

# Standard Bank PLC

## Results Announcement

For the six months ended 30 June 2019



### CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

In millions of Malawi Kwacha

	Consolidated			Separate		
	Unaudited	Audited	Unaudited	Unaudited	Audited	Unaudited
	Restated**		Restated**			
	Six months to 30 June 2019	Six months to 30 June 2018	Year ended 31 December 2018	Six months to 30 June 2019	Six months to 30 June 2018	Year ended 31 December 2018
Interest income	21,235	18,763	38,998	21,232	18,788	39,048
Interest expense	(1,974)	(1,913)	(4,258)	(1,972)	(1,912)	(4,263)
<b>Net interest income</b>	<b>19,261</b>	<b>16,850</b>	<b>34,740</b>	<b>19,260</b>	<b>16,876</b>	<b>34,785</b>
Non-interest revenue	11,065	9,893	21,246	10,427	9,282	19,723
<b>Total income</b>	<b>30,326</b>	<b>26,743</b>	<b>55,986</b>	<b>29,687</b>	<b>26,158</b>	<b>54,508</b>
Credit impairment charges	(535)	(996)	(4,902)	(535)	(1,001)	(4,902)
<b>Income after credit impairment charges</b>	<b>29,791</b>	<b>25,747</b>	<b>51,084</b>	<b>29,152</b>	<b>25,157</b>	<b>49,606</b>
Operating expenses	(18,091)	(17,635)	(35,312)	(18,007)	(17,528)	(34,991)
<b>Profit before taxation</b>	<b>11,700</b>	<b>8,112</b>	<b>15,772</b>	<b>11,145</b>	<b>7,629</b>	<b>14,615</b>
Taxation	(3,606)	(2,580)	(5,190)	(3,435)	(2,435)	(4,846)
<b>Profit after tax</b>	<b>8,094</b>	<b>5,532</b>	<b>10,582</b>	<b>7,710</b>	<b>5,194</b>	<b>9,769</b>
<b>Other Comprehensive Income</b>						
Net revaluation loss on property and equipment	(186)	-	-	(186)	-	-
Net change in fair value of financial assets at fair value through other comprehensive income	18	(615)	(521)	18	(615)	(521)
<b>Total comprehensive income</b>	<b>7,926</b>	<b>4,917</b>	<b>10,061</b>	<b>7,542</b>	<b>4,579</b>	<b>9,248</b>

### CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Consolidated			Separate		
	Unaudited	Audited	Unaudited	Unaudited	Audited	Unaudited
	Restated**		Restated**			
	As at 30 June 2019	As at 30 June 2018	As at 31 December 2018	As at 30 June 2019	As at 30 June 2018	As at 31 December 2018
<b>Opening equity</b>	<b>77,240</b>	<b>72,232</b>	<b>72,232</b>	<b>75,332</b>	<b>71,140</b>	<b>71,140</b>
Profit for the period	8,094	5,532	10,582	7,710	5,194	9,769
Dividends paid	-	-	(2,699)	-	-	(2,699)
Net revaluation loss on property and equipment	(186)	-	-	(186)	-	-
IFRS 9 transition adjustment (net of tax)	-	(2,375)	(2,352)	-	(2,367)	(2,355)
IFRS 16 transition adjustment	79	-	-	79	-	-
Movement in other reserves	80	(615)	(523)	80	(615)	(523)
<b>Closing equity</b>	<b>85,307</b>	<b>74,774</b>	<b>77,240</b>	<b>83,015</b>	<b>73,352</b>	<b>75,332</b>
Basic earnings per share (tambala)	3,459	2,364	4,522	3,295	2,220	4,175
Dividend per share (tambala)	-	-	1,153	-	-	1,153
Number of ordinary shares in issue (million)	234	234	234	234	234	234
Market price per share (kwacha)	630	670	670	630	670	670

### CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

In millions of Malawi Kwacha

	Consolidated			Separate		
	Unaudited	Audited	Unaudited	Unaudited	Audited	Unaudited
	Restated**		Restated**			
	As at 30 June 2019	As at 30 June 2018	As at 31 December 2018	As at 30 June 2019	As at 30 June 2018	As at 31 December 2018
<b>ASSETS</b>						
Cash and balances with Reserve Bank	17,840	31,635	29,385	17,553	30,750	29,260
Trading assets and derivatives	9,286	12,160	12,362	9,286	12,160	12,362
Financial Investments	116,605	59,316	85,376	115,599	59,316	85,376
Loans and advances to banks	86,329	108,509	76,448	86,330	107,808	76,383
Loans and advances to customers	121,240	98,214	112,632	121,353	98,302	113,255
Investment in Subsidiary	-	-	-	100	100	100
Other assets	6,274	7,191	5,623	6,276	7,227	5,653
Intangible assets	18,761	20,215	19,487	18,761	20,215	19,487
Property and equipment	16,269	15,624	15,845	16,269	15,624	15,845
<b>Total assets</b>	<b>392,604</b>	<b>352,864</b>	<b>357,158</b>	<b>391,527</b>	<b>351,502</b>	<b>357,721</b>

### EQUITY AND LIABILITIES

	Consolidated			Separate		
	Unaudited	Audited	Unaudited	Unaudited	Audited	Unaudited
	Restated**		Restated**			
	As at 30 June 2019	As at 30 June 2018	As at 31 December 2018	As at 30 June 2019	As at 30 June 2018	As at 31 December 2018
<b>Shareholders' equity</b>						
Issued capital	234	234	234	234	234	234
Share premium	8,492	8,492	8,492	8,492	8,492	8,492
Retained earnings	69,306	56,779	61,132	67,014	55,356	59,224
Other reserves	7,275	9,269	7,382	7,275	9,270	7,382
	<b>85,307</b>	<b>74,774</b>	<b>77,240</b>	<b>83,015</b>	<b>73,352</b>	<b>75,332</b>
<b>Liabilities</b>						
Deposits from banks	14,322	14,534	34,579	14,370	14,534	34,583
Deposits from customers	270,539	239,796	229,284	271,723	239,966	231,859
Other liabilities and provisions	17,128	20,625	12,632	17,128	20,612	12,633
Income tax payable	85	1,788	408	68	1,684	264
Deferred tax liability	5,223	1,347	3,015	5,223	1,354	3,050
	<b>307,297</b>	<b>278,090</b>	<b>279,918</b>	<b>308,512</b>	<b>278,150</b>	<b>282,389</b>
<b>Total equity and liabilities</b>	<b>392,604</b>	<b>352,864</b>	<b>357,158</b>	<b>391,527</b>	<b>351,502</b>	<b>357,721</b>

### OFF BALANCE SHEET ITEMS

	As at 30 June 2019	As at 30 June 2018	As at 31 December 2018	As at 30 June 2019	As at 30 June 2018	As at 31 December 2018
Letters of credit and guarantees	118,432	96,929	108,116	118,432	96,929	108,116
Undrawn commitments	14,342	29,950	16,701	14,342	29,950	16,701
Foreign exchange contracts	59,010	59,742	51,336	59,010	59,742	51,336

### CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

In millions of Malawi Kwacha

	Consolidated			Separate		
	Unaudited	Audited	Unaudited	Unaudited	Audited	Unaudited
	Restated**		Restated**			
	As at 30 June 2019	As at 30 June 2018	As at 31 December 2018	As at 30 June 2019	As at 30 June 2018	As at 31 December 2018
<b>OPERATING ACTIVITIES</b>						
Interest, fees and other income received	29,975	28,831	61,013	29,334	28,245	59,572
Interest paid	(1,974)	(1,913)	(4,258)	(1,972)	(1,912)	(4,263)
Cash paid to suppliers and employees	(16,412)	(19,107)	(32,478)	(16,328)	(18,992)	(32,155)
Cash flows from operating activities before changes in operating assets and liabilities	11,589	7,811	24,277	11,034	7,341	23,154
Increase/(Decrease) in operating activities before income tax	1,502	(6,791)	(84,594)	1,698	(6,676)	(82,619)
Income taxes paid	(1,649)	(595)	(2,506)	(1,383)	(496)	(2,219)
<b>Cash flows from operating activities</b>	<b>11,442</b>	<b>425</b>	<b>(62,823)</b>	<b>11,349</b>	<b>169</b>	<b>(61,684)</b>
<b>INVESTING ACTIVITIES</b>						
Purchase of property and equipment	(1,457)	(1,479)	(2,854)	(1,457)	(1,479)	(2,854)
Sale of property, plant and equipment	27	4	25	27	4	25
<b>Net investing activities</b>	<b>(1,430)</b>	<b>(1,475)</b>	<b>(2,829)</b>	<b>(1,430)</b>	<b>(1,475)</b>	<b>(2,829)</b>
<b>FINANCING ACTIVITIES</b>						
Dividends paid	-	-	(2,699)	-	-	(2,699)
<b>Cash outflows from financing activities</b>	<b>-</b>	<b>-</b>	<b>(2,699)</b>	<b>-</b>	<b>-</b>	<b>(2,699)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>10,012</b>	<b>(1,050)</b>	<b>(68,351)</b>	<b>9,919</b>	<b>(1,306)</b>	<b>(67,212)</b>
Cash and cash equivalents at beginning of period	58,745	127,096	127,096	58,556	125,768	125,768
<b>Cash and cash equivalents at end of period</b>	<b>68,757</b>	<b>126,046</b>	<b>58,745</b>	<b>68,475</b>	<b>124,462</b>	<b>58,556</b>

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

	As at 30 June 2019			As at 30 June 2018		
	Out-standing Amount (MK'm)	Impaired amount (MK'm)	Stage 3 Expected losses (MK'm)	Out-standing Amount (MK'm)	Impaired amount (MK'm)	Specific provision (MK'm)
Agriculture	53,460	1,564	985	45,665	12,467	6,643
Manufacturing	6,206	-	-	20,790	1,756	407

	As at 30 June 2019	As at 30 June 2018	As at 31 December 2018	As at 30 June 2019	As at 30 June 2018	As at 31 December 2018
Mining	1,382	-	-	408	-	-
Construction	1,518	93	46	1,089	13	11
Energy/Electricity	580	235	70	4,823	5	4
Gas/Water	-	-	-	-	-	-
Transport/communication	13,342	33	61	2,531	87	41
Financial Services	313	6	5	147	-	-
Wholesale/Retail	11,492	1,832	1,210	12,589	2,287	906
Individual/Household/community	33,618	769	655	26,974	535	439
Real Estate	4,703	-	-	-	-	-
Tourism	640	1	1	265	-	-
Other	-	-	-	-	-	-
<b>Total</b>	<b>127,254</b>	<b>4,533</b>	<b>3,033</b>	<b>115,281</b>	<b>17,150</b>	<b>8,451</b>

### 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 2019 (MK'm)	% of Core Capital	As at 30 June 2018 (MK'm)	% of Core Capital
Transport/communication/storage	48,696	69.64%	52,395	90.89%
Construction and engineering	20,062	28.69%	15,929	27.63%

### Loans to Directors, Senior Management and Other Related Parties

	30 <sup>th</sup> June 2019 (MK'm)	30 <sup>th</sup> June 2018 (MK'm)
<b>Directors</b>		
Balance at beginning of the period	55	34
Loans granted during the period	6	-
Repayments	(8)	(2)
<b>Balance at end of the period</b>	<b>53</b>	<b>32</b>

### Other Related Parties

	30 <sup>th</sup> June 2019 (MK'm)	30 <sup>th</sup> June 2018 (MK'm)
Balance at beginning of the period	670	425
Loans granted during the period	3	96
Repayments	(527)	(387)
<b>Balance at end of the period</b>	<b>146</b>	<b>134</b>

### Senior Management Officials

	30 <sup>th</sup> June 2019 (MK'm)	30 <sup>th</sup> June 2018 (MK'm)
Balance at beginning of the period	419	335
Loans granted during the period	200	103
Repayments	(74)	(50)
<b>Balance at end of the period</b>	<b>545</b>	<b>388</b>

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 June 2019	As at 30 June 2018
Base Lending Rate (local currency)	13.9%	23%
Maximum Applicable Range (percentage points)	11	10
Base Lending Rate (foreign currency loans USD)	8.5%	8.5%
RBM Bank Rate	13.5%	16%

### Director's Remuneration, Bonuses and Franchise Fees

	30 <sup>th</sup> June 2019 (MK'm)	30 <sup>th</sup> June 2018 (MK'm)
Director's Remuneration		
- Non executive directors fees and expenses	45	36
- Executive directors remuneration	233	249
Total bonuses paid to all staff (relating to prior year provision)	1,722	1,870
Franchise Fees to Holding Company	875	790

### Deposit Rates

Type of Deposit	As at 30 June 2019	As at 30 June 2018
<b>Malawi Kwacha</b>		
Current	0%	0.10%
Call	4%	4%
7 day Notice	4.5%	4.5%