

Summary audited consolidated and separate financial statements as at 31 December 2018

Summary Statements of Profit or Loss and Other Comprehensive Income

Audited	Consolidated		Separate	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
US\$				
Interest income	95 069 602	63 707 350	602 274	1 392
Interest expense on deposits and other accounts	(22 246 619)	(20 281 940)	(1 206 915)	(365 890)
Net interest income/(expense)	72 822 983	43 425 410	(604 641)	(364 498)
Fees and commissions	41 333 681	22 115 286	(70 200)	18 726
Income from investments	2 413 333	3 227 697	6 200 152	–
Gain/(loss) on foreign exchange transactions	21 077 712	10 106 665	(292 613)	–
Other operating income	751 070	274 685	3 369 005	–
	65 575 976	35 724 333	9 206 344	18 726
Total operating income/(expense)	138 398 779	79 149 743	8 601 703	(345 772)
Staff and training costs	48 922 039	26 107 000	2 657 388	–
Premises and equipment costs	14 131 332	7 991 424	31 204	18 062
Depreciation expense	6 602 258	4 425 278	17 076	–
Other expenses	26 960 645	13 615 555	1 908 898	1 352 491
Impairment loss on loans and advances	4 166 418	3 313 768	–	–
Total expenses	100 782 692	55 453 025	4 614 566	1 370 553
Operating profit/(loss)	37 616 087	23 696 718	3 987 137	(1 716 325)
Gain on bargain purchases	–	18 655 953	–	–
Share of profit of joint venture	–	199 370	–	–
Profit/(loss) before income tax expense	37 616 087	42 552 041	3 987 137	(1 716 325)
Income tax expense	(6 998 336)	(7 693 878)	(612 217)	–
Profit/(loss) for the year	30 617 751	34 858 163	3 374 920	(1 716 325)
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Revaluation surplus on property	4 173 295	–	–	–
Deferred tax on revalued property	(1 033 972)	4 354	–	–
Fair value gain on investment	2 723 663	–	–	–
	5 862 986	4 354	–	–
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(55 128 886)	1 915 676	–	–
Total other comprehensive (loss)/income for the year	(49 265 900)	1 920 030	–	–
Total comprehensive (loss)/income for the year	(18 648 149)	36 778 193	3 374 920	(1 716 325)
Profit or loss attributable to:				
Owners of the company	16 601 205	30 304 809	3 374 920	(1 716 325)
Non-controlling interest	14 016 546	4 553 354	–	–
Profit/(loss) for the year	30 617 751	34 858 163	3 374 920	(1 716 325)
Total comprehensive (loss)/income attributable to:				
Owners of the company	(3 394 328)	31 294 685	3 374 920	(1 716 325)
Non-controlling (loss)/interest	(15 253 821)	5 483 508	–	–
Total comprehensive (loss)/income for the year	(18 648 149)	36 778 193	3 374 920	(1 716 325)
<i>Basic and diluted earnings per share (US' cents)</i>	<i>0.709</i>	<i>1.297</i>	<i>0.144</i>	<i>(0.073)</i>

Summary Statements of Cash Flow

Audited	Consolidated		Separate	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
US\$				
Cash flows from operating activities				
Interest and fees received	159 054 073	95 523 197	3 608 466	20 118
Interest paid	(22 246 619)	(20 281 940)	(1 206 915)	(365 890)
Cash paid to suppliers and employees	(100 653 291)	(50 300 508)	(5 493 719)	517 163
	36 154 163	24 940 749	(3 092 168)	171 391
Increase in net customer balances	(169 969 730)	88 114 207	(3 820 127)	6 199
Cash (used) in/generated from operations	(133 815 567)	113 054 956	(6 912 295)	177 590
Dividend received	1 009 699	421 749	6 200 152	–
Income taxes paid	(7 847 231)	(7 116 058)	(612 217)	–
Cash (used) in/generated from operating activities	(140 653 099)	106 360 647	(1 324 360)	177 590
Cash flows from investing activities				
Purchases of money market investments	(65 094 765)	(58 861 161)	(626 739)	–
Maturities/(purchases) of currency swaps	4 820 256	(8 289 390)	–	–
Payment for acquisition of business, net of cash acquired	–	341 865 513	–	–
Investment in subsidiary companies	–	–	(2 812 894)	(6 633 333)
Proceeds from sale of equipment	108 866	23 206	–	–
Acquisition of property and equipment	(11 650 094)	(8 030 976)	(207 574)	–
Cash (used) in/generated from investing activities	(71 815 737)	266 707 192	(3 647 207)	(6 633 333)
Cash flows from financing activities				
Dividend paid to shareholders of the parent	–	(1 611 593)	–	–
Proceeds from issue of shares	11 701 116	–	11 701 116	–
Dividends paid to non-controlling interests	–	(583 751)	–	–
Proceeds/(Repayment) of long term borrowings	(447 739)	9 373 255	–	6 500 000
Cash generated from financing activities	11 253 377	7 177 911	11 701 116	6 500 000
Net (decrease)/increase in cash and cash equivalents	(201 215 459)	380 245 750	6 729 549	44 257
Cash and cash equivalents at 1 January	499 167 446	116 985 147	44 257	–
Effect of changes in exchange rates	(55 128 886)	1 936 549	–	–
Cash and cash equivalents at 31 December	242 823 101	499 167 446	6 773 806	44 257

Summary Statements of Financial Position

Audited	Consolidated		Separate	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
US\$				
Assets				
Cash and cash equivalents	242 823 101	499 167 446	6 773 806	44 257
Money market investments	226 424 936	161 819 258	626 739	–
Loans and advances to customers	359 147 633	350 516 403	–	–
Finance lease receivables	2 228 832	5 288 322	–	–
Repurchase agreements	29 969 134	34 789 390	–	–
Deferred tax asset	499 256	–	–	–
Current tax asset	3 698 352	5 014 906	–	–
Investments at fair value through profit or loss	7 665 487	7 184 758	–	–
Investment in subsidiary companies	–	–	125 941 039	123 128 045
Investment property	6 545 861	6 343 495	–	–
Intangible assets	6 917 153	8 490 060	–	–
Property and equipment	54 948 935	44 357 263	190 498	–
Assets held for sale	17 531 259	15 129 612	–	–
Financial assets at fair value through other comprehensive income	1 793 644	4 254 012	–	–
Other assets	10 825 578	16 116 501	3 821 005	976
Total assets	971 019 161	1 158 471 426	137 353 087	123 173 278
Liabilities and Equity				
Liabilities				
Balances due to other banks	47 735 602	63 787 552	–	–
Customer deposits	720 825 817	874 615 899	–	–
Other payables	27 825 897	37 788 043	1 020 078	1 916 305
Subordinated debt	16 859 518	14 224 307	–	–
Deferred tax liabilities	3 243 342	4 833 105	–	–
Income tax payable	1 306 308	348 766	–	–
Provisions	1 698 590	2 375 719	–	–
Loans payable	6 500 000	6 500 000	6 500 000	6 500 000
Redeemable preference shares	10 786 747	10 786 747	10 786 747	10 786 747
Total liabilities	836 781 821	1 015 260 138	18 306 825	19 203 052
Equity				
Share capital	117 409 081	105 707 965	117 409 181	105 707 965
Share premium	–	–	–	–
Restructuring reserve	(54 510 623)	(54 510 623)	–	–
Property revaluation reserve	3 005 294	15 348	–	–
Loan loss reserve	2 903 507	1 869 083	–	–
Investment revaluation reserve	878 738	–	–	–
Non distributable reserves	–	–	–	–
Translation reserve	(23 817 452)	17 020	–	–
Retained earnings	33 656 133	19 614 393	1 637 181	(1 737 739)
Total equity attributable to equity holders of the company	79 524 678	72 713 186	119 046 262	103 970 226
Non-controlling interest	54 712 662	70 498 102	–	–
Total equity	134 237 340	143 211 288	119 046 262	103 970 226
Total equity and liabilities	971 019 161	1 158 471 426	137 353 087	123 173 278

Summary Statements of Changes in Equity

Audited	Consolidated		Separate	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
US\$				
As at the beginning of the year	143 211 288	60 582 985	103 970 226	(21 314)
Initial application of IFRS 9 (net of deferred tax)	(2 745 454)	–	–	–
Restated balance as at 1 January	140 465 834	60 582 985	103 970 226	(21 314)
Net profit/(loss) for the year	30 617 751	34 858 163	3 374 920	(1 716 325)
Other comprehensive (loss)/income	(49 265 900)	1 920 030	–	–
Other movements	718 539	(308 670)	–	–
Dividends paid	–	(1 611 593)	–	–
Other transactions with owners	11 701 116	47 770 373	11 701 116	105 707 865
Balance at the end of the year	134 237 340	143 211 288	119 046 262	103 970 226

Notes to the summary consolidated and separate financial statements

(1) Investment in subsidiary companies

At end of the reporting period the Company's portfolio of investments in subsidiary companies comprised:

Name of the Subsidiary	Nature of Business	Type of investment	Holding		US\$	
			2018	2017	2018	2017
First Capital Bank PLC (Malawi)	Banking	Equity shares	100%	100%	101 073 622	105 707 965
Afcarme Zimbabwe Holdings (Private) Limited	Banking	Equity shares	81%	81%	17 420 080	17 420 080
First Capital Bank Zambia Limited	Banking	Equity shares	49%	–	4 634 343	–
First Capital Bank Ltd (Botswana)	Banking	Preference shares	100%	–	1 995 000	–
First Capital Shared Services Limited	Shared Service	Equity shares	100%	–	105	–
First Capital Bank S.A. (Mozambique)	Banking	Subordinate Debt	100%	–	817 889	–
					125 941 039	123 128 045

During the year 2018, the Company restructured its 49% shareholding in First Capital Bank Zambia Limited ("First Capital Bank Zambia") a company incorporated in Zambia as dividend in specie from First Capital Bank PLC Malawi (First Capital Bank Malawi) as a direct holding. This restructuring has no impact on the Group's financial statement.

During the year, the Company incorporated a wholly owned subsidiary company, First Capital Shared Services Limited (FCSSL) in Mauritius. The company invested US\$1 995 000 in Cumulative Redeemable Preference Shares in First Capital Bank Ltd (Botswana) during the year, and also invested US\$817 889 as Subordinated Debt in First Capital Bank S.A. (Mozambique).

(2) Property, equipment and intangible assets

The Company's investment in both non-current and intangible assets is summarised as below:

Audited	Property and equipment		Intangible assets	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
US\$				
Balance at 1 January	67 462 261	24 355 376	14 036 069	10 175 792
Additions	10 288 191	6 318 883	1 361 903	1 712 093
On acquisition of subsidiary	–	36 547 715	–	1 429 351
Revaluation	3 662 019	–	–	–
Disposals	(640 792)	(45 065)	(193 930)	–
Transfers	397 380	(380 428)	–	380 428
Impairment loss on revalued assets	(184 247)	–	–	–
Effect of exchange rate changes	(1 311 164)	665 780	(1 577 448)	338 405
Total cost/valuation	79 673 648	67 462 261	13 626 594	14 036 069
Accumulated depreciation/amortisation	24 724 713	23 104 998	6 709 441	5 546 009
Carrying amount at 31 December	54 948 935	44 357 263	6 917 153	8 490 060

Additional capital expenditure during the year was financed using internally generated resources. All transfers from property and equipment were made to either intangible assets or investment properties.

(3) Assets held for sale

First Capital Bank Zambia Limited had during the year repossessed property from a borrower following its failure to repay a loan granted to them. The Bank is in the process of looking for a buyer for the repossessed properties. The Bank expects to sell the properties within two years.

(4) Balances due to other banks

All balances due to other banks represent short term borrowings for liquidity purposes, borrowing under currency swap arrangement and credit line facilities for on lending to customers in specified economic sectors. The line of credit facilities carry interest between 3.9% and 5.8% per annum and are repayable in equal bi annual installments. Borrowing under currency swap arrangements carry interest at an average interest rate of 12% per annum.

(5) Subordinated debt

The subordinated debt notes constitute direct, subordinated and unsecured obligations as follows:

- First Capital Bank Botswana (First Capital Bank Botswana), a subsidiary of First Capital Bank Malawi, issued P30 million (US\$3 038 958), floating rates notes maturing on 18 January 2022 which earn interest at 70 basis points below the bank rate for the first