

# Standard Bank PLC

## Results Announcement

For the six months ended 30 June 2018



### CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

In millions of Malawi Kwacha

	Consolidated			Separate		
	Unaudited	Audited		Unaudited	Audited	
	Six months to 30 June 2018	Six months to 30 June 2017	Year ended 31 December 2017	Six months to 30 June 2018	Six months to 30 June 2017	Year ended 31 December 2017
Interest income	20,293	23,822	46,729	20,318	23,829	46,771
Interest expense	(4,878)	(4,245)	(8,806)	(4,877)	(4,245)	(8,807)
<b>Net interest income</b>	<b>15,415</b>	<b>19,577</b>	<b>37,923</b>	<b>15,441</b>	<b>19,584</b>	<b>37,964</b>
Non-interest revenue	11,328	9,017	19,331	10,717	8,624	18,428
<b>Total income</b>	<b>26,743</b>	<b>28,594</b>	<b>57,254</b>	<b>26,158</b>	<b>28,208</b>	<b>56,392</b>
Credit impairment charges	(996)	(2,239)	(6,224)	(1,001)	(2,239)	(6,224)
Income after credit impairment charges	25,747	26,355	51,030	25,157	25,969	50,168
Operating expenses	(17,635)	(14,281)	(33,569)	(17,528)	(14,171)	(33,305)
<b>Profit before taxation</b>	<b>8,112</b>	<b>12,074</b>	<b>17,461</b>	<b>7,629</b>	<b>11,798</b>	<b>16,863</b>
Taxation	(2,580)	(3,911)	(5,299)	(2,435)	(3,829)	(5,120)
<b>Profit after tax</b>	<b>5,532</b>	<b>8,163</b>	<b>12,162</b>	<b>5,194</b>	<b>7,969</b>	<b>11,743</b>
<b>Other Comprehensive Income</b>						
Net revaluation gain on property and equipment	-	-	3,322	-	-	3,322
Net change in fair value of financial assets at fair value through other comprehensive income	(615)	(73)	442	(615)	(73)	442
<b>Total comprehensive income</b>	<b>4,917</b>	<b>8,090</b>	<b>15,926</b>	<b>4,579</b>	<b>7,896</b>	<b>15,507</b>

### CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Consolidated			Separate		
	Unaudited	Audited		Unaudited	Audited	
	As at 30 June 2018	As at 30 June 2017	As at 31 December 2017	As at 30 June 2018	As at 30 June 2017	As at 31 December 2017
<b>Opening equity</b>	<b>72,232</b>	62,800	62,800	<b>71,140</b>	62,127	62,127
Profit for the period	5,532	8,163	12,162	5,194	7,969	11,743
Dividends paid	-	(5,001)	(6,500)	-	(5,001)	(6,500)
Net revaluation gain on property and equipment	-	-	3,322	-	-	3,322
IFRS 9 transition adjustment (net of tax)	(2,375)	-	-	(2,367)	-	-
Movement in other reserves	(615)	(65)	448	(615)	(66)	448
<b>Closing equity</b>	<b>74,774</b>	65,897	72,232	<b>73,352</b>	65,029	71,140
Basic earnings per share (tambala)	2,364	3,488	5,197	2,220	3,406	5,019
Dividend per share (tambala)	-	2,137	2,778	-	2,137	2,778
Number of ordinary shares in issue (million)	234	234	234	234	234	234
Market price per share (kwacha)	670	570	610	670	570	610

### CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

In millions of Malawi Kwacha

	Consolidated			Separate		
	Unaudited	Audited		Unaudited	Audited	
	As at 30 June 2018	As at 30 June 2017	As at 31 December 2017	As at 30 June 2018	As at 30 June 2017	As at 31 December 2017
<b>ASSETS</b>						
Cash and balances with Central Bank	31,635	30,600	35,234	30,750	29,596	34,962
Trading assets and derivatives	12,160	19,847	24,063	12,160	19,847	24,063
Financial Investments	59,316	46,736	46,893	59,316	46,736	46,893
Loans and advances to banks	108,509	110,334	174,788	107,808	110,334	173,730
Loans and advances to customers	98,214	100,442	94,219	98,302	100,585	94,604
Investment in Subsidiary	-	-	-	100	100	100
Other assets	7,191	9,257	12,791	7,227	9,271	12,806
Intangible assets	20,215	1,287	20,942	20,215	1,287	20,942
Property and equipment	15,624	12,922	15,208	15,624	12,922	15,208
Deferred tax asset	4,042	2,227	3,860	4,035	2,219	3,850
<b>Total assets</b>	<b>356,906</b>	333,652	427,998	<b>355,537</b>	332,897	427,158

### EQUITY AND LIABILITIES

	Consolidated			Separate		
	Unaudited	Audited		Unaudited	Audited	
	As at 30 June 2018	As at 30 June 2017	As at 31 December 2017	As at 30 June 2018	As at 30 June 2017	As at 31 December 2017
<b>Shareholders' equity</b>						
Issued capital	234	234	234	234	234	234
Share premium	8,492	8,492	8,492	8,492	8,492	8,492
Retained earnings	56,779	53,105	52,768	55,356	52,238	51,676
Other reserves	9,269	4,066	10,738	9,270	4,065	10,738
	<b>74,774</b>	65,897	72,232	<b>73,352</b>	65,029	71,140
<b>Liabilities</b>						
Deposits from banks	14,534	18,909	60,659	14,534	18,654	60,681
Deposits from customers	239,796	231,524	259,488	239,966	231,971	259,820
Other liabilities	20,625	11,104	26,371	20,612	11,075	26,334
Income tax payable	1,788	1,366	65	1,684	1,316	-
Deferred tax liability	5,389	4,852	9,183	5,389	4,852	9,183
	<b>282,132</b>	267,755	355,766	<b>282,185</b>	267,868	356,018
<b>Total equity and liabilities</b>	<b>356,906</b>	333,652	427,998	<b>355,537</b>	332,897	427,158

### OFF BALANCE SHEET ITEMS

Letters of credit and guarantees	96,929	38,366	39,794	96,929	38,366	39,794
Undrawn commitments	29,950	23,337	33,213	29,950	23,337	33,213
Foreign exchange contracts	59,742	58,100	43,838	59,742	58,100	43,838

### CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

In millions of Malawi Kwacha

	Consolidated			Separate		
	Unaudited	Audited		Unaudited	Audited	
	As at 30 June 2018	As at 30 June 2017	As at 31 December 2017	As at 30 June 2018	As at 30 June 2017	As at 31 December 2017
<b>OPERATING ACTIVITIES</b>						
Interest, fees and other income received	31,796	33,093	66,607	31,210	32,707	65,746
Interest paid	(4,878)	(4,245)	(8,806)	(4,877)	(4,245)	(8,807)
Cash paid to suppliers and employees	(19,107)	(15,593)	(33,717)	(18,992)	(15,482)	(33,450)
Cash flows from operating activities before changes in operating assets and liabilities	7,811	13,255	24,084	7,341	12,980	23,489
Decrease in operating activities before income tax	(6,791)	(63,586)	(8,216)	(6,676)	(64,284)	(9,001)
Income taxes paid	(595)	(4,580)	(6,347)	(496)	(4,459)	(6,143)
<b>Cash flows from operating activities</b>	<b>425</b>	(54,911)	9,521	<b>169</b>	(55,763)	8,345
<b>INVESTING ACTIVITIES</b>						
Purchase of property and equipment	(1,479)	(1,872)	(23,643)	(1,479)	(1,872)	(23,643)
Sale of property, plant and equipment	4	-	-	4	-	-
<b>Net investing activities</b>	<b>(1,475)</b>	(1,872)	(23,643)	<b>(1,475)</b>	(1,872)	(23,643)
<b>FINANCING ACTIVITIES</b>						
Dividends paid	-	(5,001)	(6,500)	-	(5,001)	(6,500)
<b>Cash outflows from financing activities</b>	<b>-</b>	(5,001)	(6,500)	<b>-</b>	(5,001)	(6,500)
<b>Decrease in cash and cash equivalents</b>	<b>(1,050)</b>	(61,784)	(20,622)	<b>(1,306)</b>	(62,636)	(21,798)
Cash and cash equivalents at beginning of period	127,096	147,718	147,718	125,768	147,566	147,566
<b>Cash and cash equivalents at end of period</b>	<b>126,046</b>	85,934	127,096	<b>124,462</b>	84,930	125,768

### Impairment Losses/Non-Performing Credit Facilities and Provisions for Losses by Industry Sector

	As at 30 <sup>th</sup> June 2018			As at 30 <sup>th</sup> June 2017		
	Out-standing Amount (MK'm)	Impaired amount (MK'm)	Specific provision (MK'm)	Out-standing Amount (MK'm)	Impaired amount (MK'm)	Specific provision (MK'm)
Agriculture	45,665	12,467	6,643	40,739	8,882	2,791
Manufacturing	20,790	1,756	407	18,291	-	-

	As at 30 <sup>th</sup> June 2018	As at 30 <sup>th</sup> June 2017	As at 31 December 2017
Mining	408	-	80
Construction	1,089	13	11
Energy/Electricity	4,823	5	4
Gas/Water	-	-	-
Transport/communication	2,531	87	41
Financial Services	147	-	-
Wholesale/Retail	12,589	2,287	906
Individual/Household	26,974	535	439
Real Estate	-	-	14
Tourism	265	-	191
Other	-	-	-
<b>Total</b>	<b>115,281</b>	<b>17,150</b>	<b>8,451</b>

### Credit Concentrations

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 our core capital.

Sector of Borrower	As at 30 <sup>th</sup> June 2018 (MK'm)	% of Core Capital	As at 30 <sup>th</sup> June 2017 (MK'm)	% of Core Capital
Transport/communication/storage	52,395	90.89%	-	-
Construction and engineering	15,929	27.63%	-	-

### Loans to Directors, Senior Management and Other Related Parties

	30 <sup>th</sup> June 2018 (MK'm)	30 <sup>th</sup> June 2017 (MK'm)
<b>Directors</b>		
Balance at beginning of the period	34	31
Loans granted during the period	-	5
Repayments	(2)	(1)
<b>Balance at end of the period</b>	<b>32</b>	<b>35</b>

### Other Related Parties

	30 <sup>th</sup> June 2018 (MK'm)	30 <sup>th</sup> June 2017 (MK'm)
<b>Balance at beginning of the period</b>	<b>425</b>	<b>47</b>
Loans granted during the period	96	192
Repayments	(387)	(53)
<b>Balance at end of the period</b>	<b>134</b>	<b>186</b>

### Senior Management Officials

	30 <sup>th</sup> June 2018 (MK'm)	30 <sup>th</sup> June 2017 (MK'm)
<b>Balance at beginning of the period</b>	<b>335</b>	<b>288</b>
Loans granted during the period	103	7
Repayments	(50)	(51)
<b>Balance at end of the period</b>	<b>388</b>	<b>244</b>

### Investments in Subsidiaries

Name of Subsidiary	Number of shares	Percentage holding	Current year (MK'm)	Previous year (MK'm)
Standard Bank Bureau De Change Limited	99,999,999	100%	100	100

### Base Lending Rate

	As at 30 <sup>th</sup> June 2018	As at 30 <sup>th</sup> June 2017
Base Lending Rate (local currency)	23%	30%
Maximum Applicable Range (percentage points)	10	10
Base Lending Rate (foreign currency loans USD)	8.5%	8.5%
RBM Bank Rate	16%	22%

### Director's Remuneration, Bonuses and Franchise Fees

	30 <sup>th</sup> June 2018 (MK'm)	30 <sup>th</sup> June 2017 (MK'm)
<b>Director's Remuneration</b>		
- Non executive directors fees and expenses	36	29
- Executive directors remuneration	249	242
Total bonuses paid to all staff (relating to prior year provision)	1,870	2,122
Franchise Fees to Holding Company	790	831

### Deposit Rates

Type of Deposit	As at 30 <sup>th</sup> June 2018	As at 30 <sup>th</sup> June 2017
<b>Malawi Kwacha</b>		
Current account	0.10%	0.10%
Call	4%	5%
7 day Notice	4.5%	4%
30 day Notice	4.5%	4%
Transact plus	0.10%	0.10%
Saver plus	-	-
Savings	3%	6%
Pure save	5%	9%
Contract save	11%	9%
1 month Fixed	5%	8%
2 month fixed	6%	7%
3 month fixed	7%	6%
More than 3 months	negotiable	negotiable
<b>Foreign Currency Denominated Accounts (FCDAs)</b>		
USD	0.37%	0.37%
GBP	0.10%	0.10%
EUR	0%	0%
ZAR	0%	0%

\* Additional disclosures on Risk and Capital Management can be accessed on the Bank's website: [www.standardbank.co.mw](http://www.standardbank.co.mw).

### FINANCIAL REVIEW

We present the unaudited financial results of the Group for the six months ended 30 June 2018.

#### Economic highlights

The stability of the Kwacha against the US dollar and declining food inflation helped to keep headline inflation in the single-digit range of 7.8-9.9% during the first half of the year. The policy rate was maintained at 16% having taken into account inflation risk posed by increases in global oil price