Standard Bank PLC
Results Announcement
For the six months ended 30 June 2020

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

In millions of Malawi Kwacha

	Consolidated			Separate		
	Unaudited		Audited	Unaudited		Audited
	Six months to 30 June 2020	Six months to 30 June 2019	Year ended 31 December 2019	Six months to 30 June 2020	Six months to 30 June 2019	Year ended 31 December 2019
Interest income	**21,725**	21,235	43,171	**21,711**	21,232	43,163
Interest expense	**(2,020)**	(1,974)	(4,294)	**(2,012)**	(1,972)	(4,294)
Net interest income	**19,705**	19,261	38,877	**19,699**	19,260	38,869
Non-interest revenue	**12,957**	11,065	21,979	**12,648**	10,427	20,760
Total income	**32,662**	30,326	60,856	**32,347**	29,687	59,629
Credit impairment reversal/ (charges)	**5,852**	(535)	(1,872)	**5,852**	(535)	(1,872)
Income after credit impairment charges	**38,514**	29,791	58,984	**38,199**	29,152	57,757
Operating expenses	**(20,039)**	(18,091)	(35,612)	**(20,020)**	(18,007)	(35,477)
Profit before taxation	**18,475**	11,700	23,372	**18,179**	11,145	22,280
Taxation	**(5,842)**	(3,606)	(7,493)	**(5,753)**	(3,435)	(7,161)
Profit after tax	**12,633**	8,094	15,879	**12,426**	7,710	15,119
Other Comprehensive Income						
Net revaluation reversal on property and equipment	**-**	(186)	(186)	**-**	(186)	(186)
Net change in fair value of financial assets at fair value through other comprehensive income	**119**	18	328	**119**	18	328
Total comprehensive income	**12,752**	7,926	16,021	**12,545**	7,542	15,261

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Consolidated			Separate		
Opening equity	**87,239**	77,240	77,240	**84,571**	75,332	75,332
Profit for the period	**12,633**	8,094	15,879	**12,426**	7,710	15,119
Dividends paid	**-**	-	(6,101)	**-**	-	(6,101)
Net revaluation reversal on property and equipment	**-**	(186)	(186)	**-**	(186)	(186)
IFRS 16 transition adjustment	**-**	79	79	**-**	79	79
Movement in other reserves	**182**	80	328	**182**	80	328
Closing equity	**100,054**	85,307	87,239	**97,179**	83,015	84,571
Basic earnings per share (tambala)	**5,398**	3,459	6,786	**5,310**	3,295	6,461
Dividend per share (tambala)	**-**	-	2,607	**-**	-	2,607
Number of ordinary shares in issue (million)	**234**	234	234	**234**	234	234
Market price per share (kwacha)	**790**	630	730	**790**	630	730

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

In millions of Malawi Kwacha

	Consolidated			Separate		
	Unaudited		Audited	Unaudited		Audited
	As at 30 June 2020	As at 30 June 2019	As at 31 December 2019	As at 30 June 2020	As at 30 June 2019	As at 31 December 2019
ASSETS						
Cash and balances held with the Central Bank	**25,886**	17,840	22,870	**25,773**	17,553	22,603
Trading assets and derivatives	**6,436**	9,286	1,323	**6,436**	9,286	1,323
Financial investments	**142,350**	116,605	100,631	**142,350**	115,599	100,631
Loans and advances to banks	**59,285**	86,329	59,930	**59,307**	86,330	59,952
Loans and advances to customers	**147,709**	121,240	148,490	**148,231**	121,353	148,772
Investment in subsidiary	**-**	-	-	**100**	100	100
Other assets	**6,929**	6,274	6,789	**6,951**	6,276	6,800
Property, equipment and right of use asset	**16,527**	16,269	16,991	**16,527**	16,269	16,991
Intangible assets	**17,439**	18,761	18,092	**17,439**	18,761	18,092
Deferred tax asset	**4**	-	-	**-**	-	-
Total assets	**422,565**	392,604	375,116	**423,114**	391,527	375,264
EQUITY AND LIABILITIES						
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	**83,623**	69,306	70,989	**80,748**	67,014	68,321
Other reserves	**7,705**	7,275	7,524	**7,705**	7,275	7,524
	100,054	85,307	87,239	**97,179**	83,015	84,571
Liabilities						
Deposits from banks	**14,638**	14,322	22,932	**14,618**	14,370	22,924
Deposits from customers	**283,632**	270,539	242,082	**287,107**	271,723	244,995
Other liabilities, trading liabilities and provisions	**18,184**	17,128	16,666	**18,185**	17,128	16,660
Income tax payable	**1,131**	85	1,941	**1,099**	68	1,855
Deferred tax liability	**4,926**	5,223	4,256	**4,926**	5,223	4,259
	322,511	307,297	287,877	**325,935**	308,512	290,693
Total equity and liabilities	**422,565**	392,604	375,116	**423,114**	391,527	375,264
OFF BALANCE SHEET ITEMS						
Letters of credit and guarantees	**116,806**	118,432	110,929	**116,806**	118,432	110,929
Undrawn commitments	**28,132**	14,342	26,678	**28,132**	14,342	26,678
Foreign exchange contracts	**35,565**	59,010	68,597	**35,565**	59,010	68,597

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

In millions of Malawi Kwacha

	Consolidated			Separate		
	Unaudited		Audited	Unaudited		Audited
	As at 30 June 2020	As at 30 June 2019	As at 31 December 2019	As at 30 June 2020	As at 30 June 2019	As at 31 December 2019
OPERATING ACTIVITIES						
Interest, fees and other income	**42,029**	29,975	65,371	**41,705**	29,334	64,143
Interest paid	**(2,020)**	(1,974)	(4,294)	**(2,012)**	(1,972)	(4,294)
Payments to employees and suppliers	**(17,914)**	(16,412)	(31,622)	**(17,893)**	(16,328)	(31,488)
Cash flows from operating activities before changes in operating assets and liabilities	**22,095**	11,589	29,455	**21,800**	11,034	28,361
Increase/(Decrease) in operating activities before income tax	**12,838**	1,502	(25,717)	**13,144**	1,698	(25,036)
Income taxes paid	**(5,930)**	(1,649)	(4,653)	**(5,789)**	(1,383)	(4,296)
Cash flows from operating activities	**29,003**	11,442	(915)	**29,155**	11,349	(971)
INVESTING ACTIVITIES						
Purchase of property and equipment	**(955)**	(1,457)	(3,415)	**(955)**	(1,457)	(3,415)
Sale of property and equipment	**-**	27	59	**-**	27	59
Net investing activities	**(955)**	(1,430)	(3,356)	**(955)**	(1,430)	(3,356)
FINANCING ACTIVITIES						
Dividends paid	**-**	-	(6,101)	**-**	-	(6,101)
Cash outflows from financing activities	**-**	-	(6,101)	**-**	-	(6,101)
Net increase/(decrease) in cash and cash equivalents	**28,048**	10,012	(10,372)	**28,200**	9,919	(10,428)
Cash and cash equivalents at beginning of period	**48,373**	58,745	58,745	**48,128**	58,556	58,556
Cash and cash equivalents at end of period	**76,421**	68,757	48,373	**76,328**	68,475	48,128

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

	As at 30 June 2020			As at 30 June 2019		
	Out-standing amount (MK'm)	Impaired amount (MK'm)	Stage 3 expected credit losses (MK'm)	Out-standing amount (MK'm)	Impaired amount (MK'm)	Stage 3 expected credit losses (MK'm)
Agriculture	**52,183**	**22**	**22**	53,460	1 564	985
Manufacturing	**9,602**	**23**	**21**	6,206	-	-
Mining	**-**	**-**	**-**	1,382	-	-
Construction	**3,049**	**99**	**92**	1,518	93	46
Energy/Electricity	**2,810**	**-**	**-**	580	235	70
Gas/Water	**-**	**-**	**-**	-	-	-
Transport/communication	**11,886**	**70**	**69**	13,342	33	61
Financial Services	**664**	**12**	**10**	313	6	5
Wholesale/Retail	**14,174**	**510**	**420**	11,492	1,832	1,210
Individual/Household/ community	**54,434**	**1,145**	**1,042**	33,618	769	655
Real Estate	**4,495**	**3**	**3**	4,703	-	-
Tourism	**453**	**-**	**-**	640	1	1
Other	**-**	**-**	**-**	-	-	-
Total	**153,750**	**1,884**	**1,679**	127,254	4,533	3,033

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 2020 (MK'm)	% of Core Capital	As at 30 June 2019 (MK'm)	% of Core Capital
Transport/communication/ storage	**46,096**	**56.26%**	48,696	69.64%
Construction and engineering	**-**	**-**	20,062	28.69%

Loans to Directors, Senior Management and Other Related Parties

	30 June 2020 (MK'm)	30 June 2019 (MK'm)
Directors		
Balance at beginning of the year	**42**	55
Loans granted during the year	**-**	6
Repayments	**(7)**	(8)
Balance at end of half year	**35**	53

	30 June 2020 (MK'm)	30 June 2019 (MK'm)
Other related parties		
Balance at beginning of the year	**327**	670
Loans granted during the year	**240**	3
Repayments	**(16)**	(527)
Balance at end of half year	**551**	146

	30 June 2020 (MK'm)	30 June 2019 (MK'm)
Senior management officials		
Balance at beginning of the year	**748**	419
Loans granted during the year	**453**	200
Repayments	**(70)**	(74)
Balance at end of half year	**1,131**	545

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
Standard Bank Nominees Limited	19,999	100%	**-**	-

Base lending rate

	As at 30 June 2020	As at 30 June 2019
Base lending rate (local currency)	**13.4%**	13.9%
Maximum applicable range (percentage points)	**11**	11
Base lending rate (foreign currency loans USD)	**8.5%**	8.5%
RBM bank rate	**13.5%**	13.5%

Director's remuneration, bonuses and franchise fees

	30 June 2020 (MK'm)	30 June 2019 (MK'm)
Director's remuneration		
- Non executive directors fees and expenses	**41**	45
- Executive directors remuneration	**281**	233
Total bonuses paid to all staff (relating to prior year provision)	**1,953**	1,722
Franchise fees to holding company	**954**	875

Deposit rates

Type of deposit	As at 30 June 2020	As at 30 June 2019
Malawi Kwacha		
Current account	**0%**	0%
Call	**4%**	4%
7 day notice	**4.5%**	4.5%
30 day notice	**4.5%**	4.5%
Transact plus	**0%**	0%
Savings	**3%**	3%
Pure save	**4%**	4%
Contract save	**8%**	8%
1 month fixed	**4%**	4%
2 month fixed	**5%**	5%
3 month fixed	**6%**	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.**

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Standard Bank PLC

Results Announcement

For the six months ended **30 June 2020**

FINANCIAL REVIEW

We present the unaudited financial results of the Group for the six months ended 30 June 2020.

Economic highlights

Despite foreign exchange market disruptions caused by the COVID-19 pandemic, the local currency still held its ground to trade at just under MK750 to the US Dollar during the first half of the year. Headline inflation found relief in the second quarter from low food prices and depressed global oil prices. Accordingly, the policy rate was maintained at 13.5% and the reference rate stayed in the 13.1%-13.4% range. On the local money markets, yields on Treasury bills edged higher to an average of 8.84% largely in response to a rise in domestic borrowing and tight liquidity conditions.

Performance

The Group registered good performance in the first half notwithstanding a challenging operating environment that was characterised by unstable political environment and COVID-19 pandemic. Total assets grew by 8% when compared with same period in the prior year. The total asset growth was as a result of the Groups focus on growing its customer base which grew by 5% year on year. Growth of the funding base in the first half resulted in a corresponding increase in loans and advances to customers which grew by 22% year on year and financial investments which also grew by 22% year on year.

The low interest rate environment prevailed in the first half and resulted in a modest 2% growth in net interest income despite sizeable growth of interest earning assets. Non interest revenue grew by 17% year on year arising from the Groups focus on growing the transactional business as well as one off gain on disposal of securities.

Credit impairments were significantly below prior year due a significant recovery on a credit facility that was previously written off. The Group will continue its efforts to recover previously written off loans as well as focus on prudent risk taking and management.

Operating costs were 11% above prior year mainly due to increase in prices of goods and services. The Group will continue with its cost management drive to ensure a healthy cost to income ratio.

Consequently, profit after tax for the first half of the year went up by 56% year on year.

Outlook

Foreign exchange supply is expected to remain weak which will continue to exert pressure on the Kwacha. The impact of COVID-19 on supply chains and the exchange rate dynamics will have strong influence on the direction of the inflation rate and interest rates. Therefore, economic growth is expected to be muted.

Dividend

The Board of directors has resolved to pay an interim dividend of **MK10.65** (2019: MK8.95) per ordinary share representing **MK2.5 billion** (2019: MK2.1 billion). The interim dividend will be paid on 25th September 2020 to shareholders whose names will appear on the Register of Members as at close of business on 4th September 2020.The Register of Members will be closed from 4th to 7th September 2020. During this period, no share transactions will be conducted.

By order of the Board.

Date: 29 July 2020

	Name	Designation	Signature	Date
1.	N. Kanyongolo	Chairperson		29 July 2020
2.	A. Chioko	Director		29 July 2020
3.	W. le Roux	Chief Executive		29 July 2020
4.	T. Simwaka	Chief Financial Officer		29 July 2020