

SUMMARY STATEMENTS OF FINANCIAL POSITION					
US\$	Notes	CONSOLIDATED		SEPARATE	
		Audited 31-Dec-20	Audited 31-Dec-19	Audited 31-Dec-20	Audited 31-Dec-19
Cash and cash equivalents		307 755 707	247 157 290	4 216 515	1 222 774
Money market investments		179 495 043	208 260 305	–	–
Loans and advances to customers		409 710 461	397 426 996	–	–
Current tax asset		770 082	2 692 689	–	–
Repurchase agreements		57 201 262	67 071 019	–	–
Assets held for sale		2 656 478	3 903 980	–	–
Investments at fair value through profit or loss		4 910 113	6 295 311	–	–
Equity instruments		699 299	1 664 939	–	–
Investments in subsidiary companies	1	–	–	137 666 463	134 904 875
Investment in Joint Venture	2	11 933 118	14 456 648	–	–
Other assets		29 804 099	25 485 850	5 773 253	7 774 181
Deferred tax assets		2 846 920	1 185 179	–	–
Investment property	2	4 699 902	5 441 927	–	–
Intangible assets		9 999 952	11 954 100	1 840 857	1 776 281
Right of use assets		7 699 382	8 912 787	112 269	241 469
Property and equipment	2	48 398 614	50 343 097	949 418	810 683
Total assets		1 078 580 432	1 052 252 117	150 558 775	146 730 263
LIABILITIES AND EQUITY					
Liabilities					
Balances due to other banks	3	80 792 222	143 932 626	–	–
Customer deposits		757 728 556	681 390 892	–	–
Other payables		40 614 220	30 250 550	2 092 125	4 421 265
Income tax payable		3 159 678	14 058	–	–
Lease liabilities		6 236 563	6 920 823	128 153	129 835
Deferred tax liabilities		6 876 757	6 144 054	–	–
Provisions		2 930 626	2 253 721	–	–
Loan's payable	5	15 810 033	15 950 009	17 810 033	15 950 009
Subordinated debt	4	17 504 281	26 599 027	–	–
Convertible preference shares		10 786 747	10 786 747	10 786 747	10 786 747
Total liabilities		942 439 683	924 242 507	30 817 058	31 287 856
Equity					
Share capital		117 409 081	117 409 081	117 409 081	117 409 081
Restructuring reserve		(54 510 623)	(54 510 623)	–	–
Property revaluation reserve		6 341 795	4 245 921	–	–
Loan loss reserve		4 185 987	4 058 845	–	–
Non distributable reserves		1 457 189	574 931	–	–
Translation reserve		(31 412 494)	(22 107 529)	–	–
Retained earnings		40 590 307	28 545 590	2 332 636	(1 966 674)
Total equity attributable to equity holders of the company		84 061 242	78 216 216	119 741 717	115 442 407
Non-controlling interest		52 079 507	49 793 394	–	–
Total equity		136 140 749	128 009 610	119 741 717	115 442 407
Total equity and liabilities		1 078 580 432	1 052 252 117	150 558 775	146 730 263

STATEMENTS OF CHANGES IN EQUITY					
US\$		CONSOLIDATED		SEPARATE	
		Audited 31-Dec-20	Audited 31-Dec-19	Audited 31-Dec-20	Audited 31-Dec-19
	Opening balance as at 1 January	128 009 610	134 237 339	115 442 407	119 046 262
	Profit/(loss) for the year	21 276 051	(18 609 308)	4 299 310	(3 603 855)
	Total other comprehensive income	(12 292 609)	7 810 025	–	–
	Other movements	(1 248)	(175 292)	–	–
	Other transactions with owners	(851 055)	4 746 846	–	–
	Balance as at 31 December 2019	136 140 749	128 009 610	119 741 717	115 442 407

SUMMARY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
US\$		CONSOLIDATED		SEPARATE	
		Audited 31-Dec-20	Audited 31-Dec-19	Audited 31-Dec-20	Audited 31-Dec-19
	Interest income	90 945 603	78 913 127	418 685	(97 174)
	Interest expense	(25 196 864)	(23 169 176)	(1 976 593)	(1 466 154)
	Net interest income/(expense)	65 748 739	55 743 951	(1 557 908)	(1 563 328)
	Net fees and commissions	35 649 454	29 350 083	–	–
	(Loss)/Income from investments	(571 098)	(311 676)	8 333 434	186 706
	Gain/(loss) on foreign exchange transactions	25 991 455	18 322 488	(12 198)	(451 023)
	Other operating income	442 208	3 329 072	3 102 940	3 574 246
	Total non-interest income	61 512 019	50 689 967	11 424 176	3 309 929
	Total operating income	127 260 758	106 433 918	9 866 268	1 746 601
	Staff and training costs	33 088 549	35 100 313	1 641 722	2 931 448
	Premises and equipment costs	13 119 357	12 568 982	1 434 555	992 887
	Depreciation and amortisation	9 794 279	9 487 525	768 302	308 744
	Administration and general expenses	23 684 632	28 122 488	920 085	1 104 075
	Total expenses	79 686 817	85 279 308	4 764 664	5 337 154
	Impairment loss on financial assets	6 110 669	9 547 419	–	–
	Operating profit/(loss)	41 463 272	11 607 191	5 101 604	(3 590 553)
	Net monetary loss	(3 579 035)	(6 056 792)	–	–
	Impairment loss on owner occupied property	(990 553)	(7 823 115)	–	–
	Impairment loss on investment in joint venture	(1 270 416)	(5 978 437)	–	–
	Fair value loss on investment property	(153 619)	(3 068 581)	–	–
	Share of profit in joint venture	29 600	555 811	–	–
	Gain on a bargain purchase	–	95 642	–	–
	Profit/(loss) before income tax expense	35 499 249	(10 668 281)	5 101 604	(3 590 553)
	Income tax expense	(14 223 198)	(7 941 027)	(802 294)	(13 302)
	Profit/(loss) for the year	21 276 051	(18 609 308)	4 299 310	(3 603 855)
	Other comprehensive income				
	Items that will not be classified to profit or loss				
	Revaluation surplus on property	2 971 982	–	–	–
	Deferred tax on revalued property	(630 104)	1 240 628	–	–
	Fair value loss on investment net of deferred tax	(762 548)	(760 606)	–	–
	Fair value movement on FVOCI financial assets	(37 344)	1 351 479	–	–
		1 541 986	1 831 501	–	–
	Items that may be reclassified subsequently to profit or loss				
	Exchange differences on translating foreign operations *	(13 834 595)	5 978 524	–	–
	Total other comprehensive (loss)/income for the year	(12 292 609)	7 810 025	–	–
	Total comprehensive income/(loss) for the year	8 983 442	(10 799 283)	4 299 310	(3 603 855)
	Profit or loss attributable to:				
	Owners of the parent	13 314 320	(4 974 291)	4 299 310	(3 603 855)
	Non-controlling interest	7 961 731	(13 635 017)	–	–
	Profit/(loss) for the year	21 276 051	(18 609 308)	4 299 310	(3 603 855)
	Total comprehensive income/(loss) attributable to:				
	Owners of the parent	5 845 559	(1 233 646)	4 299 310	(3 603 855)
	Non-controlling interest	3 137 883	(9 565 637)	–	–
	Total comprehensive income/(loss) for the year	8 983 442	(10 799 283)	4 299 310	(3 603 855)
	Basic earnings per share (US cents)	0.542	(0.202)	–	–
	Diluted earnings per share (US cents)	0.517	(0.202)	–	–

*Incorporates effects of hyperinflation

STATEMENTS OF CASH FLOWS				
US\$	CONSOLIDATED		SEPARATE	
	Audited 31-Dec-20	Audited 31-Dec-19	Audited 31-Dec-20	Audited 31-Dec-19
Cash flows from operating activities				
Interest and fees received	149 670 051	111 470 717	3 521 625	1 189 138
Interest paid	(23 081 873)	(22 499 054)	(1 976 593)	(856 436)
Cash paid to suppliers and employees	(63 170 211)	(87 389 473)	(4 920 749)	(1 620 423)
	63 417 967	1 582 190	(3 375 717)	(1 287 721)
Increase/(decrease) in net customer balances	64 054 199	(67 685 230)	-	-
Cash generated/(used) from Operations	127 472 166	(66 103 040)	(3 375 717)	(1 287 721)
Dividends received	738 508	471 332	8 333 434	92 075
Income taxes paid	(11 149 539)	(7 978 274)	(802 294)	(13 302)
Cash generated/(used) in operating activities	117 061 135	(73 609 982)	4 155 423	(1 208 948)
Cash flows from investing activities				
Maturities of money market investments	33 819 911	17 147 824	-	598 693
Maturities/(purchases) of currency swaps (net)	5 819 064	(37 905 394)	-	-
Sale of investments at fair value through profit or loss	-	495 864	-	-
Purchases of investment securities	-	(58 910)	-	-
Payment for acquisition of business, net of cash acquired	-	(631 820)	-	-
Investments in subsidiaries	-	-	(2 071 378)	(8 963 836)
Proceeds from sale of equipment	227 612	121 565	-	-
Acquisition of property and equipment and intangibles	(4 312 477)	(11 527 413)	(845 315)	(2 652 897)
Cash inflow/(outflow) applied to investing activities	35 554 110	(32 358 284)	(2 916 693)	(11 018 040)
Cash flows from financing activities				
Capital subscription by non-controlling interests	520 872	4 746 846	-	-
Dividends paid to non-controlling interests	(1 371 927)	-	-	-
Loan to subsidiary company	-	-	-	(2 678 243)
Payments for lease liabilities	(1 005 317)	(1 149 335)	(105 013)	(95 810)
(Repayments of)/Proceeds from short- and long-term borrowings	(58 178 828)	116 535 877	2 000 000	9 450 009
Cash flows from financing activities	(60 035 200)	120 133 388	1 894 987	6 675 956
Net Increase/(decrease) in cash and cash equivalents	92 580 045	14 165 122	3 133 717	(5 551 032)
Cash and cash equivalents at 1 January	247 203 772	242 832 503	1 222 774	6 773 806
Effect of changes in exchange rate and hyperinflation	(31 988 722)	(9 793 853)	(139 976)	-
Cash and cash equivalents at 31 December *	307 795 095	247 203 772	4 216 515	1 222 774

* Consolidated cash and cash equivalents at 31 December are gross amounts excluding expected credit losses of US\$39 388 and US\$46 482 for 2020 and 2019 respectively.

The company's financial performance in 2020 was robust and we made significant progress in growing and optimising our Group's operations.

NOTES TO THE SUMMARY AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1 INVESTMENT IN SUBSIDIARY COMPANIES

At the end of the reporting year, the Company's portfolio of investments in subsidiary companies comprised:

Nature of Business	Type of Investment	HOLDING %		US\$	
		2020	2019	2020	2019
First Capital Bank Plc (Malawi)	Banking Equity Shares	100	100	88 034 224	88 034 224
Afcarme Zimbabwe Holdings (Private) Limited	Banking Equity Shares	81	81	17 420 080	17 420 080
First Capital Bank Limited (Zambia)	Banking Equity Shares	49	49	4 634 343	4 634 343
First Capital Shared Services Limited (FCSSL)	Shared Service Equity Shares	100	100	690 315	105
First Capital Bank Limited (Botswana)	Banking Equity Shares	38.6	38.6	3 046 405	3 046 405
First Capital Bank Limited (Botswana)	Banking Preference Shares	100	100	2 475 355	2 475 355
First Capital Bank S.A. (Mozambique)	Banking Equity Shares	80	80	21 365 741	19 294 363
Total Investment in subsidiary companies				137 666 463	134 904 875
Movements during the year were as follows					
Opening balance				134 904 875	125 941 039
Subscription of shares for cash				2 071 378	9 781 725
Capital contribution				690 210	-
Settlement of subordinated debt				-	(817 889)
Closing balance				137 666 463	134 904 875

FMBCH issued a 3 year interest free loan to FCSSL one of its subsidiaries. The difference between the nominal loan amount and the present value of the loan discounted using the market interest rate is accounted for as an investment in subsidiary. Correspondingly, in the subsidiary's individual financial statements this is accounted for in equity as a capital contribution.

During 2020, FMBCH subscribed to its pro-rata share of a rights issue of equity shares at par value by First Capital Bank S.A. (Mozambique).

2 PROPERTY RELATED INVESTMENTS

Audited (US\$)	INVESTMENT PROPERTY		PROPERTY AND EQUIPMENT		INVESTMENT IN JV	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Balance as at 1 January	5 441 927	6 545 861	74 722 022	79 673 648	14 456 648	-
Additions	-	-	3 243 517	7 703 908	-	-
On acquisition of subsidiary	-	-	-	59 525	-	-
Effect of changes in exchange rate and hyperinflation	(771 442)	1 542 014	(5 307 671)	(658 910)	(1 156 776)	4 949 315
Impairment loss	(153 619)	(3 068 581)	(990 553)	(7 823 115)	(1 270 416)	(5 978 437)
Revaluation surplus	-	-	1 726 223	-	-	-
Disposals	-	-	(1 285 864)	(382 507)	-	-
Share of profit in joint venture	-	-	-	-	29 600	555 811
Prior years share of Profit adjustment	-	-	-	-	-	123 946
Dividends received during the year	-	-	-	-	(125 938)	(123 946)
Transfers	183 036	422 633	(513 263)	(3 850 527)	-	14 929 959
Total cost/valuation	4 699 902	5 441 927	71 594 411	74 722 022	11 933 118	14 456 648
Accumulated depreciation/amortisation	-	-	(23 195 797)	(24 378 925)	-	-
Carrying amount at 31 December	4 699 902	5 441 927	48 398 614	50 343 097	11 933 118	14 456 648

3 BALANCES DUE TO OTHER BANKS

Audited (US\$)	CONSOLIDATED	
	31-Dec-20	31-Dec-19
European Investment Bank	1 611 539	3 269 579
Currency swap liabilities	57 251 400	67 525 889
Borrowings from other banks	3 416 061	63 137 158
FMO line of credit	18 513 222	10 000 000
Total Balance due to other banks	80 792 222	143 932 626

First Capital Bank PLC (FCB Malawi) has a facility with European Investment Bank (EIB) for on lending to customers in specified economic sectors. The EIB line of credit carries interest between 3.9% and 5.8% per annum and is repayable in equal bi-annual instalments ending on 16 June 2022.

Currency swap liabilities represent borrowings where FCB Malawi entered into currency swaps with the Reserve Bank of Malawi (RBM) where FCB Malawi received Malawi Kwacha from the RBM and advanced US Dollars. The liability outstanding as at end of the reporting period is US\$57m (2019: US\$67m).

Borrowings from other banks represent short term facilities with interest rates ranging from 7 – 8% with interest payable in quarterly instalments.

In December 2019, the Group's subsidiaries in Malawi and Zambia entered into loan facility agreements of US\$10m each from lender Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO). This loan facility is for on-lending to each banks customers. The interest on the loan is LIBOR plus a margin of 3.5% and is repayable in equal quarterly instalments commencing on 10 March 2021 and ending on 10 December 2023.

4 SUBORDINATED DEBT

Audited (US\$)	CONSOLIDATED	
	31-Dec-20	31-Dec-19
Notes issued by First Capital Bank PLC (Malawi)	–	9 488 993
Notes issued by First Capital Bank Limited (Botswana)	17 504 281	17 110 034
Total notes in issue	17 504 281	26 599 027

The subordinated debt notes constitute direct, subordinated and unsecured obligations of First Capital Bank Limited (Botswana). The FCB Botswana notes are denominated in Botswana Pula, mature on various dates from 2022 to 2029 and carry interest at rates linked to the prevailing Botswana bank rate. The notes rank pari passu among themselves and are subordinated to general creditors and claims of depositors.

5 LOANS PAYABLE

Audited (US\$)	CONSOLIDATED		SEPARATE	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Related parties	6 500 000	6 500 000	6 500 000	6 500 000
Other lenders	9 310 033	9 450 009	9 310 033	9 450 009
Loan from subsidiary	–	–	2 000 000	–
Total loans payable	15 810 033	15 950 009	17 810 033	15 950 009

FMBCB obtained loan facilities of US\$6.5 million from related parties for the purpose of discharging the purchase consideration for acquisition of shares in Afcarme Zimbabwe Holdings (Private) Limited. These loans are unsecured and bear interest at 9% p.a. with the first interest payment due one year after drawdown and thereafter every quarter. The principal amount including any interest outstanding is repayable in 2023.

In 2019 an unsecured loan of BWP 100m (2020: US\$9 310 033; 2019: US\$9 450 009) was obtained from a 3rd party investor. The loan principal is repayable in full after four years and the loan bears interest at 8% p.a. payable annually in arrears.

The company received short-term funding from FCB Botswana of US\$2m at 6% p.a. which is repayable in 2021.

6 EVENTS AFTER THE REPORTING DATE

a) Acquisition of additional interest in Afcarme

As required by the 2017 Share Purchase Agreement, FMBCB acquired the residual 19% interest in Afcarme Zimbabwe Holdings (Private) Limited from Barclays PLC group on 6 April 2021.

b) Dividends

The Directors have recommended a Final dividend in respect of the financial year ended 31 December 2020 of US\$1 966 600 (0.08 cents per ordinary share) subject to shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the Shareholders of FMBcapital Holdings PLC will be accounted for in equity as an appropriation of accumulated profits in the financial year ending 31 December 2021.

INDEPENDENT AUDITOR'S REPORT TO THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF FMBCAPITAL HOLDINGS PLC

The summary consolidated and separate financial statements, which comprise the summary consolidated and separate statements of financial position as at 31 December 2020, 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 for the year ended 31 December 2020.

In our opinion, the accompanying summary consolidated and separate financial statements are consistent, in all material respects, with the audited financial statements, in accordance with 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 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 financial statements in our report dated 21 April 2021. 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 year.

RESPONSIBILITIES OF DIRECTORS 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
21 April 2021


Vishal Agrawal, FCA
Licensed by FRC

REVIEW OF THE YEAR

In 2020, the economic and social impact of Covid-19 was evident across all those territories in Southern Africa in which we operated. The pandemic was a significant challenge for our business our staff and our customers over the past financial year. Operationally the investment into the IT and operations of the Group have helped to insulate our businesses against the impact. The successful migration of our core systems to our centralised IT Hub in Mauritius de-risked our critical processes like payments and treasury and facilitated an efficient and well-coordinated response to the challenges faced. We quickly found a new operating rhythm, easily rolling out our flexible working model and seamlessly switching to more digital ways of working and serving our customers.

The Zambia operations continued to deliver solid results with the business going through a change in leadership, which we expect will deliver fresh momentum. Steady growth in customer adoption of our Infini-Pay online bulk payment platform, as well as our mobile app for retail customers, helped underpin performance, while solid treasury results provided a further lift to profitability.

Although our operation in Zimbabwe posted an inflation adjusted profit in 2020, the country continues to face the challenge of hyperinflation which, despite our considerable focus on mitigating measures, has a significant adverse impact on returns. We remain confident that our Zimbabwe operations hold potential to steadily increase their contribution to the group's growth and profitability. However, we acknowledge that steady growth is going to take time.

2020 PERFORMANCE

The company's financial performance in 2020 was robust and we made significant progress in growing and optimising our Group's operations. During the year under review, the Group recorded a solid set of results despite the challenges emanating from the pandemic. Demonstrating the resilience of our strategy, the Group posted a profit after tax of US\$21.3m (a significant improvement on the previous year's loss of US\$18.6m)

In the midst of the varying disruptions to operations, the Group's businesses have successfully sustained banking operations ensuring that customers can access banking services safely whilst also protecting our staff and customers.

OUTLOOK

The fact that FMBCB emerged from a loss position in 2019, to a relatively healthy profit in 2020 – despite an immensely challenging environment – is certainly cause for optimism. However, we acknowledge that such optimism must be balanced with a healthy dose of realism. Our results for the 2020 financial year have provided a solid foundation on which to build for the future, to scale our operations, to proactively seek out opportunities and thereby grow our revenue streams

US\$	PROFIT AFTER TAX	
	31-Dec-20	31-Dec-19
Botswana	6 025 232	4 476 770
Malawi	10 860 560	8 164 146
Mauritius	(4 543 130)	(3 449 134)
Mozambique	1 897 231	1 094 178
Zambia	2 378 704	630 362
Zimbabwe	4 657 454	(29 525 630)
Total Group	21 276 051	(18 609 308)

The Botswana business has continued to expand its offering in retail payroll lending whilst continuing to serve our corporate book. The retail payroll lending has proven to be a valuable addition to our customer offering and a key contributor to our improved bottom line. In addition, the business underwent a successful operational transformation in 2020.

Operations in Malawi remain stable and reliable. We resolved the previous IT-related operational challenges resulting in steady recovery of customer goodwill setting our Malawi business firmly back onto its growth path.

Our Mozambique business maintained its profitable trajectory during 2020. Our ability to attract new corporate customers is encouraging for the future of our operations. We are seeing pleasing partnerships developing with large corporations, notably in the oil and gas sectors. In addition, a retail payroll lending business was launched in Mozambique and the initial results look promising.

BASIS OF PREPARATION

The directors have prepared the summary financial statements in accordance with the listing requirements of the Malawi Stock Exchange. The directors have considered the listing requirements of the Malawi Stock Exchange and believe that the summary statements of financial position, comprehensive income, changes in equity and cash flows are sufficient to meet the requirements of the users of the summary financial statements. The amounts in the summary financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards. The summary financial statements have been derived from the annual financial statements which were approved by the board of directors on 21 April 2021.


J. M. O'Neill
Director


H.N. Anadkat
Director