

	Consolidated		Separate	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
Statements of profit or loss and other comprehensive income				
Interest income	63,707,350	47,008,665	1,392	-
Interest expense	(20,281,940)	(17,911,120)	(365,890)	-
Net interest income	43,425,410	29,097,545	(364,498)	-
Fees and commissions	22,115,286	12,982,780	18,726	-
Income from investments	3,227,697	(1,898,997)	-	-
Gain on foreign exchange transactions	10,106,665	7,238,566	-	-
Other operating income	274,685	-	-	-
Total operating income	79,149,743	47,419,894	(345,772)	-
Gain on a bargain purchase	18,655,953	-	-	-
Total income	97,805,696	47,419,894	(345,772)	-
Staff and training costs	26,107,000	15,619,176	-	-
Premises and equipment costs	7,991,424	4,992,358	18,062	-
Depreciation expense	4,425,278	2,964,431	-	-
Other expenses	13,615,555	7,415,020	1,352,491	21,414
Impairment loss on loans and advances	3,313,768	687,068	-	-
Total expenses	55,453,025	31,678,053	1,370,553	21,414
Operating profit	42,352,671	15,741,841	(1,716,325)	(21,414)
Share of profit of joint venture	199,370	-	-	-
Profit before income tax expense	42,552,041	15,741,841	(1,716,325)	(21,414)
Income tax expense	(7,693,878)	(5,150,244)	-	-
Profit for the year	34,858,163	10,591,597	(1,716,325)	(21,414)
Other comprehensive income for the year	1,940,903	3,359,468	-	-
Total comprehensive income for the year	36,799,066	13,951,065	(1,716,325)	(21,414)
Profit or loss attributable to:				
Owners of the parent	30,304,809	8,830,644	(1,716,325)	(21,414)
Non-controlling interest	4,553,354	1,760,953	-	-
Profit for the year	34,858,163	10,591,597	(1,716,325)	(21,414)

Basic and diluted earnings per share (US'cents)	1.297	0.378		
Notes	Consolidated	Separate		
	2017 US\$	2016 US\$	2017 US\$	2016 US\$

Statements of financial position				
Assets				
Cash and cash equivalents	499,167,446	116,985,147	44,257	-
Money market investments	161,819,258	95,417,660	-	-
Loans and advances to customers	350,516,403	174,922,963	-	-
Finance lease receivables	5,288,322	6,612,787	-	-
Derivative assets	34,789,390	26,500,000	-	-
Current tax asset	5,014,906	1,497,511	-	-
Investment at fair value through Profit or loss	7,184,758	4,388,848	-	-
Investment in subsidiary companies	1	-	123,128,045	-
Investment property	6,343,495	1,214,105	-	-
Intangible assets2	8,490,060	6,580,377	-	-
Property and equipmen	2	44,357,263	15,341,703	-
Assets held for sale	15,129,612	9,740	-	-
Available for sale assets	4,254,012	37,452	-	-
Other assets	16,116,501	2,985,168	9767,275	-
Total assets	1,158,471,426	452,493,461	123,173,278	7,275
Liabilities				
Balances due to other banks	3	63,787,552	40,858,628	-
Customer deposits	874,615,899	311,399,009	-	-
Other payables	37,788,043	24,731,013	1,916,305	28,589
Subordinated debt	4	14,224,307	12,485,813	-
Deferred tax liabilities	4,833,105	2,436,013	-	-
Income tax payable	348,766	-	-	-
Provisions	2,375,719	-	-	-
Loans payable	5	6,500,000	6,500,000	-
Redeemable preference shares	6	10,786,747	10,786,747	-
Total liabilities	1,015,260,138	391,910,476	19,203,052	28,589
Total equity	143,211,288	60,582,985	103,970,226	(21,314)
Total equity and liabilities	1,158,471,426	452,493,461	123,173,278	7,275

	Consolidated		Separate	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
Statements of changes in equity				
As at the beginning of the year	60,582,985	47,303,811	(21,314)	-
Net profit for the year	34,858,163	10,591,597	(1,716,325)	(21,414)
Other comprehensive income	1,940,903	3,359,468	-	-
Comp. Income attributable to owners	97,382,051	61,254,876	(1,737,639)	(21,414)
Dividends paid	(1,611,593)	(645,988)	-	-
Other transactions with owners	47,440,830	(25,903)	105707865	100
Balance at the end of the year	143,211,288	60,582,985	103,970,226	(21,314)

	Consolidated		Separate	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
Statements of cash flows				
Cash flows from operating activities				
Interest and fees received	95,523,197	68,313,498	20,118	-
Interest paid	(20,281,940)	(17,771,460)	(365,890)	-
Cash paid to suppliers and employees	(50,300,508)	(22,567,611)	517,163	(7,175)
	24,940,749	27,974,427	171,391	(7,175)
Increase in net customer balances	88,114,207	37,494,604	6,199	7,175
Cash generated from operations	113,054,956	65,469,031	177,590	-
Dividend received	421,749	96,370	-	-
Income taxes paid	(7,116,058)	(4,274,360)	-	-
Cash flows from operating activities	106,360,647	61,291,041	177,590	-
Cash flows from investing activities				
Purchases of money market investments	(58,861,161)	(23,168,501)	-	-
Purchases of currency swaps	(8,289,390)	(17,500,000)	-	-
Payment for acquisition of business, net of cash acquired	341,865,513	-	-	-
Subscription of shares in subsidiary companies	-	-	(6,633,333)	-
Proceeds from sale of equipment	23,206	18,291	-	-
Acquisition of property and equipment	(8,030,976)	(5,173,225)	-	-
Cash outflows applied to investing activities	266,707,192	(45,823,435)	(6,633,333)	-
Cash flows from financing activities				
Dividend paid to shareholders of the parent	(1,611,593)	(645,988)	-	-
Capital subscription by non-controlling interests	-	877,577	-	-
Dividends paid to non-controlling interests	(583,751)	(903,480)	-	-
Proceeds/(Repayment) of long term borrowings	9,373,255	(1,276,652)	6,500,000	-
Cash flows from financing activities	7,177,911	(1,948,543)	6,500,000	-
Net Increase in cash and cash equivalents	380,245,750	13,519,063	44,257	-
Cash and cash equivalents at 1 January	116,985,147	101,231,044	-	-
Effect of changes in exchange rates	1,936,549	2,235,040	-	-
Cash and cash equivalents at 31 December	499,167,446	116,985,147	44,257	-

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:

	US\$
First Merchant Bank Plc	105 707 965
Afcarme Zimbabwe Holdings (Private) Limited	17 420 080
	123 128 045

During the year, the Company acquired a 100% shareholding in First Merchant Bank PLC ("FMB") a company incorporated in Malawi in exchange for the issue of its own shares to shareholders of FMB on a one for one basis.

The Company also entered into a Share Purchase Agreement with Barclays Bank Plc ("BBPLC") for the acquisition of 81% of the issued shares in Afcarme Zimbabwe Holdings (Private) Limited ("Afcarme"), a company with a majority shareholding in Barclays Bank Zimbabwe Limited. The transaction was completed on 11 October 2017.

(2) Property, equipment and intangible assets

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

	Property and equipment		Intangible assets	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
Balance at 1 January	24,355,376	23,386,306	10,175,792	8,793,222
Additions	6,318,883	2,595,367	1,712,093	2,577,858
On acquisition of subsidiary	36,547,715	-	1,429,351	-
Revaluation	-	970,979	-	-
Disposals	(45,065)	(369,469)	-	(37,955)
Transfers	(380,428)	(678,114)	380,428	-
Effect of exchange rate changes	665,780	(1,549,693)	338,405	(1,157,333)
Total cost/valuation	67,462,261	24,355,376	14,036,069	10,175,792
Accumulated depreciation/amortisation	23,104,998	9,013,673	5,546,009	3,595,415
Carrying amount at 31 December	44,357,263	15,341,703	8,490,060	6,580,377

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) 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 instalments. Borrowing under currency swap arrangements carry interest at an average interest rate of 12% per annum.

(4) Subordinated debt

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

a) On 3 June 2016, FMB Plc issued through private placement K7 billion (US\$ 9 665 870), fixed term unsecured

floating rate subordinated note which will mature in its entirety on 3 June 2023. Interest is referenced against the published average yield for 91 day Malawi Government Treasury Bills for auctions preceding repricing dates and is payable quarterly in arrears.

b) Capital Bank Botswana (CBB), a subsidiary of FMB, 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 5 years, and thereafter at 20 basis points below the bank rate. During the year, CBB also issued P15 million (US\$ 1 519 479) floating rate notes maturing on 1 July 2027 and earning interest at 270 basis points above the bank rate. CBB has an early optional redemption date of 18 January 2022 subject to prior written consent from the Bank of Botswana.

(5) Loan Payable

During the year, FMBcapital Holdings Plc, obtained loan facilities of US\$6.5million from related parties for the purpose of discharging the purchase consideration for acquisition of shares in Afcarme. These loans are unsecured and bear an interest of 9% pa, with the first interest payment due one year after drawdown and thereafter every quarter. The principal amount including any interest outstanding is repayable after six years.

(6) Redeemable preference shares

During the year, FMBCH concluded an agreement with Barclays Bank PLC ("BBPLC"), for the acquisition of the 81% of the issued share capital in Afcarme Zimbabwe Holdings (Private) Limited (holding company of Barclays Bank of Zimbabwe Limited). Payment for the acquisition was made partly through cash consideration of US\$6.6 million and partly by issue to BBPLC of 10 786 747 convertible preference shares of US\$1.00 each in the capital of the Company with redemption option.

Preferred dividend

The Preference shareholders shall be entitled to be paid out of profits or other reserves available for distribution a fixed cumulative preferential dividend of 5% per annum thereon in priority to any payment of any distribution to the holders of any other class of shares. The holder has no voting right at any General Meeting.

Redemption

The Company may, at its absolute discretion, subject to law, redeem or buy back the Preference Shares (in whole or in part) together with a sum equal to the prorated Preferred Dividend payable in respect of the relevant financial year, plus any Preferred Dividend accrued but not paid from previous financial years.

The holders of the preference shares shall have the right to require the Company to redeem the whole of the preference shares when there is a change of control of the company or upon expiry of three years from the issue date.

Convertibility into ordinary shares

In the event that the preference shares are not redeemed as provided, the holder shall be entitled to convert all its shares into full ordinary shares by providing a conversion notice to the Company. Each preference share shall be converted into ordinary shares at a predetermined conversion price of US\$ 0.0472

Status and ranking of the redeemable preference shares

Preference Shares shall constitute unsecured and subordinated obligations of the Company and shall accordingly rank junior to all secured and unsubordinated creditors of the Company but ahead of ordinary shareholders. Preference Shares have been classified as a financial liability in the balance sheet.

SUMMARY AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

REVIEW OF THE YEAR

The scale of the Group's operations has grown tremendously, principally as a result of the acquisition of a controlling interest in Barclays Bank of Zimbabwe Limited ("BBZ") but also through acquisition of Opportunity International Bank Malawi Limited ("OIBM") and through organic growth across existing Group operations.

The amounts by which the fair value of net assets acquired in these business combinations less controlling interests therein exceeded the considerations paid are reported within profit for the year as gains on bargain purchases of US\$18.6 million.

Overall, performance for the year was satisfactory given challenging circumstances with strong growth in net interest income and fees and commission income and a much better return from our equity investment portfolio. Foreign exchange earnings contracted marginally as a result of difficult trading conditions which were also reflected in higher debt impairment provisions. Overall, the recurring cost to income ratio is trending downwards.

The Group now has a much enhanced balance sheet with total assets increasing by more than 150% from US\$452 million to US\$1158 million over the course of the year. Our balance sheet remains extremely liquid with US\$660 million of our total assets comprised of cash, cash equivalents and money market investments.

OUTLOOK

The medium term economic outlook for the region is, on balance, largely positive though structural reforms are still required in some territories and the pace of economic recovery may vary from country to country.

We have a well-defined strategy and business model in place and are strongly positioned to take advantage of both short and medium term opportunities in the region.

Our short term focus will be on initiatives to increase the efficiency and effectiveness of the Group's operations building on our common technology platform. We will also seek to leverage our expanded regional footprint to better serve our customers within and across markets.

A proposed capital raise and dual listing on another stock exchange remains a firm intention. We will nonetheless continue to conservatively manage our balance sheet until more certainty emerges over the likely future business environment in the territories in which we operate.

Dheeraj Dikshit
Director

John M. O'Neill
Director

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

The summary consolidated and separate financial statements, which comprise the summary consolidated and separate statements of financial position as at 31 December 2017, the summary consolidated and separate statements of profit or loss and other comprehensive income, summary consolidated and separate statements of changes in equity and summary consolidated and separate statements of cash flows for the year then ended and the notes to the summary consolidated and separate financial statements, are derived from the audited financial statements of FMBcapital Holdings Plc (formerly known as FMB Capital Holdings Plc) for the year ended 31 December 2017.

In our opinion, the accompanying summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements, in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRSs).

SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The summary consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRSs) in the preparation of the audited consolidated and separate financial statements of FMBcapital Holdings Plc. Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report thereon.

THE AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated ... May 2018. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with IFRSs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary consolidated and separate financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised). Engagements to Report on Summary Financial Statements.

Deloitte.

Chartered Accountants

Vishal Agrawal, FCA
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