

Financial Market Update

| Week ending 26 March 2021



Financial market highlights for the week ending 26 March 2021

The following highlights compare the week ending 26 March 2021 to the week ending 19 March 2021:



Government securities market (Source: RBM)

- A total of K23.49 billion was allotted during this week's Treasury Bills (TB) and 5-Year Treasury Note (TN) auctions.
- There were nil rejections in the TB auctions, while the 5-Year TN had a rejection rate of 1.18%.
- The average all type TB yield maintained its position at 12.18% during the period under review.
- The average yield in the 5-Year TN auction was 19.98%.



Currency market (Source: RBM)

- Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.17% to K788.61 per USD from K787.29 per USD.
- Based on middle rates, the Kwacha appreciated against the GBP (to K1,122.28 per GBP from K1,147.92 per GBP), and EUR (to K991.37 per EUR from K991.54 per EUR) and ZAR (to K56.70 per ZAR from K56.77 per ZAR) during the period under review.



Financial market developments (Source: RBM)

- The average overnight interbank rate marginally increased to 11.45% from 11.39% in the previous week.
- The headline inflation rate for February 2021 was 8.3% compared to 7.70% in January 2021.



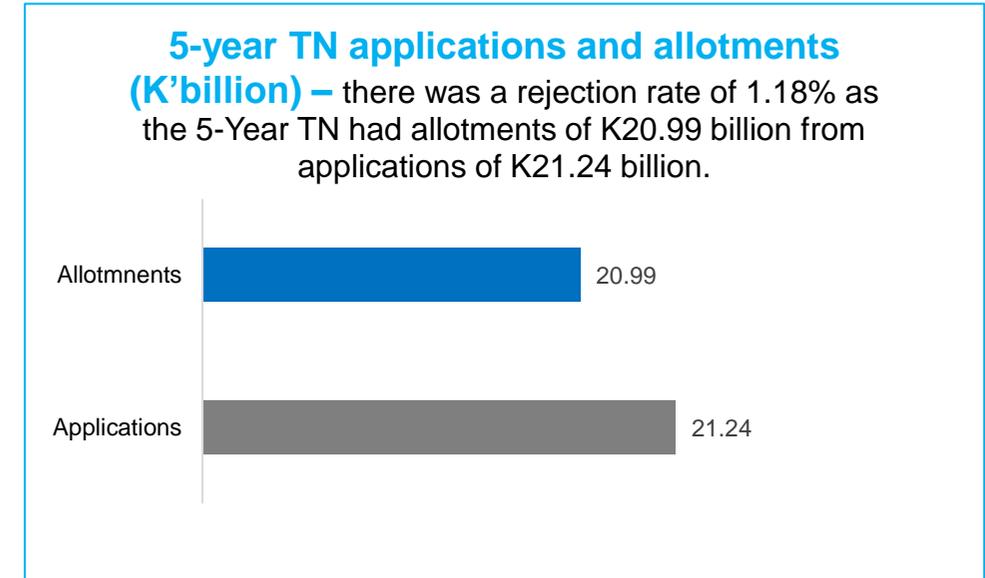
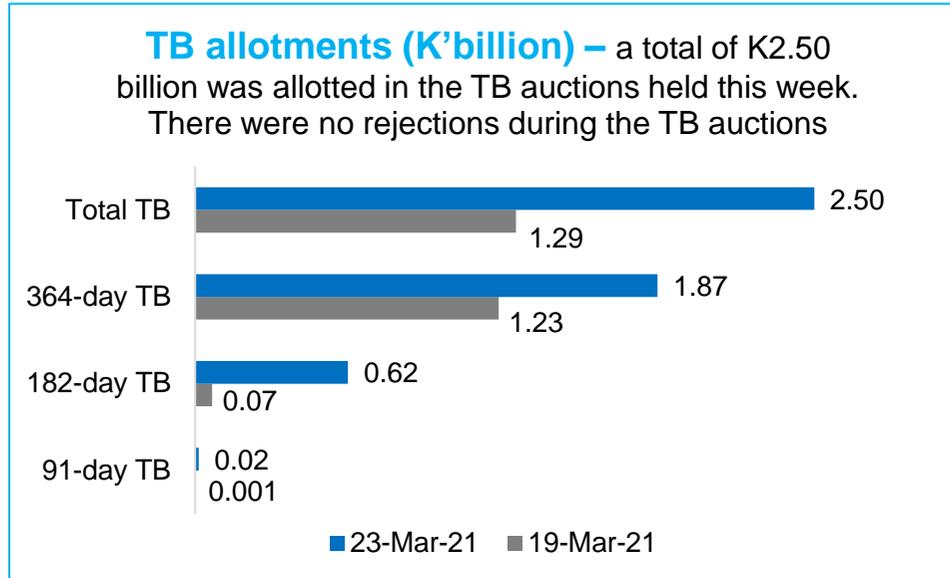
Equity market (Source: MSE)

- The stock market was bearish this week as the MASI marginally decreased to 32,581.65 points from 32,586.56 points in the previous week. This was due to share price losses for Airtel (to K27.95 from K27.96), ICON (to K12.18 from K12.19), MPICO (to K20.89 from K20.90), NICO (to K51.93 from K51.94), PCL (to K1,199.94 from K1,199.95) and TNM (to K16.49 from K16.50), during the period under review. This offset share price gains for FMBCH (to K27.12 from K27.10) and Standard Bank (to K1,200.11 from K1,200.10).
- The year-to-date return of the MASI was 0.58% at the close of this week. It was negative 4.46% in the previous year, during the same period.
- According to their trading statement, FDH Bank expects more than an 88% increase in profits for the year ending 31 December 2020 to at least K14.75 billion from K7.85 billion in 2019. This is attributed to restatement of financial statements for 2018 and 2019 in respect of a change in revenue recognition on some restructured financial instruments.
- According to their group annual results for the year ended 31 December 2020, OMU has closed the year with a loss after tax of ZAR5.10 billion from a profit of ZAR9.39 billion in 2019.
- Blantyre Hotels Plc (BHL) wishes to notify the public that its seventy-fourth annual general meeting will be held as a virtual meeting on 19 April 2021 from 15:30 hours.

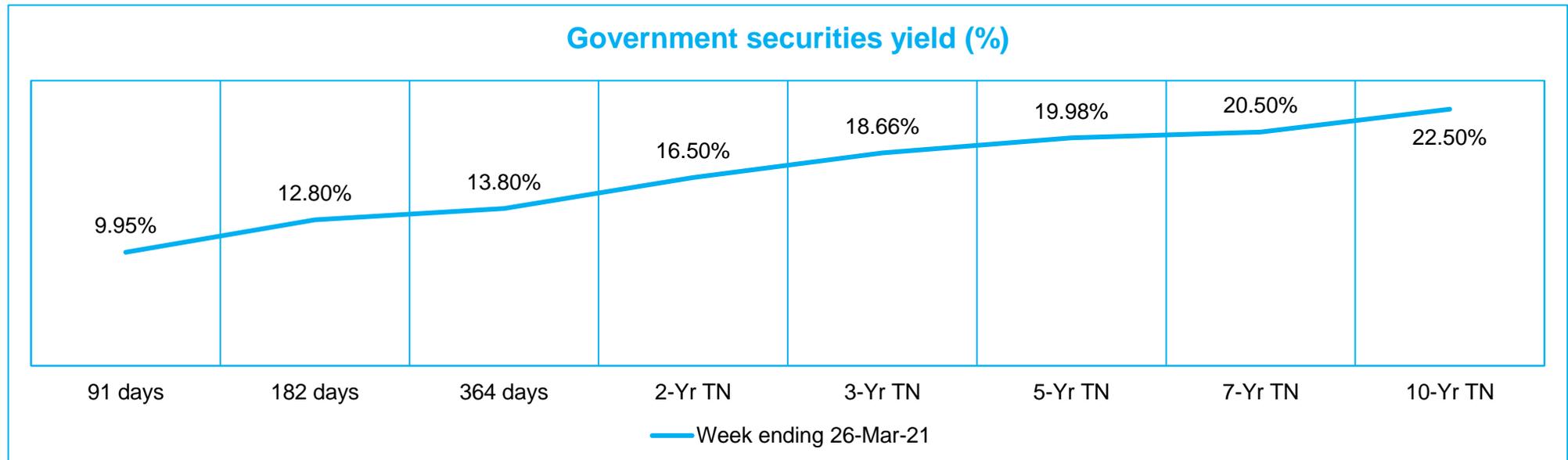


Government securities (Source: RBM)

A total of K23.49 billion was allotted during this week's Treasury Bills (TB) and 5-Year Treasury Note (TN) auctions.



The average yield in the 5-Year TN auction marginally increased to 19.98% from 19.97%.



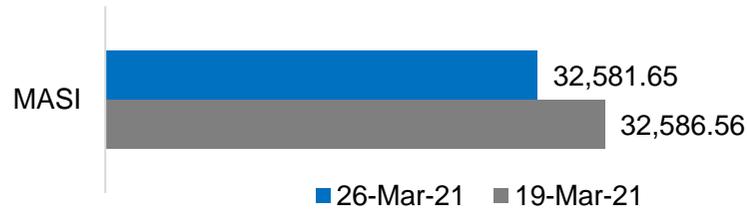
TB - Treasury Bill
TN - Treasury Note



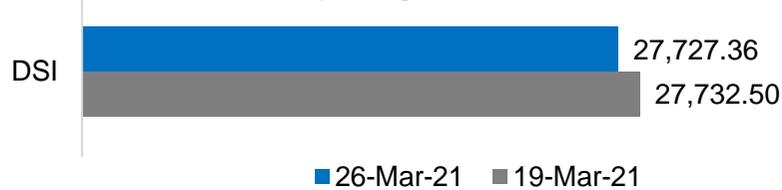
The stock market bearish this week as the MASI marginally decreased to 32,581.65 points from 32,586.56 points in the previous week. This was due to share price losses in Airtel, ICON, MPICO, NICO, PCL and TNM, which offset share price gains in Standard bank and FMBCH. Year-to-date, the MASI return is 0.58%.

Equity market (Source: MSE)

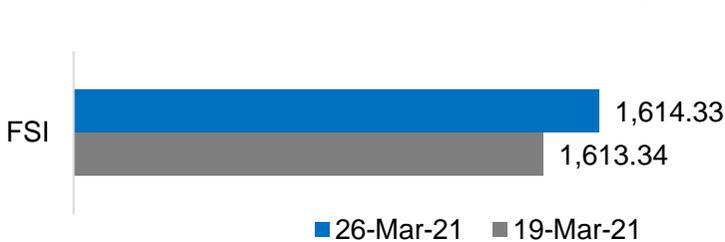
MASI – the stock market was bearish this week as the MASI marginally decreased to 32,581.65 points from 32,586.56 points in the previous week. This was due to share price losses in 6 counters.



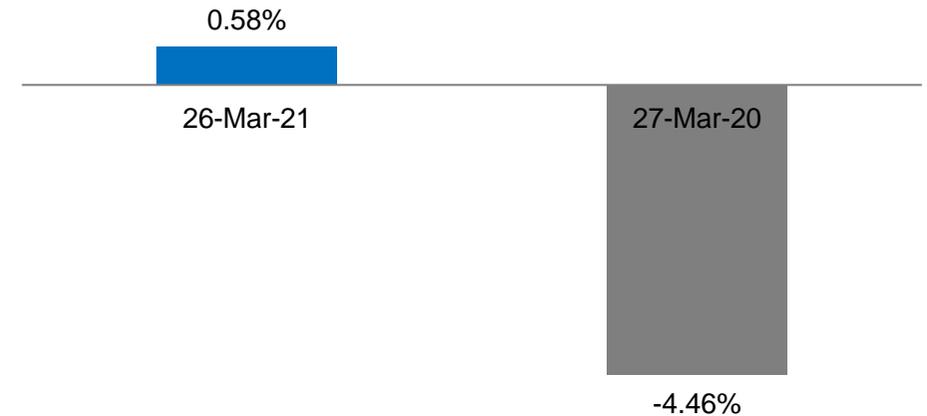
DSI – the DSI decreased to 27,727.36 points from 27,732.50 points due to share price losses in Airtel, ICON, MPICO, NICO, PCL and TNM. This offset a share price gain in Standard bank.



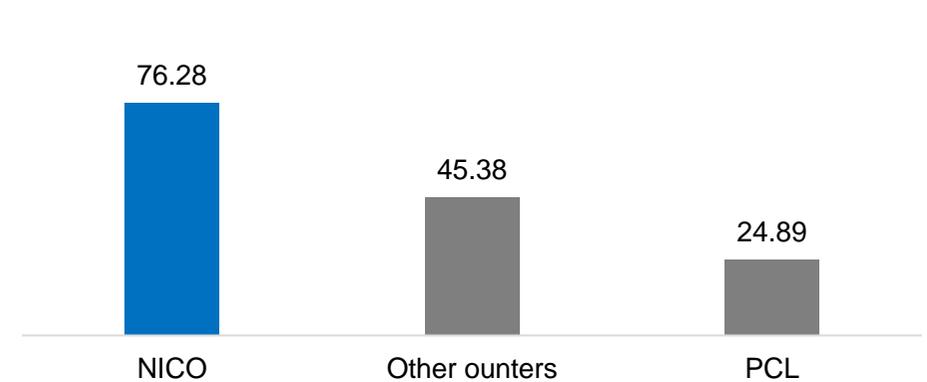
FSI – the FSI increased to 1,614.33 points from 1,613.34 points due to a share price gain in FMBCH.



MASI YTD Return (%) – the MASI closed the week with a year-to-date return of 0.58% (it was negative 4.46% in the previous year, during the same period).



Value of Shares Traded (K'million) – NICO had the highest value of shares traded at K76.28 million. The total value of shares traded this week was K146.54 million.



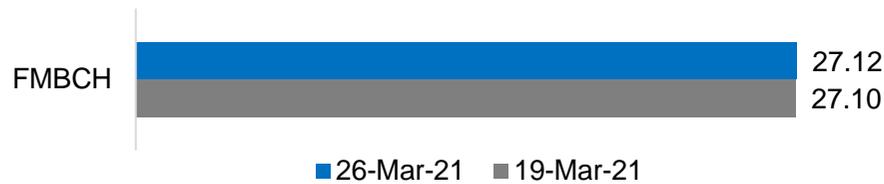
MASI: Malawi All Share Index
DSI: Domestic share Index
FSI: Foreign share Index



There were share price losses for Airtel (to K27.95 from K27.96), ICON (to K12.18 from K12.19), MPICO (to K20.89 from K20.90), NICO (to K51.93 from K51.94), PCL (to K1,199.94 from K1,199.95) and TNM (to K16.49 from K16.50), during the period under review. There were share price gains for FMBCH (to K27.12 from K27.10) and Standard bank (to K1,200.11 from K1,200.10).

Equity market (Continued)

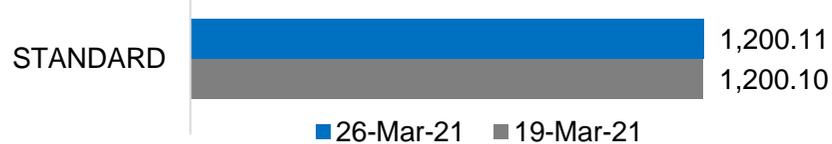
FMBCH- There was a marginal share price gain for FMBCH to K27.12 from K27.10 during the period under review.



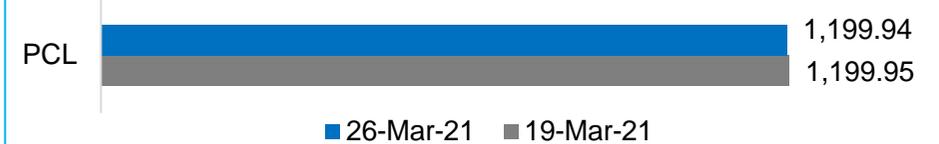
NICO- There was a marginal share price loss for NICO to K51.93 from K51.94 during the period under review.



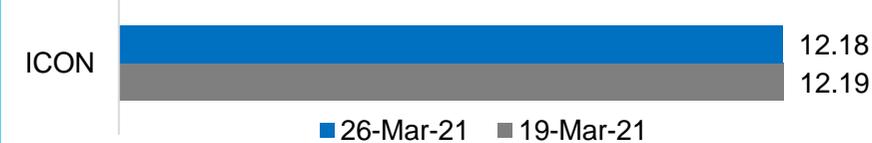
Standard Bank- There was a marginal share price gain for Standard Bank to K1,200.11 from K1,200.10 during the period under review.



PCL- There was a marginal share price loss for PCL to K1,199.94 from K1,199.95 during the period under review.



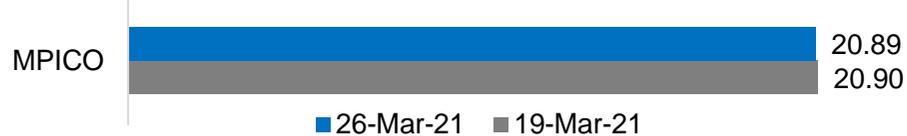
ICON- There was a marginal share price loss for ICON to K12.18 from K12.19 during the period under review.



Airtel- There was a marginal share price loss for Airtel to K27.95 from K27.96 during the period under review.



MPICO- There was a marginal share price loss for MPICO to K20.89 from K20.90 during the period under review.



TNM- There was a marginal share price loss for TNM to K16.49 from K16.50 during the period under review.





The 8 counters closed at the same prices as the previous week.

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)
		26-Mar-21
1	BHL	11.00
2	FDHB	16.49
3	ILLOVO	80.46
4	NBM	650.05
5	NBS	23.00
6	NITL	94.94
7	OMU	2,190.00
8	SUNBIRD	90.00



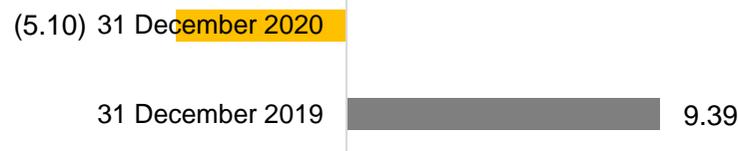
According to their trading statement, FDH Bank expects more than an 88% increase in profits for the year ending 31 December 2020 to at least K14.75 billion from K7.85 billion in 2019.

Economic overview (Continued)

Latest corporate announcements (Source: MSE)

1.

OMU loss After Tax (K'billions) - according to their group annual results for the year ended 31 December 2020, OMU has closed the year with a loss after tax of ZAR5.10 billion from a profit of ZAR9.39 billion Rands in 2019.



3.

BHL Loss After Tax for the year ended 30 September 2020 (K'billions)- according to their audited summary consolidated financial statements for the year ended 30 September 2020, closed the year with a loss after tax of K453.77 million from a profit of K467 million in 2019. This is in line with their expectations of a 200% decline in PAT from their trading statement that was published earlier.



5.

ICON Profit After Tax (K'billions) - according to their trading statement, ICON expects more than a 20% increase in profits for the year ending 31 December 2020 to at least K8.90 billion from K7.41 billion in 2019.



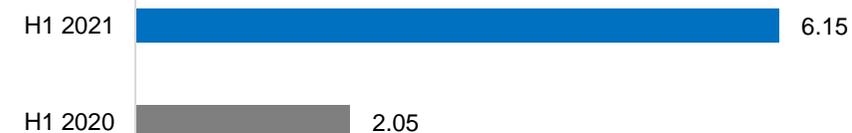
2.

FDH bank Profit After Tax (K'billions) - according to their trading statement, FDH Bank expects more than an 88% increase in profits for the year ending 31 December 2020 to at least K14.75 billion from K7.85 billion in 2019.



4.

Illovo Profit After Tax for the half year (K'billions) – Illovo plc expects PAT for the half year ending 28 February 2021 to be higher than the previous corresponding period by around 200%. Half year PAT was K2.05 billion in 2020, it is expected to be K6.15 billion in 2021.



6.

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.

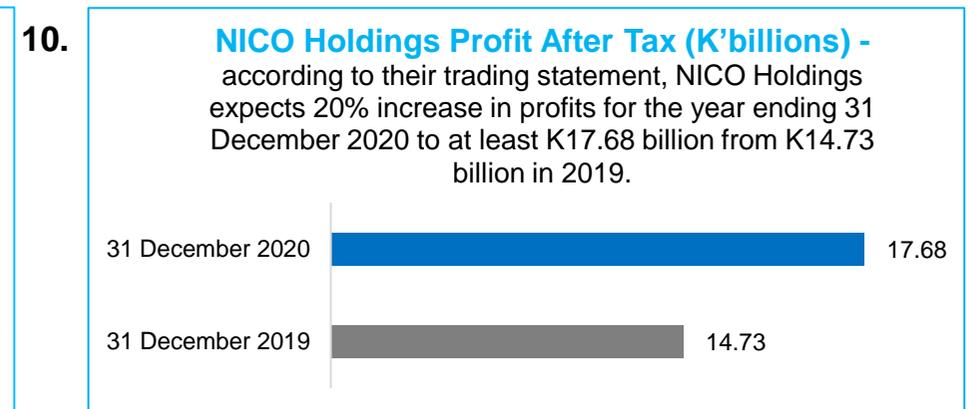
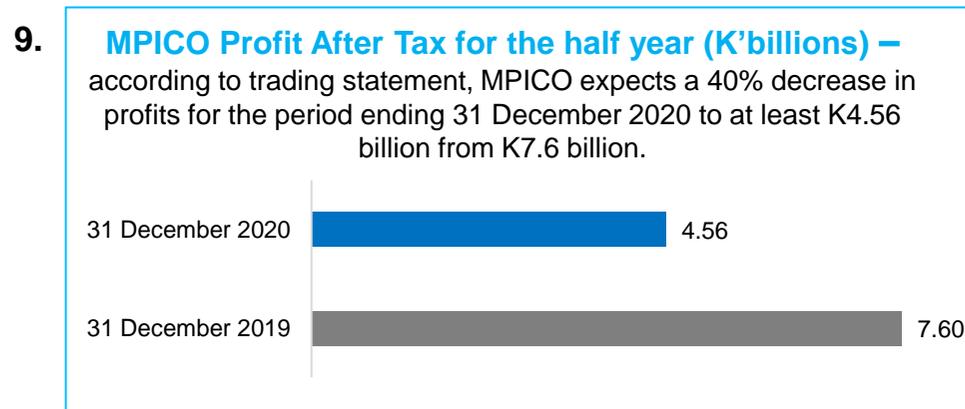
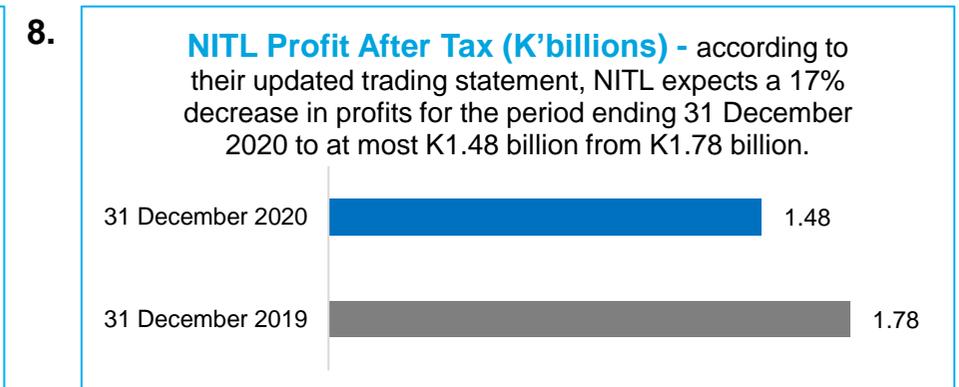
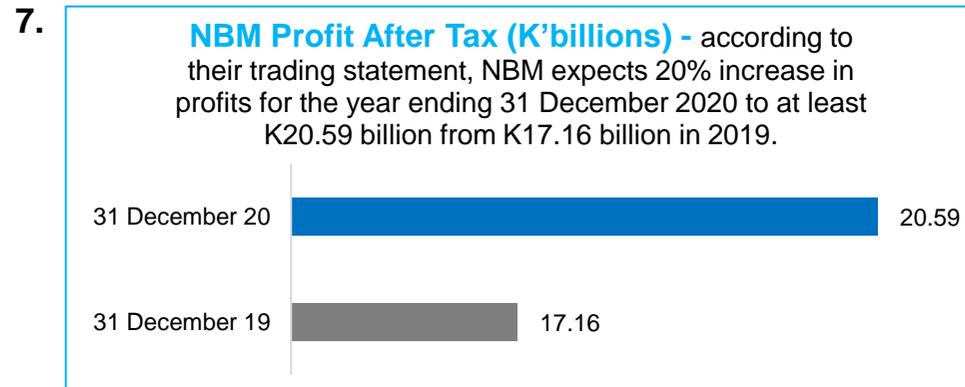




According to their trading statement NBM expects 20% increase in profits for the year ending 31 December 2020 to at least K20.59 billion from K17.16 billion in 2019.

Economic overview (Continued)

Latest corporate announcements (Source: MSE)



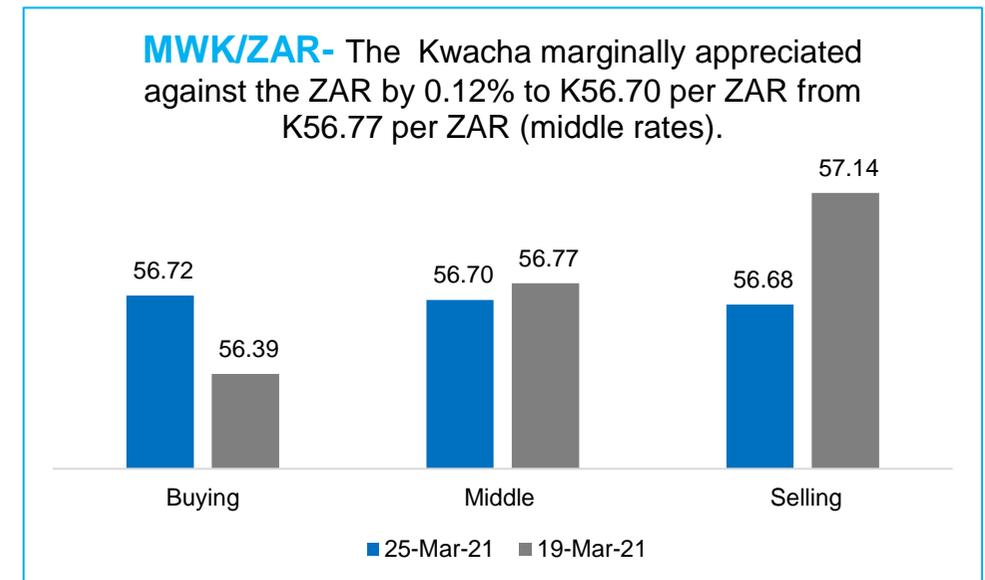
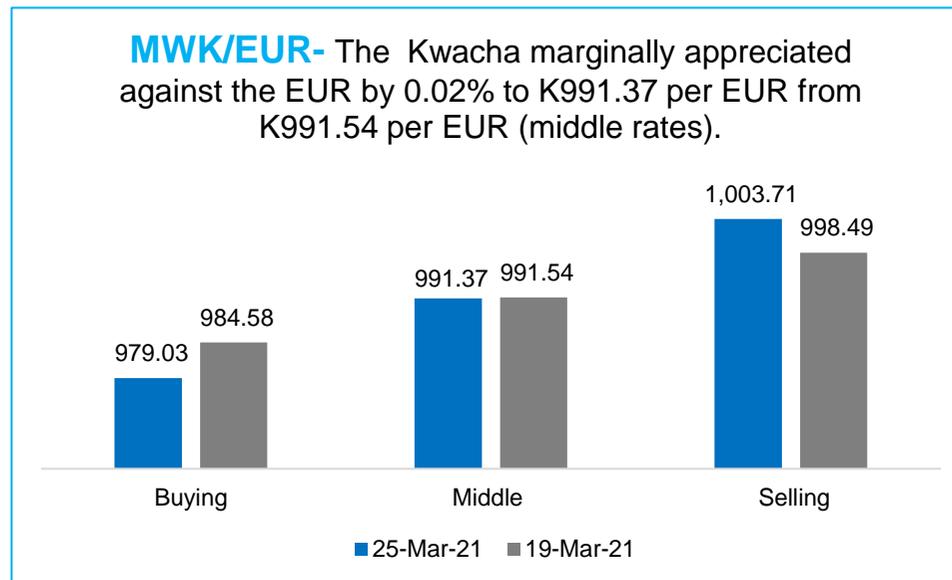
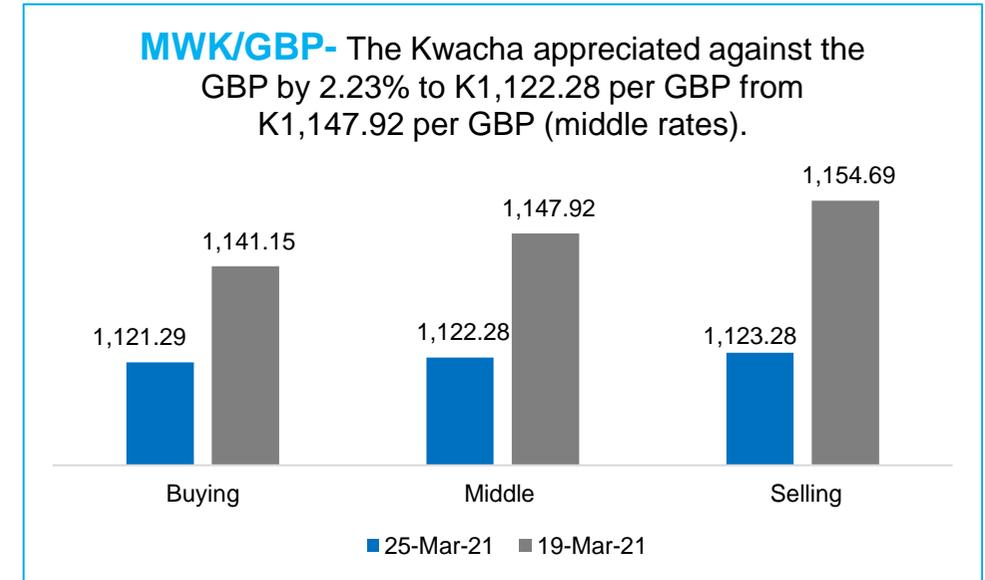
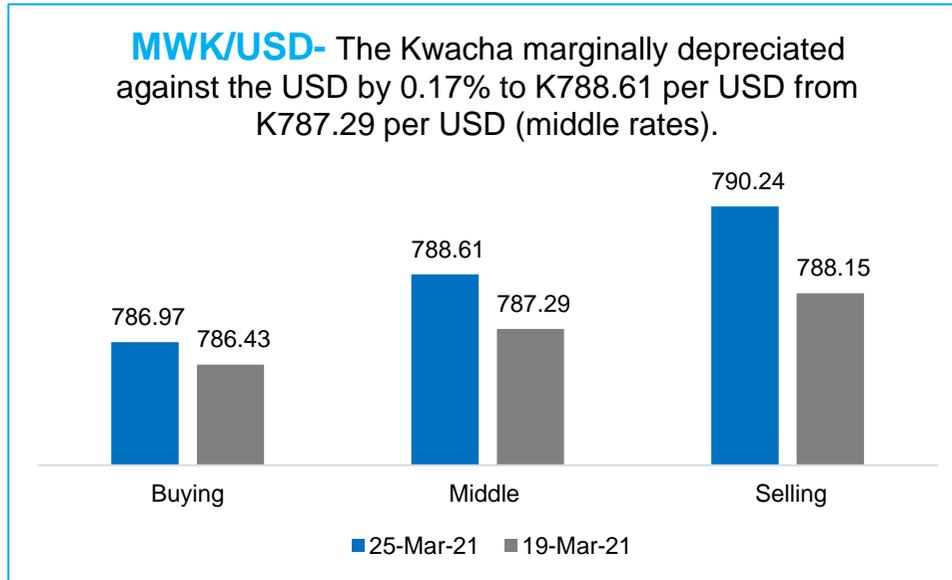
11. Annual general meeting

Company	Venue	Date	Time
BHL	Virtual AGM	19 April 2021	15:30 hours



Currency market (Source: RBM)

Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.17% to K788.61 per USD from K787.29 per USD.

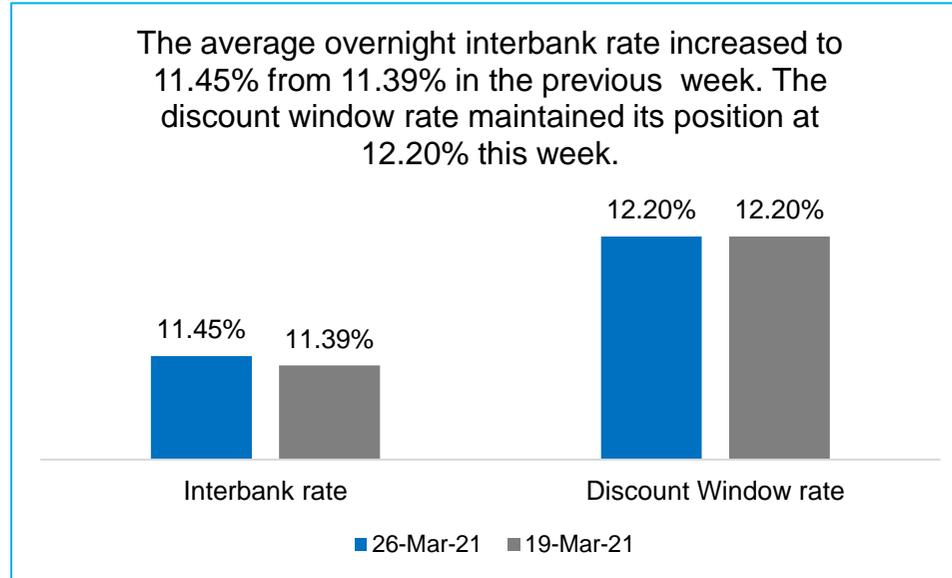


NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.

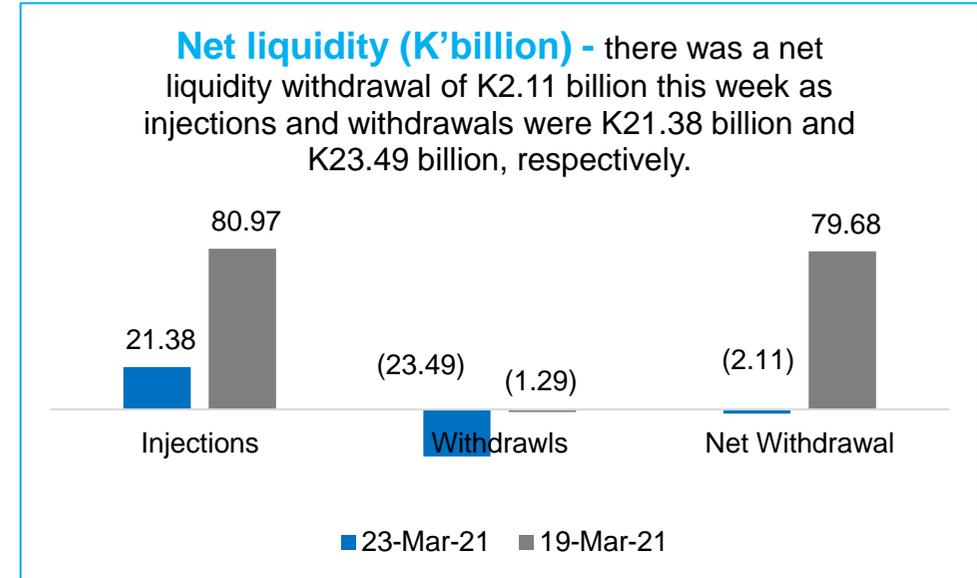


Other financial market developments (Source: RBM and NSO)

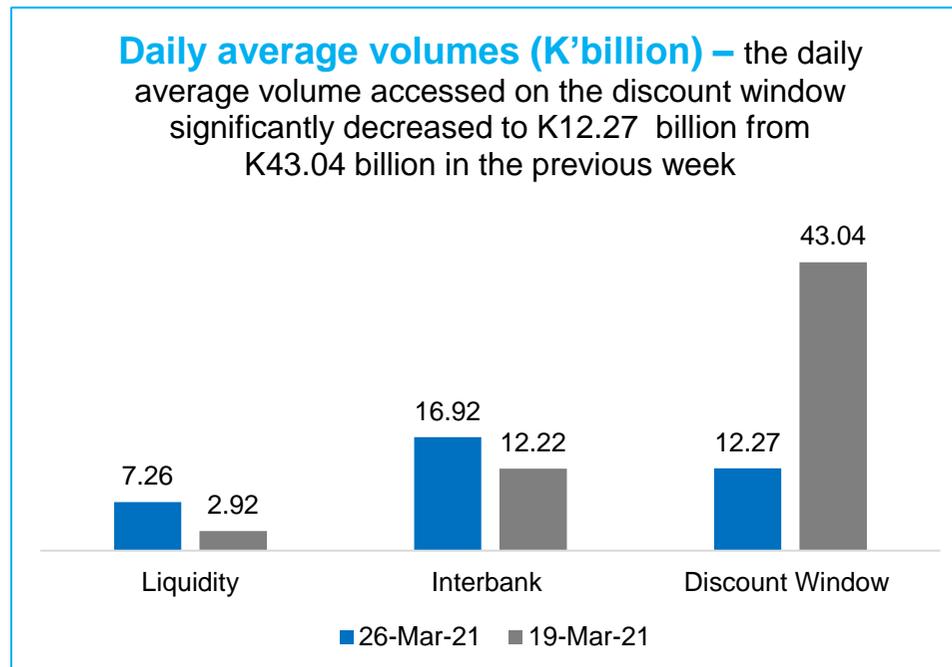
The average overnight interbank rate increased to 11.45% from 11.39% in the previous week.



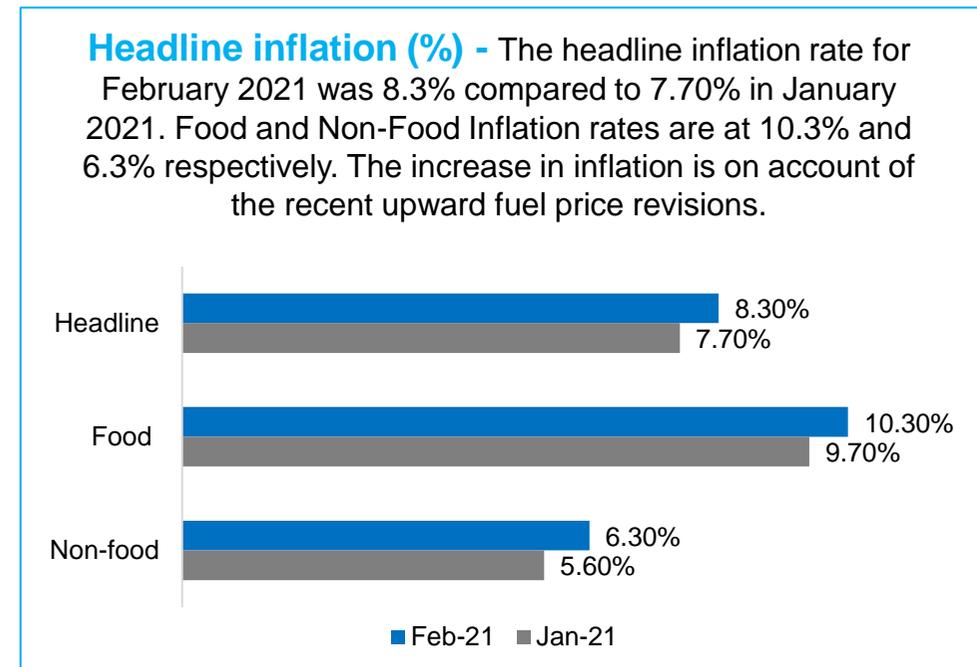
Net liquidity (K'-billion) - there was a net liquidity withdrawal of K2.11 billion this week as injections and withdrawals were K21.38 billion and K23.49 billion, respectively.



The headline inflation rate for February 2021 was 8.3% compared to 7.70% in January 2021.



Headline inflation (%) - The headline inflation rate for February 2021 was 8.3% compared to 7.70% in January 2021. Food and Non-Food Inflation rates are at 10.3% and 6.3% respectively. The increase in inflation is on account of the recent upward fuel price revisions.



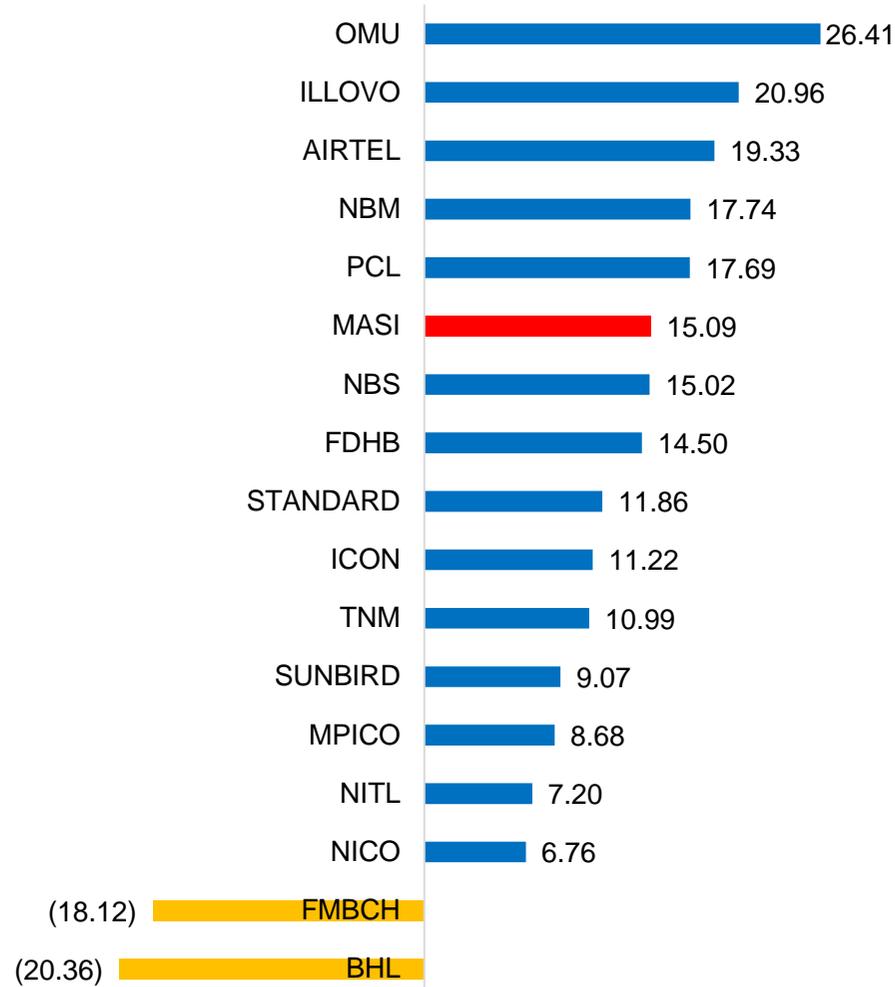
Appendix



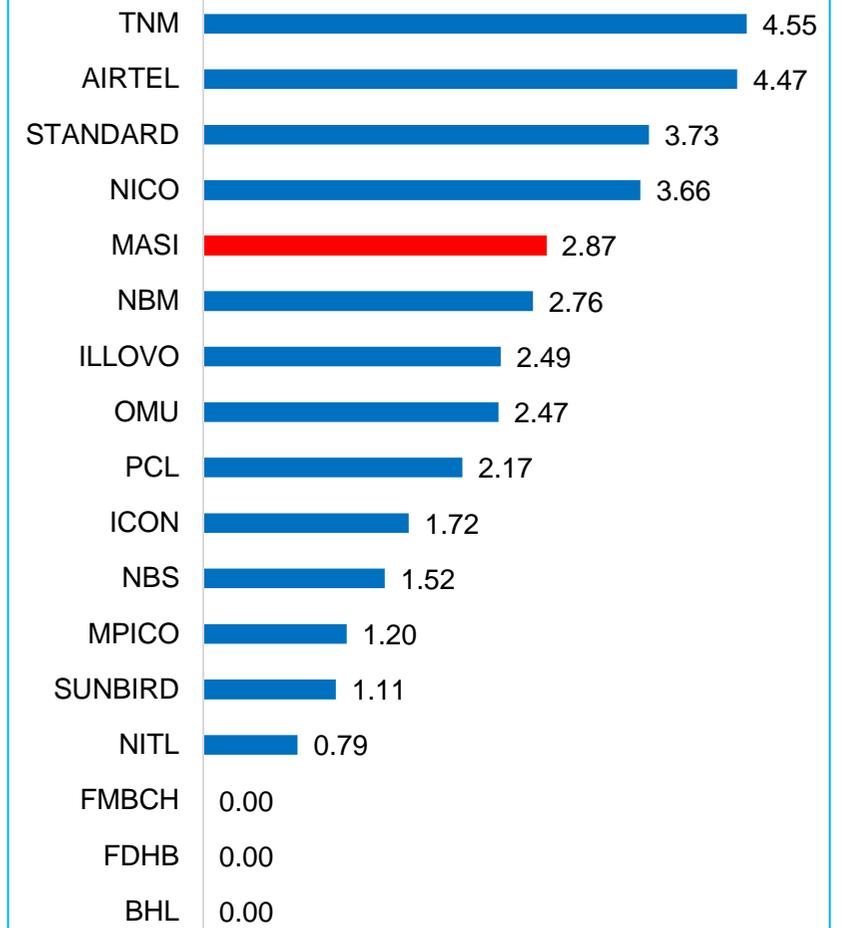
The weighted average dividend yield on the MSE is 2.87%. The MSE has a weighted average Price to Earnings ratio of 15.09.

Appendix A - Equity market

P/E ratio - the MSE has a weighted average Price to Earnings ratio of 15.09. BHL has the lowest at negative 20.36 while OMU has the highest at 26.41.



Dividend yield (%) - the weighted average dividend yield on the MSE is 2.87%. The counter with the highest dividend yield is TNM at 4.55%.

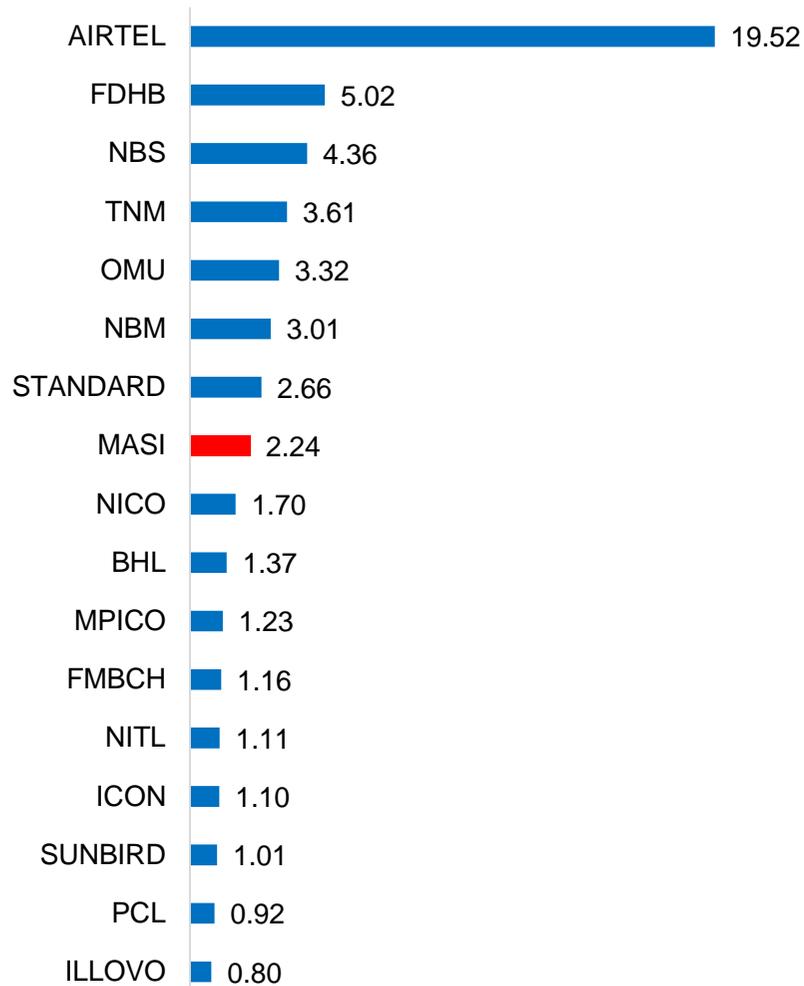




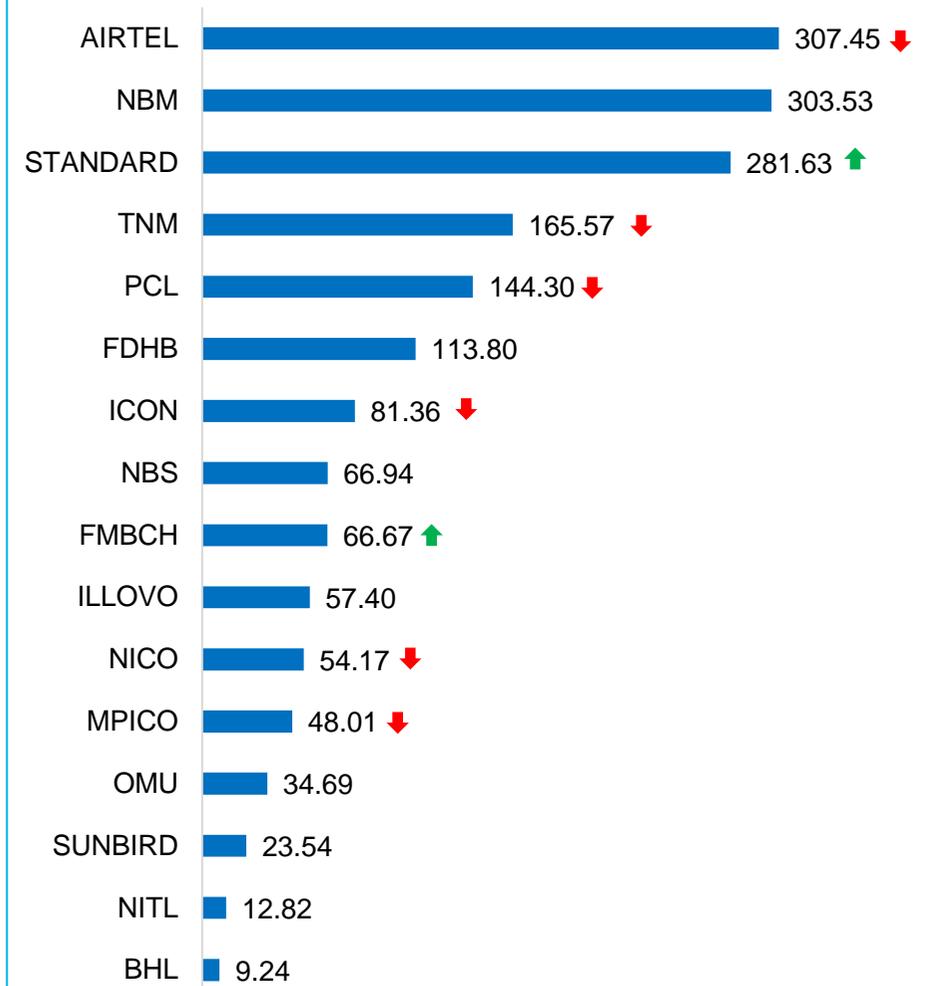
The weighted average Price to Book Value ratio on the MSE is 2.24. Airtel leads the MSE counters with a market capitalization of K307.45 billion. The total market capitalization is K1.77 trillion.

Appendix A - Equity market (Continued)

P/BV ratio - the weighted average Price to Book Value ratio on the MSE is 2.24. Airtel has the highest ratio at 19.52 while Illovo has the lowest ratio at 0.80.



Market Capitalization (K' billion) - Airtel leads the MSE counters with a market capitalization of K307.45 billion. The total market capitalization is K1.77 trillion.



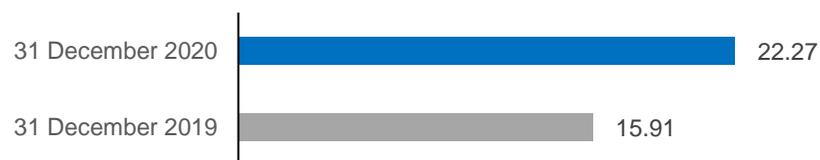


Airtel, NBS and FMCH expect profit after tax for the period ending 31 December 2020 to be higher than the previous corresponding period by at least 40%, 25% and 200%, respectively. Sunbird and TNM however expect profit after tax for the period ending 31 December 2020 to be lower than the corresponding period by 150% and 35%, respectively.

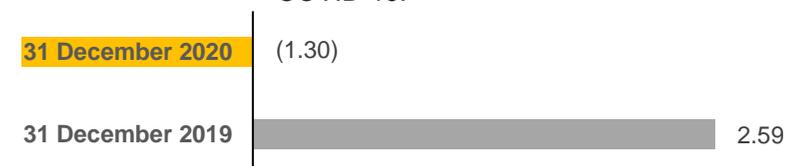
Appendix A - Equity market (Continued)

Corporate Announcements (Source: MSE)

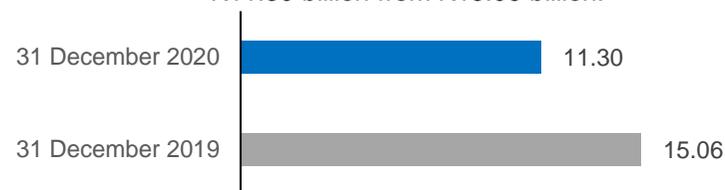
1. **Airtel Profit After Tax (K'billions)** - according to their trading statement, Airtel expects a 40% increase in profits for the period ending 31 December 2020 to at least K22.27 billion from K15.91 billion.



2. **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.



3. **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.



4. **FM BCH Profit After Tax (USD'millions)** - according to their trading statement, FM BCH 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).



5. **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.



6. 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 PCL



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
OMU	Proposed	Final	0.35 cents*	16 April 2021	24 May 2021
Standard Bank	Declared	Second Interim	12.78	TBA	TBA
Standard Bank	Proposed	Final	21.31	TBA	TBA

*the conversion rates for OMU dividend will be available from 29th March 2021.

16. MyBucks Banking Corporation Limited would like to inform the medium term note holders and the investing community on the following coupon payments:

Issuer/Company	MSE Trading Code	Nominal Value MK	Coupon Rate %	Coupon Amount	Last Day To Register	Payable
MyBucks Banking Corporation	NFB01	1,000,000,000.00	16.75	41,301,370.00	26 March 2021	31 March 2021
MyBucks Banking Corporation	NFB02	3,000,000,000.00	12.90	95,424,658.00	26 March 2021	31 March 2021
MyBucks Banking Corporation	NFB03	50,000,000.00	10.50	1,294,521.00	26 March 2021	31 March 2021
MyBucks Banking Corporation	NFB04	6,000,000,000.00	17.62	260,615,836.00	26 March 2021	31 March 2021
MyBucks Banking Corporation	NFB05	2,350,767,576.00	10.50	60,862,339.00	26 March 2021	31 March 2021

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