

Summary Statements of Profit or Loss and other Comprehensive Income

In millions of Malawi Kwacha	Consolidated		Separate	
	Audited 31-Dec-18	Audited 31-Dec-17	Audited 31-Dec-18	Audited 31-Dec-17
Income				
Interest income	44 168	41 932	22 338	22 394
Interest expense	(14 589)	(14 374)	(7 713)	(8 039)
Net interest income	29 579	27 558	14 625	14 355
Non interest income	21 395	17 826	11 371	10 804
	50 974	45 384	25 996	25 159
Gain on a bargain purchase	-	52	-	52
Total operating income	50 974	45 436	25 996	25 211
Expenditure				
Total operating expenditure	(34 507)	(27 859)	(17 331)	(14 220)
Profit before impairment losses	16 467	17 577	8 665	10 991
Impairment losses	(1 236)	(3 138)	859	(882)
Operating profit	15 231	14 439	9 524	10 109
Income tax expense	(4 456)	(4 375)	(2 869)	(2 471)
Profit for the year	10 775	10 064	6 655	7 638
Other comprehensive income for the year	560	1 320	1 736	-
Total comprehensive income for the year	11 335	11 384	8 391	7 638
Profit or loss attributable to:				
Owners of the parent	8 496	8 466	6 655	7 638
Non controlling interests	2 279	1 598	-	-
Profit for the year	10 775	10 064	6 655	7 638
Earnings per share (tambala)	364	362		

Summary Statements of Financial Position

In millions of Malawi Kwacha	Consolidated		Separate	
	Audited 31-Dec-18	Audited 31-Dec-17	Audited 31-Dec-18	Audited 31-Dec-17
Liabilities and equity				
Liabilities				
Amounts due to depositors		312 008	139 582	129 713
Balances due to other banks	26 114	41 681	37 050	43 161
Other payables	15 707	19 952	9 539	16 332
Preference shares	1 432	-	-	-
Subordinated debt	12 887	10 301	7 000	7 000
Total liabilities	391 911	383 942	193 171	196 206
Equity				
Share capital	117	117	117	117
Share premium	1 565	1 565	1 565	1 565
Revaluation reserve	5 198	3 459	5 197	3 461
Loan loss reserve	1 086	1 352	824	964
Translation reserve	1 218	2 591	-	-
Retained earnings	28 516	30 124	28 524	30 478
Equity attributable to the parent	37 700	39 208	36 227	36 585
Non-controlling interest	9 730	14 338	-	-
Total equity	47 430	53 546	36 227	36 585
Total equity and liabilities	439 341	437 488	229 398	232 791
Assets				
Cash and cash equivalents	112 650	79 515	34 765	37 631
Money market investments	84 456	116 446	67 569	81 493
Loans and advances to customers	178 897	172 706	62 137	43 147
Finance lease receivables	1 625	3 830	1 625	3 830
Amounts due from related parties	253	-	568	73
Repurchase agreements	21 851	25 194	21 851	25 194
Investments at fair value through profit or loss	5 589	5 203	5 589	5 203
Investment in subsidiaries	-	-	10 298	13 692
Investment property	-	868	-	-
Property, equipment and intangible assets	28 157	22 510	21 443	17 402
Assets held for sale	218	218	218	218
Other receivables	5 645	10 998	3 335	4 908
Total assets	439 341	437 488	229 398	232 791

Off balance sheet items

In millions of Malawi Kwacha	Consolidated		Separate	
	Audited 31-Dec-18	Audited 31-Dec-17	Audited 31-Dec-18	Audited 31-Dec-17
Letters of credit	43 846	13 099	10 946	11 325
Guarantees	29 169	45 064	26 762	23 306
	73 015	58 163	37 708	34 631

Summary Statements of Changes in Equity

In millions of Malawi Kwacha	Consolidated		Separate	
	Audited 31-Dec-18	Audited 31-Dec-17	Audited 31-Dec-18	Audited 31-Dec-17
As at the beginning of the year	53 546	43 820	36 585	26 975
Initial application of IFRS 9, net of deferred tax	(1 800)	-	(856)	-
Restated balance as at 1 January 2018	51 746	43 820	35 729	26 975
Profit for the year	10 775	10 064	6 655	7 638
Other comprehensive income	560	1 320	1 736	-
Comp. Income attributable to owners	63 081	55 204	44 120	34 613
Dividends paid	(7 893)	(1 168)	(7 893)	(1 168)
Other transactions with owners	(7 758)	(490)	-	3 140
Balance at the end of the year	47 430	53 546	36 227	36 585

Summary Statements of Cash Flows

In millions of Malawi Kwacha	Consolidated		Separate	
	Audited 31-Dec-18	Audited 31-Dec-17	Audited 31-Dec-18	Audited 31-Dec-17
Cash flows from operating activities				
Interest and fees received	56 092	57 716	33 803	29 689
Interest paid	(14 589)	(14 330)	(7 713)	(7 679)
Cash paid to suppliers and employees	(31 381)	(32 550)	(22 914)	(17 438)
	10 122	10 836	3 176	4 572
Net increase/(decrease) in customer balances	6 731	46 928	(7 242)	58 114
Cash generated from operations	16 853	57 764	(4 066)	62 686
Dividend received from listed and subsidiary companies	50	45	50	291
Income taxes paid	(3 192)	(3 512)	(1 010)	(1 759)
Net cash generated by/(used in) operating activities	13 711	54 297	(5 026)	61 218
Cash flows from investing activities				
Maturity/(purchases) of money market investments	31 667	(47 430)	13 623	(32 945)
Repurchase agreements	3 343	(5 906)	3 343	(5 906)
Net cash flows from acquisition of OIBM	-	1 583	-	1 583
Subscription of shares in subsidiary companies	-	-	-	(4 409)
Proceeds from sale of equipment	14	17	13	13
Net cash flows on merger	-	-	-	2 372
Acquisition of property and equipment	(7 822)	(5 816)	(3 591)	(4 783)
Net cash generated by/(used in) investing activities	27 202	(57 552)	13 388	(44 075)
Cash flows from financing activities				
Dividends paid to owners of the parent	(4 500)	(1 168)	(4 500)	(1 168)
Dividends paid to non-controlling interests	-	(423)	-	-
Repayment of long term borrowings	(6 111)	(5 016)	(6 111)	(5 016)
Proceeds from issuance of preference shares	1 432	-	-	-
Proceeds from long term borrowings	2 586	3 443	-	2 173
Net cash used in financing activities	(6 593)	(3 164)	(10 611)	(4 011)
Net increase/(decrease) in cash and cash equivalents	34 320	(6 419)	(2 249)	13 132
Cash and cash equivalents at 1 January	79 515	84 617	37 631	23 327
Effects of changes in exchange rates	(1 185)	1 317	(617)	1 172
Cash and cash equivalents at 31 December	112 650	79 515	34 765	37 631

Impairment losses/non performing credit facilities and provisions for losses by industry (FCBM only)

In thousands of Malawi Kwacha	31-Dec-18			31-Dec-17		
	Outstanding Amount	Impaired Amount	Specific provision	Outstanding Amount	Impaired Amount	Specific provision
Industry Sector						
Agriculture	11 969 846	316 040	23 537	11 269 328	434 034	280 748
Mining	33 280	-	-	1 419	-	-
Financial services	1 160 307	1 538	161	1 603 618	21 877	18 080
Construction	2 263 736	156 245	81 037	1 565 775	192 248	9 985
Energy/electricity/gas/water	1 224 586	104 559	-	6 905 958	89 252	9 315
Manufacturing	19 282 945	324 324	-	6 983 499	279 151	46 290
Wholesale and retail	15 816 031	1 647 701	975 64	12 053 934	1 774 735	916 910
Individual/households	2 719 803	177 790	66 888	2 444 752	144 965	72 627
Real estate	218 396	-	-	100 268	-	-
Tourism & leisure	2 329 897	20 394	154	507 351	10 829	3 831
Transport & communication	3 019 242	42 300	6 978	3 568 163	59 155	-
Others	5 618 275	262 076	46 971	3 393 281	1 167 659	686 266
Total	65 656 344	3 052 967	1 201 374	50 397 346	4 173 905	2 044 052

Credit Concentrations

In thousands of Malawi Kwacha	31-Dec-18		% of Core Capital	
	31-Dec-18	% of Core Capital	31-Dec-17	% of Core Capital
Sector of Borrower				
Electricity, gas, water and energy	8 875 372	41.6%	7 604 075	40.0%
Wholesale and Retail	-	-	5 245 055	28.0%

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

Loans to directors, senior management and other related parties

In thousands of Malawi Kwacha	31-Dec-18		31-Dec-17	
	31-Dec-18	% of Core Capital	31-Dec-17	% of Core Capital
Corporate bodies directly or indirectly related to directors:				
Balance at the beginning of the year	2 201 351		791 344	
Loans granted during the year	6 498 679		5 157 417	
Repayments	(4 903 697)		(3 747 410)	
Balance at the end of the year	3 796 333		2 201 351	
Senior management:				
Balance at the beginning of the year	425 744		423 647	
Loans granted during the year	200 460		159 838	
Repayments	(308 526)		(157 741)	
Balance at the end of the year	317 678		425 744	

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

Investment in subsidiaries

Institution	Number of Shares ('000)	Percentage Holding	31 Dec 2018	31 Dec 2017
			(MK'000)	(MK'000)
Capital Bank SA – Mozambique	6 955	80.0%	9 185 640	9 185 640
International Commercial Bank Limited	7 149	100.0%	148 791	148 791
FMB Capital Markets Limited	500	100.0%	50 000	50 000
FMB Forex Bureau Limited	10 000	100.0%	10 000	10 000
First Capital Bank Limited – Botswana	31 588	38.6%	903 854	903 854
First Capital Bank Limited – Zambia*	50 960	49.0%	-	3 393 251
FMB Pensions Limited	1 000	100.0%	-	-
			10 298 285	13 691 536

* To simplify the group structure, First Capital Bank Plc (Malawi) ("FCBM") disposed of its 49% shareholding in First Capital Bank Ltd (Zambia) ("FCBZ") through a transfer of shareholding in FCBZ to FMBcapital Holdings Plc ("FMBCH"). The transaction does not change the ultimate beneficial ownership of FCBZ as FMBCH directly owns 100% of FCBM.

Base lending rate

	31 Dec 2018	31 Dec 2017
Base lending rate (local currency loans)	23.00%	25.00%
Maximum applicable range (percentage points)	8.00	8.00
Base lending rate (foreign currency loans)	0.00%	0.00%
Maximum applicable range (percentage points)	9.50	9.50
Bank rate	16.00%	16.00%

Directors remuneration and bonuses

	31 Dec 2018	31 Dec 2017
Salaries paid to executive directors	-	226 800
Total bonuses paid by a licensed institution	-	798 856
Fees paid to non-executive directors	478 885	238 367

Deposit Rates

	31-Dec-18	31-Dec-17
Savings accounts (Balances above K10,000)	4.00%	7.50%
Fast accounts (Balances above K10,000)	4.50%	7.00%
Call accounts		
7 day call	5.00%	5.00%
30 day call	6.00%	6.00%
Fixed deposits (Balances above K25,000)		
1 Month	9.00%	13.00%
2 Months	10.00%	14.00%
3 Months	10.00%	14.00%
Above 3 Months	Negotiable	Negotiable
Current account (Balances above K500,000)	0.15%	0.15%

BASIS OF PREPARATION

The Directors have prepared the summary consolidated and separate financial statements to meet the requirements of the Financial Services Act, 2010. The Directors have considered the requirements of the Financial Services Act, 2010 and believe that the summary consolidated and separate statements of financial position, comprehensive income, changes in equity and cash flows are sufficient to meet the requirements of the users of the summary consolidated and separate financial statements. The amounts in the summary consolidated and separate financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards. The summary consolidated and separate financial statements have been derived from the Consolidated and Separate Financial Statements which were approved by the