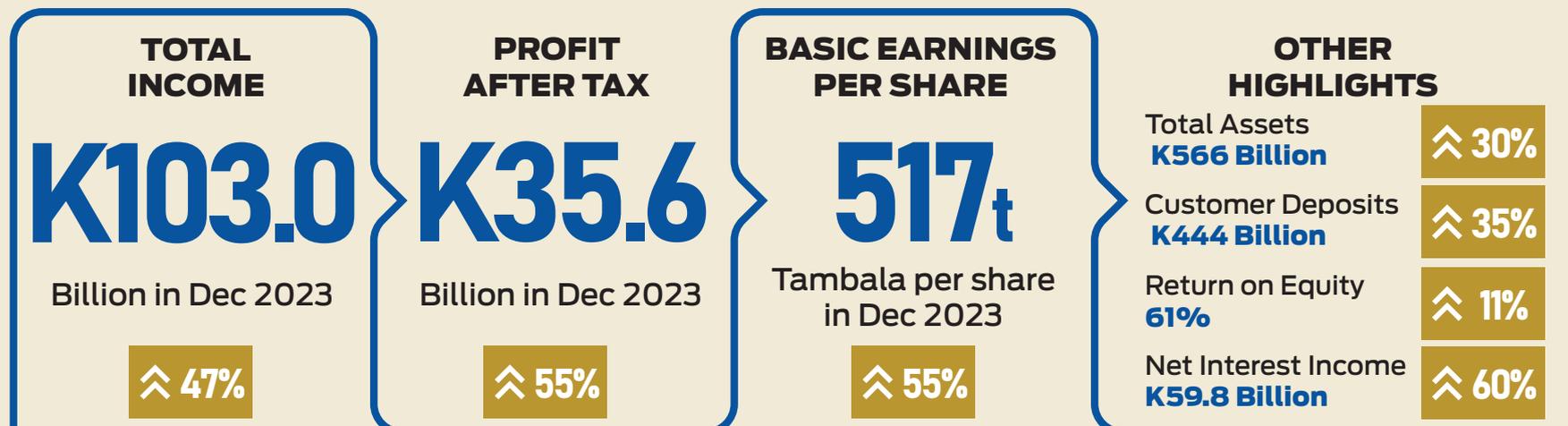


FDH BANK PLC SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023



The Directors present the audited consolidated and separate summarized financial statements of FDH Bank Plc for the year ended 31 December 2023.

PERFORMANCE

The Bank registered a Profit after Tax of MK35.647 billion 55% up from MK22.932 billion profit achieved over a similar period in 2022. Net Interest Income has gone up by 60% on the back of the increase in the Loan book & other interest-bearing assets, while Interest expense has gone down by 2% despite the growth of the Bank's deposits by 35% as a result of the Bank's improved deposit mix.

Non-interest income increased by 33% mainly due to the picking up of business as more customers embrace transacting on digital platforms. International trade and local business transaction volumes also picked up in line with the Bank's strategy. The increase in net interest income and non-interest income resulted in total income growth of 47%.

Operating expenses grew by 42% year on year as a result of substantial investment made on the Bank's delivery channels and the high inflation which was also fuelled by the depreciation of the Kwacha. Notwithstanding the increase in expenses, the cost to income ratio went down to 45% from 47% in prior year. The Bank continues to put more focus on effective cost management as we continue to bring down the cost to income ratio.

There was a decrease in net impairment charges due to the decrease in Expected Credit losses (ECL) and the increased bad debt recoveries as the Bank is putting more effort in reducing Non-Performing Loans (NPLs) and bad debts recovery processes.

Total assets grew by 30% from December 2022 mainly emanating from the increase in Loan book by 23% and Government Securities by 32% in line with the Bank's strategy to grow interest earning assets. NPL ratio closed at 1.57% as at 31 December 2023 down from 7.10% as at 31 December 2022. Customer deposits increased by 35% from MK328 billion to MK444 billion.

DIVIDEND

The Bank declared and paid out dividends amounting to K19.6 billion during the year ended December 2023 which included a final dividend of K4 billion that was declared during the year in respect of 2022 profits. On 2 August 2023, the Bank declared a first interim dividend of K9.040 billion (K1.31 per share) in respect of 2023 profits. The dividend was paid on 24 August 2023. On 28 November 2023, the Bank declared a second interim dividend of K6.556 billion (K0.95 per share) in respect of 2023 profits. This dividend was paid on 21st December 2023. The Board of Directors recommended a final dividend of K7.039 billion (K1.02 per share) in respect of 2023 profits to be approved at the Bank's 17th Annual General Meeting which will be dully called and adequate notice will be given to the members. This will bring the total dividends to be paid from the 2023 profits to MK22.635bn (representing MK3.22 per share).

OUTLOOK

Looking ahead, the local economic environment is expected to remain challenging in 2024 with the country facing continued foreign currency shortages from the widening

trade deficit gap and slow GDP growth. Economic growth is estimated at 3.2% in 2024, from 2.6% in 2023, mainly to be driven by large-scale mega-farm output and anticipated high growth in construction, manufacturing, information and communication, and accommodation and food services. However, it is yet to be determined what level of impact the drought caused by the El-nino weather will have on the country's growth prospects. Annual inflation is anticipated to average 27.19% this year (2023: 27.75%), with the local currency continuing to depreciate against the major trading currencies as a result of a significant negative trade balance.

The Bank will continue to implement the strategic objectives running from 2024 to 2026, which focuses on Customer experience, Operational efficiency, People development and Innovation, which is leveraging on the Bank's market position, widest distribution network, effective digital platform, brand equity, and strong financial performance.

APPRECIATION

We would like to thank all stakeholders of FDH Bank Plc, including our valued clients, the shareholders, the Government of Malawi, the Reserve Bank of Malawi, the Malawi Stock Exchange, correspondent banks and other business partners, who rendered their support to the Bank resulting in a good performance for the year ended 31 December 2023.

BASIS OF PREPARATION

The Directors have prepared the summary consolidated and separate financial statements to meet the requirements of the Financial Services Act, 2010 and the Malawi Stock Exchange. The Directors have considered the requirements of the Financial Services Act, 2010 and the Malawi Stock Exchange 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 financial statements which were approved by the Board of Directors on 26 February 2024, and are available at the registered office of the Bank.

By order of the Board.
FDH Bank Plc

Mrs. Charity Mseka
Board Chairperson

Mr. Noel Mkulichi
Managing Director

Dr. Ulemu Katunga
Chairperson, Finance and
Audit Committee

Mr. Richard M. Chipezaani
Head of Finance

26th March 2024

FDH BANK PLC SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group	Group	Bank	Bank
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
	K'000	K'000	K'000	K'000
	Audited	Audited	Audited	Audited
Interest income	73,424,273	51,105,159	73,424,273	51,105,159
Interest expenses	(13,574,907)	(13,801,223)	(13,574,907)	(13,801,223)
Net interest income	59,849,366	37,303,936	59,849,366	37,303,936
Non-interest income	43,155,760	32,552,821	42,980,820	32,649,371
Total income	103,005,126	69,856,757	102,830,186	69,953,307
Operating expenses	(46,160,184)	(32,535,085)	(46,750,783)	(33,048,436)
Profit before provision for impaired loans and advances	56,844,942	37,321,672	56,079,402	36,904,871
Net charge on impaired loans and advances	(1,388,820)	(5,570,636)	(1,388,820)	(5,570,636)
Profit before tax	55,456,122	31,751,036	54,690,582	31,334,235
Taxation	(19,809,193)	(8,819,252)	(21,140,070)	(9,371,399)
Profit after tax	35,646,929	22,931,784	33,550,512	21,962,836
Other comprehensive income				
Revaluation Surplus	1,149,950	655,876	-	-
Deferred tax on revaluation surplus	(344,985)	(196,763)	-	-
Total other income net of tax	804,965	459,113	-	-
Total comprehensive income for the year	36,451,894	23,390,897	33,550,512	21,962,836

2. SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

	Group	Group	Bank	Bank
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
	K'000	K'000	K'000	K'000
	Audited	Audited	Audited	Audited
Liabilities, Capital and Reserves				
Liabilities				
Shareholder's loan	-	442,816	-	442,816
Long Term Loan	24,910,193	23,045,716	24,910,193	23,045,716
Liabilities to customers	443,962,688	328,111,963	443,983,299	328,246,568
Liabilities to other banks	-	16,392,950	-	16,392,950
Other liabilities	30,156,632	19,495,198	29,210,462	18,767,013
Lease liabilities	821,540	1,134,834	2,016,495	2,135,166
Income tax payable	7,511,661	4,029,313	7,278,989	3,999,223
Total liabilities	507,362,713	392,652,790	507,399,438	393,029,452
Capital and Reserves	58,701,948	41,846,054	53,690,630	39,736,119
Total liabilities, capital and reserves	566,064,661	434,498,844	561,090,068	432,765,571
Assets				
Cash and funds with Reserve Bank of Malawi	33,751,398	13,312,950	33,751,398	13,312,950
Placements with other banks	109,927,257	73,291,679	109,927,257	73,291,679
Malawi Government Treasury Bills	229,093,865	173,804,773	227,902,663	173,138,807
Loans and advances to customers	135,796,264	110,065,584	135,796,264	110,065,584
Investments	146,232	146,232	7,066,465	7,066,465
Other assets	22,696,528	41,523,889	21,418,700	40,615,389
Property plant and equipment	28,350,111	18,775,773	20,152,138	11,905,723
Right of use assets	1,331,058	1,260,579	2,526,013	2,260,912
Deferred tax asset	4,971,948	2,317,385	2,549,170	1,108,062
Total assets	566,064,661	434,498,844	561,090,068	432,765,571

3. SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Group	Group	Bank	Bank
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
	K'000	K'000	K'000	K'000
	Audited	Audited	Audited	Audited
At the beginning of the period	41,846,054	31,555,188	39,736,119	30,873,315
Total comprehensive income for the year	36,451,894	23,390,898	33,550,512	21,962,836
Dividends paid	(19,596,000)	(13,100,032)	(19,596,000)	(13,100,032)
At the end of the period	58,701,948	41,846,054	53,690,631	39,736,119

4. SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

	Group	Group	Bank	Bank
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
	K'000	K'000	K'000	K'000
	Audited	Audited	Audited	Audited
Cash generated from operations before taxation	136,561,225	87,744,482	137,283,387	88,339,795
Income tax paid	(19,326,393)	(9,520,723)	(19,301,412)	(9,164,299)
Cash flows generated from operating activities	117,234,832	78,223,759	117,981,975	79,175,496
Net cash used in investing activities	(26,177,195)	(61,268,004)	(25,992,221)	(61,206,498)
Net cash generated from/ (used in) in financing activities	(34,083,599)	(183,163)	(34,932,489)	(1,217,136)
Net increase in cash and cash equivalents	57,074,027	16,751,862	57,074,027	16,751,862
Cash and cash equivalents at the beginning of the period	86,604,628	69,852,766	86,604,628	69,852,766
Cash and cash equivalents at the end of the period	143,678,655	86,604,628	143,678,655	86,604,628

5. IMPAIRMENT LOSSES/NON-PERFORMING CREDIT FACILITIES AND PROVISIONS FOR LOSSES BY INDUSTRY SECTOR

	31 Dec 2023			31 Dec 2022		
	Outstanding Amount	Impaired Amount	Expected Credit Loss	Outstanding Amount	Impaired Amount	Expected Credit Loss
	K'000	K'000	K'000	K'000	K'000	K'000
1. Agriculture, forestry, fishing and hunting	15,075,955	361,629	361,629	7,638,830	122,299	73,763
2. Mining and quarrying	26,988	1,479	1,479	26,350	1,480	893
3. Manufacturing	20,088,336	20,858	20,858	12,571,720	2,576	1,554
4. Electricity, gas, water and energy	2,492,320	3,816	3,816	3,893,678	1,484	895
5. Construction	14,430,266	97,316	97,316	13,170,516	20,934	12,626
6. Wholesale and retail trade	43,865,947	302,596	302,420	40,003,972	6,926,310	6,210,306
7. Restaurants and hotels	477,417	1,566	1,566	239,168	193	116
8. Transport, storage and communications	2,577,449	40,946	40,946	2,177,052	9,247	5,577
9. Financial services	6,588,072	17,008	17,008	7,132,898	6,473	3,904
10. Community, social and personal services	32,211,009	1,190,458	1,190,458	24,741,194	738,664	680,883
TOTAL	137,833,759	2,037,672	2,037,496	111,595,378	7,829,659	6,990,517

6. CREDIT CONCENTRATION

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 its core capital.

Sector of Borrower	31 Dec 2023		31 Dec 2022	
	K'000	% of Core Capital	K'000	% of Core Capital
Agriculture	-	0.0%	7,512,760	25.7%
Electricity, gas, water and energy*	41,269,702	107.1%	40,656,404	139.0%
Construction	-	0.0%	8,174,693	27.9%

* These are non-funded facilities, which are fully cash covered

7. LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES

	31 Dec 2023	31 Dec 2022
	K'000	K'000
Directors		
Balance at the beginning of the year	87,990	93,586
Loans granted during the year	149,533	25,102
Repayments	(13,854)	(30,698)
Balance at the end of the year	223,669	87,990

	31 Dec 2023	31 Dec 2022
	K'000	K'000
Other related parties		
Balance at the beginning of the year	4,083,289	1,788,338
Loans granted during the year	1,941,580	3,400,305
Repayments	(535,334)	(1,105,354)
Balance at the end of the year	5,489,535	4,083,289

	31 Dec 2023	31 Dec 2022
	K'000	K'000
Senior Management Officials		
Balance at the beginning of the year	1,398,559	558,617
Loans granted during the year	777,616	1,264,169
Repayments	(781,696)	(424,227)
Balance at the end of the year	1,394,478	1,398,559

8. BASE LENDING RATES

	31 Dec 2023	31 Dec 2022
Base Lending Rate	23.6%	13.5%
Maximum Applicable Range (basis points)	11.1%	11.1%
Base Lending Rate (Foreign)	N/A	N/A
RBM Bank Rate	24.0%	18.2%

9. DIRECTORS' REMUNERATION, BONUSES AND MANAGEMENT FEES

	31 Dec 2023	31 Dec 2022
	K'000	K'000
Directors' fees	533,688	338,297
Other directors' expenses	173,228	94,328
Bonuses	3,585,035	2,205,817

Our Bank, Our Future, Grow With Us

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

The summary consolidated and separate financial statements, which comprise the summary statements of financial position as at 31 December 2023, the summary statements of profit or loss and other comprehensive income, the summary statements of changes in equity and summary statements of cash flows for the year then ended and related notes, are derived from the audited consolidated and separate financial statements of FDH Bank Plc for the year ended 31 December 2023.

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 International Financial Reporting Standards and in compliance with the Companies Act, 2013.

SUMMARY FINANCIAL STATEMENTS

The summary consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act 2013. 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 summary consolidated and separate financial statements and the audited consolidated and separate financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated and separate financial statements.

THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 26 March 2024. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

Directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the Companies Act, 2013; and for such internal control as the directors determine is necessary to enable the preparation of the summary consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

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 consolidated and separate 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.



Chartered Accountants (Malawi)
Chiwemi Chihana
Registered Practicing Accountant
2 April 2024