

Financial Market Update

| Week ending 19 February 2021



The following highlights compare the week ending 19 February 2021 to the week ending 12 February 2021:



Government securities (Source: RBM)

- A total of K11.23 billion was allotted during this week's Treasury Bill (TB) and 10-year Treasury Note (TN) auctions.
- This comprised of K3.65 billion for TBs and K 7.58 billion for the 10-year TN.
- The TB auctions had a rejection rate of 32.50% while the TN auctions had a rejection rate of 6.99%.
- The average all type TB yield marginally decreased to 12.18% from 12.19% in the previous week.



Currency market (Source: RBM)

- The Kwacha marginally depreciated against the USD by 0.37% to K783.12 per USD from K780.27 per USD (based on middle rates).
- The Kwacha also marginally depreciated against the GBP (to K1,131.05 per GBP from K1,120.48 per GBP), EUR (to K999.99 per EUR from K999.72 per EUR), and the ZAR (to K57.61 per ZAR from K56.94 per ZAR) (based on middle rates).



Equity market (Source: MSE)

- The MASI marginally increased to 32,733.47 points from 32,731.80 points in the previous week. This was due to marginal share price gains for Airtel (to K27.99 from K27.98) and Sunbird (to K90.00 from K89.99) which offset a share price loss for MPICO (to K20.93 from K20.94).
- The return on MASI (year-to-date) was 1.05% compared to negative 6.24% during the same period in the previous year.
- 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.
- FDH Bank Plc wishes to inform its shareholders that following a meeting held on 8 February 2021, an interim dividend payment of K3 billion (representing K0.43 per share) has been approved in respect of 2020 profits.



Financial market developments (Source: RBM)

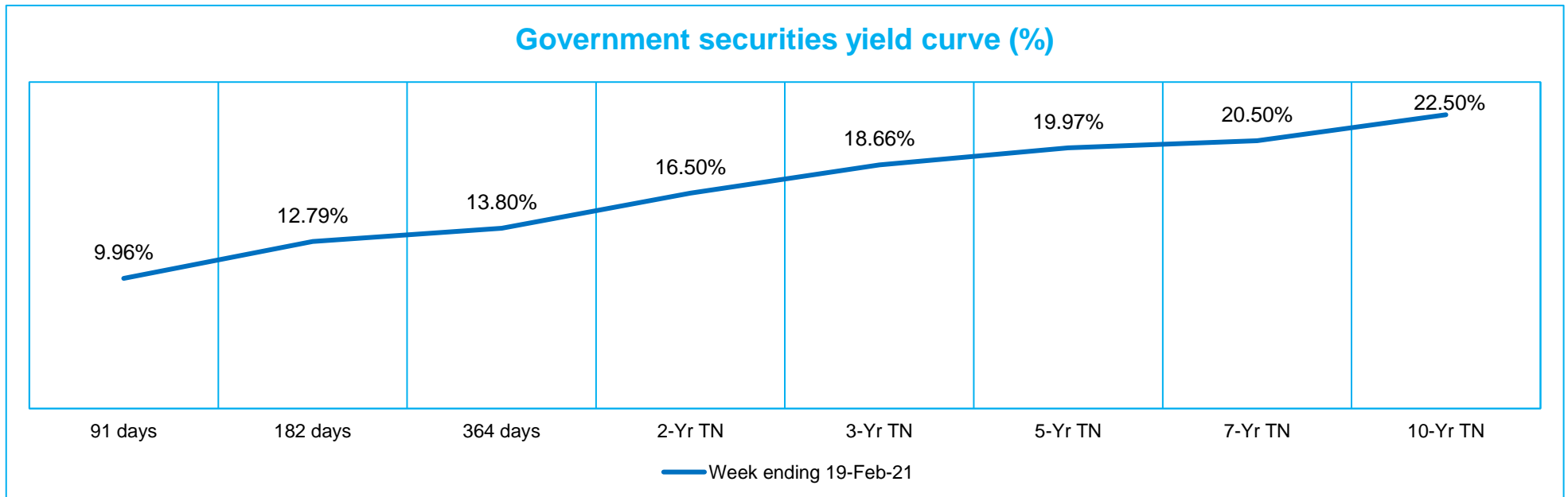
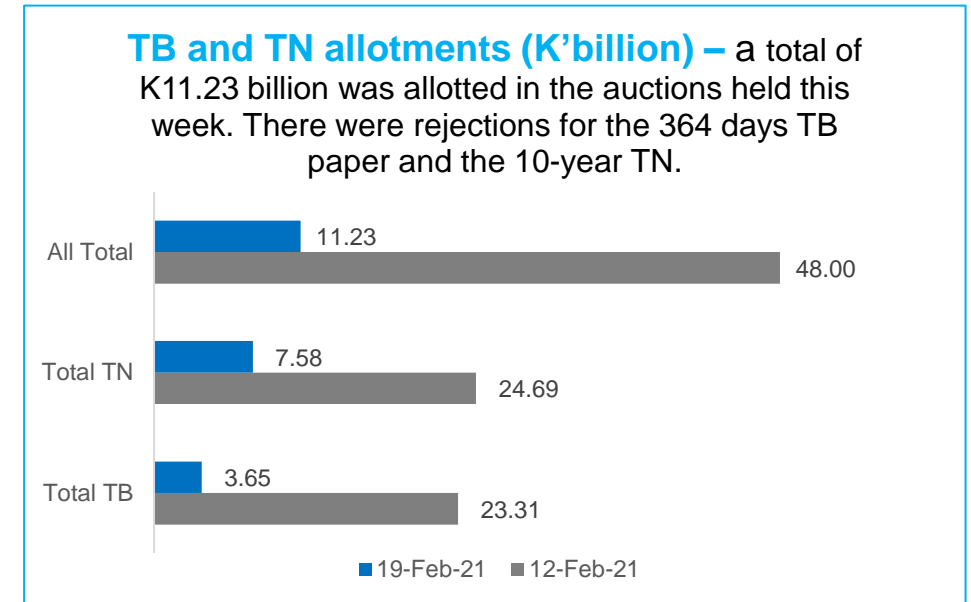
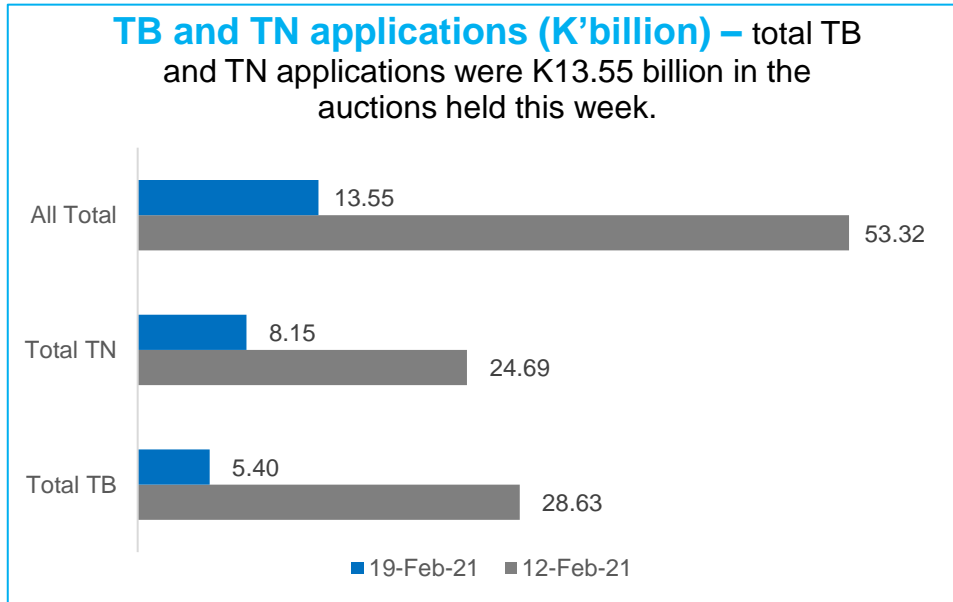
- The average overnight interbank rate increased to 10.57% from 10.38% in the previous week



A total of K11.23 billion was allotted during this week's Treasury Bill (TB) and 10 Year Treasury Note (TN) auctions.

The average All type TB yield marginally decreased to 12.18% from 12.19% in the previous week.

Government securities (Source: RBM)

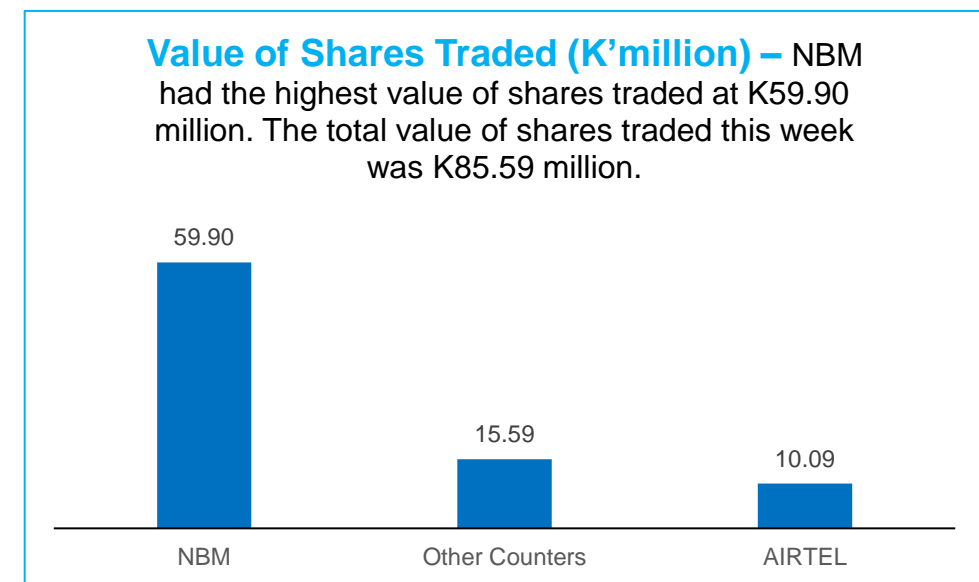
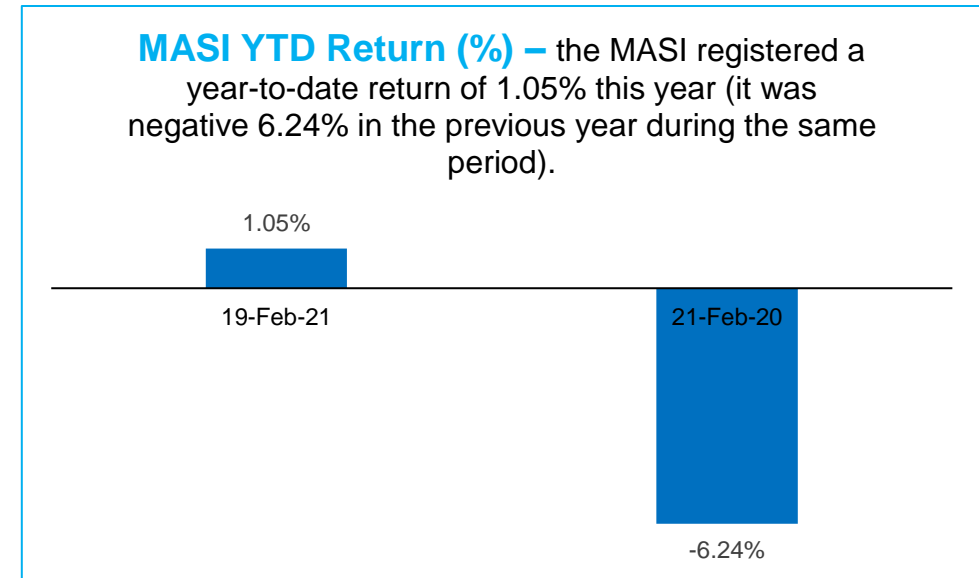
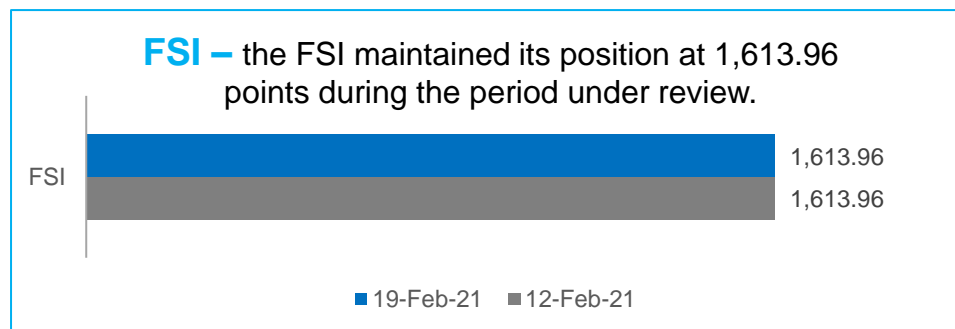
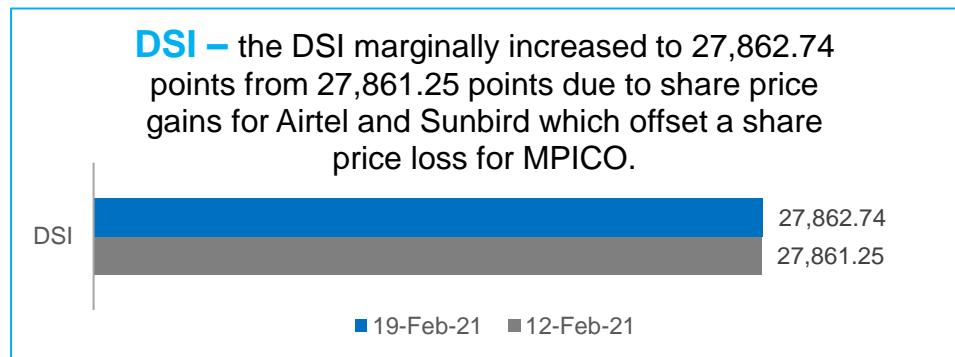
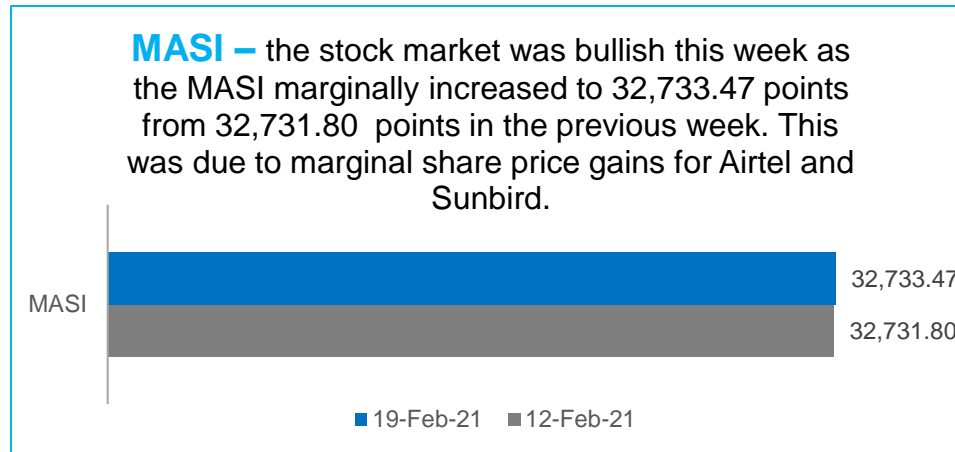


TB - Treasury Bill
TN - Treasury Note



Equity market (Source: MSE)

The stock market was bullish this week as the MASI marginally increased to 32,733.47 points from 32,731.80 points in the previous week. This was due to marginal share price gains for Airtel and Sunbird. Year-to-date the MASI has increased by 1.05%.

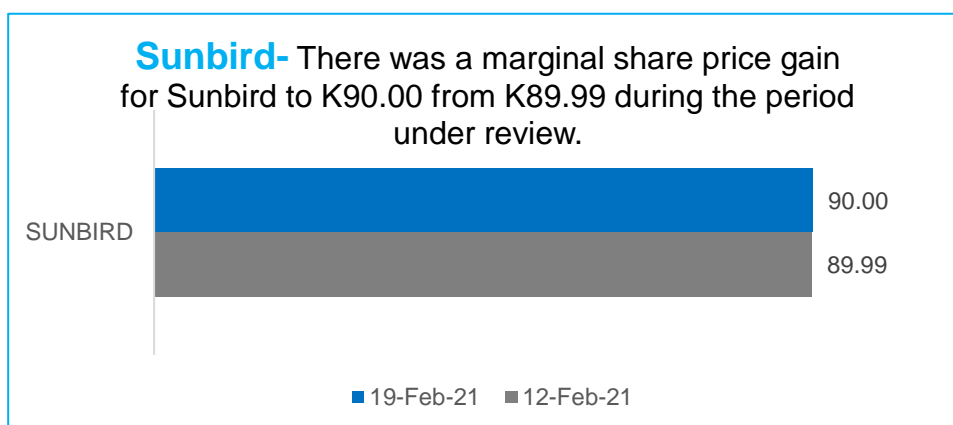
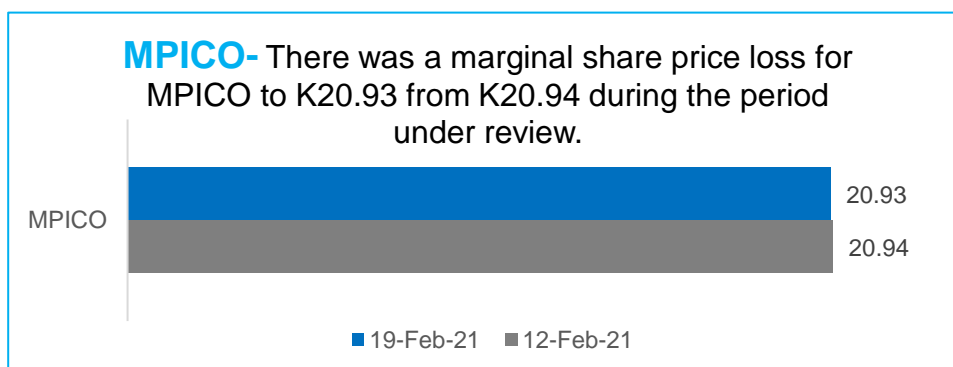
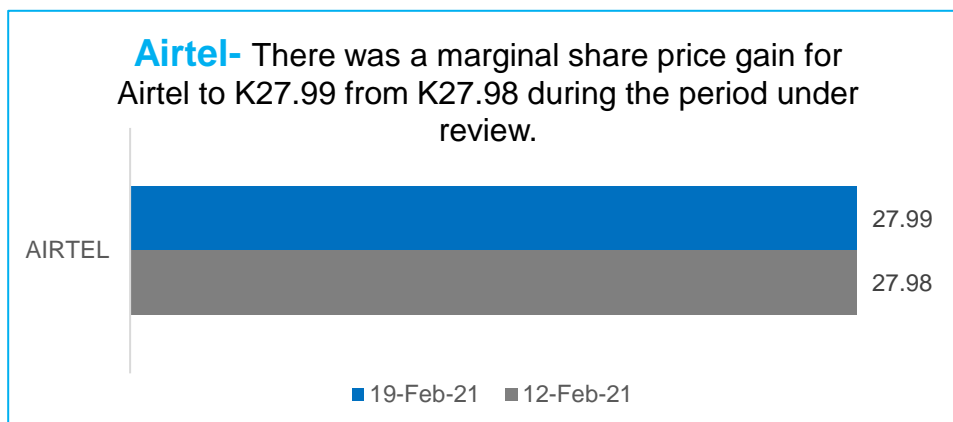


MASI: Malawi All Share Index
DSI: Domestic share Index
FSI: Foreign share Index



Equity market (Continued)

There were marginal share price gains for Airtel (to K27.99 from K27.98) and Sunbird (to K90.00 from K89.99) during the period under review. There was a share price loss for MPICO (to K20.93 from K20.94).



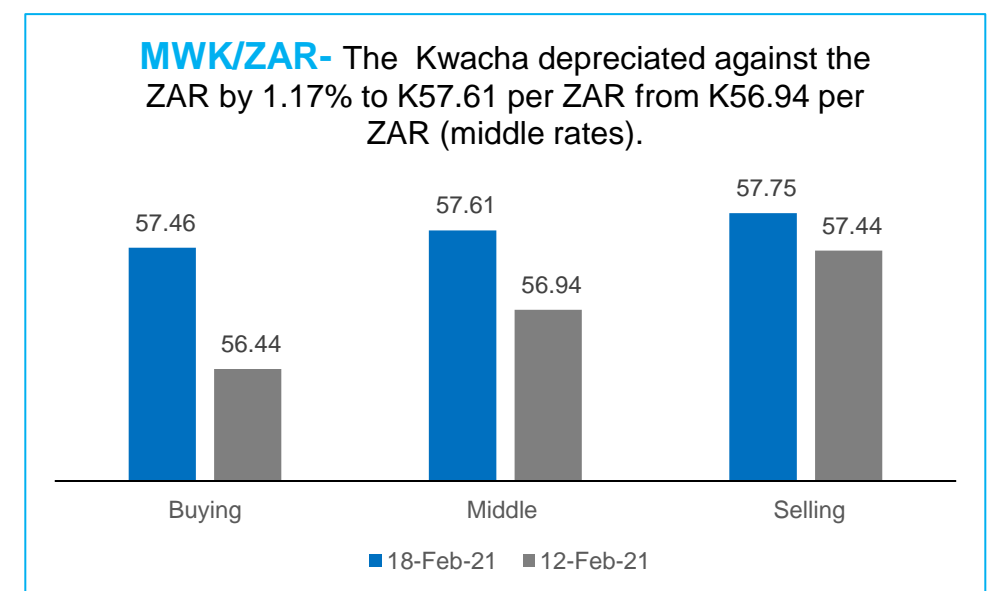
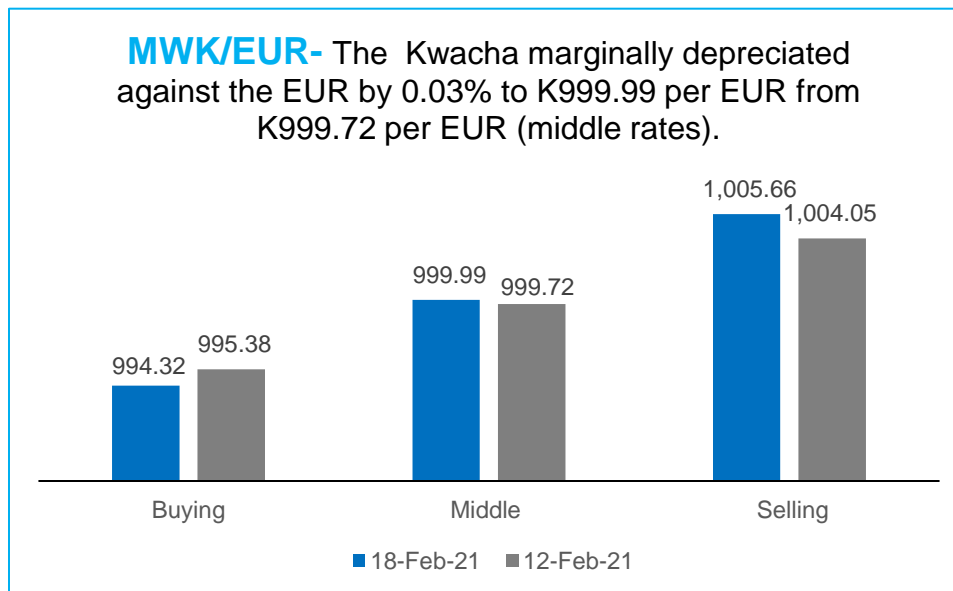
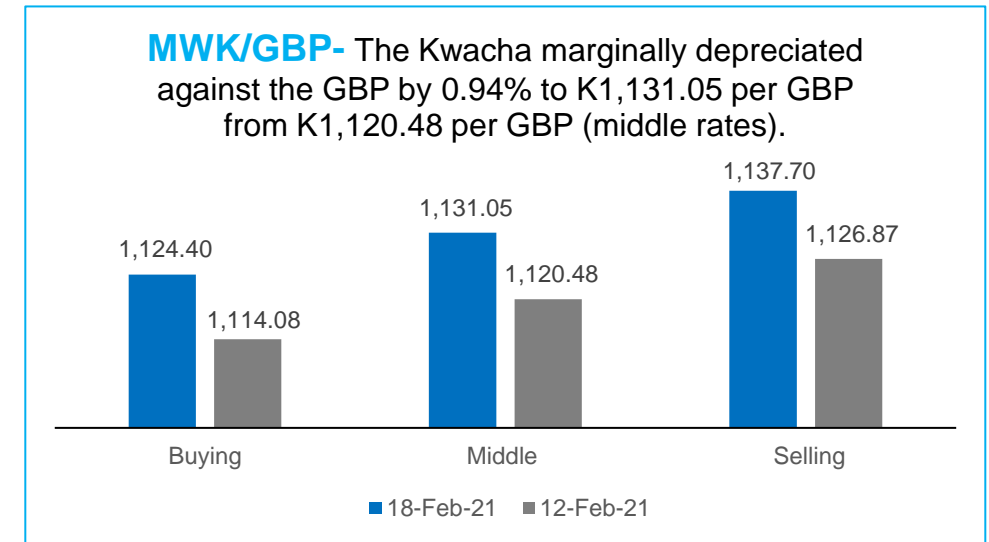
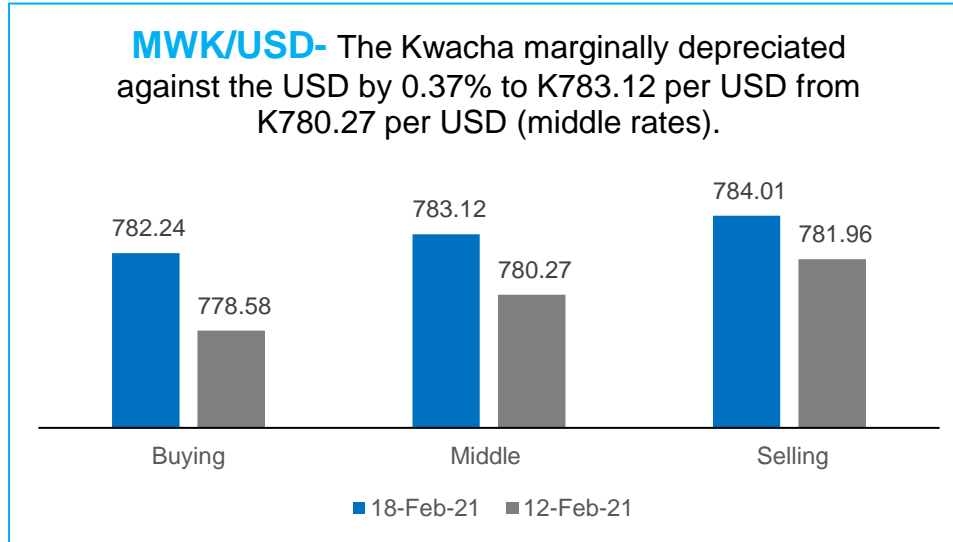
The other counters closed at the same prices as the previous week. Their closing prices are shown in the table below:

No.	MSE Code	Share Price (K)
		19-Feb-21
1	BHL	11.00
2	FDHB	14.44
3	FMBCH	27.09
4	ICON	12.20
5	ILLOVO	80.47
6	NBM	650.00
7	NBS	20.45
8	NICO	52.00
9	NITL	94.94
10	OMU	2,199.00
11	PCL	1,199.97
12	STANDARD	1,200.02
13	TNM	19.38



Currency market (Source: RBM)

The Malawi Kwacha marginally depreciated against the USD by 0.37% to K783.12 per USD from K780.27 per USD (middle rates).



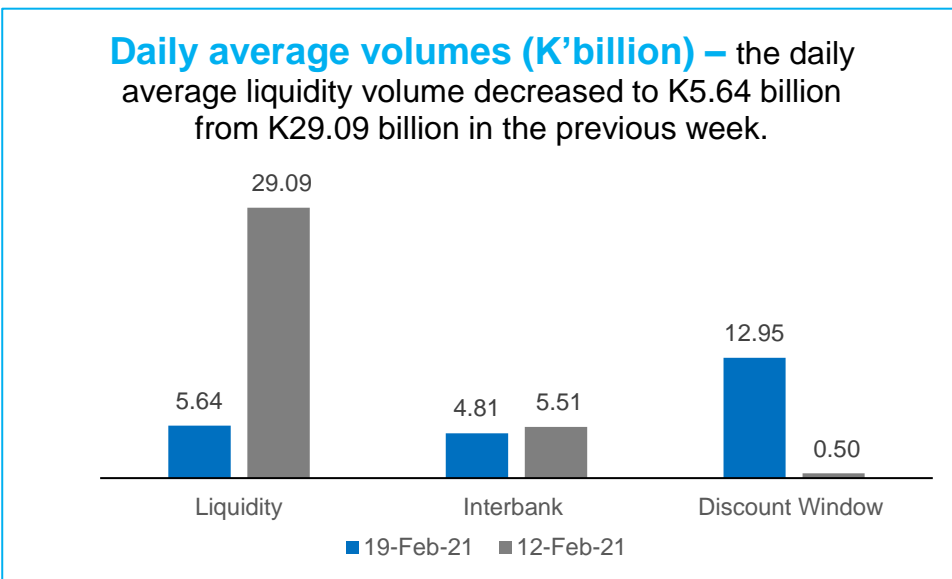
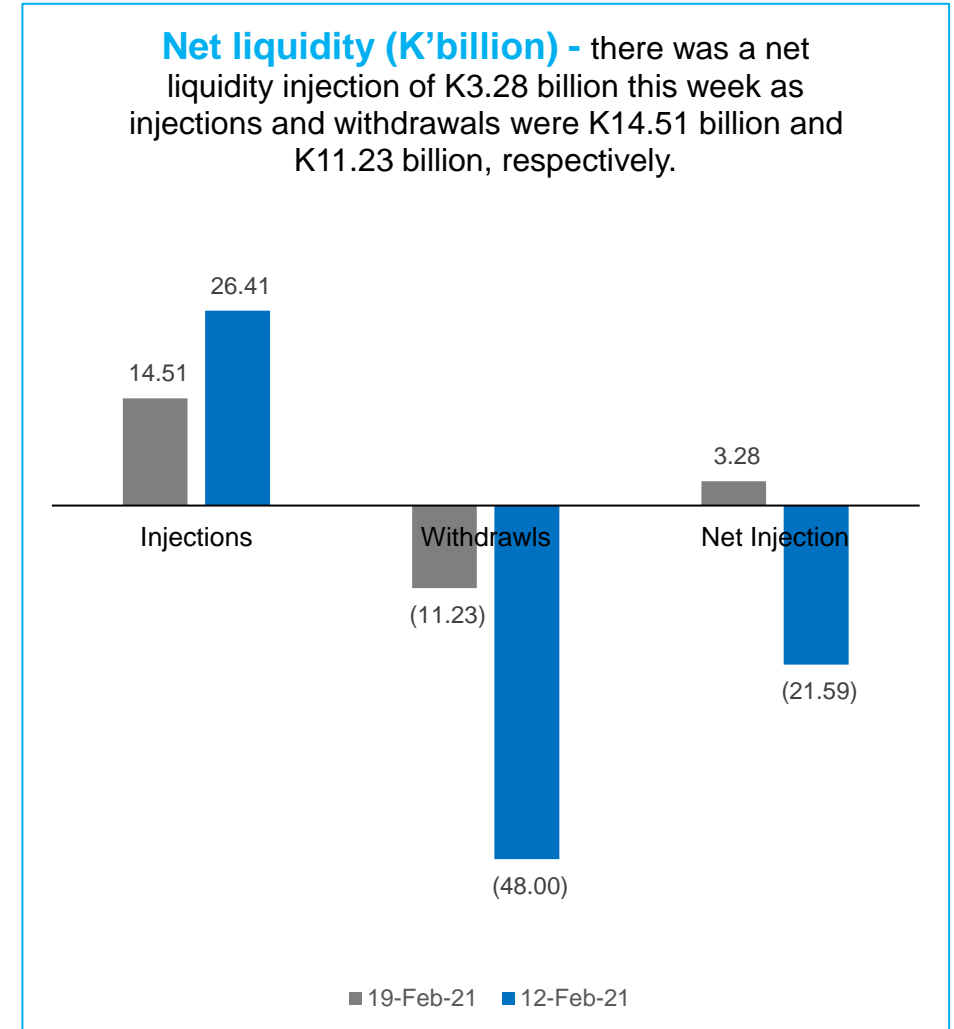
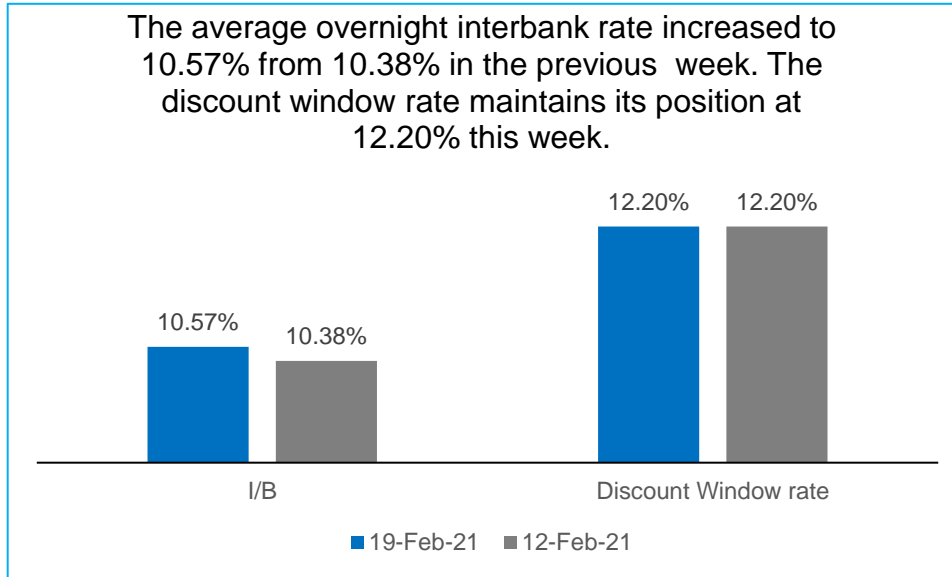
NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.

EUR – Euro USD – United States Dollar
GBP – Great British Pound ZAR – South African Rand



Other financial market developments (Source: RBM)

The average overnight interbank rate marginally increased to 10.57% from 10.38% in the previous week.



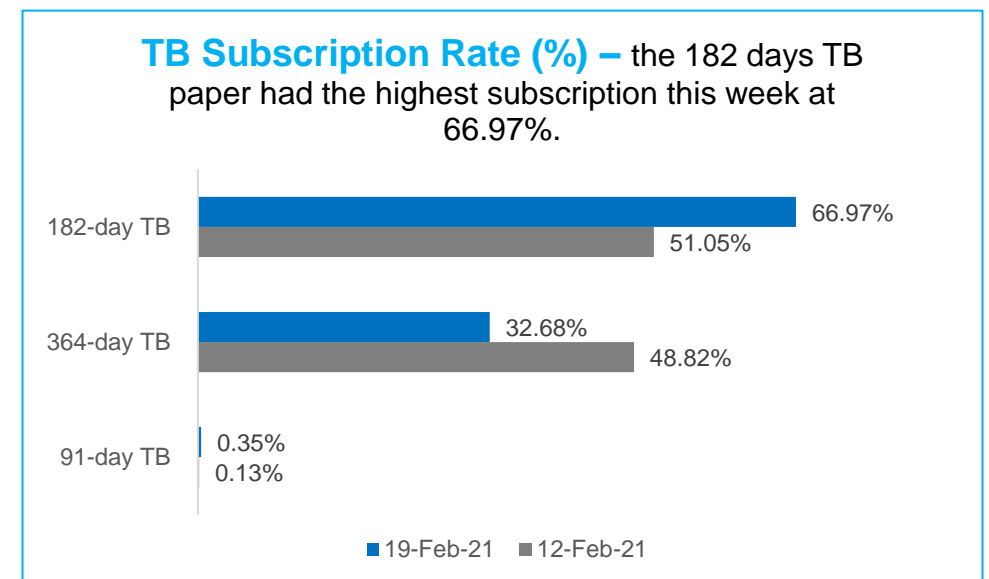
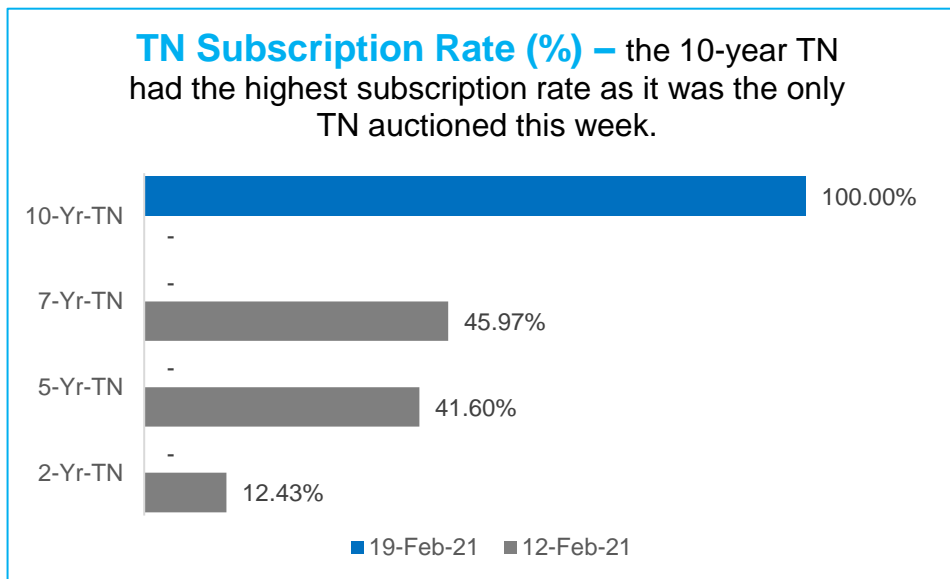
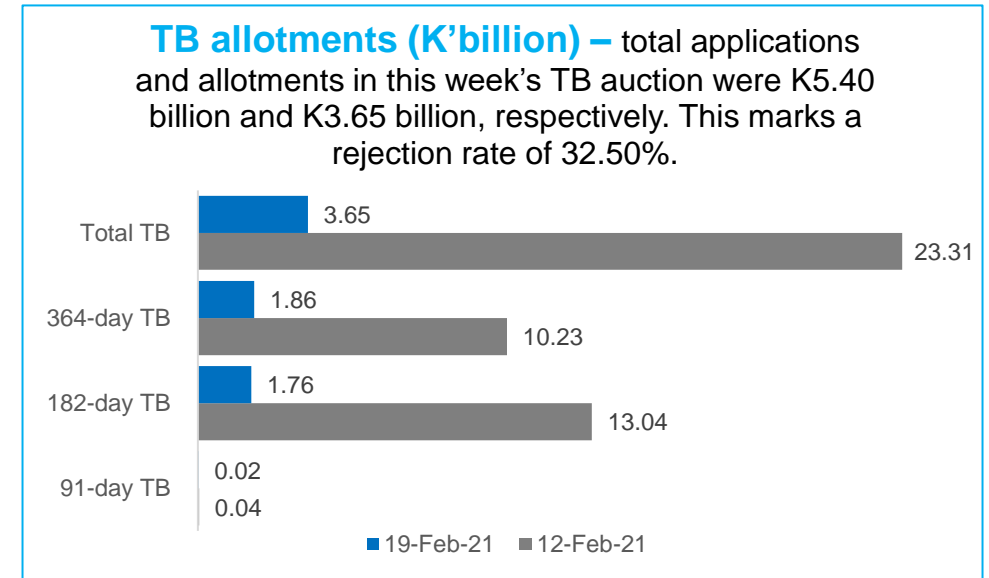
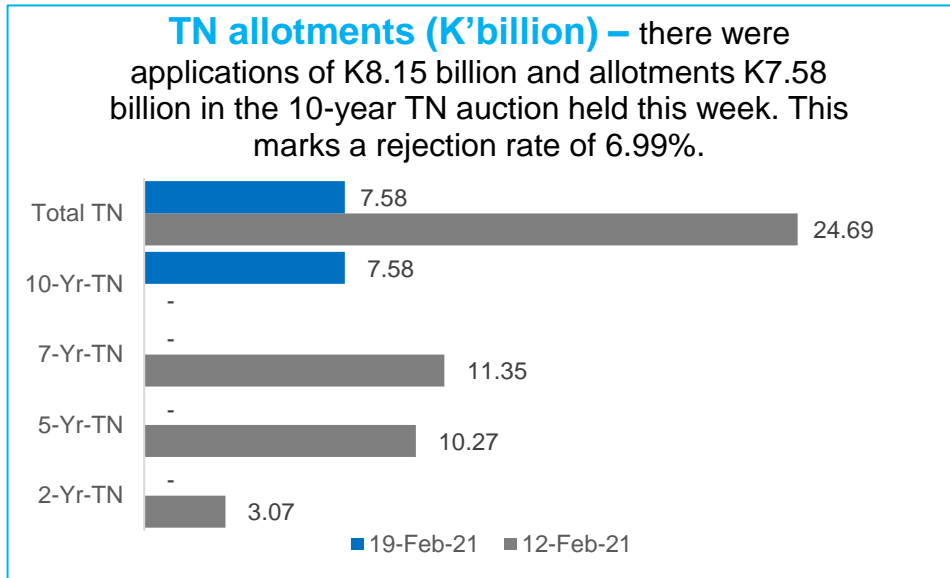
I/B – Interbank

Appendix



Appendix A- Government securities

The 182-days TB paper and the 10-Yr TN had the highest subscription rates of 66.97% and 100%, respectively.



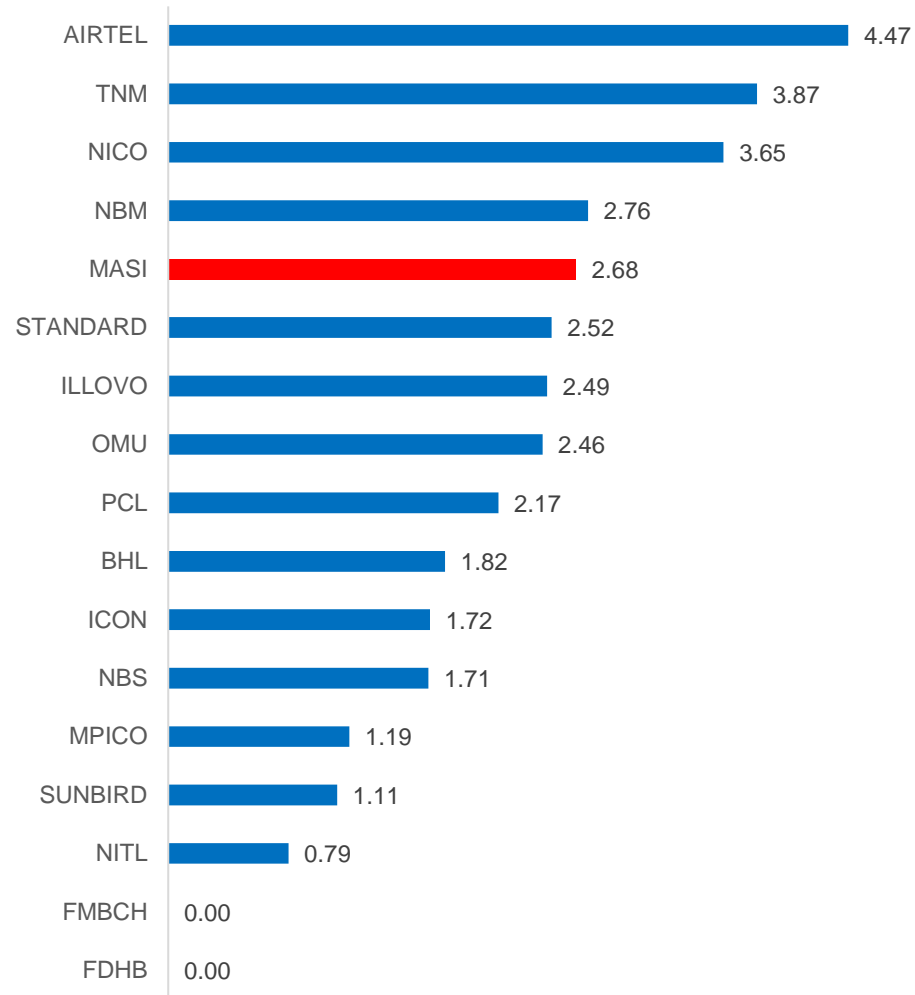
TB - Treasury Bill
TN - Treasury Note



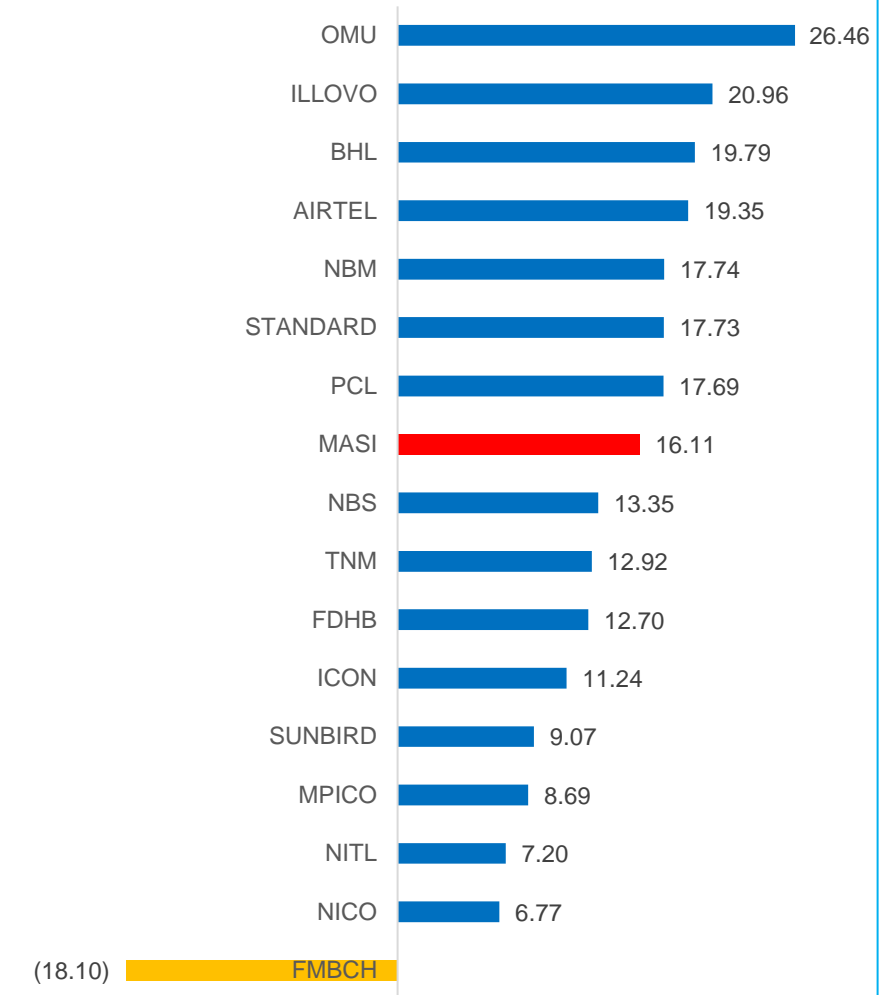
Appendix B- Equity market

The weighted average dividend yield on the MSE is 2.68%. The MSE has a weighted average Price to Earnings ratio of 16.11.

Dividend yield (%) - the weighted average dividend yield on the MSE is 2.68%. 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 16.11. FMBCH has the lowest at negative 18.10 while OMU has the highest at 26.46.

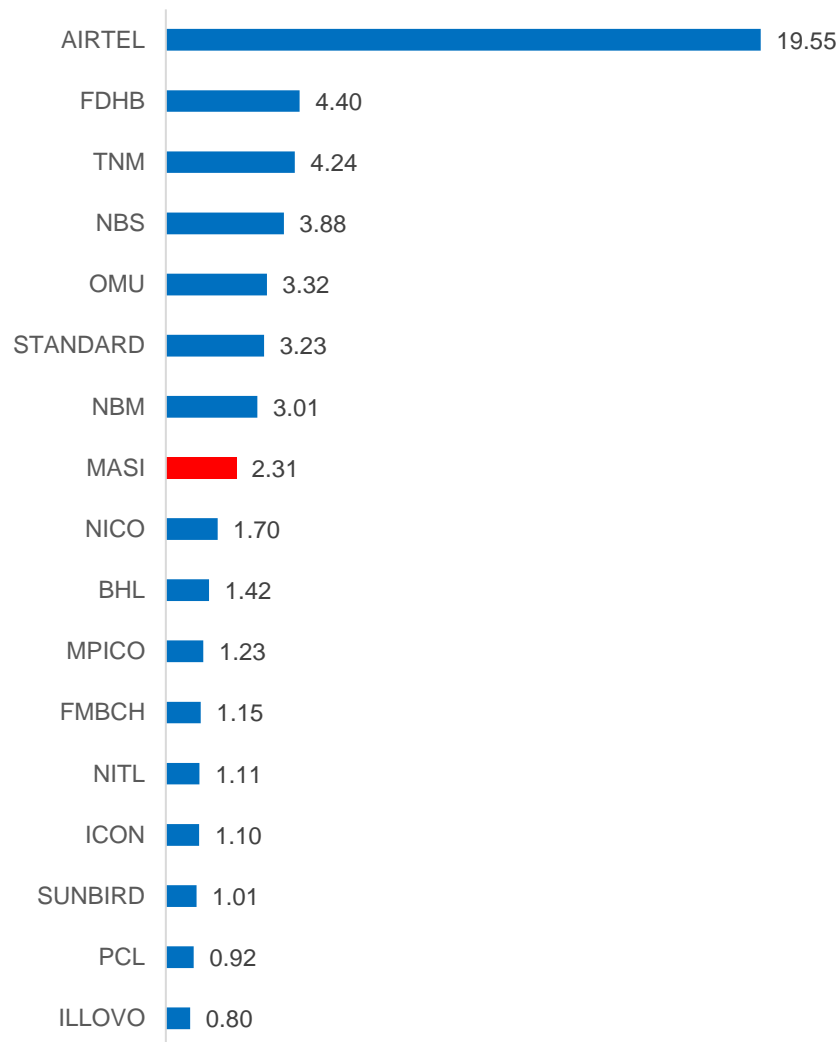




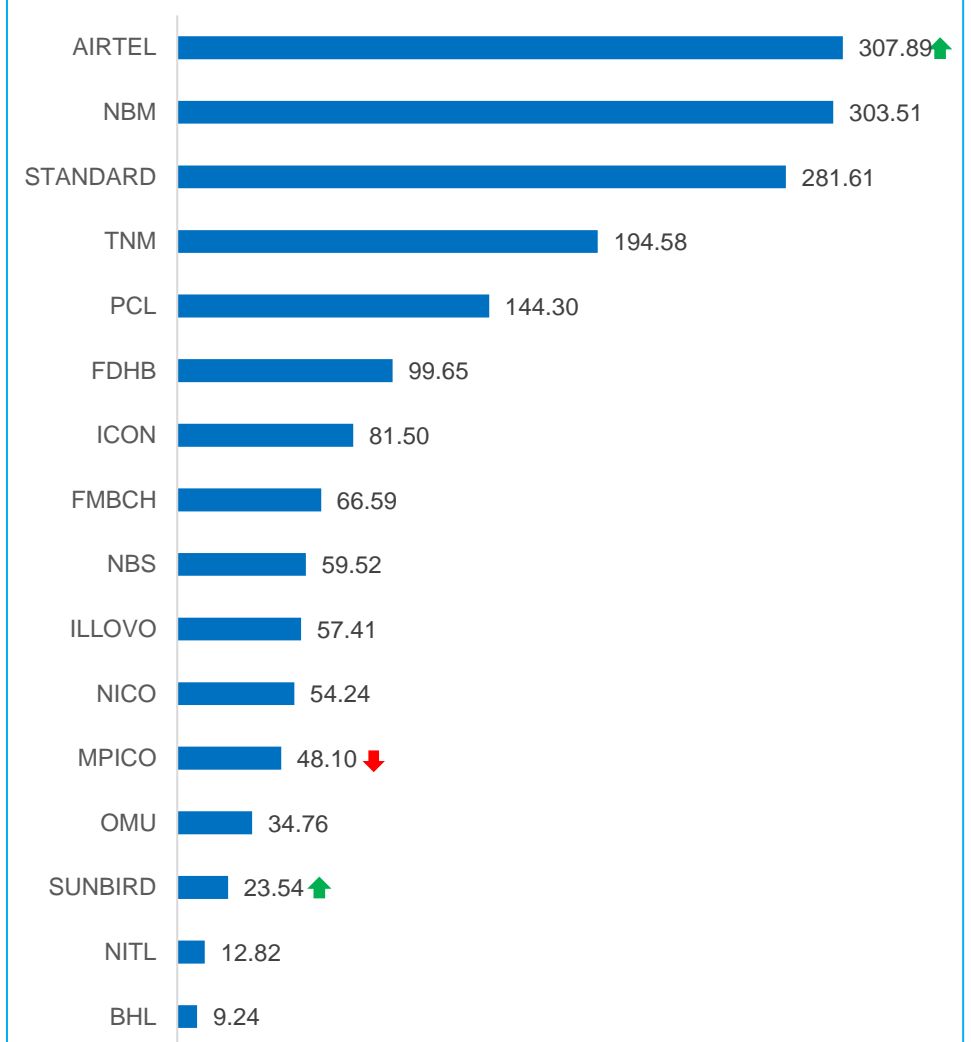
The weighted average Price to Book Value ratio on the MSE is 2.31. Airtel leads the MSE counters with a market capitalization of K307.89 billion. The total market capitalization is K1.78 trillion.

Appendix B- Equity market (Continued)

P/BV ratio - the weighted average Price to Book Value ratio on the MSE is 2.31. Airtel has the highest ratio at 19.55 while Illovo has the lowest ratio at 0.80.



Market Capitalization (K'-billion) - Airtel leads the MSE counters with a market capitalization of K307.89 billion. The total market capitalization is K1.78 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 B- Equity market (Continued)

Corporate Announcements (Source: MSE)

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



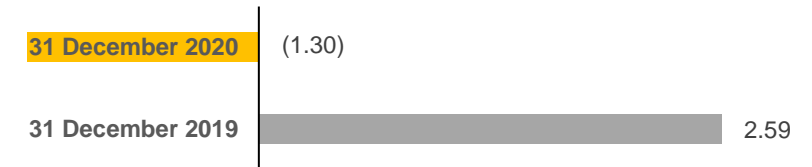
2. **TNM Profit After Tax (K'billions)** - according to their trading statement, they expect a 25% decrease in profit after tax (PAT) for the period ending 31 December 2020. The PAT will decrease to at most K11.30 billion from K15.06 billion.



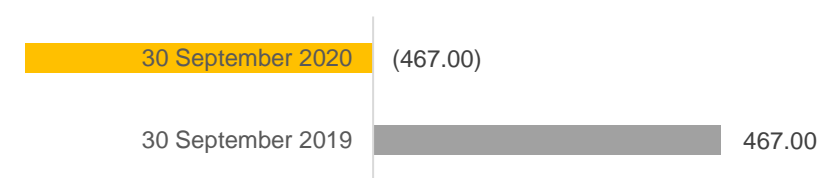
3. **Standard Bank Profit After Tax (K'billions)** - according to their trading statement, Standard Bank expects a 45% increase in profits for the period ending 31 December 2020 to at least K23.03 billion from K15.88 billion.



4. **Sunbird Profit After Tax (K'billions)** - according to their trading statement, they expect 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.



5. **BHL Profit After Tax (K'millions)** - according to their trading statement, they expect 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.



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.



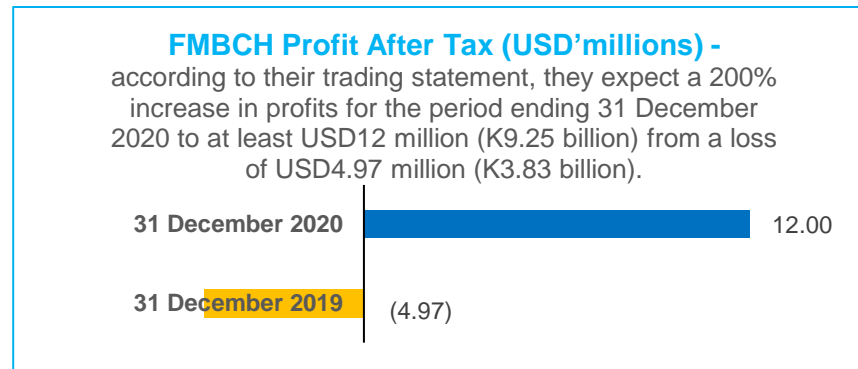


According to their trading statement on 29 January 2021, NBM expects a 20% increase in profits for the year ending 31 December 2020 to at least K20.59 billion from K17.16 billion in 2019. Financial statements for the financial year ending 31 December 2020 are expected to be published not later than 30 June 2021.

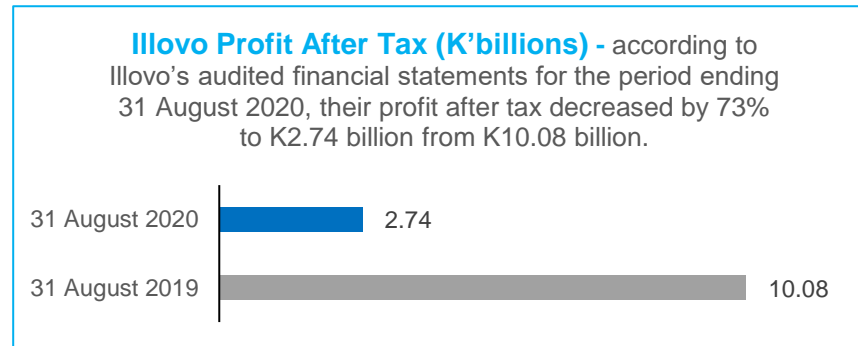
Appendix B- Equity market (Continued)

Corporate Announcements (continued)

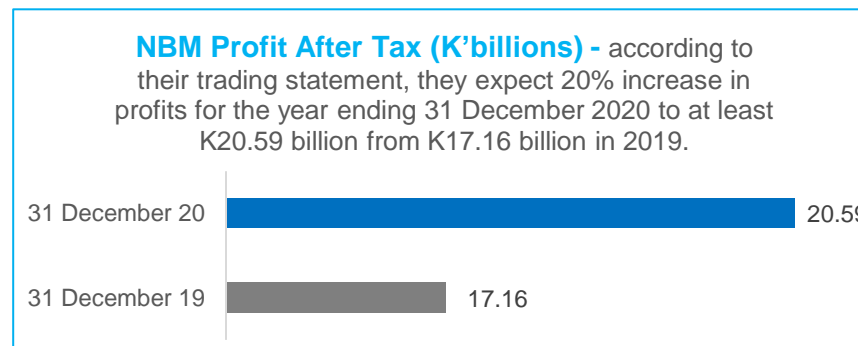
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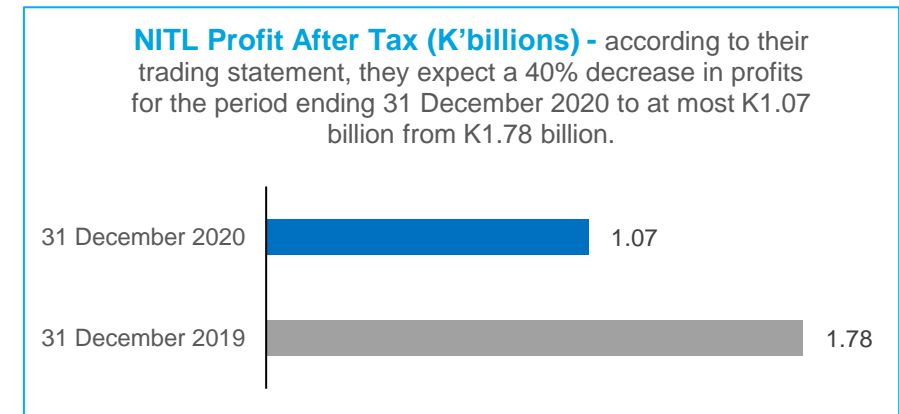
8.



9.



10.



11.

- 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 NICO
 - 2 FDHB
 - 3 PCL
 - 4 ICON
 - 5 MPICO



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 B- Equity market (Continued)

Corporate Announcements (continued)

12. **FDH Bank Plc cautionary statement**

FDH Bank Plc wishes to inform its shareholders and the general public that members of its majority shareholder, FDH Financial Holdings Limited, are 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.

FDH Bank Plc is further informing the general public that all efforts will be made to communicate further developments as and when required.

13. **OMU Trading Statement**

OMU wishes to advise shareholders that they expect HEPS and EPS for the year ended 31 December 2020 to be more than 20% lower than the reported HEPS and EPS for the comparable period (FY 2019 HEPS: 236.1 cents, FY 2019 EPS: 208.3 cents) due to the significant impact COVID-19 has had on our business operations and results.

A further trading statement will be published to provide more specific guidance once they have reasonable certainty regarding the extent of the decline and the related ranges of the expected decrease in HEPS and EPS.

14. **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.



FDH Bank Plc wishes to inform its shareholders that following a meeting held on 8 February 2021, the Board of Directors of FDH Bank Plc passed a resolution approving payment of an interim dividend of K3 billion (representing K0.43 per share) in respect of 2020 profits.

Appendix B- Equity market (Continued)

Corporate Announcements (continued)

15. Dividends:

NBM second interim dividends

The Board of Directors of National Bank of Malawi plc, at its meeting on 28 January 2021 duly convened and held, resolved that a second interim dividend of K2.5 billion (representing K5.35 per share) be paid to the shareholders appearing in the register of the company as at close of business on 12th March 2021. A first interim dividend of K2.5 billion was paid in September 2020 in respect of 2020 profits. Payment date for the second interim dividend is 31st March 2021.

Illovo dividends

Illovo has declared a final dividend of K1.427 billion representing 200 tambala per share (K2.00) in respect of the financial year ended 31 August 2020 as recommended by its directors.

FDH interim dividend payment

FDH Bank Plc wishes to inform its shareholders that at a meeting duly called, constituted and held on 8 February 2021, the Board of Directors of FDH Bank Plc passed a resolution approving payment of an interim dividend of K3 billion (representing K0.43 per share) in respect of 2020 profits. The dividend will be paid to members appearing in the register of the company as at close of business on 12 March 2021. The date of payment for the interim dividend is 26 March 2021.

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

16. Annual General Meetings

Illovo wishes to notify its shareholders and other stakeholders that the 56th Annual General meeting of the company will be held virtually on Wednesday 24 February at 14:00pm.

Company	Venue	Date	Time
Illovo	Virtual	24th February 2021	14:00hrs

Disclaimer

Although every effort was made to ensure the information in this report is authentic, the report should only be used for indicative purposes. Bridgepath Capital Limited accepts no responsibility or liability resulting from usage of information from this report. Every recipient using this report should make independent efforts to ascertain the accuracy of the information.

Contact Information

Bridgepath Capital Limited
1st Floor (108), Development House
Henderson Street Road
P.O. Box 2920
Blantyre

Tel No: + 265 1 828 355

Email: info@bridgepathcapitalmw.com

Website: www.bridgepathcapitalmw.com