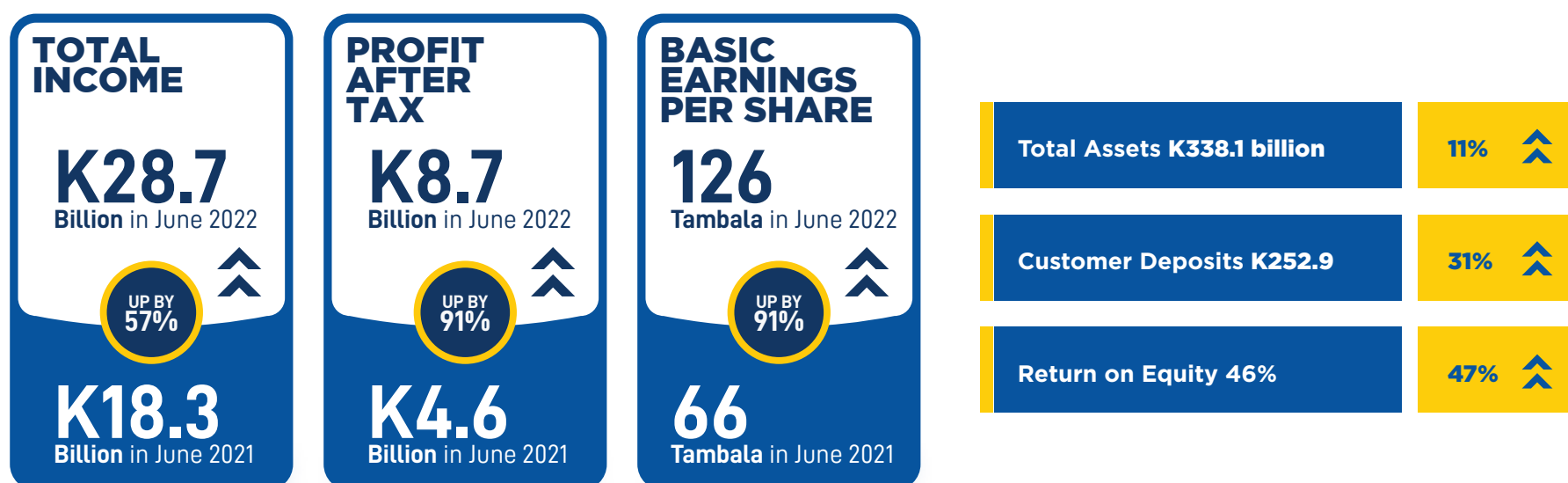


FDH BANK PLC UNAUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2022



The Directors present the unaudited consolidated and separate summarized financial statements of FDH Bank Plc for the half year ended 30 June 2022.

PERFORMANCE

The Bank registered a Profit after Tax (PAT) of MK8.707 billion up from a PAT of MK4.550 billion achieved over a similar period in 2021. Net Interest Income has gone up by 35% from similar period in 2021 on the back of an increase in the Loan book & other interest bearing assets. Non-interest income increased by 90% mainly as a result of growth in transactional banking as most of the trading partner countries were opened up for business in the first half of 2022 as compared to the same period in 2021 when the second wave of COVID-19 pandemic had registered the highest cases forcing lock downs.

Operating expenses grew by 33% as a result of the general increase of cost of doing business as the Bank continues to invest in first class customer financial solutions and human capital. This was aggravated by the high inflation rate and the devaluation of the Kwacha. Inflation rate increased to 23.5% in June 2022 as compared to 9.1% in June 2021 and there was a 25.8% devaluation of the Kwacha which has substantially increased the Bank's operating expenses.

There was an increase in net impairment charges due to an increase in Expected credit losses (ECL) and the slowing down of bad debt recoveries. This is attributed to economic slow down due to the COVID-19 pandemic, increases in energy prices and restrained business transactions because of limited forex availability.

Total assets increased by 11% from December 2021 mainly emanating from the increase in Government Securities by 26% as part of the Bank's strategy to grow the interest earning assets. NPL ratio stood at 1.61% as at 30 June 2022 from 1.29% as at 31 December 2021. Customer deposits increased by 31% to MK253 billion from MK194 billion as at 31 December 2021.

DIVIDEND

On 25th July 2022, the Directors approved an interim dividend of K5.1 billion in respect of 2022 profits, this represents 74t (K0.74) per share. The dividend will be paid on 25th August 2022 to members appearing in the register of the Company as at close of business on 12th August 2022.

OUTLOOK

Looking ahead, inflation is expected to remain high to average around 25% to 30% for the remaining part of the year arising from local and global factors. The Bank anticipates the Kwacha/US Dollar exchange rate to continue depreciating as a result of the increasing negative trade balance. The Malawi Gross Domestic Product (GDP) growth is projected to average around 4.1% in the year 2022 as the economy is recovering from the effects of the COVID-19 pandemic. We expect the policy rate to move up to counter inflation and we expect the reference rate to be moving by around the same margins.

The Bank is continuously engaging with its customers and other key stakeholders to continue meeting their respective changing needs. The Bank continues to develop new products and improving the current ones as the optimal way of improving customer experience and operating efficiency.

The Bank remains committed to creating value for its 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. This is being delivered through the Bank strategic objectives which are focusing on providing first class customer centric financial solutions while leveraging on effective and reliable digital platforms, widest distribution network 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 into the good first half year performance ended 30 June 2022.

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

Mr. Richard Chipezaani
Head of Finance

27 July 2022

FDH BANK PLC UNAUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2022

1. STATEMENT OF COMPREHENSIVE INCOME

	Group	Group	Group	Bank	Bank	Bank
	30 June 22	30 June 21	31 Dec 21	30 June 22	30 June 21	31 Dec 21
	K'000	K'000	K'000	K'000	K'000	K'000
	Un-audited	Un-audited	Audited	Un-audited	Un-audited	Audited
Interest income	21,936,091	16,424,757	36,658,340	21,936,091	16,424,757	36,658,340
Interest expenses	(7,026,108)	(5,407,370)	(11,227,946)	(7,026,108)	(5,407,370)	(11,227,946)
Net interest income	14,909,983	11,017,387	25,430,394	14,909,983	11,017,387	25,430,394
Non-interest income	13,816,040	7,274,248	18,659,432	13,140,143	7,233,451	18,808,058
Total income	28,726,023	18,291,635	44,089,826	28,050,126	18,250,838	44,238,452
Operating expenses	(15,194,677)	(11,407,420)	(27,308,144)	(14,815,093)	(11,628,532)	(27,828,350)
Profit before provision for impaired loans and advances	13,531,346	6,884,215	16,781,682	13,235,033	6,622,306	16,410,102
Net charge on impaired loans and advances	(916,952)	(374,867)	(307,263)	(916,952)	(374,867)	(307,263)
Profit before tax	12,614,394	6,509,348	16,474,419	12,318,081	6,247,439	16,102,839
Taxation	(3,907,499)	(1,959,163)	(4,815,581)	(3,818,605)	(1,871,590)	(4,614,107)
Profit after tax	8,706,895	4,550,185	11,658,838	8,499,476	4,375,849	11,488,732
Other comprehensive income						
Revaluation Surplus	-	-	411,532	-	-	-
Deferred tax on revaluation surplus	-	-	(105,904)	-	-	-
Total other income net of tax	-	-	305,628	-	-	-
Total comprehensive (loss)/income for the year	8,706,895	4,550,185	11,964,466	8,499,476	4,375,849	11,488,732

2. STATEMENT OF FINANCIAL POSITION

Liabilities, Capital and Reserves						
Liabilities						
Shareholder's loan	879,574	1,756,088	1,318,694	879,574	1,756,088	1,318,694
Long Term Loan	13,754,737	7,315,207	6,643,368	13,754,737	7,315,207	6,643,368
Liabilities to customers	252,904,126	178,919,237	193,640,208	252,913,477	179,156,411	193,641,231
Liabilities to other banks	15,160,383	41,787,355	39,175,904	15,160,383	41,787,355	39,175,904
Other liabilities	12,729,097	29,451,594	30,024,947	11,967,949	28,543,233	29,040,073
Lease liabilities	1,603,551	1,045,734	457,360	1,603,551	1,970,595	1,447,986
Deferred tax liability	-	294,753	-	-	294,753	-
Income tax payable	2,842,450	1,522,058	3,182,629	2,552,083	1,311,438	2,981,156
Total liabilities	299,873,917	262,092,025	274,443,110	298,831,753	262,135,080	274,248,412
Capital and Reserves	38,262,083	29,440,907	31,555,188	37,372,792	29,060,432	30,873,315
Total liabilities, capital and reserves	338,136,000	291,532,932	305,998,298	336,204,545	291,195,512	305,121,727
Assets						
Cash and funds with Reserve Bank of Malawi	21,422,917	18,251,536	27,308,323	21,422,917	18,251,536	27,308,323
Placements with other banks	49,529,522	44,666,543	42,544,443	49,529,522	44,666,543	42,544,443
Short Term Investments	-	-	-	-	-	-
Malawi Government Treasury Bills	111,586,876	93,398,440	88,454,487	110,746,496	92,352,035	87,705,718
Loans and advances to customers	106,054,002	97,113,125	104,077,381	106,054,002	97,113,125	104,077,381
Investments	31,032	31,032	31,032	6,985,465	6,951,265	6,951,265
Other assets	29,930,432	18,598,960	25,273,925	27,836,134	18,792,567	24,084,514
Property plant and equipment	17,986,734	16,754,560	16,912,013	11,779,559	11,124,508	10,731,663
Right of use assets	675,728	1,943,932	430,700	1,600,591	1,943,932	1,421,325
Deferred tax asset	918,757	774,803	965,994	249,858	-	297,095
Income tax	-	-	-	-	-	-
Total assets	338,136,000	291,532,932	305,998,298	336,204,544	291,195,512	305,121,727

3. STATEMENT OF CHANGES IN EQUITY

	Group	Group	Group	Bank	Bank	Bank
	30 June 22	30 June 21	31 Dec 21	30 June 22	30 June 21	31 Dec 21
	K'000	K'000	K'000	K'000	K'000	K'000
	Un-audited	Un-audited	Audited	Un-audited	Un-audited	Audited
At the beginning of the period	31,555,188	27,890,722	27,890,722	30,873,315	27,684,583	27,684,583
New Subscription	-	0	0	-	0	0
Pre-acquisition profits- MSB Properties	0	-	-	0	-	-
Total comprehensive (loss)/income for the year	8,706,895	4,550,185	11,964,466	8,499,476	4,375,849	11,488,732
Dividends paid	(2,000,000)	(3,000,000)	(8,300,000)	(2,000,000)	(3,000,000)	(8,300,000)
At the end of the period	38,262,083	29,440,907	31,555,188	37,372,791	29,060,432	30,873,315

4. STATEMENT OF CASHFLOWS

Cash generated from operations before taxation	24,673,954	42,185,813	32,804,384	33,201,865	41,732,776	33,048,441
Income tax paid	(4,247,679)	(1,471,768)	(3,259,462)	(4,247,678)	(1,471,902)	(3,136,549)
Cash flows generated from operating activities	20,426,276	40,714,044	29,544,922	28,954,187	40,260,874	29,911,892
Net cash used in investing activities	(866,462)	(675,699)	2,099,469	(2,374,617)	(655,947)	2,693,769
Net cash generated from/ (used in) in financing activities	4,672,249	(3,849,510)	(8,481,548)	(2,439,119)	(3,849,510)	(9,442,818)
Net (decrease)/ increase in cash and cash equivalents	24,232,062	36,188,836	23,162,843	24,140,450	35,755,418	23,162,843
Cash and cash equivalents at the beginning of the period	69,852,766	46,691,939	46,691,939	69,852,766	46,691,939	46,691,939
Cash and cash equivalents at the end of the period	94,084,828	82,880,775	69,854,782	93,993,216	82,447,357	69,854,782

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

	30 June 2022			30 June 2021			31 Dec 2021		
	Outstanding Amount	Impaired Amount	Expected Credit Losses	Outstanding Amount	Impaired Amount	Expected Credit Losses	Outstanding Amount	Impaired Amount	Expected Credit Losses
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
1. Agriculture, Forestry, Fishing and Hunting	10,058,265	453,093	508,342	7,954,476	292,830	415,367	8,621,065	330,865	347,126
2. Mining and Quarrying	276,698	1,599	2,235	265,236	3,436	5,508	251,181	604	1,057
3. Manufacturing	6,321,371	4,138	10,996	5,948,606	4,171	6,652	6,002,475	3,624	17,889
4. Electricity, Gas, Water and Energy	2,305,819	3,387	4,441	4,708,089	2,045	3,277	3,833,133	2,653	10,743
5. Construction and Engineering	10,077,795	62,064	90,444	7,976,870	69,537	81,873	9,798,267	37,022	54,785
6. Wholesale and Retail Trade	45,420,466	184,218	251,795	36,388,498	78,085	98,239	38,530,007	128,396	161,360
7. Restaurants and Hotels	251,988	1,578	1,513	637,094	565	906	367,014	1,332	4,483
8. Transport, Storage and Communications	2,387,702	53,533	47,746	2,561,965	65,639	73,033	2,391,885	29,444	30,126
9. Financial Services	5,351,830	15,944	17,124	11,533,194	25,320	25,120	7,375,144	12,275	46,581
10. Community, Social and Personal Services	23,602,068	957,167	1,017,781	20,630,471	651,682	781,400	28,627,301	781,049	1,045,942
TOTAL	106,054,002	1,736,721	1,952,416	98,604,498	1,193,310	1,491,373	105,797,473	1,327,264	1,720,092

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.

	30 June 2022		30 June 2021		31 Dec 2021	
Sector of Borrower	K'000	% of Core Capital	K'000	% of Core Capital	K'000	% of Core Capital
Government Institution	-	0.0%	19,179,341	73.5%	6,500,000	26.1%
Agriculture	-	0.0%	7,833,582	30.0%	7,650,000	30.7%
Electricity, gas, water and energy	20,027,796 *	61.6%	4,601,487	17.6%	8,084,500	32.4%
Retail	-	0.0%	35,575,117	136.3%	-	0.0%
Manufacturing	-	0.0%	5,814,279	22.3%	6,734,938	27.0%

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

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

	30 June 2022	30 June 2021	31 Dec 2021
Directors	K'000	K'000	K'000
Balance at the beginning of the year	648,823	519,477	519,477
Loans granted during the year	5,000	20,196	179,495
Repayments	(35,635)	(3,565)	(50,150)
Balance at the end of half year	618,188	536,108	648,823

	30 June 2022	30 June 2021	31 Dec 2021
Other related parties	K'000	K'000	K'000
Balance at the beginning of the year	766,596	3,912,153	3,912,153
Loans granted during the year	400,000	-	4,900,000
Repayments	(210,360)	(574,569)	(8,045,557)
Balance at the end of the year	956,237	3,337,584	766,596

	30 June 2022	30 June 2021	31 Dec 2021
Senior Management Officials	K'000	K'000	K'000
Balance at the beginning of the year	558,617	200,528	200,528
Loans granted during the year	277,637	425,262	592,094
Repayments	(275,332)	(143,439)	(234,005)
Balance at the end of half year	560,923	482,351	558,617

8. BASE LENDING RATES

	30 June 2022	30 June 2021	31 Dec 2021
Base Lending Rate	13.5%	12.2%	12.1%
Maximum Applicable Range (% points)	11.1%	11.1%	11.1%
Base Lending Rate (Foreign)	N/A	N/A	N/A
RBM Bank Rate	13.5%	12.0%	12.2%

9. DIRECTORS REMUNERATION, BONUSES AND MANAGEMENT FEES

	30 June 2022	30 June 2021	31 Dec 2021
Directors' fees	164,377	103,152	189,789
Other directors' expenses	39,861	8,498	89,288
Bonuses	-	-	894,329
Balance at end of first half	204,238	111,650	1,173,406

10. DEPOSITS RATES

	30 June 2022	30 June 2021	31 Dec 2021
Current account	0.00%	0.00%	0.00%
Premium savings	5%	5%	5%
Ordinary savings	3%	3%	3%
Bonus savings	2%	2%	2%
Student savings account	2%	2%	2%
First save	2%	2%	2%
Civil servant	2%	2%	2%
7-day call	2%	2%	2%
30-day call	3%	3%	3%
1 month	6%	6%	6%
2 months	5%	5%	5%
3 months	4%	4%	4%
6 months	Negotiable	Negotiable	Negotiable
9 months	Negotiable	Negotiable	Negotiable
12 months	Negotiable	Negotiable	Negotiable

Our Bank, Our Future, Grow With Us