

Financial Market Update

| Week ending 12 March 2021



Financial market highlights for the week ending 12 March 2021

The following highlights compare the week ending 12 March 2021 to the week ending 5 March 2021:



Government securities market (Source: RBM)

- A total of K51.53 billion was allotted during this week's Treasury Bill (TB) and Treasury Notes (TN) auctions.
- There were nil rejections in the TB auctions. The TN auctions had rejection rate of 5.60%.
- The average all type TB yield maintained its position at 12.18% during the period under review.



Currency market (Source: RBM)

- Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.13% to K788.24 per USD from K787.18 per USD.
- Based on middle rates, the Kwacha also marginally depreciated against the GBP (to K1,144.81 per GBP from K1,137.03 per GBP), and EUR (to K999.29 per EUR from K988.49 per EUR) and ZAR (to K55.81 per ZAR from K54.73 per ZAR) during the period under review.



Financial market developments (Source: RBM)

- The average overnight interbank marginally decreased to 11.25% from 11.28% in the previous week



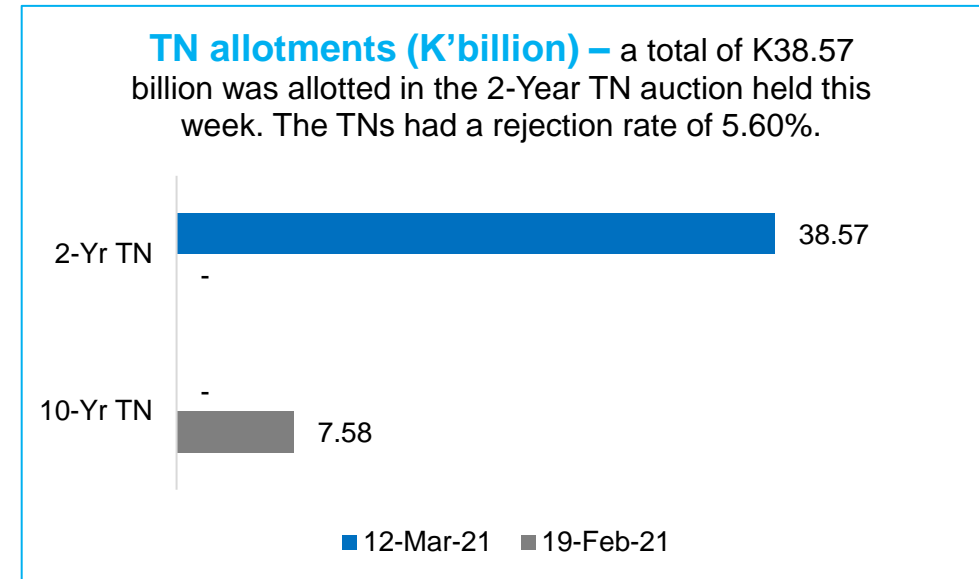
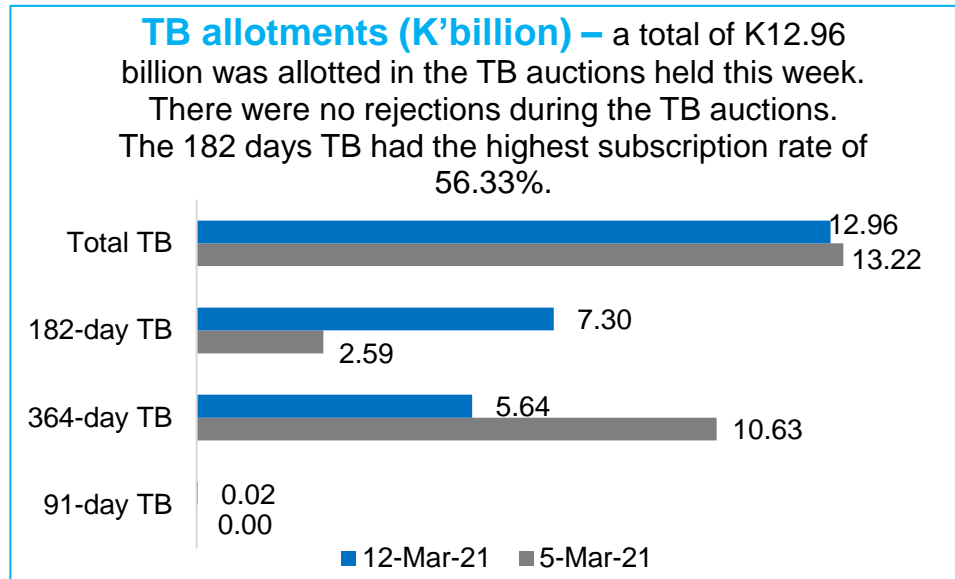
Equity market (Source: MSE)

- The stock market was bullish this week as the MASI marginally increased to 33,119.85 points from 32,993.44 points in the previous week. This was due to share price gains for NBS (to K22.80 from K20.45), NBM (to K650.05 from K650.01), Standard Bank (to K1,200.10 from K1,200.03) which offset marginal share price losses for MPICO (to K20.90 from K20.93) NICO (to K51.95 from K51.98) and PCL (to K1,199.95 from K1,199.96), during the period under review.
- Year-to-date return of 2.24% this week, it was negative 3.52% in the previous year during the same period.
- According to their audited summary financial statements for the year ended 31 December 2020, Standard Bank Plc's profit after tax has increased by 49.52% to K23.74 billion from K15.88 billion in 2019. Based on their trading statement, Standard Bank expected a 45% increase in profits for the period ending 31 December 2020 to at least K23.03 billion from K15.88 billion, thus meeting their expectations.

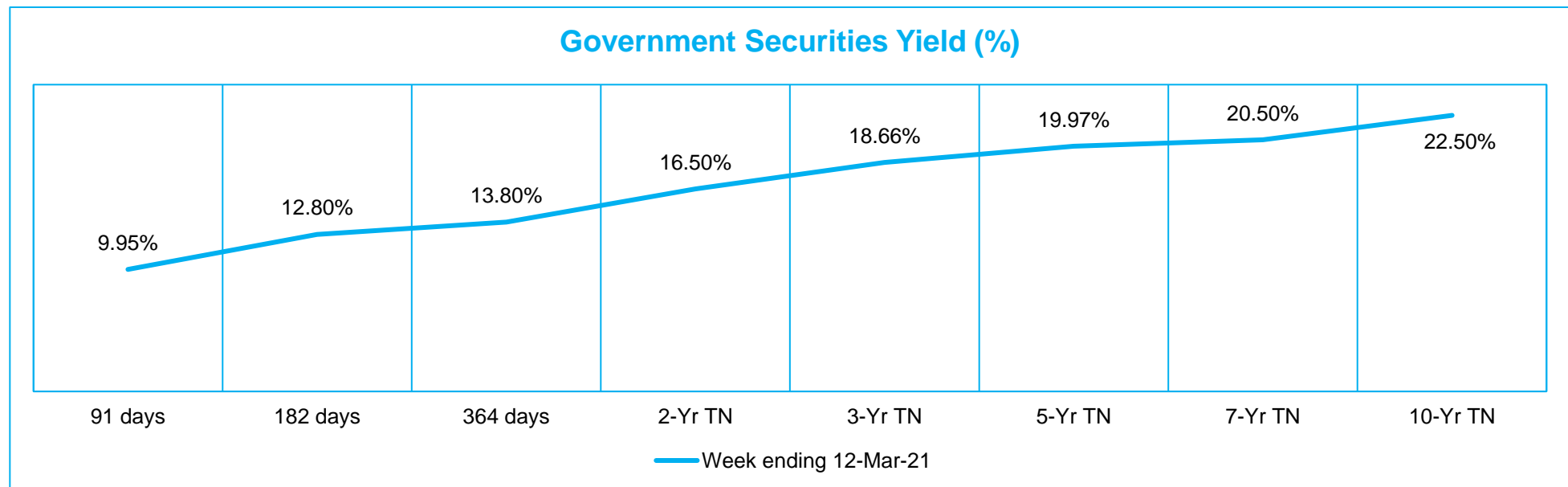


A total of K51.53 billion was allotted during this week's Treasury Bill (TB) and Treasury Note (TN) auctions.

Government securities (Source: RBM)



The average All type TB yield maintained its position at 12.18% during the period under review.

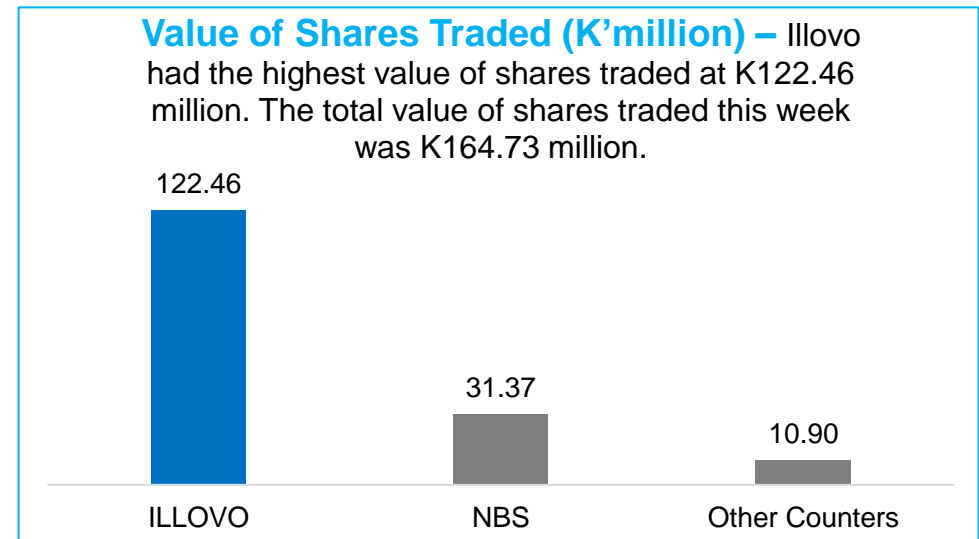
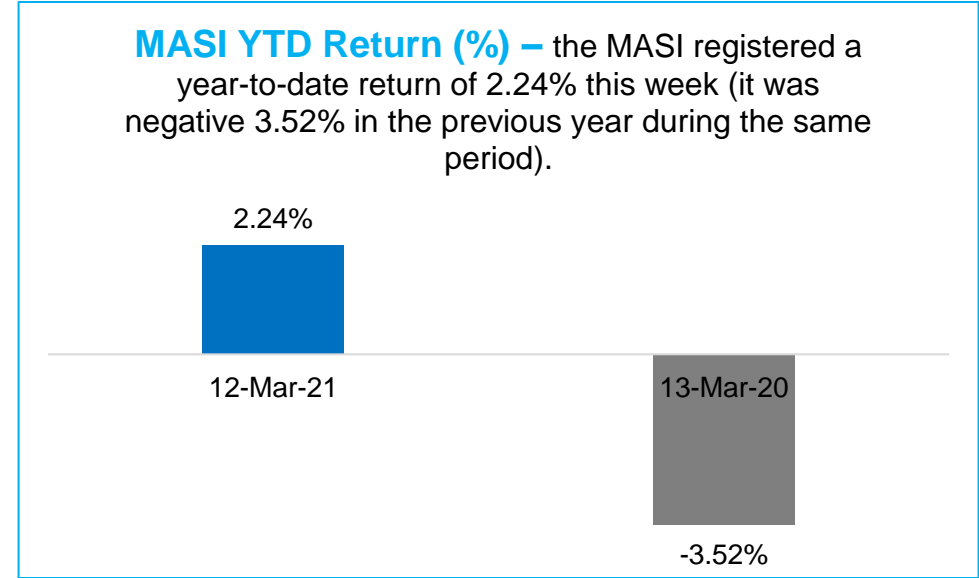
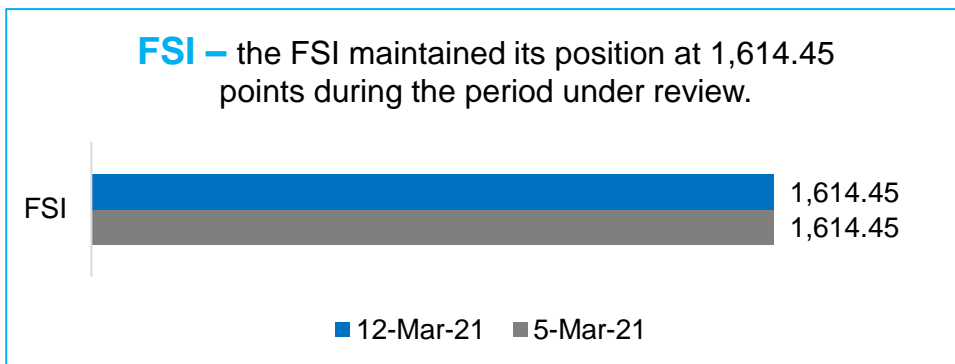
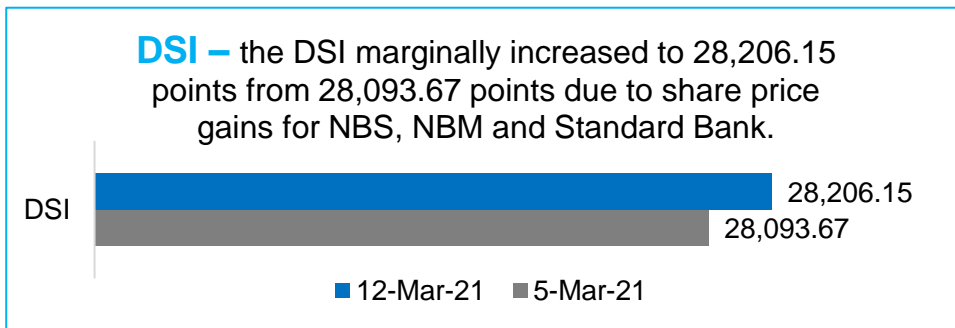
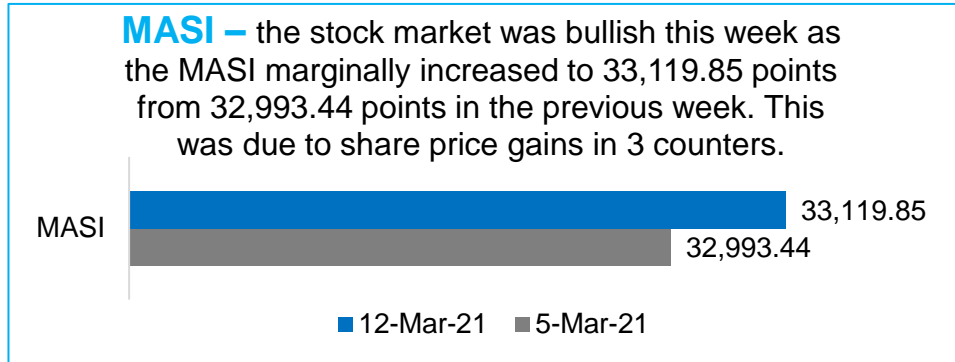


TB - Treasury Bill
TN - Treasury Note



The stock market was bullish this week as the MASI marginally increased to 33,119.85 points from 32,993.44 points in the previous week. This was due to share price gains in NBS, NBM and Standard Bank which offset marginal share price losses in PCL, NICO and MPICO. Year-to-date MASI increased by 2.24%.

Equity market (Source: MSE)

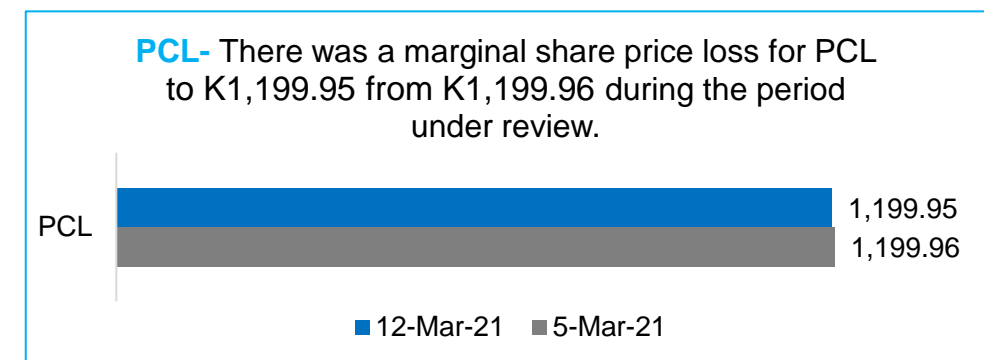
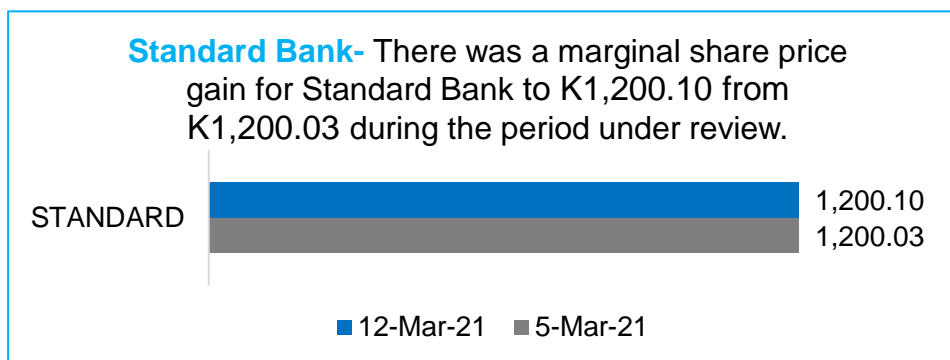
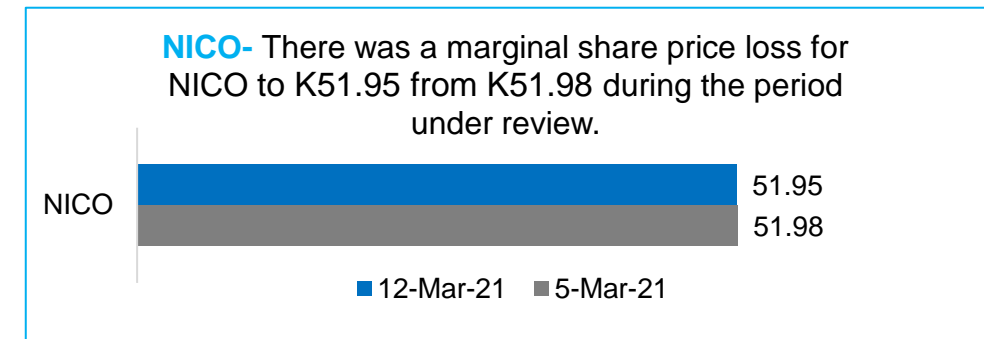
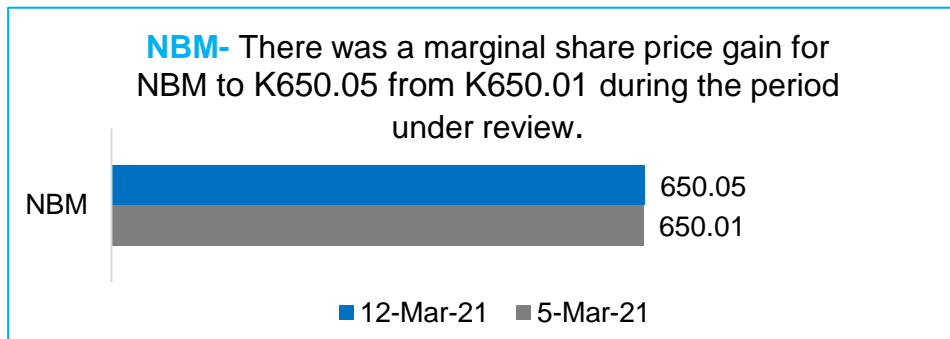
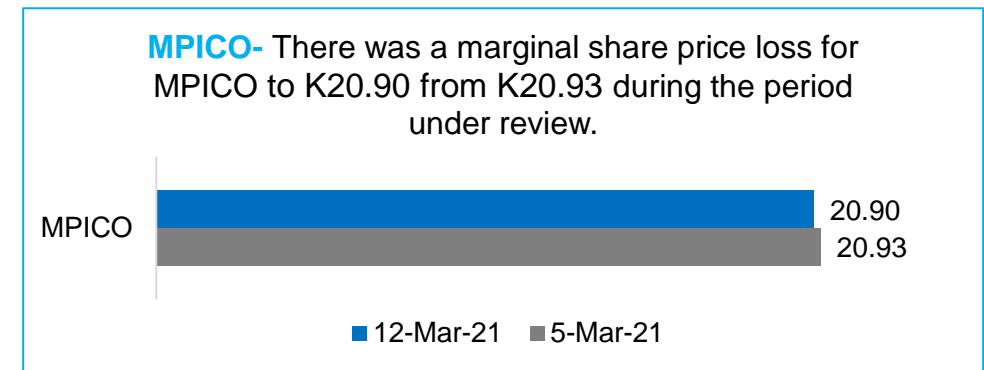
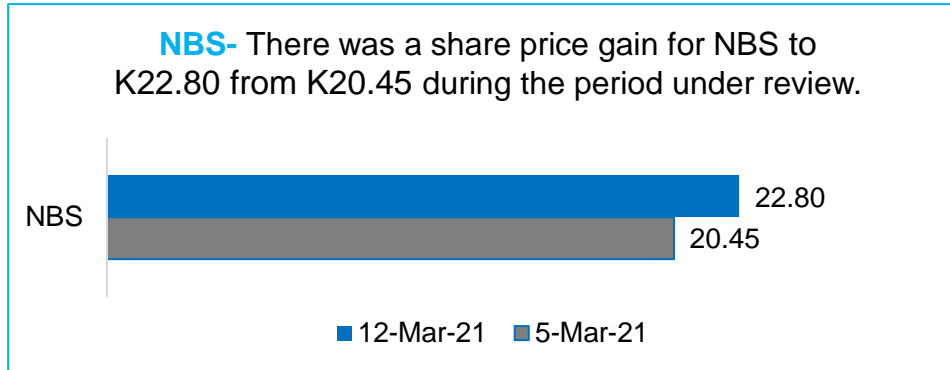


MASI: Malawi All Share Index
DSI: Domestic share Index
FSI: Foreign share Index



Equity market (Continued)

There were share price gains for NBS (to K22.80 from K20.45), NBM (to K650.05 from K650.01), Standard Bank (to K1,200.10 from K1,200.03) during the period under review. There were share price losses for MPICO (to K20.90 from K20.93) NICO (to K51.95 from K51.98) and PCL (to K1,199.95 from K1,199.96) during the period under review.





The following counters closed at the same prices as the previous week: Airtel, BHL, FDH bank, ICON, Illovo, NITL, OMU, Sunbird and TNM.

Equity market (Continued)

The other counters closed at the same prices as the previous week. Their closing prices are shown in the table below:

No.	MSE Code	Share Price (K)
		12-Mar-21
1	AIRTEL	27.97
2	BHL	11.00
3	FDHB	16.50
4	FMBCH	27.10
5	ICON	12.19
6	ILLOVO	80.46
7	NITL	94.94
8	OMU	2,199.00
9	SUNBIRD	90.00
10	TNM	19.38



According to their audited financial statements for the year ended 31 December 2020, Standard Bank Plc profit after tax has increased by 49.52% to K23.74 billion from K15.88 billion in 2019.

Economic overview (Continued)

Latest corporate announcements (Source: MSE)

1.

Standard Bank Profit After Tax for the year ended 31 December 2020 (K'billions)- according to their audited summary consolidated and separate financial statements for the year ended 31 December 2020, Standard Bank Plc's profit after tax has increased by 49.52% to K23.74 billion from K15.88 billion in 2019. This is slightly higher than the 45% increase in PAT from their trading statement that was published earlier.



3.

MPICO Profit After Tax for the half year (K'billions) – according to trading statement, MPICO expects a 40% decrease in profits for the period ending 31 December 2020 to at least K4.56 billion from K7.6 billion.



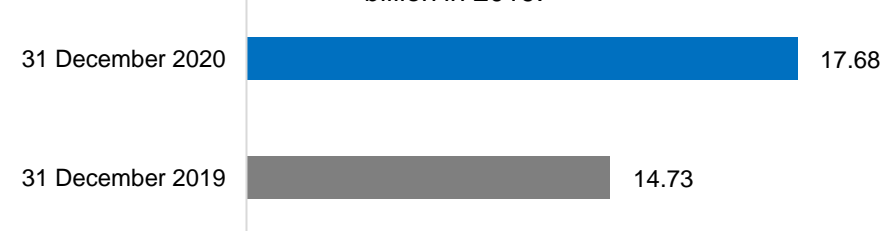
2. **OMU Trading statement for the year ended 31 December 2020:** Shareholders are advised that the Group's key profit measures are expected to fall within the ranges outlined below:

Key Performance Indicators (ZAR million unless stated otherwise)	Estimated % change	Estimated 31 December 2020	30 December 2019
Results from Operations	(79%) to (89%)	1,884 - 987	8,972
Adjusted Headline Earnings	(70%) to (80%)	2,957 - 1,971	9,856
AHEPS (cents) ¹	(69%) to (79%)	64.9 - 44.0	209.3

(1)AHEPS defined as Adjusted Headline Earnings divided by weighted number of shares (WANS) adjusted to reflect the Group's BBE shares, and shares held in policyholder and consolidated investment funds.

4.

NICO Holdings Profit After Tax (K'billions) - according to their trading statement, NICO Holdings expects 20% increase in profits for the year ending 31 December 2020 to at least K17.68 billion from K14.73 billion in 2019.

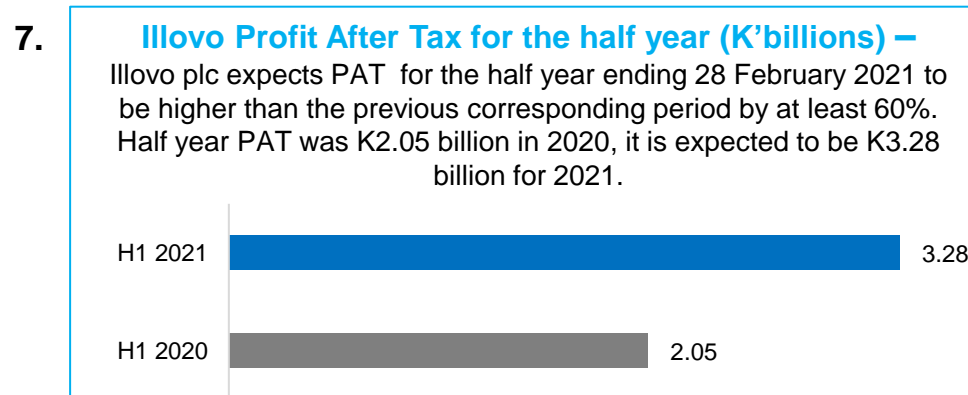
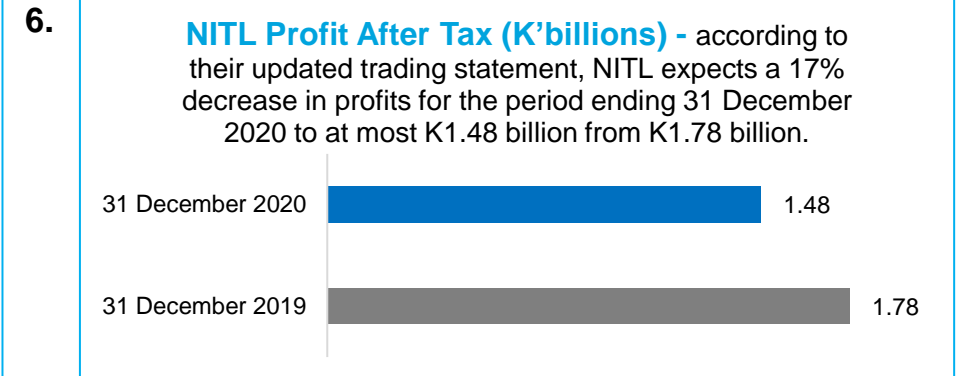
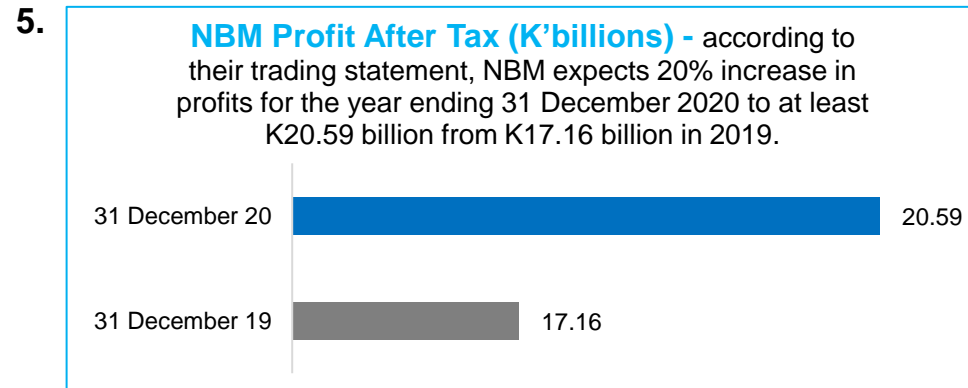




According to their trading statement NBM expects 20% increase in profits for the year ending 31 December 2020 to at least K20.59 billion from K17.16 billion in 2019.

Economic overview (Continued)

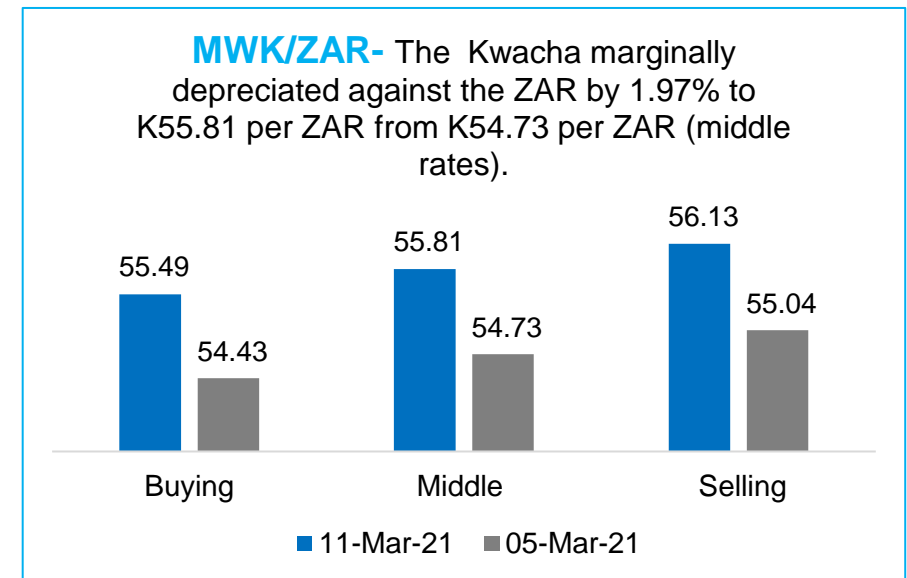
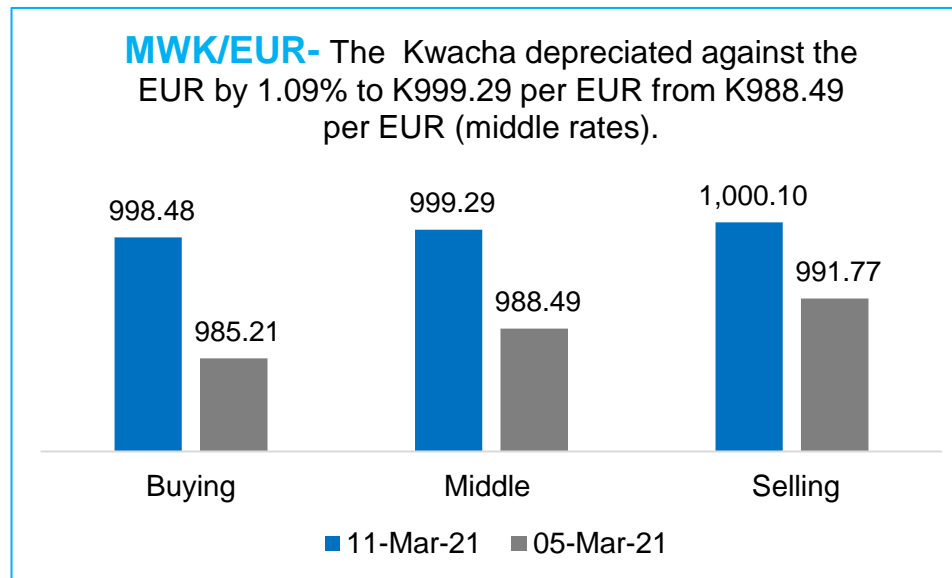
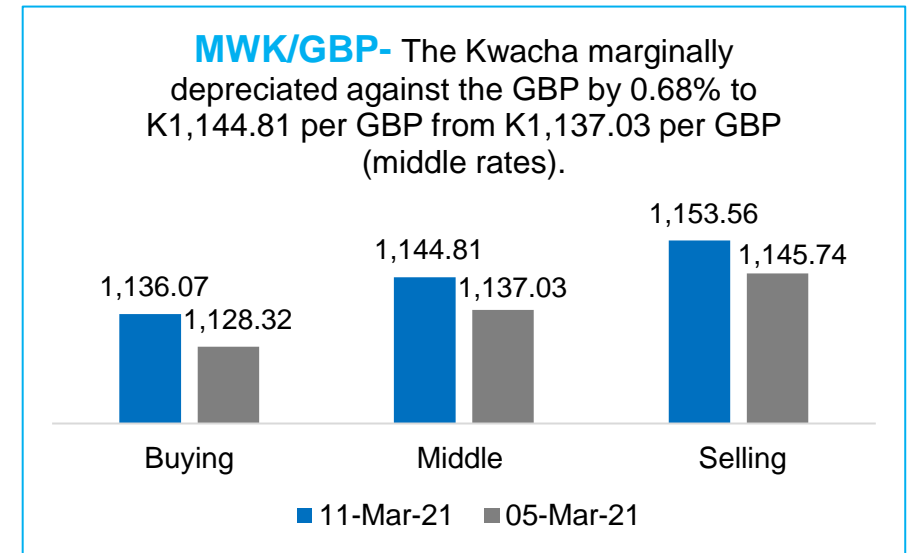
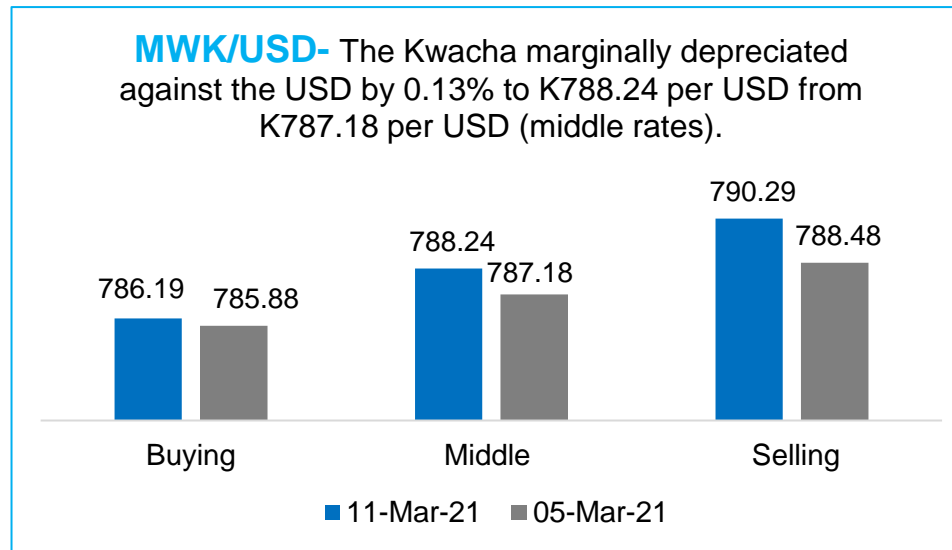
Latest corporate announcements (Source: MSE)





Currency market (Source: RBM)

Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.13% to K788.24 per USD from K787.18 per USD.

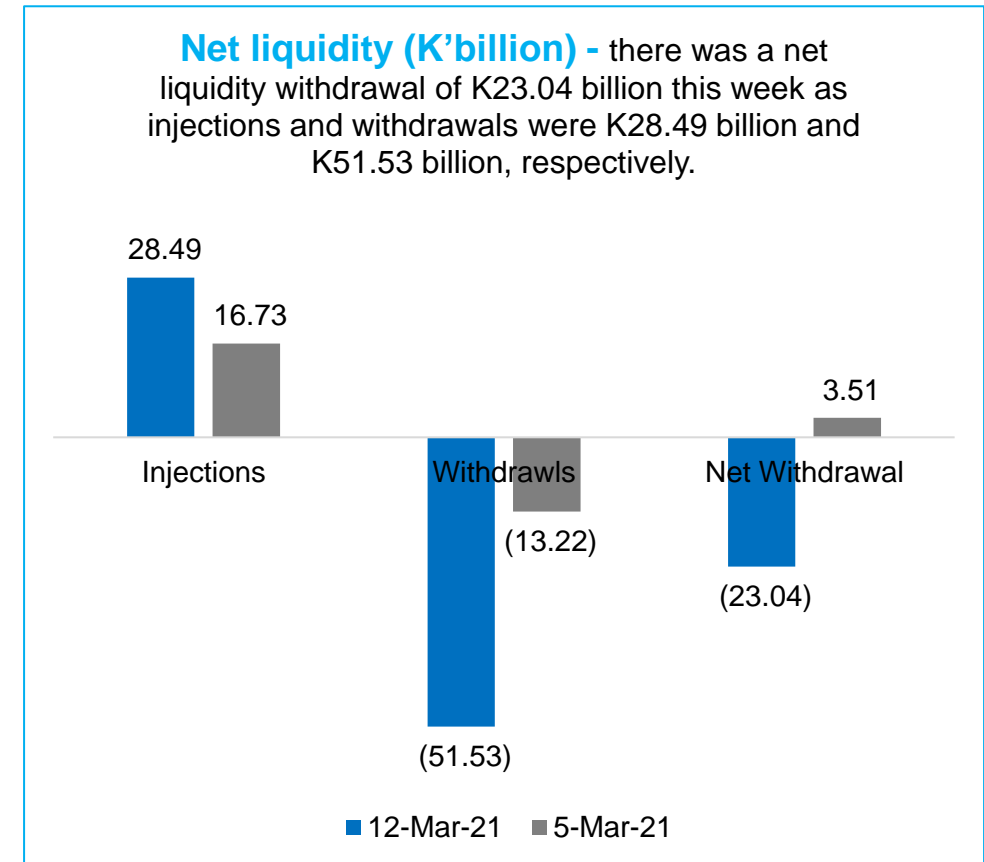
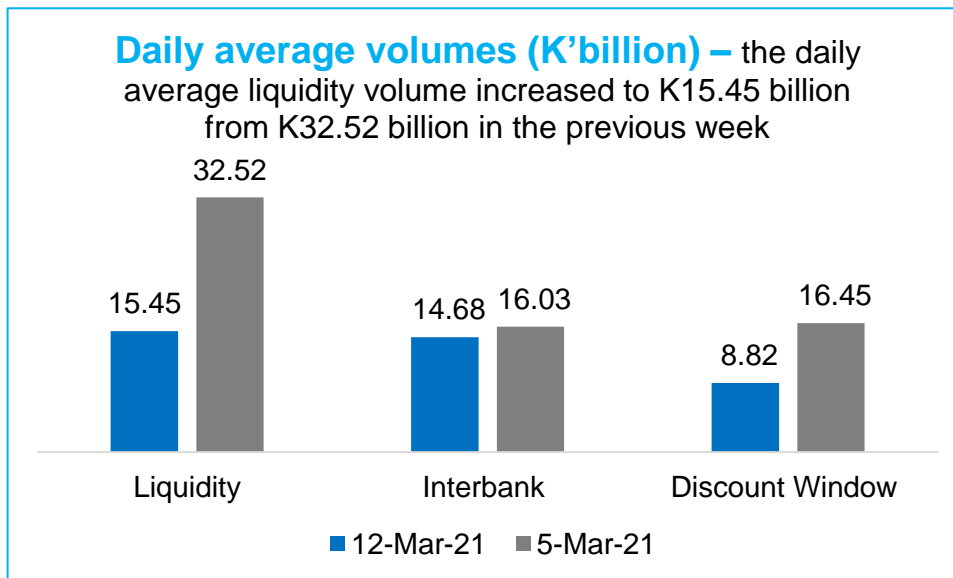
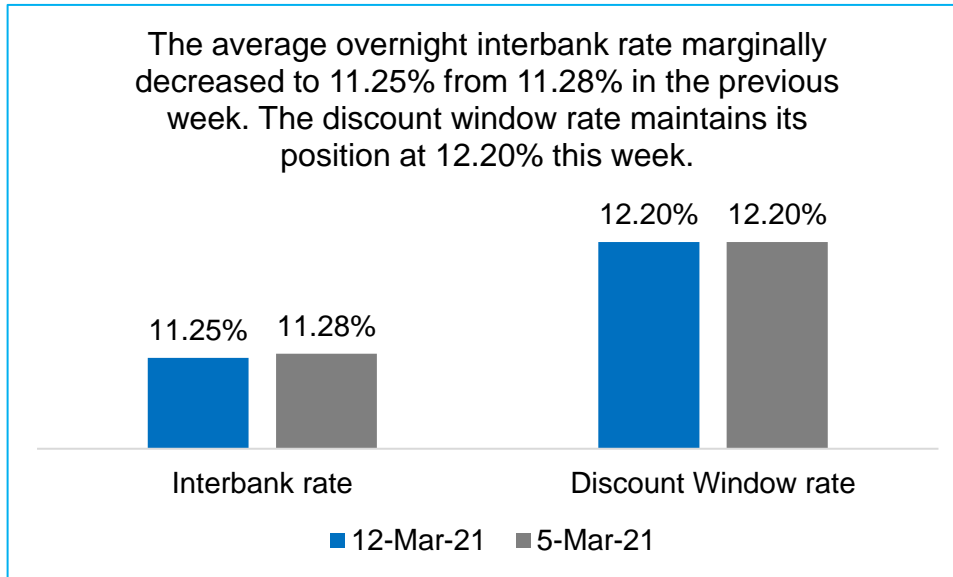


NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.



Other financial market developments (Source: RBM)

The average overnight interbank rate marginally decreased to 11.25% from 11.28% in the previous week.



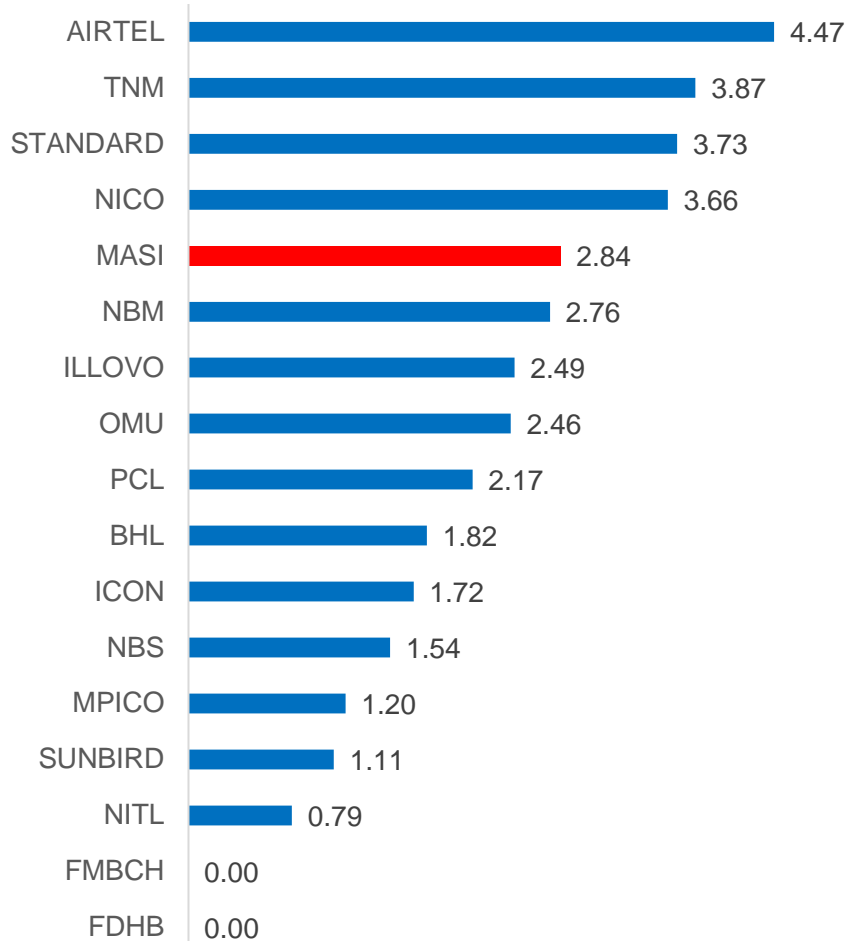
Appendix



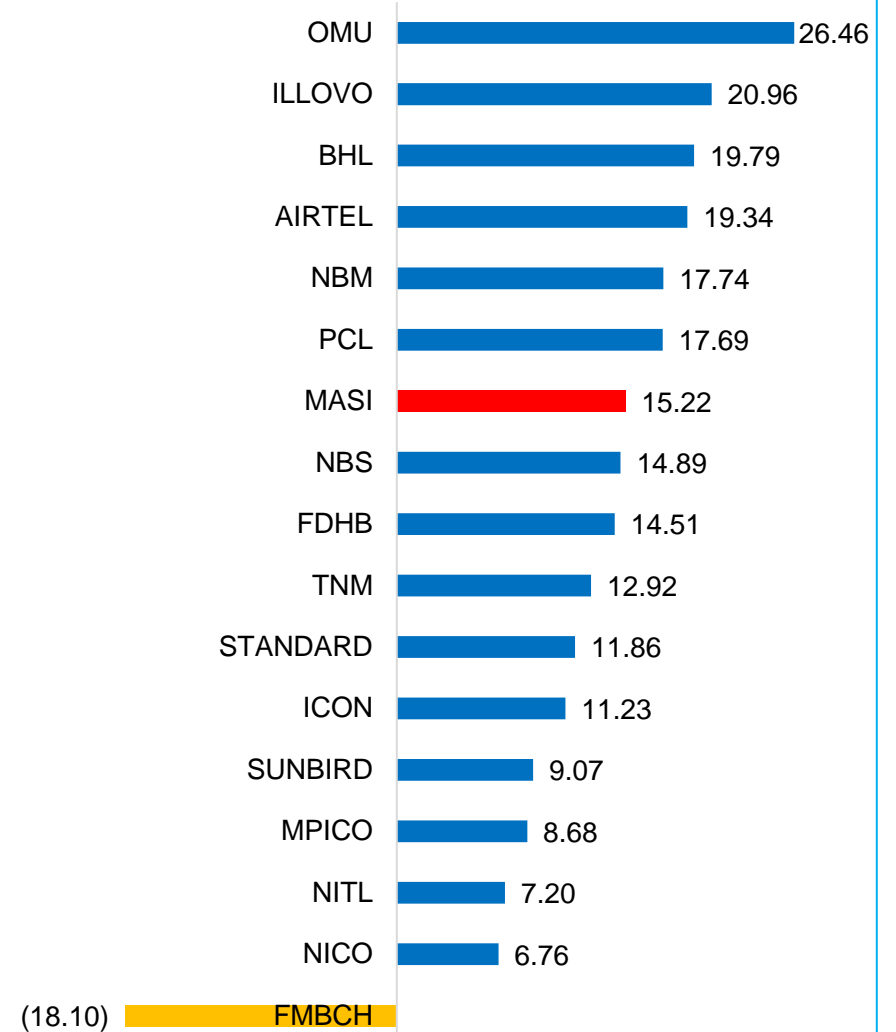
Appendix A - Equity market

The weighted average dividend yield on the MSE is 2.84%. The MSE has a weighted average Price to Earnings ratio of 15.22.

Dividend yield (%) - the weighted average dividend yield on the MSE is 2.84%. The counter with the highest dividend yield is Airtel at 4.47%.



P/E ratio - the MSE has a weighted average Price to Earnings ratio of 15.22. FMBCH has the lowest at negative 18.10 while OMU has the highest at 26.46

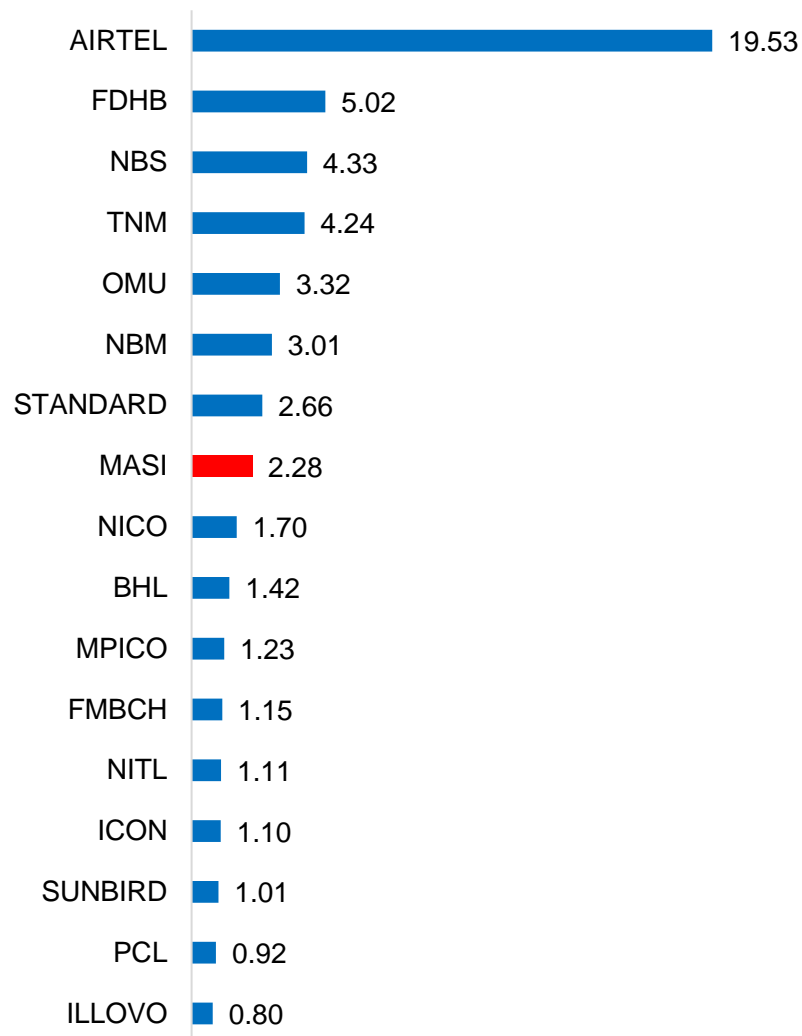




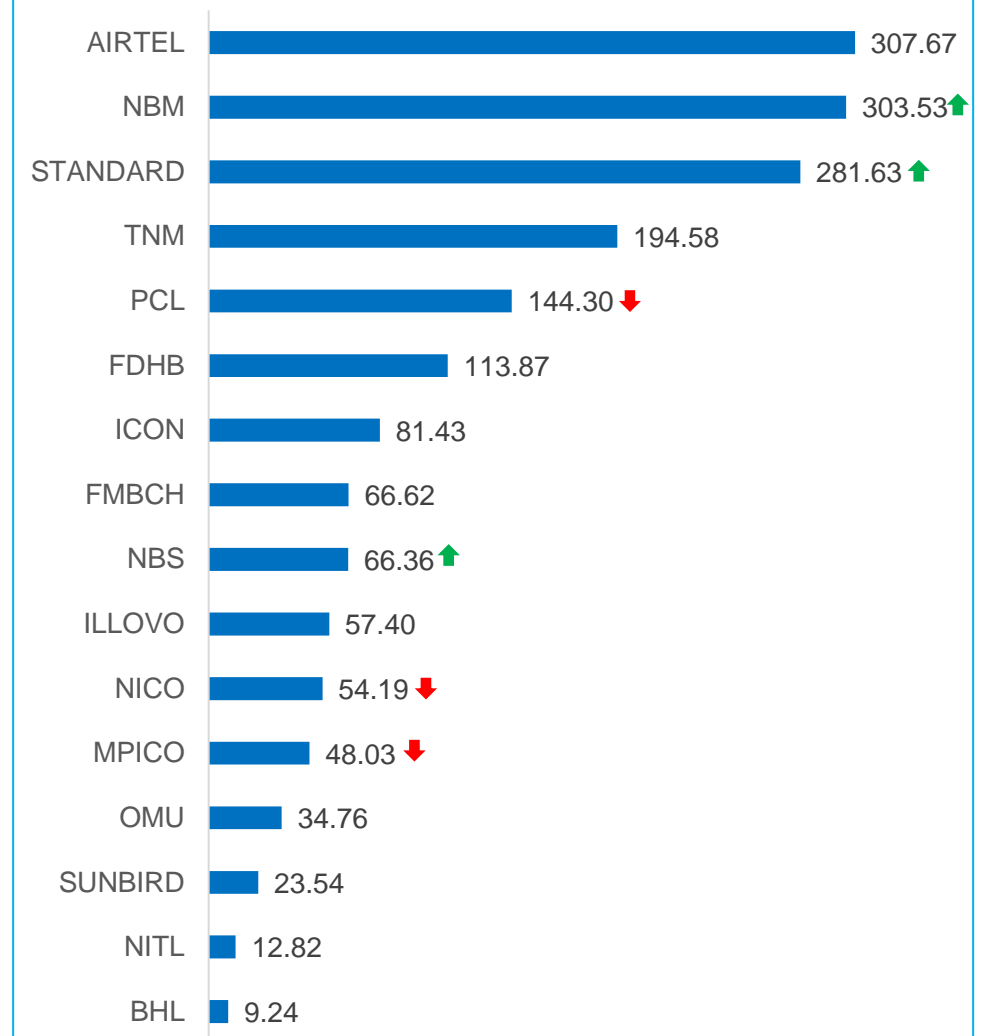
Appendix A- Equity market (Continued)

The weighted average Price to Book Value ratio on the MSE is 2.28. Airtel leads the MSE counters with a market capitalization of K307.67 billion. The total market capitalization is K1.8 trillion.

P/BV ratio - the weighted average Price to Book Value ratio on the MSE is 2.28. Airtel has the highest ratio at 19.53 while Illovo has the lowest ratio at 0.80.



Market Capitalization (K'billion) - Airtel leads the MSE counters with a market capitalization of K307.67 billion. The total market capitalization is K1.8 trillion





The tourism sector remains one of the hardest hit sectors by the COVID-19 pandemic. Sunbird expects a 150% decrease in profits for the period ending 31 December 2020. Likewise, BHL also anticipates its profits to decrease by 200% for the period ending 30 September 2020.

Appendix A- Equity market (Continued)

Corporate Announcements (Source: MSE)

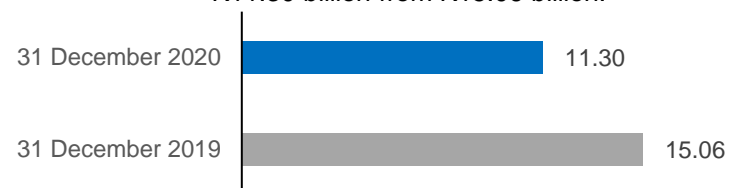
1.

Airtel Profit After Tax (K'billions) - according to their trading statement, Airtel expects a 40% increase in profits for the period ending 31 December 2020 to at least K22.27 billion from K15.91 billion.



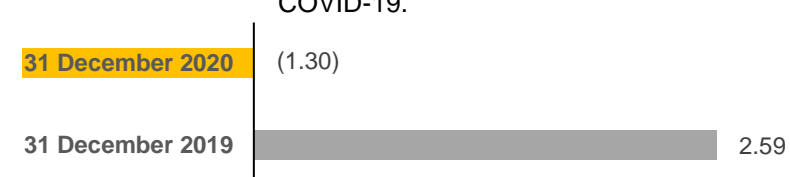
2.

TNM Profit After Tax (K'billions) - according to their trading statement, TNM expects a 25% decrease in profit after tax (PAT) for the period ending 31 December 2020. The PAT will decrease to at most K11.30 billion from K15.06 billion.



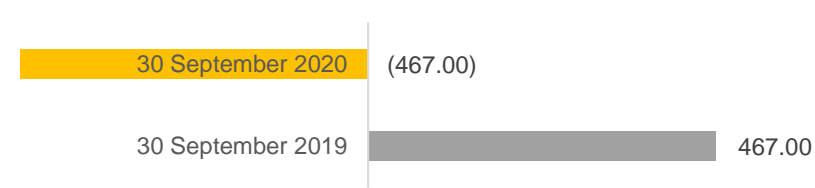
3.

Sunbird Profit After Tax (K'billions) - according to their trading statement, Sunbird expects a 150% decrease in profits for the period ending 31 December 2020 to negative K1.3 billion from K2.59 billion. This was attributed to the effect of COVID-19.



4.

BHL Profit After Tax (K'millions) - according to their trading statement, BHL expects more than a 200% decrease in profits for the period ending 30 September 2020 to at least negative K466.7 million from K466.7 million.





According to their trading statement, FMBCH expects a 200% increase in profits for the period ending 31 December 2020 to at least USD12 million (K9.25 billion) from a loss of USD4.97 million (K3.83 billion).

Appendix A- Equity market (Continued)

Corporate Announcements (continued)

5. **FMBCH Profit After Tax (USD'millions)** - according to their trading statement, FMBCH expects a 200% increase in profits for the period ending 31 December 2020 to at least USD12 million (K9.25 billion) from a loss of USD4.97 million (K3.83 billion).



6. **NBS Profit After Tax (K'billions)** - according to NBS's trading statement, they expect a 25% increase in profits for the period ending 31 December 2020 to at least K5.72 billion from K4.46 billion.



8. Counters that did not release End of Year Trading Statements are listed below. The assumption is that these counters expect their PAT to be within 20% of the profit made in the previous period:

- 1 FDHB
- 2 PCL
- 3 ICON



National Bank of Malawi (NBM) plc wishes to advise its shareholders that NBM has now completed the acquisition of a 51% controlling stake in Akiba Commercial Bank plc (ACB) in Tanzania for a consideration of USD 7.31 million through a share subscription. Shareholders are, however, advised that negotiations are continuing for an additional stake in ACB.

Appendix A- Equity market (Continued)

Corporate Announcements (continued)

12. **FDH Bank Plc cautionary statement**

FDH Bank Plc wishes to update its shareholders and the general public that members of its majority shareholder, FDH Financial Holdings Limited, are still engaged in shareholding negotiations. The negotiations may result in changes in the shareholding structure of FDH Financial Holdings Limited. Shareholders are therefore advised to exercise caution in dealing in their shares and consult professional advisors before dealing in their shares until such time as the result of the negotiations is known.

13. **National Bank of Malawi plc cautionary statement**

National Bank of Malawi (NBM) plc wishes to advise its shareholders that NBM has now completed the acquisition of a 51% controlling stake in Akiba Commercial Bank plc (ACB) in Tanzania for a consideration of USD 7.31 million through a share subscription. The acquisition is in line with NBM plc's current strategic plan which has regional expansion as one of its key thrusts. This acquisition is expected to bring about growth in business for both NBM Plc and ACB as it upscales the business of ACB to the standards of NBM plc.

NBM is listed on the Malawi Stock Exchange with a market capitalization of K304 billion. The investment in ACB is approximately 2% of the NBMs current market capitalization. ACB is a Tanzanian bank offering a range of banking and financial services. It was established in 1997 with 300 Tanzanian entrepreneurs as its initial shareholders. It has strong SME roots and operates 18 branches across Tanzania.

Shareholders are, however, advised that negotiations are continuing for an additional stake in ACB. They are therefore advised to continue to exercise caution in dealing in their shares in the Company and consult professional advisors before dealing in their shares until such time as the result of the negotiations are known. NBM plc is further informing the general public that all efforts will be made to communicate further developments as and when required.



Standard Bank has declared a second interim dividend of K12.78 per share, in respect of the financial year ended 31 December 2020. The company has also proposed a final dividend of K21.31 per share, in respect of the financial year ended 31 December 2020.

Appendix A- Equity market (Continued)

Corporate Announcements (continued)

15. Dividends:

Company	Declared/Proposed	Type	Dividend (MK)	Last Day To Register	Payable
FDHB	Declared	Interim	0.43	12 March 2021	26 March 2021
NBM	Declared	Second interim	5.35	12 March 2021	31 March 2021
Illovo	Proposed	Final	2.00	12 March 2021	31 March 2021
STANDARD	Declared	Second Interim	12.78	TBA	TBA
STANDARD	Proposed	Final	21.31	TBA	TBA

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