring reserve	Property revaluation reserve	Loan loss reserve	Other reserves	Translation reserve	Retained earnings	Equity attributable to owners	Non-controlling interests	Total equity
2023										
Opening Balance as at 1 January 2023	**117 409 081**	**(54 510 623)**	**10 188 610**	**3 097 300**	**4 181 042**	**(50 593 932)**	**98 145 576**	**127 917 054**	**68 965 412**	**196 882 466**
Profit for the year	–	–	–	–	–	–	**52 624 910**	**52 624 910**	**26 118 659**	**78 743 569**
Other comprehensive income	–	–	**3 131 162**	–	**(1 316 975)**	**(31 430 384)**	–	**(29 616 197)**	**(7 504 126)**	**(37 120 323)**
Transfers within reserves	–	–		**1 987 073**	**3 759 576**	–	**(5 746 649)**	–	–	–
Recognition of share – based payments	–	–	–	–	**525**	–	–	**525**	**475**	**1 000**
Dividends paid to owners of the parent	–	–	–	–	–	–	**(13 474 950)**	**(13 474 950)**	–	**(13 474 950)**
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	**(9 177 263)**	**(9 177 263)**
Balance as at 31 December 2023	**117 409 081**	**(54 510 623)**	**13 319 772**	**5 084 373**	**6 624 168**	**(82 024 316)**	**131 548 887**	**137 451 342**	**78 403 157**	**215 854 499**
2022										
Opening Balance as at 1 January 2022	117 409 081	(54 510 623)	6 341 795	2 280 094	4 009 717	(24 170 309)	65 337 350	116 697 105	64 665 160	181 362 265
Profit for the year	–	–	–	–	–	–	40 088 574	40 088 574	21 106 230	61 194 804
Other comprehensive income	–	–	3 846 815	–	77 421	(26 423 623)	–	(22 499 387)	(9 073 183)	(31 572 570)
Transfers within reserves	–	–	–	817 206	317 517	–	(1 134 723)	–	–	–
Other movements	–	–	–	–	(223 613)	–	–	(223 613)	(202 190)	(425 803)
Dividends paid to owners of the parent	–	–	–	–	–	–	(6 145 625)	(6 145 625)	–	(6 145 625)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(7 530 605)	(7 530 605)
Balance as at 31 December 2022	117 409 081	(54 510 623)	10 188 610	3 097 300	4 181 042	(50 593 932)	98 145 576	127 917 054	68 965 412	196 882 466

Statement of cash flows
for the year ended 31 December 2023

	Consolidated		
USD	2023	Restated[1] 2022	% change
Cash flows from operating activities			
Interest and fees received[1]	**277 343 044**	183 780 147	51
Interest paid[1]	**(52 110 374)**	(29 392 146)	77
Cash paid to suppliers and employees	**(100 876 172)**	(44 023 169)	129
Changes in mandatory reserves at central bank[2]	**(39 390 955)**	3 454 033	(1 240)
Increase in net customer balances[1]	**120 459 408**	165 726 786	(27)
Cash generated from operations	**205 424 951**	279 545 651	(27)
Dividends received	**183 597**	667 057	(72)
Income taxes paid	**(29 501 653)**	(18 724 250)	(58)
Cash generated from operating activities	**176 106 895**	261 488 458	(33)
Cash flows from investing activities			
(Purchases)/maturities of money market investments	**(104 958 389)**	11 964 320	(977)
(Purchases)/maturities/of repurchase agreements[1]	**(2 868 551)**	42 706 004	(107)
Acquisition of property and equipment and intangible assets	**(15 734 323)**	(13 017 183)	21
Other investing activities	**(2 913 055)**	4 744 269	(161)
Net cash (used in)/generated from investing activities	**(126 474 318)**	46 397 410	(373)
Cash flows from financing activities			
Dividends paid to non-controlling interests	**(9 177 263)**	(7 530 605)	22
Dividends paid to owners	**(13 474 950)**	(6 145 625)	119
Proceeds from/(repayments of) from short and long term borrowings	**46 430 891**	(175 516 285)	(126)
Other financing activities	**(2 474 352)**	(2 005 898)	23
Net cash generated from/(used in) financing activities	**21 304 326**	(191 198 413)	(111)
Net increase in cash and cash equivalents	**70 936 903**	116 687 455	(39)
Cash and cash equivalents at beginning of year[2]	**376 787 540**	297 936 486	26
Effect of changes in exchange rate	**(55 002 875)**	(37 836 401)	45
Cash and cash equivalents at 31 December[3]	**392 721 568**	376 787 540	4

1 Prior year financial statements were restated to correct errors relating to presentation and disclosures of derivative financial assets and liabilities.
Refer to note 60 of the full **annual financial statements** for details relating to the restatement.

2 In the current period, balances held by FCB Mozambique with the Bank of Mozambique for mandatory reserving requirements have been excluded from cash and cash equivalents as these do not meet definition of cash and cash equivalents under IAS 7 Cash Flow Statements.

3 Consolidated cash and cash equivalents at 31 December 2023 are gross amounts excluding expected credit losses of US$ 37 195 (2022: US$ 14 730), cash collateral of US$ 229 668 (2022 US$ Nil), and restricted cash balance of US$ 46 738 691 (2022: US$ 7 363 868) held by First Capital Bank S.A. (Mozambique) (FCB Mozambique) with the Bank of Mozambique for mandatory reserving requirements.

Believe. Then take action

Interactive content

Our people

Our people drive the business. This is one of the critical success factors of the Group strategy and underpins the enablement of our people, allowing them to drive the business and deliver excellent service to our customers, thereby delivering growth and creating value for all our stakeholders.

Management approach

Our people are at the heart of fulfilling our promise to customers. Motivated, engaged and skilled employees, together with effective solutions, services and operations, underpin the value we offer our clients.

Learning and development

The Group has a training and development curriculum in place to ensure our initiatives target the desired skills and competencies within a consistent and targeted framework.

A key area of focus has been to increase core banking competence, relationship management, technical training, and leadership capabilities. The Group has invested a significant amount of time and resources in both external and internal training, to ensure the team is able to be successful and provide excellent service to our customers.

The Group continues to employ graduates through a graduate development programme. These programmes are producing a successful internal talent pipeline of future leaders with many permanent placements taking place in 2023.

Succession framework

Following the roll-out of a consistent Group talent and succession framework, there has been continued focus on ensuring we identify and develop our internal talent pool to continuously improve our internal leadership pipeline.

This has included initiatives such as career discussions, round table talent reviews, risk identification and development planning.

The Group has identified strong business contingencies in the event of any leadership gaps. In 2023, the Group expanded the talent and succession planning deeper into the organisation.

In 2023, we introduced a Continuous Performance Development approach support by an investment in a technology platform.

This encourages:

Measurement of Performance

Strategy, objectives and values

Leadership

Accountability and capability

Performance Culture

People drive their development

Efficiency

Process enables leaders and employees

First Performance creates an ongoing interaction between an employee and manager focused on developing the individual to achieve high performance for the benefit of themselves and the organisation.

First Performance | The Performance Development Framework

In line with critical success factor 'Our People Drive our Business', a dynamic performance development framework was launched in 2023 aimed at empowering and helping everyone to improve their performance. This change was supported by a new system named First Performance. The First Performance platform was launched across all businesses, supported by an in-house communications campaign aimed at fostering adoption and engagement with the new framework. Each country tailored the campaign theme to their local context as part of their people engagement plans.

The core object of First Performance is fostering a vibrant performance culture throughout our organisation. This is accomplished by establishing clear, measurable goals and milestones, instilling a sense of ownership and accountability, and enhancing our ability to monitor progress transparently and fairly. This ensures that individual actions are aligned with overarching business objectives, fostering cohesion across all business units and strategic initiatives.

First Performance serves as a catalyst for ongoing dialogue, facilitating regular 'check-ins' with line managers to gauge progress and provide support. This continuous engagement not only boosts employee morale but also empowers individuals to take charge of their growth and development, paving the way for future success and leadership. Moreover, it also promotes a culture of recognition via the feedback tool, enabling the entire organisation to celebrate achievements and offer constructive input for continual improvement.

In this collaborative spirit, every member of our organisation, regardless of their role or location, contributes to our shared vision: **To be a formidable business that stands the test of time**.

Corporate social responsibility

The Group works through its subsidiaries and consciously supports country relevant and appropriate programmes to deliver sustainable outcomes.

The main areas of focus for **Botswana** initiatives in 2023 are **Education, Health and Sports.**

1 **Spending just under US$ 70 000**, the business relies on a partnership approach to all activities, ensuring that partners understand the communities and ensure that there is long-term impact.

2 We are proud of our colleague-led CSR initiatives, where nine employee teams spearheaded projects they are passionate about. These efforts have resulted in innovative solutions and meaningful engagement.

3 Among the many CSR initiatives carried out were the following:

1. Mmambothubela Farmers' Day Sponsorship
2. First Capital Bank hosts Botswana University of Agriculture and Natural Resources Seminar
3. Baylor Children's Clinical Centre

The main areas of focus for **Malawi** initiatives in 2023 were: **Health, Environment, Sports and community development.**

1

The spend was upwards of **US$ 2 million** and this is largely attributed to the support in response to the devastation of Cyclone Freddy that affected bulk of the Southern region of the country.

2

All employees are involved in various for CSR initiatives and particularly for **Cyclone Freddy support**, there was high participation.

3

Among the many CSR initiatives carried out were the following:

1. Cyclone Freddy Relief via Red cross donation and support of presidential charity golf
2. Support of Presidential charity in aid of needy students
3. Sponsorship of U20 league

The main areas of focus for **Mozambique** initiatives in 2023 were: **Sports and community development.**

The spend was just under **US$ 200 000** and this is largely towards overall social responsibility. The bank will continue to seek opportunities directly related to the communities around.

Some of the initiatives carried out during the year, for example:

1. Delivery of the construction work of the Fence at Ngungunhane School
2. Donations for the victims of the floods in Maputo province
3. Delivery of baby layettes at the maternity of Maputo Central Hospital

International Children's Day

(June 2023)

On International Children's Day, **First Capital Bank** donated layettes to 10 babies born that same day at the Maputo Central Hospital.

The main areas of focus for **Zambia** initiatives in 2023 were: **Education, Sports and Health.**

1

The spend of just under **US$ 20 000** increased from 2022 and the business is committed to reviewing and extending its CSR in 2024.

2

Some initiatives are driven by **Executive sponsors** to ensure team involvement on specific initiatives that they are passionate about. Including employees in the development of these initiatives from the onset ensures ownership and high levels of engagement.

3

Whereas this is not an exhaustive list, some of the initiatives carried out were:

1. Kabwata orphanage donation
2. Kafinsa women's prison donation
3. Financial literacy awards (First and second prize)

The main areas of focus for **Zimbabwe** initiatives in 2023 were: **Education, Sports and Health.**

The spend of just over **US$ 90 000** is an increased from 2022 and the business is committed to reviewing its CSR particularly as the country navigates high inflation.

Among the many CSR initiatives carried out were the following:

1. Banks and Banking Survey
2. Global Money week
3. International Junior Golf tournament

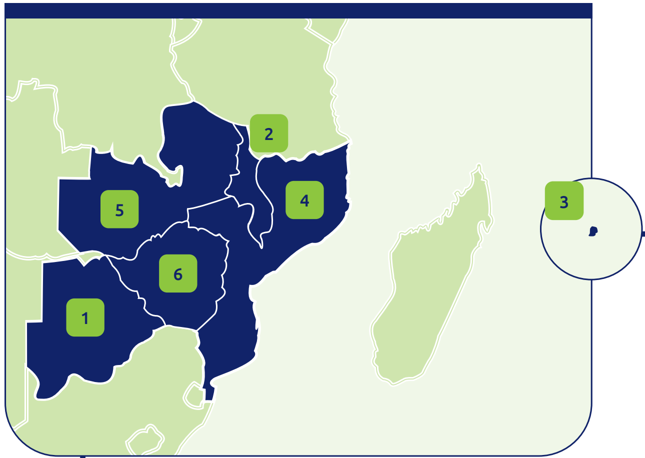
We anticipate extending similar support for **emerging talent in the future**.

Think First Capital Bank

Interactive content

Abbreviations and acronyms

FMBCH or the Company	FMBcapital Holdings Plc
The Group	First Capital Bank Plc (Malawi) First Capital Bank Limited (Zambia) First Capital Bank Limited (Botswana) First Capital Bank S.A. (Mozambique) First Capital Shared Services Limited Afcarme Zimbabwe Holdings (Private) Limited First Capital Bank Limited (Zimbabwe)
FCB Botswana	First Capital Bank Limited (Botswana)
FCB Malawi	First Capital Bank Plc (Malawi)
FCB Mozambique	First Capital Bank S.A. (Mozambique)
FCB Zambia	First Capital Bank Limited (Zambia)
FCB Zimbabwe	Afcarme Zimbabwe Holdings (Private) Limited, First Capital Bank Limited (Zimbabwe)
FCSSL	First Capital Shared Services Ltd
BWP	Botswana Pula
CAR	Capital adequacy ratio
CFA	Chartered Financial Analyst
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CIB	Corporate and Investment Banking
CLR or LLR	Credit loss ratio or Loan loss ratio
COO	Chief Operating Officer
COVID	Corona virus disease
CSR	Corporate social responsibility
EAD	Exposure at default
ECL	Expected credit losses
EIB	European Investment Bank
EPS	Earnings per share
ERMF	Enterprise Risk Management Framework
ESG	Environmental Social and Governance
EY	Ernst & Young
FVTPL	Fair value through profit or loss
FVOCI	Fair value through other comprehensive income
FX	Foreign exchange
GDP	Gross domestic product
IAS	International Accounting Standards
ICT	Information and communication technology
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
ICAAP	Internal Capital Adequacy and Assessment Process
ILAAP	Internal liquidity adequacy assessment process
ITGRC	IT Governance, Risk and Compliance
<IR>	Integrated Reporting
LAR	Liquid asset ratio
LC	Letter of credit
LGD	Loss given default
LNG	Liquified natural gas
LPG	Liquefied petroleum gas
M&A	Mergers and acquisitions
MDR	Managed detection and response
MRC	Management Risk Committee
MUR	Mauritian Rupee
MWK	Malawian Kwacha
MZN	Mozambican Metical
NPLs	Non-performing loans
NCI	Non-controlling interest
NOP	Net open foreign currency position
NPAT	Net profit after tax
NPLs	Non-performing loans
PAT	Profit after tax
PD	Probability of default
PPE	Personal protective equipment
PRM	Professional Risk Manager
RBM	Reserve Bank of Malawi
RWA	Risk-weighted assets
RMA	Relationship management application
ROA	Return on assets
ROE	Return on equity
RPA	Robotic process automation
RTGS	Real-time gross settlement
SADC	Southern African Development Community
SSC	Shared Services Centre
SICR	Significant increase in credit risk
US$/USD	United States Dollars
ZMW	Zambian Kwacha
ZWL	Zimbabwean Dollar



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