

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)
Net interest income	15,415	19,577	37,923	15,441	19,584	37,964
Non-interest revenue	11,328	9,017	19,331	10,717	8,624	18,428
Total income	26,743	28,594	57,254	26,158	28,208	56,392
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)
Profit before taxation	8,112	12,074	17,461	7,629	11,798	16,863
Taxation	(2,580)	(3,911)	(5,299)	(2,435)	(3,829)	(5,120)
Profit after tax	5,532	8,163	12,162	5,194	7,969	11,743
Other Comprehensive Income						
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
Total comprehensive income	4,917	8,090	15,926	4,579	7,896	15,507

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
Opening equity	72,232	62,800	62,800	71,140	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
Closing equity	74,774	65,897	72,232	73,352	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
ASSETS						
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
Total assets	356,906	333,652	427,998	355,537	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
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	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
	74,774	65,897	72,232	73,352	65,029	71,140
Liabilities						
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
	282,132	267,755	355,766	282,185	267,868	356,018
Total equity and liabilities	356,906	333,652	427,998	355,537	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
OPERATING ACTIVITIES						
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)
Cash flows from operating activities	425	(54,911)	9,521	169	(55,763)	8,345
INVESTING ACTIVITIES						
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	-	-
Net investing activities	(1,475)	(1,872)	(23,643)	(1,475)	(1,872)	(23,643)
FINANCING ACTIVITIES						
Dividends paid	-	(5,001)	(6,500)	-	(5,001)	(6,500)
Cash outflows from financing activities	-	(5,001)	(6,500)	-	(5,001)	(6,500)
Decrease in cash and cash equivalents	(1,050)	(61,784)	(20,622)	(1,306)	(62,636)	(21,798)
Cash and cash equivalents at beginning of period	127,096	147,718	147,718	125,768	147,566	147,566
Cash and cash equivalents at end of period	126,046	85,934	127,096	124,462	84,930	125,768

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

	As at 30 th June 2018			As at 30 th 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	-	-

	30 th June 2018 (MK'm)	% of Core Capital	30 th June 2017 (MK'm)	% of Core Capital
Mining	408	-	80	-
Construction	1,089	13	469	19
Energy/Electricity	4,823	5	4,293	-
Gas/Water	-	-	-	-
Transport/communication	2,531	87	2,973	40
Financial Services	147	-	1,593	-
Wholesale/Retail	12,589	2,287	14,593	255
Individual/Household	26,974	535	22,186	384
Real Estate	-	-	14	-
Tourism	265	-	191	-
Other	-	-	-	-
Total	115,281	17,150	105,422	9,580

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 th June 2018 (MK'm)	% of Core Capital	As at 30 th 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 th June 2018 (MK'm)	30 th June 2017 (MK'm)
Directors		
Balance at beginning of the period	34	31
Loans granted during the period	-	5
Repayments	(2)	(1)
Balance at end of the period	32	35

Other Related Parties

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

Senior Management Officials

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

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 th June 2018	As at 30 th 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 th June 2018 (MK'm)	30 th June 2017 (MK'm)
Director's Remuneration		
- 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 th June 2018	As at 30 th June 2017
Malawi Kwacha		
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
Foreign Currency Denominated Accounts (FCDAs)		
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.

FINANCIAL REVIEW

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