

UNAUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the six month interim period ended 30 June 2023

PROFIT
AFTER TAX

67% 

CUSTOMER
ADVANCES

12% 

CUSTOMER
DEPOSITS

26% 

TOTAL
ASSETS

20% 

COST INCOME
RATIO

47%

RETURN ON
AVERAGE EQUITY

40%

CREDIT LOSS
RATIO

0.94%

TOTAL
OPERATING
INCOME

26% 

Summary statements of comprehensive income

	CONSOLIDATED			SEPARATE		
	UNAUDITED	AUDITED		UNAUDITED	AUDITED	
	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 Dec 2022	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 Dec 2022
USD'000						
Interest and similar income	90 461	70 236	148 248	149	143	291
Interest expense and similar charges	(25 627)	(18 179)	(38 782)	(1 162)	(1 210)	(2 381)
Net interest income/(expense)	64 834	52 057	109 466	(1 013)	(1 067)	(2 090)
Non-interest income	56 088	43 686	82 087	15 218	13 922	24 395
Total operating income	120 922	95 743	191 553	14 205	12 855	22 305
Operating expenses	(57 356)	(48 463)	(96 295)	(5 286)	(2 139)	(8 655)
Impairment loss on financial assets	(6 251)	(2 864)	(4 202)	–	–	–
Operating profit	57 315	44 416	91 056	8 919	10 716	13 650
Net monetary loss	–	(4 811)	(7 662)	–	–	–
Impairment reversal/(loss) on investment in joint venture	–	131	(719)	–	–	–
Share of profit in joint venture	–	426	4 424	–	–	–
Profit before income tax expense	57 315	40 162	87 099	8 919	10 716	13 650
Income tax expense	(15 283)	(14 919)	(25 904)	(1 073)	(1 040)	(1 692)
Profit for the year	42 032	25 243	61 195	7 846	9 676	11 958
Other comprehensive income						
Items that will not be classified to profit or loss						
Revaluation (reversal)/surplus on property	(5 314)	–	3 351	–	–	–
Deferred tax on revalued property	1 958	–	592	–	–	–
Fair value (loss)/gain on investments net of deferred tax	(2 365)	1 851	205	–	–	–
Fair value gain/(loss) on FVOCI financial assets	72	–	(58)	–	–	–
	(5 649)	1 851	4 090	–	–	–
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translating foreign operations*	(1 875)	(5 881)	(35 663)	–	–	–
Total other comprehensive loss for the year	(7 524)	(4 030)	(31 573)	–	–	–
Total comprehensive income for the year	34 508	21 213	29 622	7 846	9 676	11 958
Profit attributable to:						
Owners of the parent	30 024	17 332	40 089	7 846	9 676	11 958
Non-controlling interest	12 008	7 911	21 106	–	–	–
Profit for the year	42 032	25 243	61 195	7 846	9 676	11 958
Total comprehensive income attributable to:						
Owners of the parent	26 601	14 987	17 589	7 846	9 676	11 958
Non-controlling interest	7 907	6 226	12 033	–	–	–
Total comprehensive income for the year	34 508	21 213	29 622	7 846	9 676	11 958
Basic earnings per share (US cents)	1.221	0.705	1.631			
Diluted earnings per share (US cents)	1.133	0.664	1.525			

* Comparative periods incorporate effects of hyperinflation

Summary statements of financial position

	CONSOLIDATED			SEPARATE		
	UNAUDITED	AUDITED		UNAUDITED	AUDITED	
	As at 30 June 2023	As at 30 June 2022	As at 31 Dec 2022	As at 30 June 2023	As at 30 June 2022	As at 31 Dec 2022
USD'000						
ASSETS						
Cash and balances with central banks	392 206	290 411	384 137	1 562	8 010	2 897
Money market investments	297 750	212 310	212 189	–	–	–
Loans and advances to customers	700 022	625 790	651 726	–	–	–
Repurchase agreements	16 738	31 391	13 919	–	–	–
Current tax asset	1 126	714	2 375	–	–	–
Assets held for sale	81	254	133	–	–	–
Investments at fair value through profit or loss	10 736	3 395	4 611	–	–	–
Investments at fair value through other comprehensive income	4 435	5 302	5 906	–	–	–
Investments in subsidiary companies	–	–	–	141 386	141 386	141 386
Investment in joint venture	15 580	11 972	15 580	–	–	–
Other assets	21 141	32 535	27 061	5 919	6 302	5 441
Intangible property	4 800	4 700	4 800	–	–	–
Intangible assets	7 509	7 841	8 251	3 986	2 833	3 923
Property and equipment and right-of-use assets	69 667	59 129	60 614	691	675	828
Deferred tax assets	1 622	3 513	2 262	–	–	–
Total assets	1 543 413	1 289 257	1 393 564	153 544	159 206	154 475
LIABILITIES AND EQUITY						
Liabilities						
Balances due to other banks	82 188	114 533	47 647	–	–	–
Customer deposits	1 133 897	896 905	1 039 070	–	–	–
Other payables and provisions	64 909	51 497	58 862	1 369	4 447	1 189
Current tax liabilities	6 109	3 814	3 748	–	–	–
Deferred tax liabilities	3 881	2 816	7 442	–	–	–
Loans payable	16 035	21 745	16 679	16 035	16 745	16 679
Subordinated debt	8 314	12 804	12 447	–	–	–
Convertible preference shares	10 787	10 787	10 787	10 787	10 787	10 787
Total liabilities	1 326 120	1 114 901	1 196 682	28 191	31 979	28 655
Equity						
Share capital	117 409	117 409	117 409	117 409	117 409	117 409
Restructuring reserve	(54 511)	(54 511)	(54 511)	–	–	–
Property revaluation reserve	8 928	6 932	10 189	–	–	–
Loan loss reserve	3 097	4 404	3 097	–	–	–
Other reserves	2 977	6 561	4 181	–	–	–
Foreign currency translation reserve	(51 182)	(32 857)	(50 594)	–	–	–
Retained earnings	119 857	61 583	98 146	7 944	9 818	8 411
Total equity attributable to equity holders of the company	146 575	109 521	127 917	125 353	127 227	125 820
Non-controlling Interest	70 718	64 835	68 965	–	–	–
Total equity	217 293	174 356	196 882	125 353	127 227	125 820
Total equity and liabilities	1 543 413	1 289 257	1 393 564	153 544	159 206	154 475

Summary statements of changes in equity

	CONSOLIDATED			SEPARATE		
	UNAUDITED	AUDITED		UNAUDITED	AUDITED	
	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 Dec 2022	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 Dec 2022
USD'000						
Opening equity	196 882	181 362	181 362	125 820	120 008	120 008
Profit for the period	42 032	25 243	61 195	7 846	9 677	11 958
Total other comprehensive loss	(7 524)	(4 030)	(31 573)	–	–	–
Dividends declared and paid	(14 097)	(8 218)	(13 676)	(8 313)	(2 458)	(6 146)
Movements in other reserves	–	(20 001)	(4 626)	–	–	–
Closing equity	217 293	174 356	196 882	125 353	127 227	125 820

Summary statements of cash flows

	CONSOLIDATED			SEPARATE		
	UNAUDITED	AUDITED		UNAUDITED	AUDITED	
	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 Dec 2022	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 Dec 2022
USD'000						
Net cash generated from operating activities	124 889	54 860	211 315	7 619	1 618	10 977
Net cash (used in)/generated from investing activities	(105 122)	(67 311)	93 116	(663)	(4 045)	(2 658)
Net cash (used in)/generated from financing activities	(5 880)	29 791	(191 198)	(8 291)	1 337	(14 522)
Net increase/(decrease) in cash and cash equivalents	13 887	17 340	113 233	(1 335)	(1 090)	(6 203)
Cash and cash equivalents at beginning of period	384 151	308 755	308 755	2 897	9 100	9 100
Effect of changes in exchange rate*	(5 818)	(35 643)	(37 837)	–	–	–
Cash and cash equivalents at end of period**	392 220	290 452	384 151	1 562	8 010	2 897

* Comparative periods incorporate effects of hyperinflation

** Excludes provision for expected credit losses

ADDITIONAL INFORMATION

Debt and other liabilities

Balances due to other banks

	UNAUDITED		AUDITED
	As at 30 June 2023	As at 30 June 2022	As at 31 Dec 2022
Deposits from banks	51 138	55 055	15 842
Currency swap liabilities	16 100	50 168	18 153
European Investment Bank (EIB)	4 112	115	–
Bank of Zambia – TMTRF	7 757	–	7 484
FMO Line of Credit	3 081	9 195	6 168
	82 188	114 533	47 647

Maturing as follows

Due within 1 year	78 056	95 930	43 635
Due between 2 and 5 years	4 132	18 603	4 012
	82 188	114 533	47 647

The European Investment Bank (EIB) line of credit for FCB Malawi, which is denominated in US Dollars, carries interest between 3.9% and 5.8% per annum and is repayable in equal bi-annual instalments.

In 2020, FCB Zambia secured a targeted medium-term refinancing facility, Bank of Zambia – Targeted Medium Term Refinancing Facility, for on-lending to customers. Interest is payable linked to the Zambia Monetary policy rate which was 8% per annum. The loan is repayable in quarterly instalments with interest. The loan was disbursed in three tranches whose maturity dates are 1 September 2023, 4 February 2024 and 8 February 2025.

Subordinated debt

Notes issued by FCB Botswana	8 314	12 804	12 447
The subordinated debt notes constitute direct, subordinated and unsecured obligations and the terms are unchanged from 30 June 2022. In 2022, First Capital Bank Botswana (FCB Botswana) issued BWP 15 million (USD 1.2 million). These are floating rate notes maturing on 1 July 2027, which earn interest at a cumulative rate of 7.96% following introduction of the Monetary Policy rate (MOPR) by the Bank of Botswana (BOB) in April 2022.			

Loans payable

Related parties	6 500	6 600	6 500
Other lenders	9 535	15 145	10 179
	16 035	21 745	16 679

Related party loans are unsecured and repayable in full in 2026.

These loans bear interest of 9% payable annually.

Exchange rate trends

Country	Currency	30 June 2023		30 June 2022		31 Dec 2022	
		Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
Botswana	BWP	13.44	13.51	11.79	12.33	12.76	12.32
Malawi	MWK	1 035.20	1 053.43	848.84	1 025.85	1 026.09	937.46
Mauritius	MUR	45.43	45.55	43.79	45.55	43.65	43.91
Mozambique	MZN	63.88	63.88	63.83	63.83	63.87	63.84
Zambia	ZMW	18.82	17.59	17.59	17.01	18.11	16.89
Zimbabwe	ZWL	5 555.87	5 739.80	366.27	366.27	687.28	687.28

Investment in subsidiary companies

At the end of the reporting period, the company's portfolio of investments in subsidiary companies was unchanged from the previous reporting period and comprised:

Name of entity	Nature of Business	Type of Investment	Holding %	USD'000
			30 June 2023	
First Capital Bank (Private)	Banking	Equity Shares	100	88 034
Afcarme Zimbabwe Holdings (Pvt) Limited*	Banking	Equity Shares	100	17 670
First Capital Bank (Zambia) Limited	Banking	Equity Shares	49	4 634
First Capital Shared Services Limited	Shared Services	Equity Shares	100	4 160
First Capital Bank Ltd (Botswana)	Banking	Equity Shares	38.6	3 047
First Capital Bank Ltd (Botswana)	Banking	Preference Shares	100	2 475
First Capital Bank S.A. (Mozambique)	Banking	Equity Shares	80	21 366
Total investment in subsidiary companies				141 386

* Afcarme owns 52.51% of First Capital Bank Zimbabwe.

REVIEW OF PERIOD

Group results

The FMBcapital Holdings (FMBCH) Group delivered a robust performance in the six-months to 30 June 2023. FMBCH subsidiaries registered continued balance sheet growth in support of over half a million clients.

Key highlights of the Group's 2023 interim performance include:

- Net interest income for the half year is up 25% and total non-interest income is up 28%, resulting in total operating income of USD 121 million – a growth of 26% period on period.
- Profit after tax is USD 42 million - up 67% from June 2022.
- Profit after tax attributable to owners of FMBCH is USD 30 million, delivering 73% growth period on period.
- Loans and advances to customers grew by 12%, closing at USD 700 million.
- Credit loss ratio on customer advances (net impairment expense as a proportion of average advances) was 0.94% (June 2022: 0.5%).
- Customer deposits are up 26% to more than USD 1.13 billion.

Effective 1 January 2023, FMBCH's Zimbabwe operation changed its functional currency from the Zimbabwe Dollar to the United States Dollar due to its listing on the Victoria Falls Stock Exchange.

The Group's strategy remains a growth oriented one, building into a significant regional bank with a diversified portfolio of corporate, business and consumer banking solutions, complemented by relevant treasury activities. Enterprise risk governance is a mainstay of the oversight process, such that capital, liquidity, and other resource allocations are optimised.

Profit after tax by country

USD Million	UNAUDITED		AUDITED	
	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 Dec 2022	Period on period growth
Botswana	7.65	6.53	13.66	17%
Malawi	16.33	8.71	19.34	87%
Mauritius	(2.19)	(0.03)	(4.24)	(7 193%)</