

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

AUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

SUMMARY INCOME STATEMENTS

	For the year ended 31 December 2020						
	Cons	solidated	Sep	arate			
	2020	2019	2020	2019			
	МКт	MKm	МКт	MKm			
Interest income	46,309	43,171	46,294	43,163			
Interest expense	(5,096)	(4,294)	(5,117)	(4,294)			
Net interest income	41,213	38,877	41,177	38,869			
Fee and commission income	15,647	13,790	15,647	13,790			
Fee and commission expense	(1,364)	(1,080)	(1,364)	(1,080)			
Net fee and commission income	14,283	12,710	14,283	12,710			
Trading income	12,559	9,117	11,471	7,834			
Other operating income	185	152	241	216			
Other gains and losses on financial							
instruments	1,462	-	1,462	-			
Total operating income	69,702	60,856	68,634	59,629			
Credit impairment charges	(1,622)	(1,872)	(1,622)	(1,872)			
Recovery from insurance policy relating to							
previously written off exposures	7,105	-	7,105	-			
Income after credit impairment charges	75,185	58,984	74,117	57,757			
Staff costs	(16,002)	(15,034)	(16,002)	(15,034)			
Depreciation and amortisation	(4,273)	(4,188)	(4,273)	(4,188)			
Other operating expenses	(19,118)	(16,390)	(19,062)	(16,255)			
Total expenditure	(39,393)	(35,612)	(39,337)	(35,477)			
Profit before income tax expense	35,792	23,372	34,780	22,280			
Income tax expense	(12,049)	(7,493)	(11,739)	(7,161)			
Profit for the year attributable to							
ordinary shareholders	23,743	15,879	23,041	15,119			
Earnings per share							
Basic and diluted (MK per share)	101.47	67.86	98.47	64.61			

SUMMARY STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020	Cons	olidated	Separ	ate
	2020	2019	2020	2019
	MKm	MKm	MKm	MKm
Profit for the year	23,743	15,879	23,041	15,119
Items that will not be reclassified to profit or loss				
Net revaluation gain/(reversal) on property and equipment	2,246	(186)	2,246	(186)
Items that may be reclassified subsequently to profit or loss				
Net change in expected credit losses Net change in debt financial assets measured at fair value through other	(3)	(12)	(3)	(12)
comprehensive income (OCI)	(4)	340	(4)	340
	(7)	328	(7)	328
Total comprehensive income for the year attributable to ordinary				
shareholders	25,982	16,021	25,280	15,261

SUMMARY STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2020	Conse	olidated	Separ	ato
	2020	2019	2020	2019
	МКт	MKm	MKm	MKm
Opening equity	87,239	77,319	84,571	75,411
Dividend declared and paid	(7,500)	(6,101)	(7,500)	(6,101)
Profit for the year	23,743	15,879	23,041	15,119
Movement in other reserves	2,239	142	2,239	142
Closing equity	105,721	87,239	102,351	84,571
Dividend per share (tambala)	3,205	2,607	3,205	2,607
Number of ordinary shares in issue				
(million)	234	234	234	234
Market price per share (MK)	1,046	730	1,046	730

For the year ended 31 December 2020	Consolidated		Separa	te
	2020	2019	2020	2019
	MKm	MKm	MKm	MKn
Assets				
Cash and balances held with the Central Bank	29,465	22,870	29,353	22,603
Derivative assets	602	601	602	601
Noncurrent assets held for sale	366	-	366	-
Trading assets	3,030	722	3,030	722
Pledged assets	12,928	-	12,928	-
Loans and advances to banks	82,507	59,930	82,505	59,952
Loans and advances to customers	165,445	148,490	165,445	148,772
Financial investments	142,532	100,631	142,532	100,631
Investment in subsidiaries	-		100	100
Other assets	7,434	6,789	7,464	6,800
Property, equipment and right of use assets	18,263	16,991	18,263	16,991
Intangible assets	16,988	18,092	16,988	18,092
Total assets	479,560	375,116	479,576	375,264
Liabilities				
Derivative liabilities	115	242	115	242
Trading liabilities	-	454	-	454
Deposits and loans from banks	30,311	22,932	30,311	22,924
Deposits from customers	314,756	242,082	318,285	244,995
Other liabilities	15,709	11,639	15,711	11,633
Income tax payable	4,031	1,941	3,886	1,855
Provisions	4,468	4,331	4,468	4,331
Deferred tax liabilities	4,449	4,256	4,449	4,259
Total liabilities	373,839	287,877	377,225	290,693
Equity				
Share capital	234	234	234	234
Share premium	8,492	8,492	8,492	8,492
Revaluation reserve	9,593	7,347	9,593	7,347
Fair value through OCI reserve	170	177	170	177
Retained earnings	87,232	70,989	83,862	68,321
Total equity	105,721	87,239	102,351	84,571
Total liabilities and equity	479,560	375,116	479,576	375,264

SUMMARY STATEMENTS OF CASH FLOWS						
For the year ended 31 December 2020	Con	solidated				
		Restated*				
	2020	2019	2020	2019		
	MKm	MKm	MKm	MKm		
Cash flows from operating activities		00.070				
Profit before income tax expense Adjustment for non-cash items included within the	35,792	23,372	34,780	22,280		
income statement	(34,783)	(32,573)	(34,747)	(32,566)		
Increase in income-earning assets	(99,158)	(24,215)	(98,858)	(23,942)		
Increase in deposits and other liabilities	78,944	4,623	79,575	4,945		
Interest paid	(5,104)	(4,202)	(5,126)	(4,201)		
Interest received	50,606	40,482	50,591	40,473		
Direct taxation paid	(10,592)	(4,652)	(10,355)	(4,296)		
Net cash generated from operating						
activities	15,705	2,835	15,860	2,693		
Cash flows from investing activities						
Capital expenditure on property and equipment	(1,452)	(3,355)	(1,452)	(3,355)		
Proceeds from sale of property and equipment	47	59	47	59		
Capital expenditure on intangible assets	(387)	(60)	(387)	(60)		
Net cash used in investing activities	(1,792)	(3,356)	(1,792)	(3,356)		
Cash flows from financing activities						
Principal lease repayments	(147)	(307)	(147)	(307)		
Dividend declared and paid	(7,500)	(6,101)	(7,500)	(6,101)		
Net cash used in financing activities	(7,647)	(6,408)	(7,647)	(6,408)		
Net increase/(decrease) in cash and cash equivalents	6.266	(6,929)	6.421	(7,071)		
Cash and cash equivalents at the beginning of the year	22,870	29,385	22,603	29,260		
Effects of exchange rate changes	62	414	62	414		
¥	29,198	22,870	20.096	22,603		
Cash and cash equivalents at the end of the year	29,198	22,870	29,086	22,003		

* During the year, the Group changed its presentation of cash flows from operating activities from the direct method to the indirect method in order to align with the Standard Bank Group policy.

NOTES TO THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

by Industry sector						
	As at 31	December	2020	As at 3	1 December 2	2019
	Outstand- ing Amount	Impaired amount	Stage 3 expect- ed credit losses	Outstanding Amount	Impaired amount	Stage 3 expected credit losses
	MKm	MKm	MKm	MKm	MKm	MKm
Agriculture	52,321	-	-	65,455	1,235	880
Manufacturing	9,405	1	1	8,209	35	1
Mining	-	-	-	11	-	-
Construction	3,833	95	88	2,795	186	173
Energy/Electricity	6,598	-	-	893	-	-
Gas/Water	-	-	-	-	-	-
Transport	3,037	38	37	2,972	123	72
Communication	8,359	-	-	9,789	-	-
Financial Services	199	17	17	501	19	18
Wholesale/Retail	13,344	306	292	13,794	2,091	1,356
Individuals, community, social and personal services	70,433	1,795	1,621	46,564	975	806
Real estate	4,327	2	2	4,584	2	1
Tourism	441	1	-	250	-	-
Total	172,297	2,255	2,058	155,817	4,666	3,307

Credit concentrations

otal credit facilities including guarantees, acceptances and other similar commitments extended to any ne customer or group of related customers where amounts exceed 25% of our core capital.

Sector of borrower	As at 31 December 2020	% of Core Capital	31 December 2019	% of Core Capital
	MKm		MKm	
Agriculture	-	-	23,770	32%
Transport	48,379	54%	45,914	62%

	As at 31 December 2020 MKm	As at 31 December 2019 MKm
Directors		
Balance at beginning of year	42	55
Loans granted during the year	-	15
Repayments	(16)	(28)
Balance at end of the year	26	42
	As at 31 December 2020 MKm	As at 31 December 2019 MKm
Other related parties		
Balance at beginning of year	327	670
Loans granted during the year	6	10
Repayments	(296)	(353)
Balance at end of the year	37	327
	As at 31 December 2020 MKm	As at 31 December 2019 MKm
Senior management officials		
Balance at beginning of year	748	419
Loans granted during the year	503	386
Repayments	(282)	(57)
Balance at end of the year	969	748

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Investment in subsidiary

Name of Subsidiary	Number of shares	Percentage holding	Current year MKm	Previous year MKm
Standard Bank Bureau De Change Limited	99,999,999	100%	100	100
Standard Bank Nominees Limited	19,999	100%	-	-
Base lending rate	Base lending rate			As at 31 December 2019
Base lending rate (local currency)			12.30%	12.50%
Maximum applicable range (percentage points)			11	11
Base lending rate (foreign currency loans)			8.0%	8.5%
Reserve Bank of Malawi Bank rate			12.0%	13.5%

Name of Subsidiary	Number of shares	Percentage holding	Current year MKm	Previous year MKm
Standard Bank Bureau De Change Limited	99,999,999	100%	100	100
Standard Bank Nominees Limited	19,999	100%	-	-
Base lending rate			As at 31 December 2020	As at 31 December 2019
Base lending rate (local currency)			12.30%	12.50%
Maximum applicable range (percentage points)			11	11
Base lending rate (foreign currency loans)			8.0%	8.5%
Reserve Bank of Malawi Bank rate			12.0%	13.5%

mpairment losses/Non-performing credit facilities and expected credit losses

oans to directors, senior management and other related parties

Director's remuneration, bonuses and franchise fees

	As at 31 December 2020 MKm	As at 31 December 2019 MKm
Director's remuneration - Directors fees - Directors expenses - Executive directors' remuneration	46 49 425	39 46 376
Total bonuses paid to all staff	2,039	1,826
Franchise fees to holding company	2,125	1,718

Deposit rates

Type of deposit	As at 31 December 2020 Rate	As at 31 December 2019 Rate
Malawi Kwacha		
Current account	0%	0.0%
Call	3%	4.0%
Notice	3.5%	4.5%
Savings	2%	3%
Pure save	3%	4%
Contract save	3% - 7%	8%
1 month fixed	5%	4%
2 months fixed	4%	5%
3 months fixed	3%	6%
More than 3 months fixed	Negotiable	Negotiable
Foreign currency denominated accounts (FCDAs)		
USD	0.37%	0.37%
GBP	0.1%	0.1%
EUR	0.0%	0.0%
ZAR	0.0%	0.0%

FINANCIAL REVIEW

We are pleased to present the summary audited financial results of the Group for the year ended 31 December 2020.

Economic highlights

Malawi's growth was weak in 2020 owing to subdued economic activities; largely a result of social disruptions caused by the COVID-19 pandemic and a volatile political environment during the first half of the year. Headline inflation was notably low in 2020 owing to lower food inflation rate. The annual average headline inflation rate was 8.6% compared to 9.4% in 2019. Food inflation and non-food inflation averaged 13% and 4.7% in the year from 14.3% and 5.3% in the previous year, respectively. Accordingly, the policy rate was cut in the year by 1.5 percentage points to 12%. On the foreign exchange market, the Kwacha weakened against the United States Dollar for the greater part of 2020 partly driven by weak supply.

Performance

2020 was a challenging year due to the impact of the Corona virus on the macro-economy and the Group's operations. However, despite the challenging operating environment, the Group posted a strong set of results.

The Group's profit after tax for the year of MK23.7 billion was 50% above prior year.Net interest income grew by 6% year on year. The growth in net interest income arose as a result of growth of loans and advances to customers which grew by 11% despite reduced appetite particularly in the lending space due to the COVID-19 pandemic. In addition, the growth of financial investments by 42% also contributed to the higher net interest income. The customer deposit growth of 30% year on year supported growth of interest earning assets.

Non interest revenue grew by 30% year on year emanating from growth in transaction volumes particularly the foreign exchange business. However, the growth in non interest revenue was negatively impacted by reduced business activity as a result of the COVID-19 pandemic and a 40% reduction of fees on internet banking, mobile payments and other related services as a cushion to customers on COVID-19 impact.

Credit impairments were 13% below prior year due to recoveries on previously written off credit facilities. In addition, the Group also recovered MK7.1 billion through an insurance claim on a previously written off credit facility

The Group will continue its efforts to recover previously written off loans as well as focus on prudent risk taking and management

Operating costs grew by 11% year on year mainly due to inflationary increases of goods and services. As a result of higher revenue base and lower cost growth in operating costs, the cost to income ratio reduced from 59% in prior year to 57% in the current year. The Group will continue to focus on diversifying its revenue base and focus on a sustainable cost base.

Earnings per share for the year increased from MK68 in 2019 to MK101 in 2020.

Outlook

The negative economic effects of the COVID-19 pandemic will likely continue in 2021; however, the forecast good agricultural production could offset some of the downside impact. Currency pressures are expected to continue largely driven by weak foreign currency inflows which can be partly attributed to the ongoing pandemic. Inflation is expected to remain low, being supported by the forecast higher agricultural output

We remain committed to ensuring customer satisfaction in all we do. The Group continues to focus and drive digitisation in order to improve customer experience. Cost rationalisation while we continue investing for the future, prudent management of risk and liquidity, diversifying balance sheet and maintaining a healthy capital position remains at the core of what we do.





RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

Basis of preparation

The summary consolidated and separate financial statements are prepared in order to meet the requirements of the Financial Services Act, 2010 of Malawi for summarised financial statements and to comply with the Malawi Stock Exchange Listing Requirements which require the publication of audited results by a listed entity. The summarised financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"). The accounting policies applied in the preparation of the consolidated and separate financial statements from which the summary consolidated and separate financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the previous consolidated and separate financial statements.



INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

To the Shareholders of Standard Bank PLC

Opinion

The summary consolidated and separate financial statements (the "summary financial statements") of Standard Bank PLC, which comprise the summary consolidated and separate statements of financial position as at 31 December 2020, the summary consolidated and separate income statements, the summary consolidated and separate statements of other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated and separate financial statements (the "audited financial statements") of Standard Bank PLC for the year ended 31 December 2020.

In our opinion, the accompanying summary financial statements of Standard Bank PLC (the "Company") and its subsidiaries (together the "Group"), are consistent, in all material respects, with the audited financial statements, in accordance with the requirements of the Financial Services Act, 2010 of Malawi for summarised financial statements, as set out in the Basis of preparation note.

The summary consolidated and separate financial statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act, 2013 of Malawi. Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The audited consolidated and separate financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 11 March 2021. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

Directors' responsibility for the summary consolidated and separate financial statements

The directors are responsible for the preparation of the summary financial statements in accordance with the requirements of the Financial Services Act, 2010 of Malawi for summarised financial statements, as set out in the Basis of preparation note.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), '*Engagements to Report on Summary Financial Statements*'.

ricevaterhow Corpus

PricewaterhouseCoopers Chartered Accountants (Malawi) Lilongwe

Andrew Vere

11 March 2021

Dividend

An interim dividend of **MK2.5 billion** (2019: MK2.1 billion) was paid in September 2020 representing **MK10.65** (2019: MK8.95) per ordinary share. The directors recommend a second interim dividend of **MK3 billion** (2019: Nil) representing **MK12.78** (2019:Nil) and a final dividend of **MK5 billion** (2019: MK5 billion) representing **MK21.31** (2019: MK21.31) per ordinary share to be tabled at the forthcoming Annual General Meeting.

By order of the Board

NA	ME	DESIGNATION	SIGNATURE	DATE
1.	N.R Kanyongolo, PhD	Chairperson	æc.	24 February 2021
2.	A A Chioko	Director	James	24 February 2021
3.	P Madinga	Chief Executive	WM-5	24 February 2021
4.	T Simwaka	Chief Financial Officer	Guara	24 February 2021

