



First Merchant Bank Limited

# Summary of Unaudited Consolidated Results For the 6 Months Ended 30 June 2014

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Group			Company		
	Unaudited	Audited		Unaudited	Audited	
	30-Jun-14 K mil	30-Jun-13 K mil	31-Dec-13 K mil	30-Jun-14 K mil	30-Jun-13 K mil	31-Dec-13 K mil
<b>INCOME</b>						
Interest Income	5 943	5 106	11 045	4 310	4 039	7 848
Interest Paid	(1 843)	(1 530)	(3 470)	(1 059)	(803)	(1 836)
<b>Net interest income</b>	<b>4 100</b>	<b>3 576</b>	<b>7 575</b>	<b>3 251</b>	<b>3 236</b>	<b>6 012</b>
Non Interest Income	5 194	4 063	8 323	4 746	4 031	8 021
<b>Total Operating Income</b>	<b>9 294</b>	<b>7 639</b>	<b>15 898</b>	<b>7 997</b>	<b>7 267</b>	<b>14 033</b>
Total Operating Expenditure	(4 479)	(2 641)	(6 919)	(3 441)	(2 533)	(5 860)
<b>Profit Before Impairment Losses</b>	<b>4 815</b>	<b>4 998</b>	<b>8 979</b>	<b>4 556</b>	<b>4 734</b>	<b>8 173</b>
Impairment Losses	(55)	(322)	(1 029)	(60)	(244)	(324)
<b>Operating Profit</b>	<b>4 760</b>	<b>4 676</b>	<b>7 950</b>	<b>4 496</b>	<b>4 490</b>	<b>7 849</b>
Share of Profit from Associate	129	96	234	-	-	-
<b>Profit Before Income Tax Expense</b>	<b>4 889</b>	<b>4 772</b>	<b>8 184</b>	<b>4 496</b>	<b>4 490</b>	<b>7 849</b>
Income Tax Expense	(1 422)	(1 214)	(2 195)	(1 263)	(1 157)	(2 063)
<b>Profit for the Period</b>	<b>3 467</b>	<b>3 558</b>	<b>5 989</b>	<b>3 233</b>	<b>3 333</b>	<b>5 786</b>
Other Comprehensive Income for the Period	(174)	-	391	-	267	-
<b>Total Comprehensive Income for the Period</b>	<b>3 293</b>	<b>3 558</b>	<b>6 380</b>	<b>3 233</b>	<b>3 333</b>	<b>6 053</b>
<b>Profit Attributable to:</b>						
Equity Holders of the Bank	3 556	3 558	6 093	3 233	3 333	5 786
Non Controlling Interests	(89)	-	(104)	-	-	-
<b>Profit for the Period</b>	<b>3 467</b>	<b>3 558</b>	<b>5 989</b>	<b>3 233</b>	<b>3 333</b>	<b>5 786</b>
<i>Earnings Per Share (tambala)</i>	152	152	261			

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30-Jun-14 K mil	30-Jun-13 K mil	31-Dec-13 K mil	30-Jun-14 K mil	30-Jun-13 K mil	31-Dec-13 K mil
<b>LIABILITIES AND EQUITY</b>						
<b>Liabilities</b>						
Amounts due to Depositors	57 933	35 208	53 598	40 718	30 582	40 383
Other Payables	11 846	5 020	7 402	8 894	4 943	8 855
Subordinated Debt	3 977	3 326	4 336	3 977	3 326	4 336
<b>Total Liabilities</b>	<b>73 756</b>	<b>43 554</b>	<b>65 336</b>	<b>53 589</b>	<b>38 851</b>	<b>53 574</b>
<b>Equity</b>						
Share Capital	117	117	117	117	117	117
Share premium	1 565	1 565	1 565	1 565	1 565	1 565
Revaluation Reserve	1 858	3 442	1 858	1 762	3 207	1 762
Loan Loss reserve	298	320	298	246	206	246
Other non Distributable Reserves	350	350	350	-	-	-
Translation Reserve	(161)	-	(39)	-	-	-
Retained earnings	15 850	9 637	12 995	14 111	8 505	11 579
<b>Equity Attributable to the Parent</b>	<b>19 877</b>	<b>15 431</b>	<b>17 144</b>	<b>17 801</b>	<b>13 600</b>	<b>15 269</b>
Non Controlling Interest	327	-	468	-	-	-
<b>Total Equity</b>	<b>20 204</b>	<b>15 431</b>	<b>17 612</b>	<b>17 801</b>	<b>13 600</b>	<b>15 269</b>
<b>Total Equity and Liabilities</b>	<b>93 960</b>	<b>58 985</b>	<b>82 948</b>	<b>71 390</b>	<b>52 451</b>	<b>68 843</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	28 293	13 374	31 461	21 213	12 677	25 741
Money Market Investments	10 207	5 088	4 624	5 769	4 215	3 011
Equity Investments	4 780	2 964	4 549	4 780	2 964	4 549
Investment in Subsidiaries	-	-	-	2 318	76	2 269
Investment in Associate	4 824	1 164	4 695	4 297	904	4 297
Advances and Loans to Customers (net)	32 238	21 502	25 833	26 148	21 690	22 775
Finance Leases	4 657	4 954	4 337	-	-	-
Other Receivables	1 708	5 391	1 676	1 045	5 537	1 443
Property, Plant and Equipment	7 253	4 548	5 773	5 820	4 388	4 758
<b>Total Assets</b>	<b>93 960</b>	<b>58 985</b>	<b>82 948</b>	<b>71 390</b>	<b>52 451</b>	<b>68 843</b>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	30-Jun-14 K mil	30-Jun-13 K mil	31-Dec-13 K mil	30-Jun-14 K mil	30-Jun-13 K mil	31-Dec-13 K mil
<b>As at the Beginning of the Period</b>	<b>17 612</b>	<b>12 107</b>	<b>12 106</b>	<b>15 269</b>	<b>10 501</b>	<b>10 501</b>
Net Profit for the Period	3 467	3 558	5 989	3 233	3 333	5 786
Other Comprehensive Income	(174)	-	391	-	267	-
<b>Comp. Income Attributable to Owners</b>	<b>20 905</b>	<b>15 665</b>	<b>18 486</b>	<b>18 502</b>	<b>13 834</b>	<b>16 554</b>
Arising on Consolidation	411	-	-	-	-	-
Dividends Paid	(701)	(234)	(1 285)	(701)	(234)	(1 285)
<b>Balance at the End of the Period</b>	<b>20 204</b>	<b>15 431</b>	<b>17 612</b>	<b>17 801</b>	<b>13 600</b>	<b>15 269</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	30-Jun-14 K mil	30-Jun-13 K mil	31-Dec-13 K mil	30-Jun-14 K mil	30-Jun-13 K mil	31-Dec-13 K mil
<b>Operating Activities</b>						
Interest and Fees Received	10 151	8 655	18 219	8 070	7 532	15 453
Interest paid	(1 865)	(1 600)	(3 435)	(981)	(818)	(1 802)
Cash Paid to Suppliers and Employees	(1 216)	(2 344)	(5 174)	(2 709)	(2 232)	(4 480)
Decrease in Customer Balances	(1 340)	(3 154)	8 251	(3 224)	(4 016)	7 923
<b>Cash Generated From Operations</b>	<b>5 730</b>	<b>1 557</b>	<b>17 861</b>	<b>1 156</b>	<b>466</b>	<b>17 094</b>
Dividends received from listed and subsidiary companies, net of tax	129	125	203	40	125	203
Income Taxes Paid	(977)	(987)	(2 235)	(901)	(897)	(2 087)
<b>Cash Flows From Operating Activities</b>	<b>4 882</b>	<b>695</b>	<b>15 829</b>	<b>295</b>	<b>(306)</b>	<b>15 210</b>
<b>Investing Activities</b>						
Purchases of Money Market Investments	(5 580)	(5 902)	(1 743)	(2 756)	(5 232)	(336)
Proceeds from sale of shares and other investments	-	-	28	-	-	28
Purchase of shares in associate companies	-	-	(3 393)	-	-	(3 393)
Cash acquired less consideration paid on acquisition of subsidiary companies	-	-	3 582	(50)	-	(3 309)
Acquisition of Property and Equipment	(1 769)	(473)	(1 854)	(1 317)	(470)	(1 102)
<b>Cash Outflows Applied to Investing Activities</b>	<b>(7 349)</b>	<b>(6 375)</b>	<b>(3 380)</b>	<b>(4 123)</b>	<b>(5 702)</b>	<b>(8 112)</b>
<b>Financing Activities</b>						
Proceeds from Subordinated Debt Issuance	-	3 326	4 092	-	3 326	4 092
Dividend Paid	(701)	(234)	(1 285)	(701)	(234)	(1 285)
<b>Cash Flows from Financing Activities</b>	<b>(701)</b>	<b>3 092</b>	<b>2 807</b>	<b>(701)</b>	<b>3 092</b>	<b>2 807</b>
<b>Net Cash and Cash Equivalents</b>	<b>(3 168)</b>	<b>(2 588)</b>	<b>15 256</b>	<b>(4 529)</b>	<b>(2 916)</b>	<b>9 905</b>
Cash and Cash Equivalents at 1st January	31 461	15 962	15 962	25 742	15 593	15 593
Effects of changes in exchange rates	-	-	243	-	-	243
<b>Cash and Cash Equivalents at 30th June</b>	<b>28 293</b>	<b>13 374</b>	<b>31 461</b>	<b>21 212</b>	<b>12 677</b>	<b>25 741</b>

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

Industry/Sector	30-Jun-14			30-Jun-13		
	Outstanding Amount	Impairment Losses	Specific Provision	Outstanding Amount	Impairment Losses	Specific Provision
Agriculture	6 209 169	6 109	1 480	3 445 873	32 054	36 297
Manufacturing	4 557 193	16 964	5 301	5 092 977	3 056	6 633
Mining	732	644	112	40 006	27	27
Construction	3 362 722	191 968	41 233	2 973 303	28 189	43 544
Energy/Electricity/Gas /Water	77 922	-	-	41 964	3 314	3 643
Transport & Communication	2 587 857	74 076	15 557	2 705 348	20 704	25 126
Financial Services	2 187 262	285 702	94 810	2 047 413	21 510	21 510
Wholesale and Retail	6 503 263	1 100 672	439 631	4 160 741	440 700	458 597
Individual/Households	1 984 657	150 342	57 091	1 505 408	49 071	141 102
Real Estate	138 688	6 842	978	92 208	244	361
Tourism	507 222	5 591	967	552 563	5 523	5 523
Others	207 199	30 930	6 992	491 057	10 820	18 902
<b>Total</b>	<b>28 323 886</b>	<b>1 869 840</b>	<b>664 152</b>	<b>23 148 861</b>	<b>615 212</b>	<b>761 265</b>

## CREDIT CONCENTRATIONS

Sector of Borrower	30-Jun-14	% of Core Capital	30-Jun-13	% of Core Capital
Construction	2 469 353	32%	2 863 481	43%
Transport & Communications	2 756 982	26%	1 145 566	16%

## INVESTMENT IN SUBSIDIARIES/ASSOCIATES

Subsidiary/Associate	Number of Shares ('000)	Percentage Holding	30 June 2014 (MK'000)	30 June 2013 (MK'000)
Leasing and Finance Company of Malawi Limited	18 343	100.0%	65 911	65 911
Capital Bank Limited - Botswana	31 588	38.6%	903 854	895 984
Capital Bank Limited - Mozambique	1 292	70.0%	1 375 710	-
First Capital Bank Limited - Zambia	49 000	49.0%	3 393 251	-
ICB Malawi Limited	7 149	100.0%	816 943	-
FMB Capital Limited	500	100.0%	50 000	-
FMB Forex Bureau Limited	10 000	100.0%	10 000	10 000
FMB Pensions Limited	1 000	100.0%	-	-

## LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES

	30 June 2014 (MK'000)	30 June 2013 (MK'000)
<b>Corporate Bodies Directly or Indirectly Related to Directors *:</b>		
Balance at the Beginning of the Period	1 738 709	1 809 007
Loans granted during the half year period	194 584	856 492
Repayments	(745 410)	(926 790)
Balance at the end of the Period	1 187 883	1 738 709
<b>Subsidiary Companies:</b>		
Balance at the Beginning of the Period	73 963	983 938
Loans granted during the half year period	0	16 062
Repayments	(73 963)	(926 037)
Balance at the end of the Period	0	73 963
<b>Senior Management:</b>		
Balance at the Beginning of the Period	292 630	165 970
Loans granted during the half year period	77 936	185 880
Repayments	(250 663)	(59 220)
<b>Balance at the end of the Period</b>	<b>119 903</b>	<b>292 630</b>

\* There were no loans to Directors in their individual capacities. All loans to bodies directly or indirectly linked to Directors were made at an arm's length commercial terms.

## DIRECTOR'S REMUNERATION AND BONUSES

	30 June 2014 (MK'000)	30 June 2013 (MK'000)
Director's Remuneration	63 866	50 747
Total Bonuses Paid by licenced Institution **	198 000	165 000
Management fees	0	0

\*\*Total Bonuses represent an amount accrued during the first half of the year

## BASE LENDING RATE

	30 June 2014	30 June 2013
Base Lending Rate (Local Currency Loans)	36.00%	41.00%
Maximum Applicable Range (Percentage Points)	8.00%	55.00%
Base Lending Rate (Foreign Currency Loans)	0.00	0.00
Maximum Applicable Range (Percentage Points)	9.50	9.50
Bank Rate	25.00%	25.00%

## DEPOSIT RATES

	30 June 2014	30 June 2013
<b>Savings Accounts</b>	1.00%	13.00%
<b>Fast Accounts</b> (Balances above K5,000)	10.00%	8.00%
<b>Call Accounts</b>		
7 day call	10.00%	9.50%
30 day call	12.00%	13.00%
<b>Fixed Deposits</b>		
1 Month	12.00%	14.00%
2 Months	16.00%	17.00%
3 Months	15.00%	20.00%
6 Months	Negotiable	26.00%
Above 6 Months	Negotiable	Negotiable
<b>Current Account</b> (Balances above K500,000)	0.25%	1.00%