



STANDARD BANK PLC SUMMARY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

In millions of Malawi Kwacha

	Consolidated			Separate		
	Unaudited	Audited		Unaudited	Audited	
	As at 30 June 2021	As at 30 June 2020	As at 31 December 2020	As at 30 June 2021	As at 30 June 2020	As at 31 December 2020
Interest income	27,580	21,725	46,309	27,580	21,711	46,294
Interest expense	(3,718)	(2,020)	(5,096)	(3,741)	(2,012)	(5,117)
Net interest income	23,862	19,705	41,213	23,839	19,699	41,177
Non-interest revenue	18,567	12,957	28,489	17,852	12,648	27,457
Total income	42,429	32,662	69,702	41,691	32,347	68,634
Credit impairment (charges)/ reversal	(2,419)	5,852	5,483	(2,419)	5,852	5,483
Income after credit impairment charges	40,010	38,514	75,185	39,272	38,199	74,117
Operating expenses	(22,713)	(20,039)	(39,393)	(22,637)	(20,020)	(39,337)
Profit before taxation	17,297	18,475	35,792	16,635	18,179	34,780
Taxation	(5,719)	(5,842)	(12,049)	(5,520)	(5,753)	(11,739)
Profit after tax	11,578	12,633	23,743	11,115	12,426	23,041
Other comprehensive income						
Net revaluation gain on property and equipment	-	-	2,246	-	-	2,246
Net change in fair value of financial assets at fair value through other comprehensive income	27	119	(7)	27	119	(7)
Total comprehensive income	11,605	12,752	25,982	11,142	12,545	25,280

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

Opening equity	105,721	87,239	87,239	102,351	84,571	84,571
Profit for the period	11,578	12,633	23,743	11,115	12,426	23,041
Dividends declared and paid	(8,000)	(5,000)	(7,500)	(8,000)	(5,000)	(7,500)
Net revaluation gain on property and equipment	-	-	2,246	-	-	2,246
Movement in other reserves	91	182	(7)	91	182	(7)
Closing equity	109,390	95,054	105,721	105,557	92,179	102,351
Basic earnings per share (MK per share)	49.48	53.98	101.47	47.50	53.10	98.47
Dividend per share (tambala)	3.419	2.137	3.205	3.419	2.137	3.205
Number of ordinary shares in issue (million)	234	234	234	234	234	234
Market price per share (kwacha)	1,200	790	1,046	1,200	790	1,046

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

In millions of Malawi Kwacha

	Consolidated			Separate		
	Unaudited	Audited		Unaudited	Audited	
	As at 30 June 2021	*As at 30 June 2020	As at 31 December 2020	As at 30 June 2021	*As at 30 June 2020	As at 31 December 2020
ASSETS						
Cash and balances held with the Central Bank	28,578	25,886	29,465	28,419	25,773	29,353
Non-current assets held for sale	336	-	366	336	-	366
Trading assets and derivatives	8,361	6,436	3,632	8,361	6,436	3,632
Pledged assets	30,330	-	12,928	30,330	-	12,928
Financial investments	146,835	142,350	142,532	146,835	142,350	142,532
Loans and advances to banks	106,918	59,285	82,507	106,920	59,307	82,505
Loans and advances to customers	185,330	147,709	165,445	185,330	148,231	165,445
Investment in subsidiaries	-	-	-	100	100	100
Other assets	9,835	6,929	7,434	9,850	6,951	7,464
Property, equipment and right of use asset	17,392	16,527	18,263	17,392	16,527	18,263
Intangible assets	16,249	17,439	16,988	16,249	17,439	16,988
Deferred tax asset	-	4	-	-	-	-
Total assets	550,164	422,565	479,560	550,122	423,114	479,576

In millions of Malawi Kwacha

	Consolidated			Separate		
	Unaudited	Audited		Unaudited	Audited	
	As at 30 June 2021	*As at 30 June 2020	As at 31 December 2020	As at 30 June 2021	*As at 30 June 2020	As at 31 December 2020
EQUITY AND LIABILITIES						
Shareholders' equity						
Issued capital	234	234	234	234	234	234
Share premium	8,492	8,492	8,492	8,492	8,492	8,492
Retained earnings	90,811	78,623	87,232	86,978	75,748	83,862
Other reserves	9,853	7,705	9,763	9,853	7,705	9,763
	109,390	95,054	105,721	105,557	92,179	102,351
Liabilities						
Deposits and loans from banks	37,048	14,638	30,311	37,048	14,618	30,311
Deposits from customers	364,903	283,632	314,756	368,792	287,107	318,285
Other liabilities, trading liabilities and provisions	29,931	23,184	20,292	29,931	23,185	20,294
Income tax payable	3,644	1,131	4,031	3,545	1,099	3,886
Deferred tax liability	5,248	4,926	4,449	5,249	4,926	4,449
	440,774	327,511	373,839	444,565	330,935	377,225
Total equity and liabilities	550,164	422,565	479,560	550,122	423,114	479,576

*The Group reallocated out of retained earnings dividend payable of MK5 billion which was declared in June 2020 to other liabilities, trading liabilities and provisions. The dividend was paid in July 2020.

OFF BALANCE SHEET ITEMS

Letters of credit and guarantees	156,063	116,806	143,521	156,063	116,806	143,521
Undrawn commitments	32,707	28,132	48,066	32,707	28,132	48,066
Foreign exchange contracts	32,329	35,565	32,689	32,329	35,565	32,689

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

In millions of Malawi Kwacha

	Consolidated			Separate		
	Unaudited	Audited		Unaudited	Audited	
	As at 30 June 2021	**As at 30 June 2020	As at 31 December 2020	As at 30 June 2021	**As at 30 June 2020	As at 31 December 2020
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before income tax expense	17,297	18,475	35,792	16,635	18,179	34,780
Adjustment for non-cash items included within the income statement	(18,940)	(17,563)	(34,783)	(18,916)	(17,554)	(34,747)
Net increase in operating assets/ liabilities	(10,708)	(11,878)	(20,152)	(10,338)	(11,572)	(19,221)
Interest paid	(3,263)	(2,106)	(5,104)	(3,287)	(2,098)	(5,126)
Interest received	22,071	23,105	50,606	22,071	23,091	50,591
Income taxes paid	(5,256)	(5,930)	(10,592)	(5,011)	(5,789)	(10,355)
Cash flows from operating activities	1,201	4,103	15,767	1,154	4,257	15,922
INVESTING ACTIVITIES						
Purchase of property and equipment	(596)	(873)	(1,452)	(596)	(873)	(1,452)
Sale of property and equipment	109	-	47	109	-	47
Purchase of intangibles	-	(82)	(387)	-	(82)	(387)
Net investing activities	(487)	(955)	(1,792)	(487)	(955)	(1,792)
FINANCING ACTIVITIES						
Principal lease repayments	(155)	(132)	(147)	(155)	(132)	(147)
Dividends paid	(1,179)	-	(7,500)	(1,179)	-	(7,500)
Cash outflows from financing activities	(1,334)	(132)	(7,647)	(1,334)	(132)	(7,647)
Net (decrease)/increase in cash and cash equivalents	(620)	3,016	6,328	(667)	3,170	6,483
Cash and cash equivalents at beginning of period	29,198	22,870	22,870	29,086	22,603	22,603
Cash and cash equivalents at end of period	28,578	25,886	29,198	28,419	25,773	29,086

**During the year 2020, the Group changed its presentation of cash flows from operating activities from the direct method to the indirect method to align with the Standard Bank Group policy.

Impairment losses/Non-performing credit facilities and provisions for losses by Industry sector

	As at 30 June 2021			As at 30 June 2020		
	Outstanding amount	Impaired amount	Stage 3 expected credit losses	Outstanding amount	Impaired amount	Stage 3 expected credit losses
	MKkm	MKkm	MKkm	MKkm	MKkm	MKkm
Agriculture	39,878	471	214	52,183	22	22
Manufacturing	20,570	25	23	9,602	23	21
Mining	-	-	-	-	-	-
Construction	3,559	50	44	3,049	99	92
Energy/Electricity	3,263	-	-	2,810	-	-
Gas/Water	-	-	-	-	-	-
Transport/communication	19,428	35	35	11,886	70	69
Financial Services	381	26	17	664	12	10
Wholesale/Retail	15,557	359	284	14,174	510	420
Individual/Household/community	86,095	2,932	2,603	54,434	1,145	1,042
Real Estate	4,388	-	-	4,495	3	3
Tourism	834	11	9	453	-	-
Other	-	-	-	-	-	-
Total	193,953	3,909	3,229	153,750	1,884	1,679

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 June 2021	% of Core Capital	As at 30 June 2020	% of Core Capital
	MKkm		MKkm	
Transport/communication/storage	70,664	80.95%	46,096	59.92%
Construction and engineering	22,331	25.58%	-	-

Loans to directors, senior management and other related parties

	As at 30 June 2021		As at 30 June 2020	
	MKkm		MKkm	
Directors				
Balance at the beginning of the year	26		42	
Loans granted during the year	226		-	
Repayments	(24)		(7)	
Balance at the end of half year	228		35	

	As at 30 June 2021		As at 30 June 2020	
	MKkm		MKkm	
Other related parties				
Balance at the beginning of the year	37		327	
Loans granted during the year	16		240	
Repayments	(23)		(16)	
Balance at the end of half year	30		551	

	As at 30 June 2021		As at 30 June 2020	
	MKkm		MKkm	
Senior management officials				
Balance at the beginning of the year	969		748	
Loans granted during the year	658		453	
Repayments	(368)		(70)	
Balance at the end of half year	1,259		1,131	

Investment in subsidiary

Name of Subsidiary	Number of shares	Percentage holding	Current year MKm	Previous year MKm
Standard Bank Bureau De Change Limited	99,999,999	100%	100	100
Standard Bank Nominees Limited	19,999	100%	-	-

Base lending rate

	As at 30 June 2021	As at 30 June 2020
Base lending rate (local currency)	12.2%	13.4%
Maximum applicable range (percentage points)	11	11
Base lending rate (foreign currency loans USD)	8.5%	8.5%
Reserve Bank of Malawi bank rate	12.0%	13.5%

Director's remuneration, bonuses and franchise fees

	As at 30 June 2021 MKm	As at 30 June 2020 MKm
Director's remuneration - Non executive directors' fees and expenses	47	41
- Executive directors' remuneration	265	281
Total bonuses paid to all staff (relating to prior year provision)	1,712	1,953
Franchise fees to holding company	1,249	954

Deposit rates

Type of deposit	As at 30 June 2021 Rate	As at 30 June 2020 Rate
Malawi Kwacha		
Current account	0%	0%
Call	3%	4%
Notice	3.5%	4.5%
Savings	2%	3%
Pure save	3%	4%
Contract save	3%-7%	4%-8%
1 month Fixed	5%	4%
2 month fixed	4%	5%
3 month fixed	3%	6%
More than 3 months	negotiable	negotiable
Foreign currency denominated accounts (FCDA's)		
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 <http://www.standardbank.co.mw>.

FINANCIAL REVIEW

We present the unaudited financial results of the Group for the six months ended 30 June 2021.

Economic highlights

The Kwacha continued to weaken against major currencies in the first half of the year on account of foreign exchange supply shortages. It closed the review period at an exchange rate of close to MK815 per 1 USD compared to MK780 as at close of 2020. Headline inflation rate at an average of 8.8% was higher than 7.5% recorded for the previous six months. Rising non-food inflation largely influenced the inflation rate trajectory in the first half. The policy rate was maintained at 12%, partly to support economic recovery. Local money market liquidity conditions were tight in the first half which sustained a high interbank rate. Yields on long-dated Government securities continued to face upward pressure whereas the short-dated securities were largely stable. The reference rate closed at 12.2% from 12.3% in December 2020.

Performance

The Group showed resilience despite operating in a challenging environment in the first half of the year which was characterized by continued impact of the COVID-19 pandemic and foreign currency demand and supply imbalances.

Total assets grew by 30% year on year due to growth in loans and advances to customers and banks which grew by 25% and 80% respectively. The loan book growth resulted in a corresponding increase in interest income which also grew by 27% year on year. The growth in customer deposits of 29% year on year was a result of the Groups focus in growing its funding base which in turn supported its lending drive. The Group registered strong growth on non interest revenue which grew by 43% year on year arising from the Groups continued focus on growing the transactional business; this subsequently resulted in higher trading revenue when compared to prior year.

Credit impairments were significantly above prior year due to downgrades in the year and general loan book growth. The COVID-19 pandemic impacted customers ability to service loans hence had a negative impact on their businesses. In addition, the Group had recovered MK7.1bn in 2020 from insurance on a previously written off exposure hence the lower credit impairments in prior year.

Operating costs were 13% above prior year mainly due to general inflationary price increases, depreciation of the Kwacha against major currencies as well as higher information technology costs as a result of the Groups digitization journey. The Group will continue with its cost management drive to ensure a healthy cost to income ratio.

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