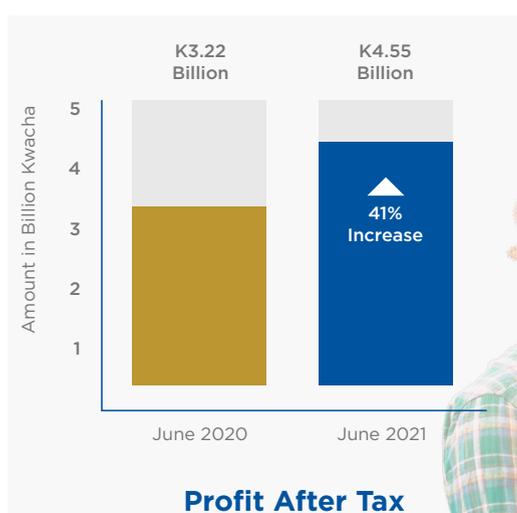
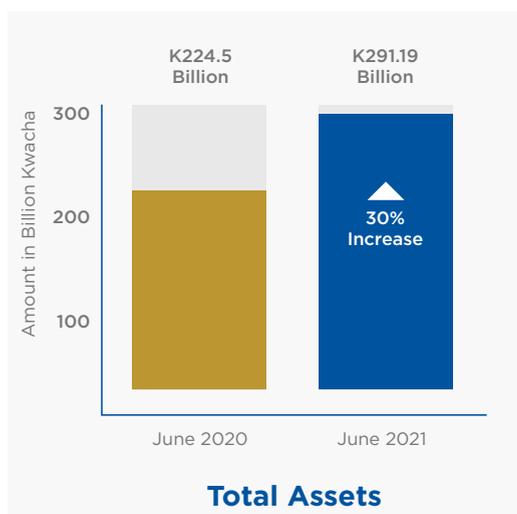
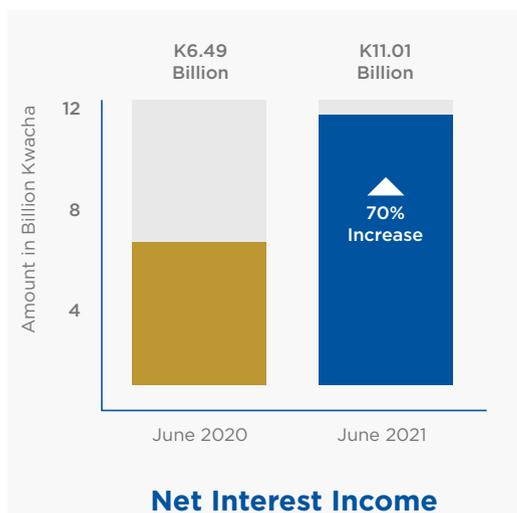
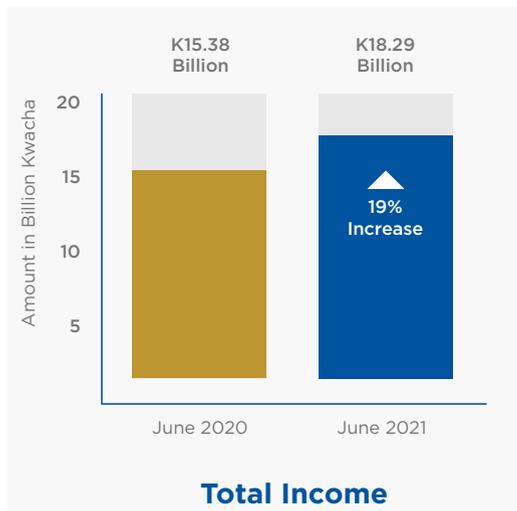


FDH BANK PLC UNAUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2021

HIGHLIGHTS



The Directors present the unaudited consolidated and separate summarised financial statements of FDH Bank Plc for the half year ended 30 June 2021.

PERFORMANCE

The Bank registered a Profit after tax (PAT) of K4.550 billion up from a PAT of K3.223 billion achieved over a similar period in 2020. Net interest income has gone up by 70% on the back of the increase in the loan book & other interest bearing assets while Interest expense has gone up by 31% reflecting the growth of the Bank's deposits.

Non-interest income decreased by 18% mainly due to the slowing down of business because of the Covid-19 pandemic. International trade and local business transaction volumes continue to be negatively affected by logistical challenges faced in the international supply chain as a result of lockdowns in trading partner countries. The increase in net interest income that was partly offset by the decrease in non-interest income resulted in total income growth of 19%.

Operating expenses grew by 6% when compared to the same period last year. The Bank continues to put more focus on effective cost management as we continue to bring down the cost to income ratio.

Total assets increased by 30% from December 2020 mainly emanating from the increase in loan book by 22% and Government Securities by 70%. Notwithstanding the growth in the loan book, non-performing loans (NPL) ratio stood at 1.24% as at 30 June 2021. Customer deposits increased by 13% from K164 billion to K179 billion.

COVID-19 IMPACT

The 2021 Covid-19 pandemic had an effect on the half year performance as economic activities continued to be suppressed as a result of the second wave of infections. Most of the corporates and businesses continued operating at reduced capacity with the intention of maintaining social distance and suppressed consumer demand. Travel restrictions and lockdowns in trading partner countries slowed down most of the local businesses. This in turn slowed down the non-funded business growth as the number of customer transactions went down.

The expected credit losses also increased because of the increase in credit risk due to the slowing down of business activities and economic growth in general.

DIVIDEND

On 26 July 2021, the Directors approved an interim dividend of K2.3 billion in respect of 2021 half year profits representing 33t (K0.33) per share. The dividend will be paid on 27 August 2021 to members appearing in the register of the Company as at close of business on 13 August 2021.

OUTLOOK

Looking ahead, inflation is expected to remain in single digits averaging around 9.5% to the end of 2021 on account of declining food prices on the back of a good harvest. The Bank also anticipates the Kwacha/US Dollar exchange rate to average MK845/US\$ in 2021 while the Malawi growth domestic product (GDP) growth is projected to average between 1.5% and 2% in 2021.

The Bank continues to implement the new cycle of strategic objectives running from 2021 to 2024, focusing on leveraging on our market position, widest distribution network, effective digital platform, brand equity, and strong financial performance. The Bank remains committed to creating value to our customers, shareholders and other stakeholders by focusing on growing revenue and market share, reducing operating cost for sustainable performance and profitability, creating highly engaged employees and contributing significantly to the creation of an inclusive, diverse and sustainable society.

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 for rendering their support to the Bank resulting into a good half year performance.

By order of the Board.
FDH Bank Plc

Mrs. Charity Mseka
Board Chairperson

Dr. Ulemu Katunga
Chairperson, Finance and Audit Committee

Mr. George Chitera
Acting Managing Director

Mr. Richard Chipezaani
Head of Finance

27 July 2021



FDH Bank Plc



FDH BANK PLC UNAUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2021

1. STATEMENT OF COMPREHENSIVE INCOME

	Group			Bank		
	30-Jun-21	30-Jun-20	31-Dec-20	30-Jun-21	30-Jun-20	31-Dec-20
	un-audited K'000	un-audited K'000	audited K'000	un-audited K'000	un-audited K'000	audited K'000
Interest income	16,424,757	10,615,394	24,183,108	16,424,757	10,615,394	24,183,108
Interest expenses	(5,407,370)	(4,118,354)	(8,992,269)	(5,407,370)	(4,118,354)	(8,992,269)
Net interest income	11,017,387	6,497,041	15,190,839	11,017,387	6,497,041	15,190,839
Non-interest income	7,274,248	8,883,014	28,378,248	7,233,451	8,824,253	29,446,265
Total income	18,291,635	15,380,055	43,569,087	18,250,838	15,321,294	44,637,104
Operating expenses	(11,407,420)	(10,712,206)	(23,142,398)	(11,628,532)	(10,736,974)	(22,942,055)
Profit before provision for impaired loans and advances	6,884,215	4,667,849	20,426,689	6,622,306	4,584,320	21,695,049
Net charge on impaired loans and advances	(374,867)	(62,325)	(336,006)	(374,867)	(62,325)	(336,006)
Profit before tax	6,509,348	4,605,524	20,090,683	6,247,439	4,521,995	21,359,043
Taxation	(1,959,163)	(1,381,657)	(6,101,904)	(1,871,590)	(1,356,598)	(6,403,384)
Profit after tax	4,550,185	3,223,867	13,988,779	4,375,849	3,165,396	14,955,659
Other comprehensive income						
Revaluation Surplus	-	-	176,699	-	-	-
Deferred tax on revaluation surplus	-	-	202,222	-	-	-
Total other income net of tax	-	-	378,921	-	-	-
Total comprehensive income for the period	4,550,185	3,223,867	14,367,700	4,375,849	3,165,396	14,955,659

2. STATEMENT OF FINANCIAL POSITION

	30-Jun-21	30-Jun-20	31-Dec-20	30-Jun-21	30-Jun-20	31-Dec-20
Liabilities, Capital and Reserves						
Liabilities						
Shareholder's loan	1,756,088	2,600,336	2,188,968	1,756,088	2,600,336	2,188,968
Long Term Loan	7,315,207	7,894,364	7,731,836	7,315,207	7,894,364	7,731,836
Liabilities to customers	178,919,237	163,652,204	179,256,411	183,164,997	163,677,333	159,035,263
Liabilities to other banks	41,787,355	7,378,750	41,787,355	37,778,769	7,378,750	31,539,477
Other liabilities	29,451,594	17,219,021	4,459,717	28,543,233	16,272,252	4,017,784
Lease liabilities	1,970,595	1,735,809	1,814,001	1,970,595	1,735,809	1,814,001
Deferred tax liability	294,753	249,753	667,784	294,753	249,753	667,784
Income tax payable	1,522,058	554,853	661,631	1,311,438	132,659	538,719
Total liabilities	263,016,886	201,285,090	208,007,502	262,135,080	199,941,256	207,533,832
Capital and Reserves	28,516,046	23,218,576	26,965,861	29,060,432	21,838,872	27,684,583
Total liabilities, capital and reserves	291,532,932	224,503,666	234,973,363	291,195,512	221,780,127	235,218,415
Assets						
Cash and funds with Reserve Bank of Malawi	18,251,536	11,686,105	12,319,745	18,251,536	11,686,105	12,319,745
Placements with other banks	44,666,543	57,341,817	34,370,178	44,666,543	57,341,817	34,370,178
Malawi Government Treasury Bills	93,398,440	54,971,724	73,437,760	92,352,035	54,857,521	72,824,773
Loans and advances to customers	97,113,125	62,723,661	79,319,153	97,113,125	62,723,661	79,319,153
Investments	31,032	84,818	31,032	6,951,265	5,630,032	6,951,265
Other assets	18,598,960	17,542,429	16,215,122	18,792,567	15,559,461	15,613,167

	Group			Bank		
	30-Jun-21	30-Jun-20	31-Dec-20	30-Jun-21	30-Jun-20	31-Dec-20
	un-audited K'000	un-audited K'000	audited K'000	un-audited K'000	un-audited K'000	audited K'000
Property plant and equipment	16,754,560	17,871,384	17,643,095	11,24,508	12,272,384	12,032,795
Right of use assets	1,943,932	1,709,146	862,476	1,943,932	1,709,146	1,787,339
Deferred tax asset	774,803	572,582	774,802	-	-	-
Total assets	291,532,932	224,503,666	234,973,363	291,195,512	221,780,127	235,218,415

3. STATEMENT OF CHANGES IN EQUITY

	30 June 2021	30 June 2020	31 Dec 2020	30 June 2021	30 June 2020	31 Dec 2020
At the beginning of the period	26,965,861	23,994,708	15,942,194	27,684,583	22,673,475	15,942,194
New Subscription	-	-	786,730	-	-	786,730
Pre-acquisition profits- MSB Properties	-	-	169,237	-	-	-
Total comprehensive (loss)/income for the year	4,550,185	3,223,867	14,367,700	4,375,849	3,165,396	14,955,659
Dividends paid	(3,000,000)	(4,000,000)	(4,300,000)	(3,000,000)	(4,000,000)	(4,000,000)
At the end of the period	28,516,046	23,218,575	26,965,861	29,060,432	21,838,872	27,684,583

4. STATEMENT OF CASHFLOWS

	30 June 2021	30 June 2020	31 Dec 2020	30 June 2021	30 June 2020	31 Dec 2020
Cash generated from operations before taxation	42,185,813	49,800,671	50,021,238	41,732,776	52,995,443	51,149,795
Income tax paid	(1,471,768)	(2,924,430)	(4,141,104)	(1,471,902)	(2,774,042)	(4,156,901)
Cash flows generated from operating activities	40,714,044	46,876,241	45,880,134	40,260,874	50,221,401	46,992,894
Net cash used in investing activities	(675,699)	(8,151,639)	(39,385,103)	(655,947)	(8,097,853)	(40,969,310)
Net cash generated from/ (used in) in financing activities	(3,849,510)	(493,059)	(1,864,969)	(3,849,510)	(1,872,763)	(1,564,969)
Net (decrease)/ increase in cash and cash equivalents	36,188,836	38,231,543	4,630,062	35,755,418	40,250,785	4,458,615
Cash and cash equivalents at the beginning of the period	68,635,020	63,999,706	64,004,958	68,458,321	63,999,706	63,999,706
Cash and cash equivalents at the end of the period	104,823,856	102,231,249	68,635,020	104,213,739	104,250,491	68,458,321

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

	30 June 2021			30 June 2020			31 Dec 2020		
	Outstanding Amount	Impaired Amount	Expected Credit Loss	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	K'000	K'000	K'000
1. Agriculture, forestry, fishing and hunting	7,954,476	292,850	415,567	3,520,230	89,943	119,176	5,749,038	98,905	126,132
2. Mining and quarrying	265,236	3,436	5,508	3,785	1,129	1,621	6,304	314	380
3. Manufacturing	5,948,606	4,171	6,652	7,624,218	4,705	6,758	8,730,290	3,530	23,286
4. Electricity, gas, water and energy	4,708,089	2,045	3,277	4,616,159	1,041	1,495	5,038,094	1,485	24,573
5. Construction	7,976,870	69,537	81,873	7,078,967	45,188	60,900	7,660,673	72,775	65,556
6. Wholesale and retail trade	36,388,498	78,085	98,239	18,375,904	61,323	92,072	24,968,427	109,235	176,217
7. Restaurants and hotels	637,094	565	906	764,000	571	821	646,234	692	4,771
8. Transport, storage and communications	2,561,965	65,639	73,033	2,723,789	62,939	90,394	3,264,953	70,560	40,707
9. Financial services	11,533,194	25,320	25,120	6,793,668	27,467	39,448	7,905,535	26,110	51,664
10. Community, social and personal services	20,630,471	651,682	781,400	11,673,130	323,321	474,356	16,537,304	467,777	674,414
11. TOTAL	98,604,498	1,193,310	1,491,373	63,173,851	617,628	887,041	80,506,852	851,382	1,187,700

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	30 June 2021		30 June 2020		31 Dec 2020	
	K'000	% of Core Capital	K'000	% of Core Capital	K'000	% of Core Capital
Government Institution	19,179,341	73.5%	11,248,015	56.0%	7,513,336	33.2%
Agriculture	7,833,582	30.0%	3,454,671	17.2%	8,056,537	35.6%
Electricity, gas, water and energy	4,601,487	17.6%	4,615,400	23.0%	-	0.0%
Retail	35,575,117	136.3%	19,353,174	96.4%	-	0.0%
Manufacturing	5,814,279	22.3%	7,620,788	38.0%	-	0.0%

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

	30 June 2021	30 June 2020	31 Dec 2020
	K'000	K'000	K'000
Directors			
Balance at the beginning of the year	519,477	136,521	136,521
Loans granted during the year	20,196	-	464,357
Repayments	(3,565)	(91,490)	(81,401)
Balance at the end of half year	536,108	45,031	519,477

	30 June 2021	30 June 2020	31 Dec 2020
	K'000	K'000	K'000
Other related parties			
Balance at the beginning of the year	3,912,153	3,979,561	3,979,561
Loans granted during the year	-	1,208,067	3,742,567
Repayments	(574,569)	(3,678,372)	(3,809,975)
Balance at the end of half year	3,337,584	1,509,256	3,912,153

	30 June 2021	30 June 2020	31 Dec 2020
	K'000	K'000	K'000
Senior Management Officials			
Balance at the beginning of the year	200,528	120,120	120,120
Loans granted during the year	425,262	80,548	184,960
Repayments	(143,439)	(97,537)	(104,552)
Balance at the end of half year	482,351	103,131	200,528

8. BASE LENDING RATES

	30 June 2021	30 June 2020	31 Dec 2020
Base Lending Rate	12.2%	13.5%	12.1%
Maximum Applicable Range (basis points)	11.1%	10.0%	11.1%
Base Lending Rate (Foreign)	N/A	N/A	N/A
RBM Bank Rate	12.0%	13.5%	12.2%

9. DIRECTORS REMUNERATION, BONUSES AND MANAGEMENT FEES

	30 June 2020	30 June 2019	31 Dec 2019
Directors' fees	103,152	73,039	165,370
Other directors' expenses	8,498	24,697	27,984
Balance at end of half year	111,650	97,736	74,100

Our Bank, Our Future, Grow With Us