

FDH BANK PLC UNAUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2023



The Directors present the unaudited consolidated and separate summarised financial statements of FDH Bank Plc for the half year ended 30 June 2023

PERFORMANCE

The Bank registered a consolidated Profit after Tax (PAT) of MK15.014 billion up from a PAT of MK8.707 billion achieved over a similar period in 2022. Net Interest Income has gone up by 70% on the back of the increase in other interest bearing assets and reduced interest expense. Non-interest income increased by 50% mainly as a result of the growth in international trade, trade finance and digital revenue.

Operating expenses grew by 32% as a result of the high inflation rate and continued depreciation of the Malawi Kwacha. The 25.8% devaluation of the Kwacha had its full impact in 2023 on account of annual renewals of foreign contracts and other related support services. The average Inflation rate for the first half of 2023 was 27.5% as compared to 16.25% from Jan to June 2022. Despite high inflation and other economic challenges, cost to income ratio improved and closed at 46% from 53% registered in June 2022.

There is an increase in net impairment charges to reflect the expected increase in credit risk as a result of the current adverse economic environment, the lower GDP growth rate, the shortage in foreign currency and the increase in the Policy rate.

Total assets increased by 33% from June 2022 (4% from December 2022) mainly emanating from the increase of 67% in Government Securities (14% from December 2022). Customer deposits increased by 39% from June 2022 (7% from December 2022) to MK353 billion

DIVIDEND

On 31 July 2023, the Directors approved a first interim dividend of K9.040 billion in respect of 2023 profits. This represents 131t (K1.31) per share. The dividend will be paid on 24 August 2023 to members appearing in the register of the Company as at close of business on 18 August 2023.

OUTLOOK

Looking ahead, inflation is expected to remain high averaging around 29% for the remaining part of the year arising from local and global factors. The Bank anticipates the Kwacha/US Dollar

exchange rate pressure to continue in the second half. The Malawi Gross Domestic Product (GDP) growth is projected to average around 1.9% in the year 2023 as the economy is recovering from the effects of the Cyclone Freddy.

The Bank is continuously engaging with its customers and other key stakeholders to continue meeting their respective needs. The Bank continues to improve customer experience and operating efficiency through improving and broadening our product offering.

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. 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, 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 performance for the half year ended 30 June 2023.

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 Committee

Mr. Richard M. Chipezaani
Head of Finance

FDH BANK PLC UNAUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2023

1. STATEMENT OF COMPREHENSIVE INCOME						
	Group	Group	Group	Bank	Bank	Bank
	30 June 23	30 June 22	31 Dec 22	30 June 23	30 June 22	31 Dec 22
	K'000	K'000	K'000	K'000	K'000	K'000
	Un-audited	Un-audited	Audited	Un-audited	Un-audited	Audited
Interest income	31,386,400	21,936,091	51,105,159	31,386,400	21,936,091	51,105,159
Interest expenses	(6,098,084)	(7,026,108)	(13,801,223)	(6,098,083)	(7,026,108)	(13,801,223)
Net interest income	25,288,316	14,909,983	37,303,936	25,288,317	14,909,983	37,303,936
Non-interest income	20,659,705	13,816,040	32,552,821	20,140,890	13,140,143	32,649,371
Total income	45,948,021	28,726,023	69,856,757	45,429,207	28,050,126	69,953,307
Operating expenses	(20,110,451)	(15,194,677)	(32,535,085)	(19,914,602)	(14,815,093)	(33,048,436)
Profit before provision for impaired loans and advances	25,837,570	13,531,346	37,321,672	25,514,605	13,235,033	36,904,871
Net charge on impaired loans and advances	(1,866,944)	(916,952)	(5,570,636)	(1,866,944)	(916,952)	(5,570,636)
Profit before tax	23,970,626	12,614,394	31,751,036	23,647,661	12,318,081	31,334,235
Taxation	(8,955,954)	(3,907,499)	(8,819,252)	(8,859,064)	(3,818,605)	(9,371,399)
Profit after tax	15,014,672	8,706,895	22,931,784	14,788,597	8,499,476	21,962,836
Other comprehensive income						
Revaluation Surplus	-	-	655,876	-	-	-
Deferred tax on revaluation surplus	-	-	(196,763)	-	-	-
Total other income net of tax	-	-	459,113	-	-	-
Total comprehensive (loss)/income for the year	15,014,672	8,706,895	23,390,897	14,788,597	8,499,476	21,962,836

2. STATEMENT OF FINANCIAL POSITION						
	Group	Group	Group	Bank	Bank	Bank
	30 June 23	30 June 22	31 Dec 22	30 June 23	30 June 22	31 Dec 22
	K'000	K'000	K'000	K'000	K'000	K'000
	Un-audited	Un-audited	Audited	Un-audited	Un-audited	Audited
Liabilities, Capital and Reserves						
Liabilities						
Shareholder's loan	-	879,574	442,816	-	879,574	442,816
Long Term Loan	11,126,626	13,754,737	23,045,716	11,126,626	13,754,737	23,045,716
Liabilities to customers	352,558,368	252,904,126	328,111,963	352,558,368	252,913,477	328,246,568
Liabilities to other banks	5,203,888	15,160,383	16,392,950	5,203,888	15,160,383	16,392,950
Other liabilities	22,584,218	12,729,096	19,495,198	20,609,409	11,967,948	18,767,013
Lease liabilities	1,278,790	1,603,551	1,134,834	2,103,653	1,603,551	2,135,166
Income tax payable	4,778,043	2,842,450	4,029,313	4,689,740	2,552,083	3,999,223
Total liabilities	397,529,933	299,873,917	392,652,790	396,291,684	298,831,753	393,029,452
Capital and Reserves	52,860,726	38,262,083	41,846,054	50,524,716	37,372,792	39,736,119
Total liabilities, capital and reserves	450,390,659	338,136,000	434,498,844	446,816,400	336,204,545	432,765,571
Assets						
Cash and funds with Reserve Bank of Malawi	30,608,437	21,422,917	13,312,950	30,608,437	21,422,917	13,312,950
Placements with other banks	87,339,904	49,529,522	73,291,679	87,339,904	49,529,522	73,291,679
Malawi Government Treasury Bills	186,393,978	111,586,876	173,804,773	185,740,762	110,746,496	173,138,807
Loans and advances to customers	98,414,266	106,054,002	104,604,861	98,414,266	106,054,002	104,604,861
Investments	146,232	31,032	146,232	7,066,465	6,985,465	7,066,465
Other assets	21,112,769	29,930,432	46,984,612	18,180,549	27,836,134	46,076,112
Property plant and equipment	22,936,780	17,986,734	18,775,773	15,909,948	11,779,559	11,905,723
Right of use assets	1,623,145	675,728	1,260,579	2,448,008	1,600,591	2,260,912
Deferred tax asset	1,815,148	918,757	2,317,385	1,108,061	249,858	1,108,062
Total assets	450,390,659	338,136,000	434,498,844	446,816,400	336,204,544	432,765,571

3. STATEMENT OF CHANGES IN EQUITY						
	Group	Group	Group	Bank	Bank	Bank
	30 June 23	30 June 22	31 Dec 22	30 June 23	30 June 22	31 Dec 22
	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	41,846,054	31,555,188	31,555,188	39,736,119	30,873,315	30,873,315
Total comprehensive (loss)/income for the year	15,014,672	8,706,895	23,390,898	14,788,597	8,499,476	21,962,836
Dividends paid	(4,000,000)	(2,000,000)	(13,100,032)	(4,000,000)	(2,000,000)	(13,100,032)
At the end of the period	52,860,726	38,262,083	41,846,054	50,524,716	37,372,791	39,736,119

4. STATEMENT OF CASHFLOWS						
	Group	Group	Group	Bank	Bank	Bank
	30 June 23	30 June 22	31 Dec 22	30 June 23	30 June 22	31 Dec 22
	K'000	K'000	K'000	K'000	K'000	K'000
	Un-audited	Un-audited	Audited	Un-audited	Un-audited	Audited
Cash generated from operations before taxation	74,128,571	24,673,954	87,083,912	62,432,118	33,201,865	90,692,953
Income tax paid	(7,948,111)	(4,247,679)	(9,520,723)	(8,168,547)	(4,247,678)	(9,164,299)
Cash flows generated from operating activities	66,180,460	20,426,276	77,563,189	54,263,571	28,954,187	81,528,654
Net cash used in investing activities	(18,474,841)	(866,462)	(61,268,004)	(18,477,042)	(2,374,617)	(61,206,498)
Net cash generated from/ (used in) in financing activities	(16,361,906)	4,672,249	456,677	(4,442,816)	(2,439,119)	(3,570,294)
Net (decrease)/ increase in cash and cash equivalents	31,343,713	24,232,062	16,751,862	31,343,713	24,140,450	16,751,862
Cash and cash equivalents at the beginning of the period	86,604,628	69,852,766	69,852,766	86,604,628	69,852,766	69,852,766
Cash and cash equivalents at the end of the period	117,948,341	94,084,828	86,604,628	117,948,341	93,993,216	86,604,628

5. IMPAIRMENT LOSSES/NON-PERFORMING CREDIT FACILITIES AND PROVISIONS FOR LOSSES BY INDUSTRY SECTOR									
	30 June 2023			30 June 2022			31 Dec 2022		
	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	12,951,509	149,314	181,991	10,058,265	453,093	508,342	7,638,830	122,299	73,763
2. Mining and Quarrying	28,970	1,479	1,480	276,698	1,599	2,235	26,350	1,480	893
3. Manufacturing	8,783,119	2,980	10,738	6,321,371	4,138	10,996	12,571,720	2,576	1,554
4. Electricity, Gas, Water and Energy	3,212,849	1,515	3,320	2,305,819	3,387	4,441	3,893,678	1,484	895
5. Construction	11,575,039	40,245	52,242	10,077,795	62,064	90,444	13,170,516	20,934	12,626
6. Wholesale and Retail Trade	35,508,474	6,322,982	4,046,133	45,420,466	184,218	251,795	40,003,972	6,926,310	6,210,306
7. Restaurants and Hotels	259,120	570	570	251,988	1,578	1,513	239,168	193	116
8. Transport, Storage and Communications	2,469,521	18,633	22,429	2,387,702	53,533	47,746	2,177,052	9,247	5,577
9. Financial Services	3,591,215	7,016	9,339	5,351,830	15,944	17,124	7,132,898	6,473	3,904
10. Community, Social and Personal Services	25,789,770	1,003,297	1,024,628	23,602,068	957,167	1,017,781	24,741,194	738,664	680,883
TOTAL	104,169,586	7,548,031	5,352,870	106,054,002	1,736,721	1,952,416	111,595,378	7,829,659	6,990,517

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 2023		30 June 2022		31 Dec 2022	
Sector of Borrower	K'000	% of Core Capital	K'000	% of Core Capital	K'000	% of Core Capital
Agriculture	-	0.0%	-	0.0%	7,512,760	25.7%
Electricity, gas, water and energy	26,111,913 *	56.3%	20,027,796 *	61.6%	40,656,404 *	139.0%
Construction	-	0.0%	-	0.0%	8,174,693	27.9%

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

7. LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES			
	30 June 2023	30 June 2022	31 Dec 2022
	K'000	K'000	K'000
Directors			
Balance at the beginning of the year	87,990	93,586	93,586
Loans granted during the year	141,024	5,000	25,102
Repayments	(51,893)	(25,635)	(30,698)
Balance at the end of half year	177,121	72,951	87,990

	30 June 2023	30 June 2022	31 Dec 2022
	K'000	K'000	K'000
Other related parties			
Balance at the beginning of the year	4,083,289	1,788,338	1,788,338
Loans granted during the year	1,205,499	400,000	3,400,305
Repayments	(3,389,054)	(210,360)	(1,105,354)
Balance at the end of half year	1,899,734	1,977,978	4,083,289

	30 June 2023	30 June 2022	31 Dec 2022
	K'000	K'000	K'000
Senior Management Officials			
Balance at the beginning of the year	1,398,559	558,617	558,617
Loans granted during the year	584,300	277,637	1,264,169
Repayments	(445,015)	(275,332)	(424,227)
Balance at the end of half year	1,537,844	560,923	1,398,559

8. BASE LENDING RATES			
	30 June 2023	30 June 2022	31 Dec 2022
Base Lending Rate	21.3%	13.5%	13.5%
Maximum Applicable Range (basis points)	11.1%	11.1%	11.1%
RBM Bank Rate	21.3%	13.5%	18.2%

9. DIRECTORS' REMUNERATION, BONUSES AND MANAGEMENT FEES			
	30 June 2023	30 June 2022	31 Dec 2022
	K'000	K'000	K'000
Directors' fees	268,025	164,377	338,297
Other directors' expenses	58,315	39,861	94,328
Bonuses	-	-	2,205,817
Balance at end of first half	326,340	204,238	2,638,442

10. DEPOSITS RATES			
	30 June 2023	30 June 2022	31 Dec 2022
Current account	0.00%	0.00%	0.00%
Premium savings	6.00%	5.00%	6.00%
Ordinary savings	3.50%	3.00%	3.50%
Student savings account	3.00%	2.00%	3.00%
First save	3.00%	2.00%	3.00%
Civil servant	3.00%	2.00%	3.00%
Champini	3.00%	2.00%	3.00%
Minor Savings	3.00%	2.00%	3.00%
7-day call	2.50%	2.00%	2.50%
30-day call	3.50%	3.00%	3.50%
1 month	7.00%	6.00%	7.00%
2 months	7.50%	5.00%	7.50%
3 months	7.75%	4.00%	7.75%
6 months			