

Financial Market Update

| Week ending 1 April 2021



Financial market highlights for the week ending 1 April 2021

The following highlights compare the week ending 1 April 2021 to the week ending 26 March 2021:



Government securities market (Source: RBM)

- A total of K3.15 billion was allotted in the TB auctions held this week.
- There were no applications for the 91 days TB paper.
- There were no rejections during the TB auctions.
- The 364-days TB had the highest subscription rate of 69.78%.



Currency market (Source: RBM)

- Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.12% to K790.30 per USD this week, from K789.32 per USD in the previous week.
- Based on middle rates, the Kwacha also depreciated against the GBP (to K1,139.62 per GBP from K1,136.95 per GBP), and EUR (to K993.04 per EUR from K984.23 per EUR) and ZAR (to K56.13 per ZAR from K56.02 per ZAR) during the period under review.



Financial market developments (Source: RBM)

- The average overnight interbank rate increased to 11.55% from 11.45% in the previous week.
- Based on their audited summary financial statements for the year ended 31 December 2020, MyBucks Banking Corporation Ltd closed the year with a profit after tax of K2.24 billion from a profit of K1.47 billion in 2019.



Equity market (Source: MSE)

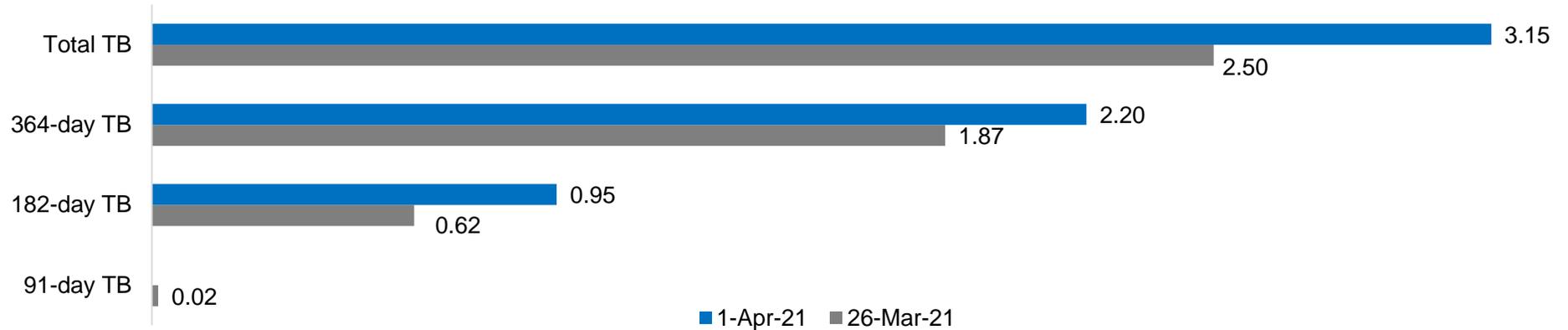
- The stock market was bearish this week as the MASI marginally decreased to 32,562.96 points from 32,581.65 points in the previous week. This was due to a marginal share price loss in TNM (to K16.39 from K16.49), which offset share price gain in Standard bank (to K1,200.12 from K1,200.11).
- The year-to-date return of the MASI was 0.53% at the close of this week. It was negative 3.56% in the previous year, during the same period.
- According to their audited summary financial statements for the year ended 31 December 2020:
 - Sunbird plc closed the year with a loss after tax of K1.18 billion from a profit of K2.59 billion in 2019.
 - NBS Bank plc closed the year with a profit after tax of K7.05 billion from a profit of K4.46 billion in 2019.
 - NITL plc closed the year with a profit after tax of K1.48 billion from a profit of K1.78 billion in 2019.
 - NBM plc closed the year with a profit after tax of K22.45 billion from a profit of K17.16 billion in 2019.
- Blantyre Hotels Plc wishes to advise the public that the loss after tax for the half year ending 31 March 2021 is expected to be more than negative 500% compared to the profit reported in the previous corresponding period.



Government securities (Source: RBM)

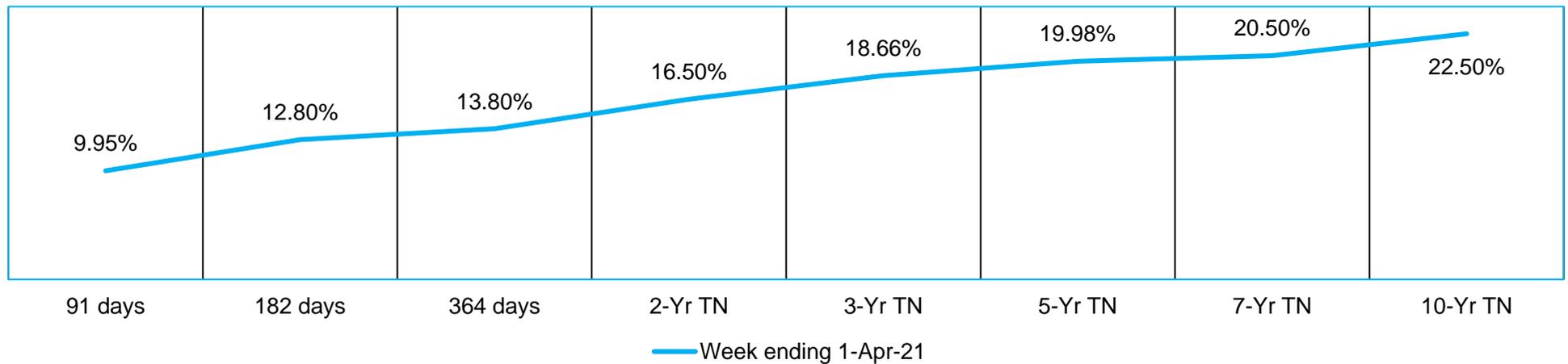
A total of K3.15 billion was allotted during this week's Treasury Bills (TB) auctions.

TB allotments (K'billions) – a total of K3.15 billion was allotted in the TB auctions held this week. There were no applications for the 91 days TB paper and there were no rejections during the TB auctions. The 364-days TB had the highest subscription rate of 69.78%.



The average all type TB yield was 12.18% in March 2021. It was 12.17% in February 2021.

Government securities yield (%)

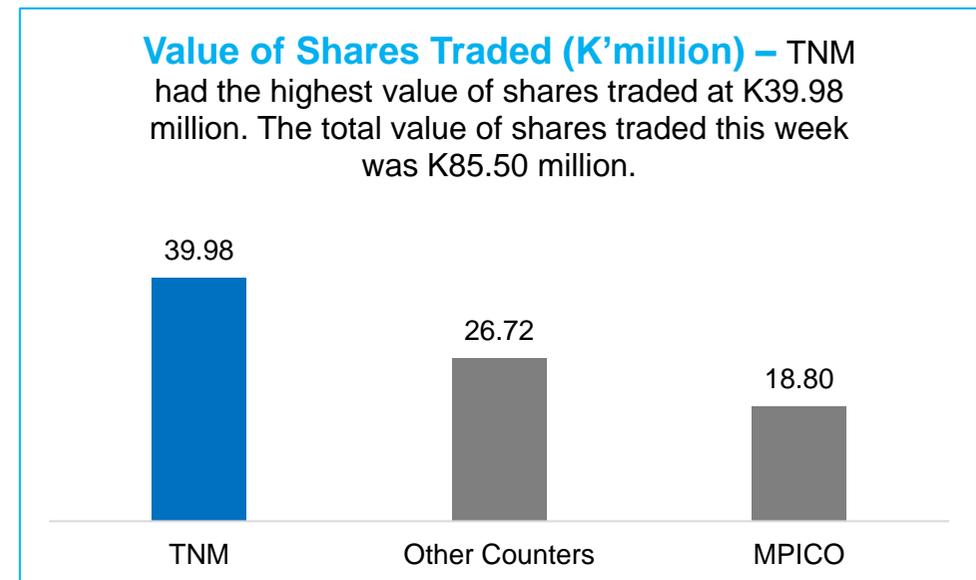
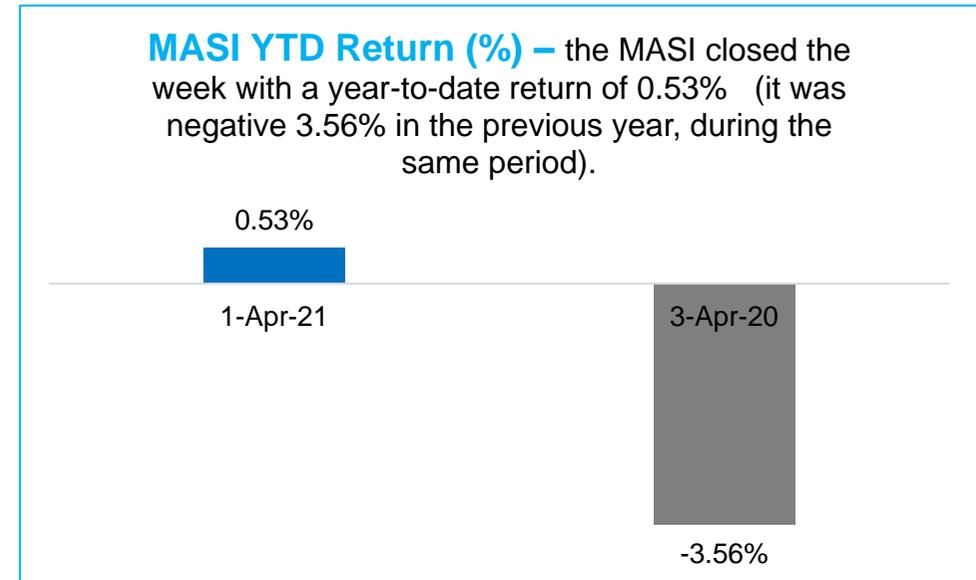
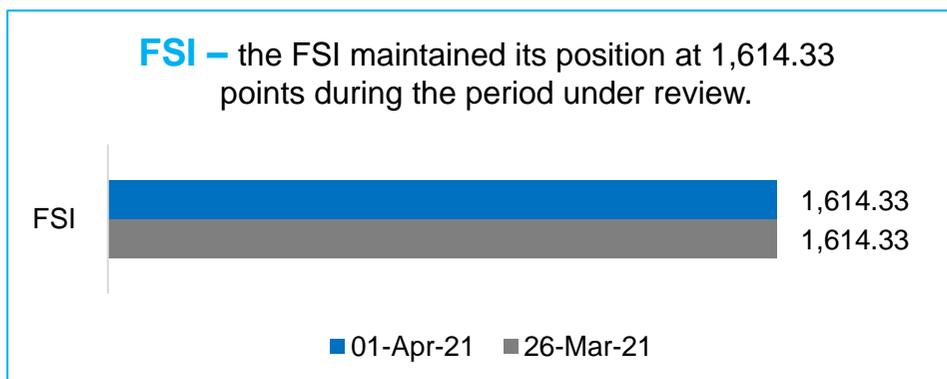
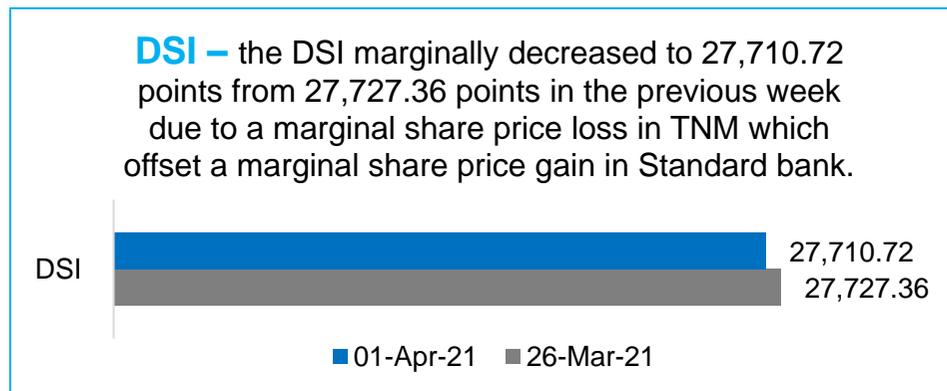
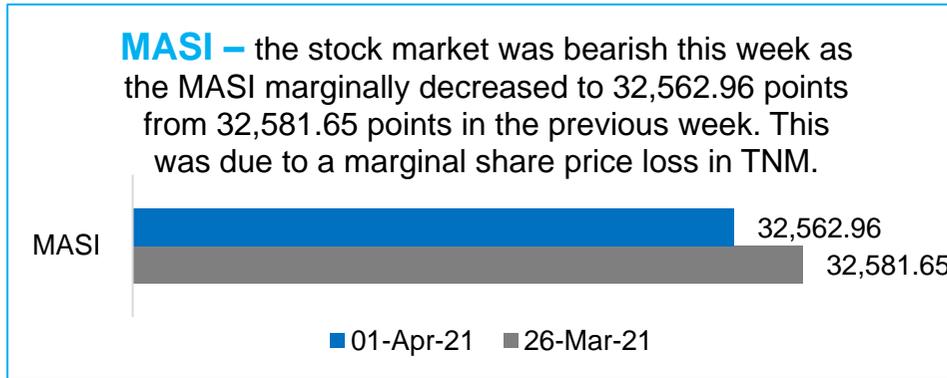


TB - Treasury Bill
TN - Treasury Note



Equity market (Source: MSE)

The stock market was bearish this week as the MASI marginally decreased to 32,562.96 points from 32,581.65 points in the previous week. This was due to a marginal share price loss in TNM. Year-to-date, the MASI return is 0.53%.

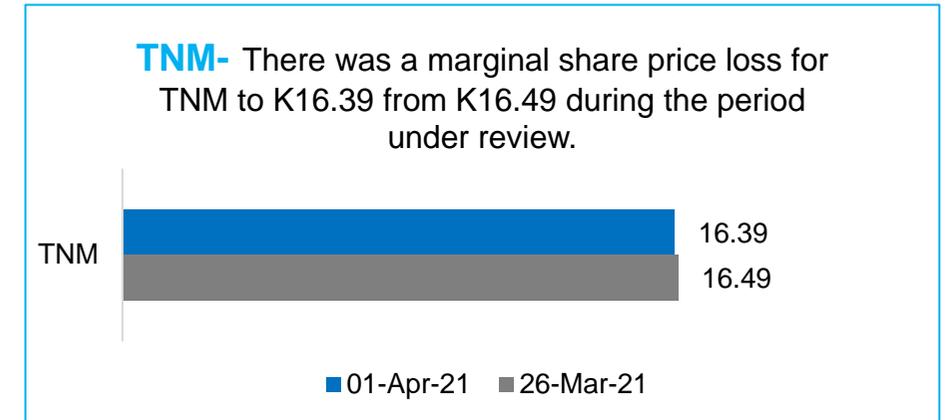
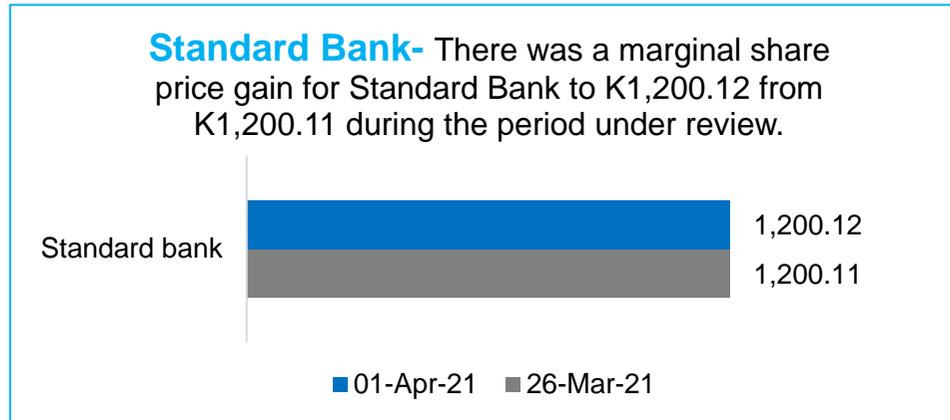


MASI: Malawi All Share Index
DSI: Domestic share Index
FSI: Foreign share Index



There was a marginal share price gain for Standard bank (to K1,200.12 from K1,200.11). There was a marginal share price loss for TNM (to K16.39 from K16.49), during the period under review.

Equity market (Continued)



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

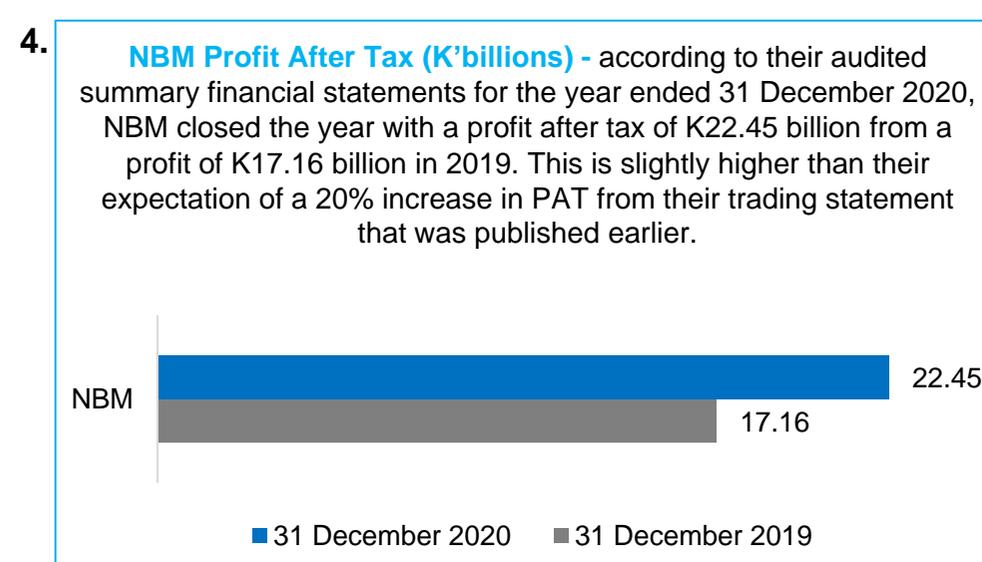
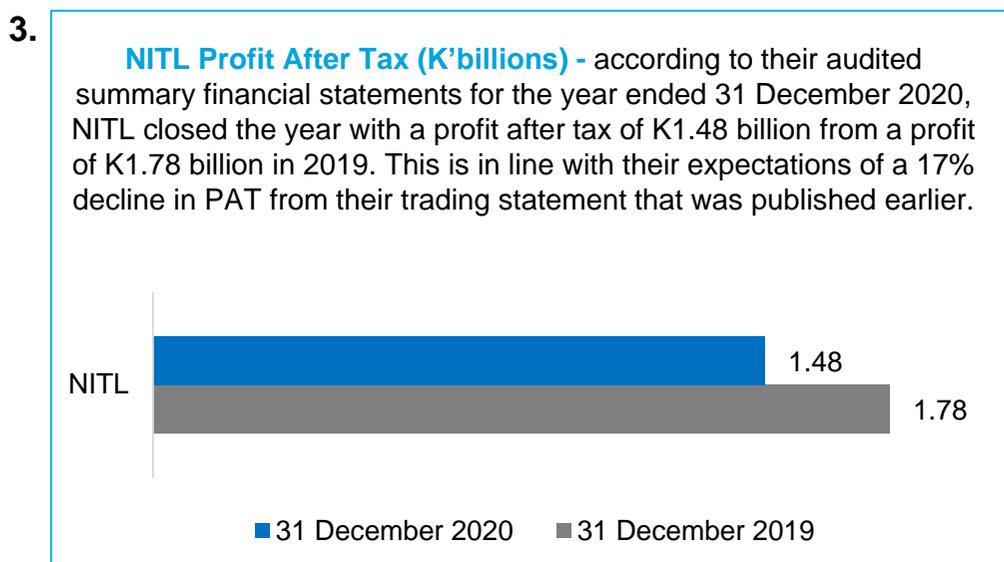
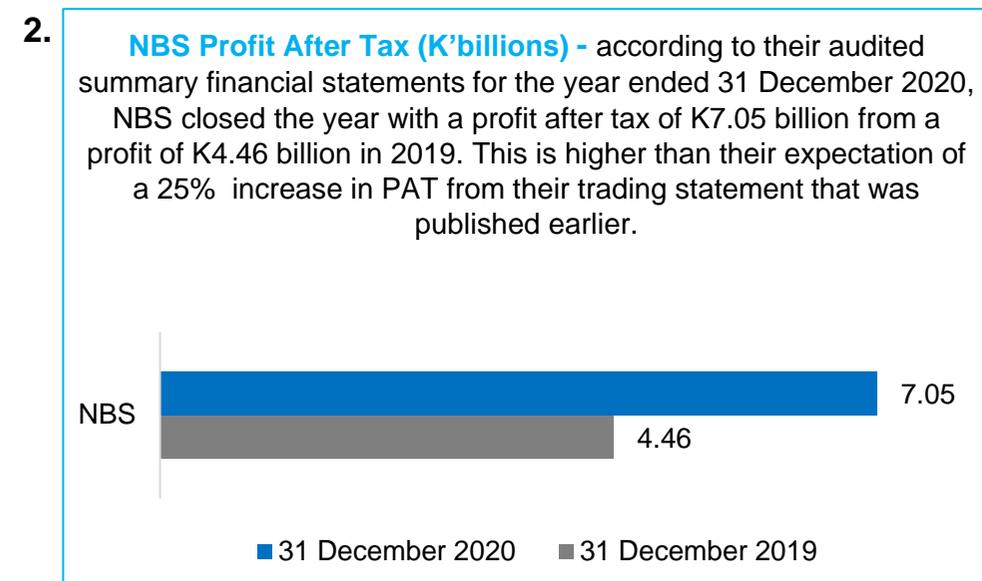
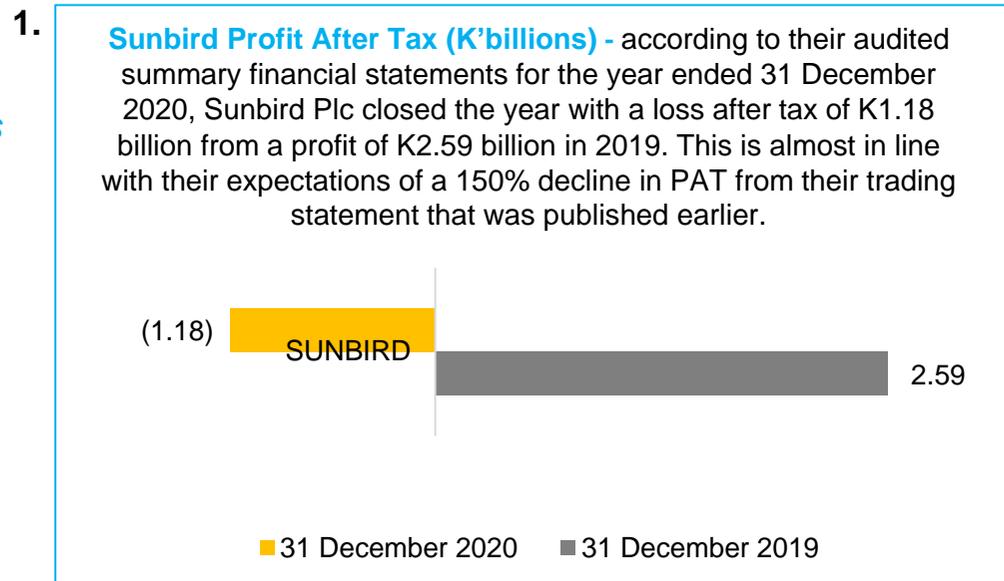
| No. | MSE Code | Share Price (K) |
|-----|----------|-----------------|
| | | 1-Apr-21 |
| 1 | Airtel | 27.95 |
| 2 | BHL | 11.00 |
| 3 | FDHB | 16.49 |
| 4 | FMBCH | 27.12 |
| 5 | ICON PLC | 12.18 |
| 6 | ILLOVO | 80.46 |
| 7 | MPICO | 20.89 |
| 8 | NBM | 650.05 |
| 9 | NBS | 23.00 |
| 10 | NICO | 51.93 |
| 11 | NITL | 94.94 |
| 12 | OMU | 2,190.00 |
| 13 | PCL | 1,199.94 |
| 14 | Sunbird | 90.00 |



According to their audited summary consolidated financial statements for the year ended 31 December 2020, NBM closed the year with a profit after tax of K22.45 billion from a profit of K17.16 billion in 2019.

Economic overview (Continued)

Latest corporate announcements (Source: MSE)





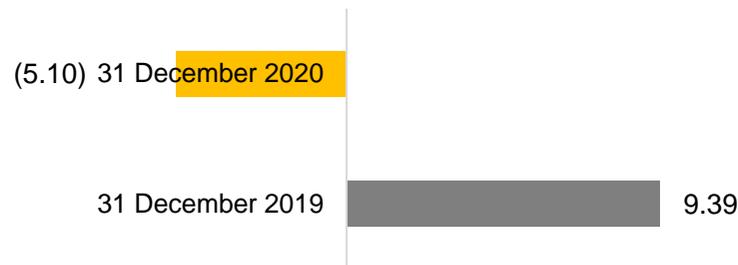
According to their trading statement, FDH Bank expects more than 88% increase in profits for the year ending 31 December 2020 to at least K14.75 billion from K7.85 billion in 2019.

Economic overview (Continued)

Latest corporate announcements (Source: MSE)

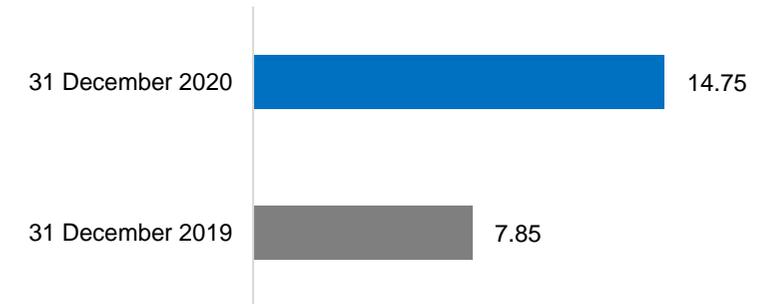
5.

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.



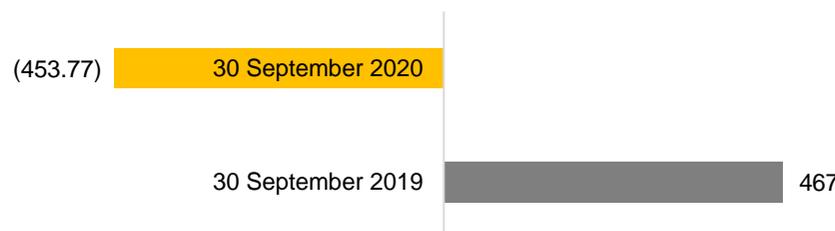
6.

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



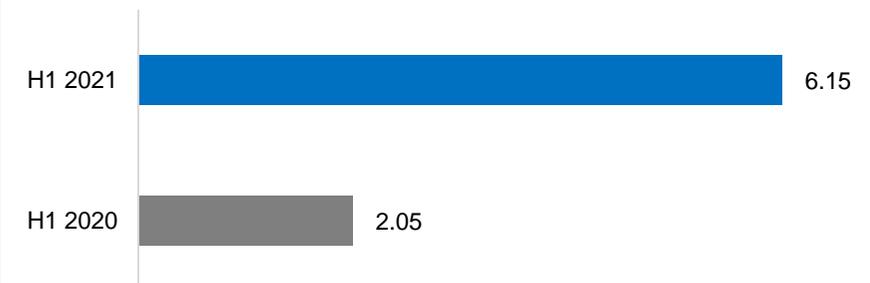
7.

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, BHL 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.



8.

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.





According to their 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 in 2019.

Economic overview (Continued)

Latest corporate announcements (Source: MSE)

9. MPICO Profit After Tax (K'billions) – according to their 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 in 2019.



10. 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.



11. 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.



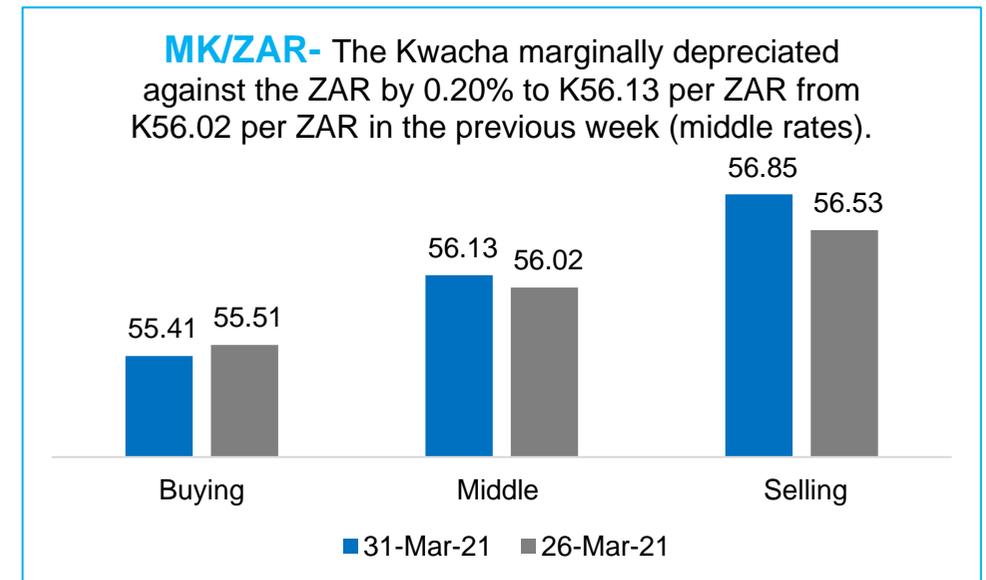
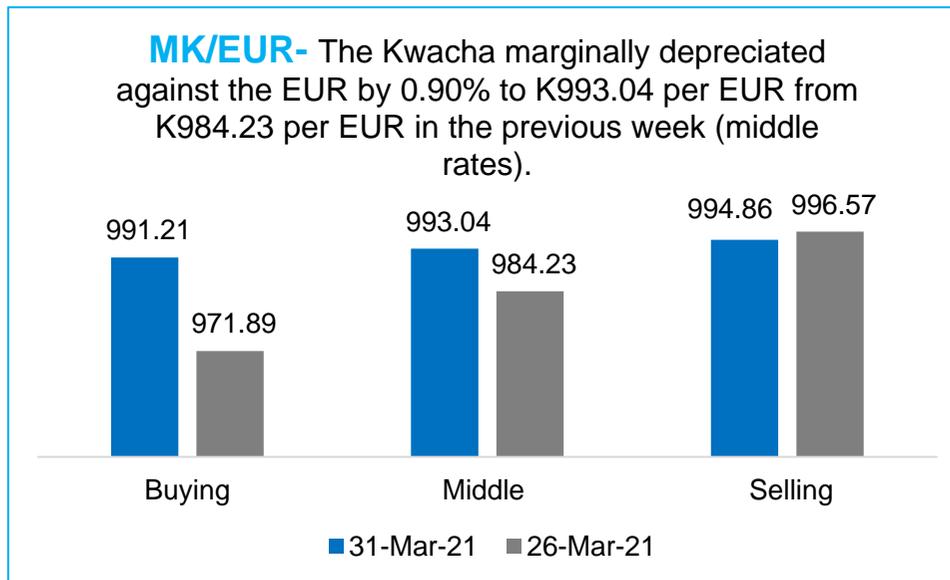
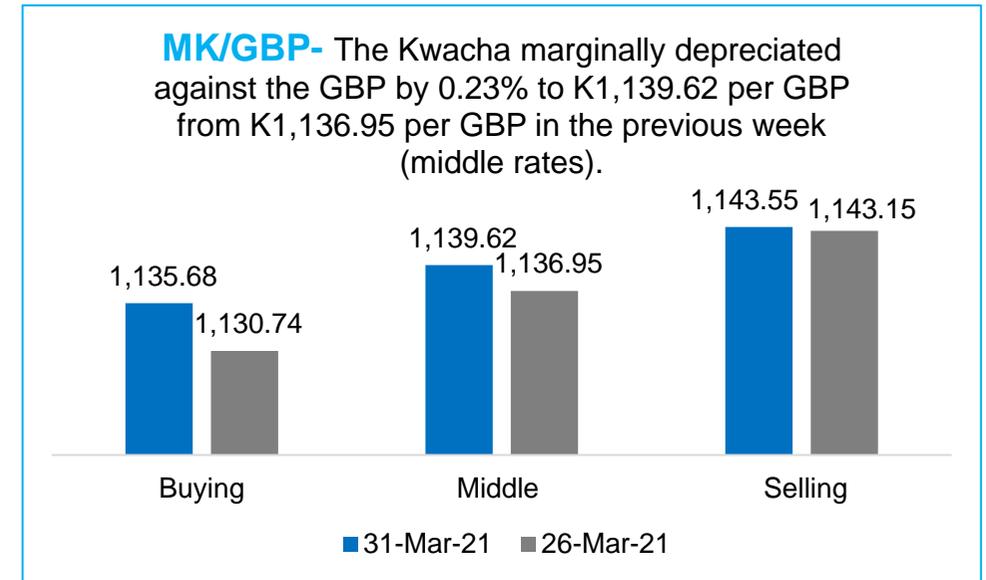
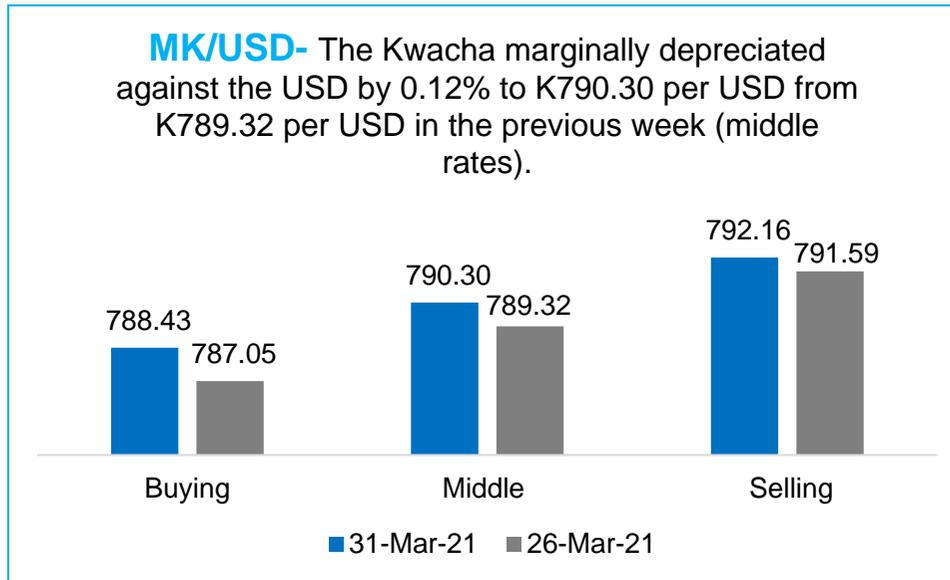
12. Annual general meeting

| 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 0.12% to K790.30 per USD this week, from K789.32 per USD in the previous week.

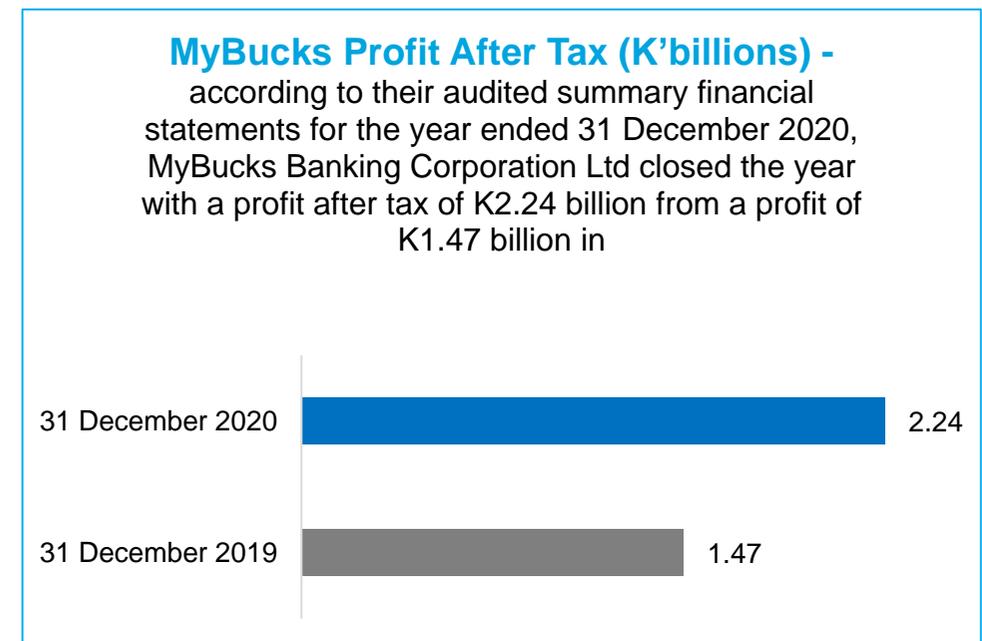
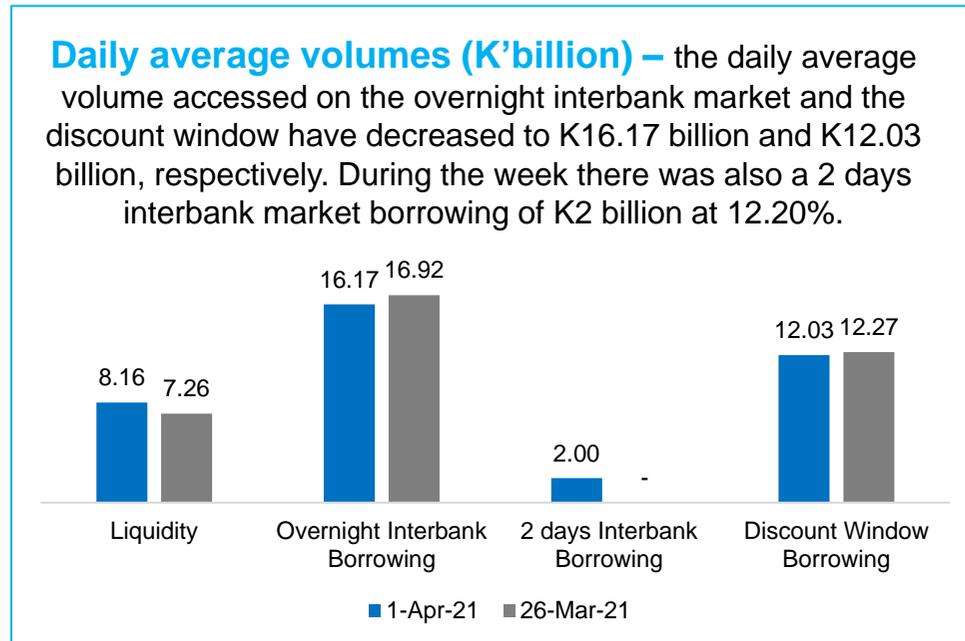
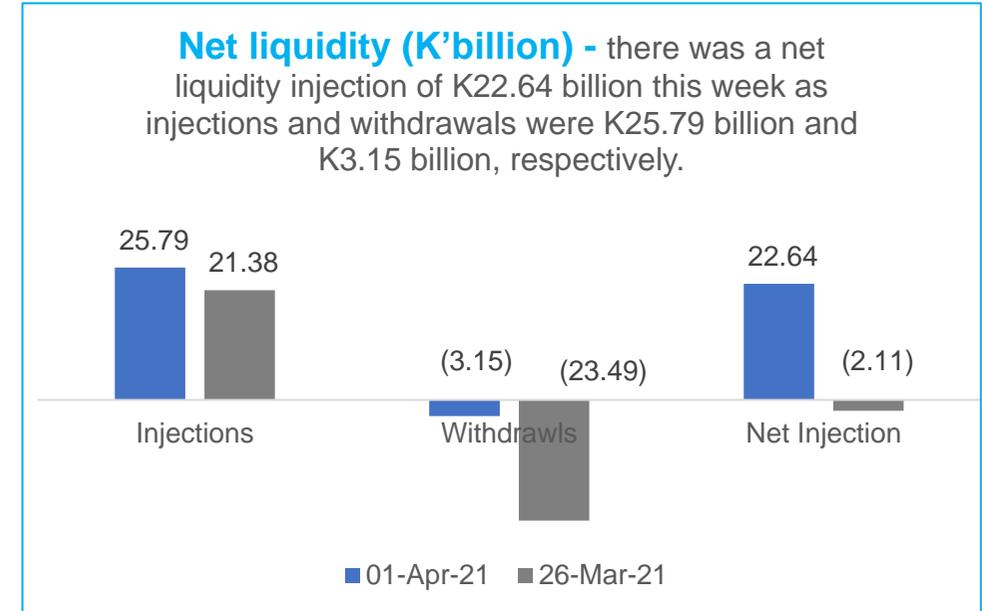
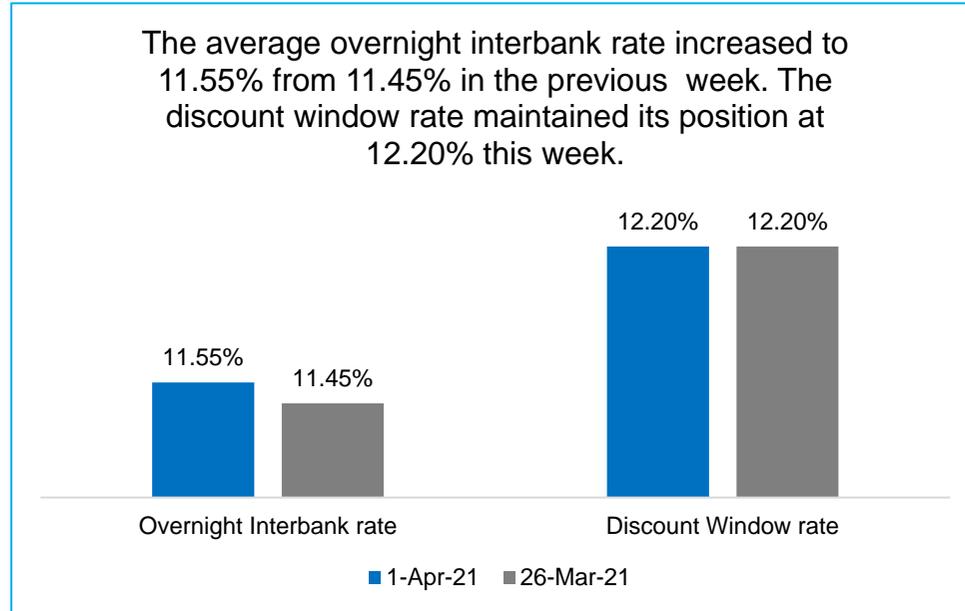


NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.



Other financial market developments (Source: RBM and NSO)

The average overnight interbank rate increased to 11.55% from 11.45% in the previous week.



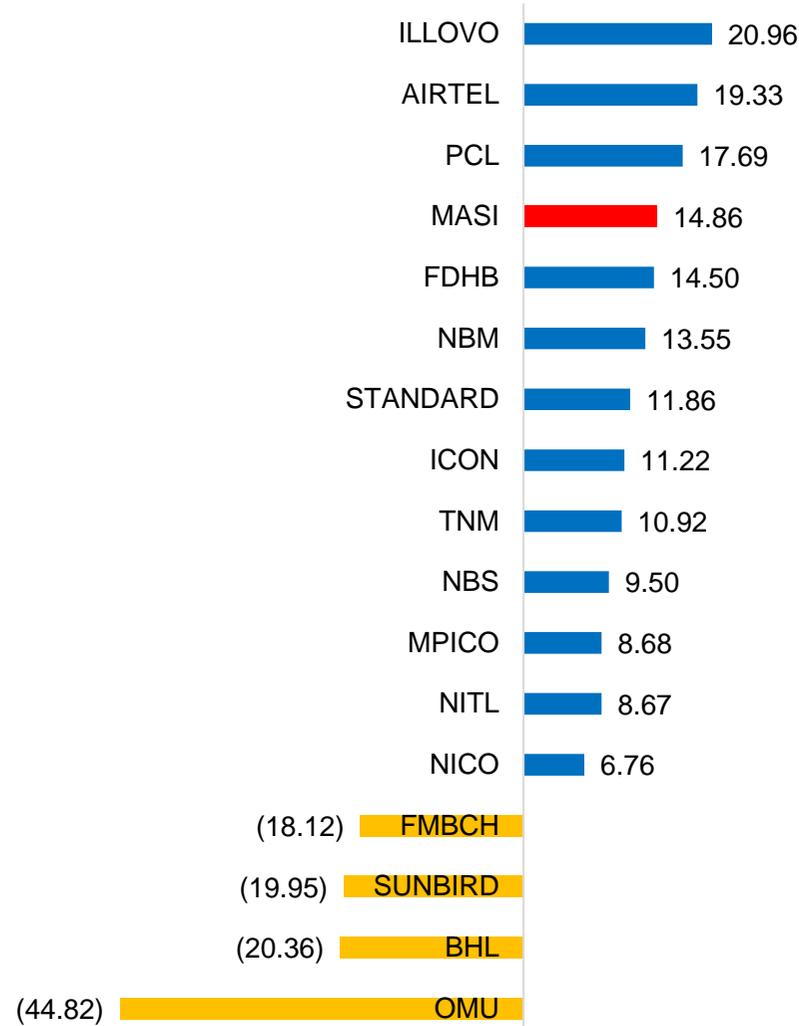
Appendix



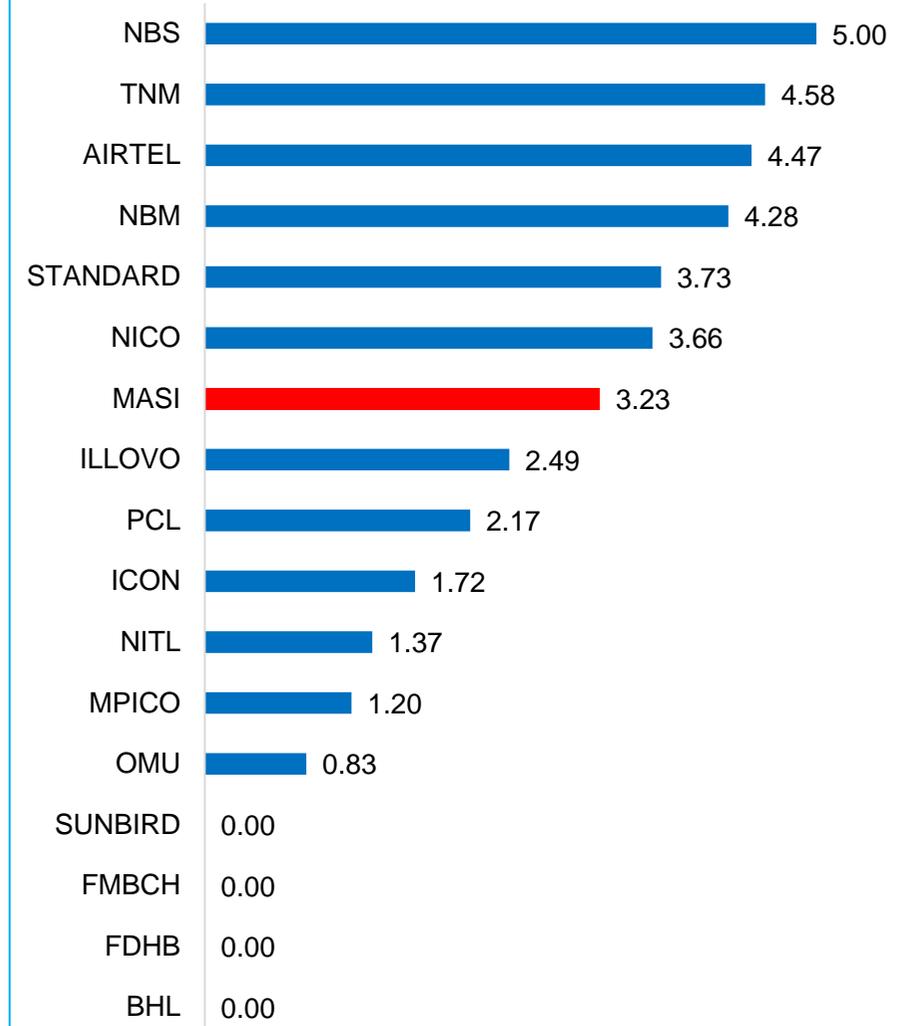
Appendix A - Equity market

The weighted average dividend yield on the MSE is 3.23%. The MSE has a weighted average Price to Earnings ratio of 14.86.

P/E ratio - the MSE has a weighted average Price to Earnings ratio of 14.86. OMU has the lowest at negative 44.82 while Illovo has the highest at 20.96.



Dividend yield (%) - the weighted average dividend yield on the MSE is 3.23%. The counter with the highest dividend yield is NBS at 5%.

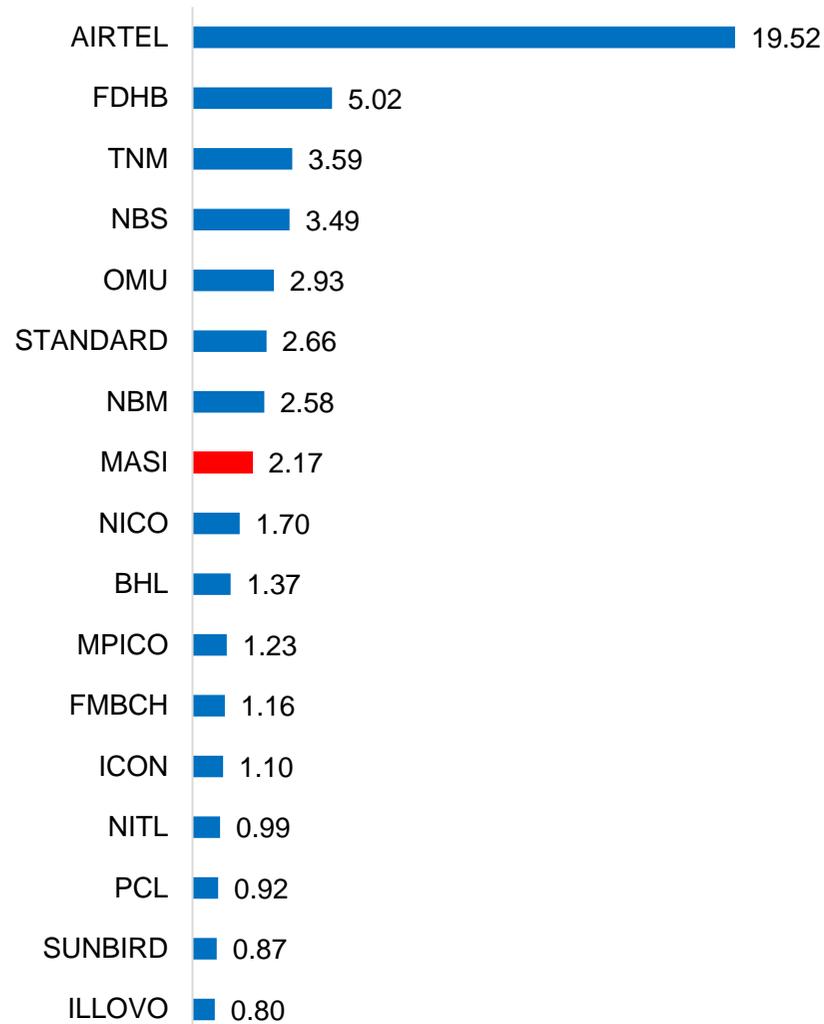




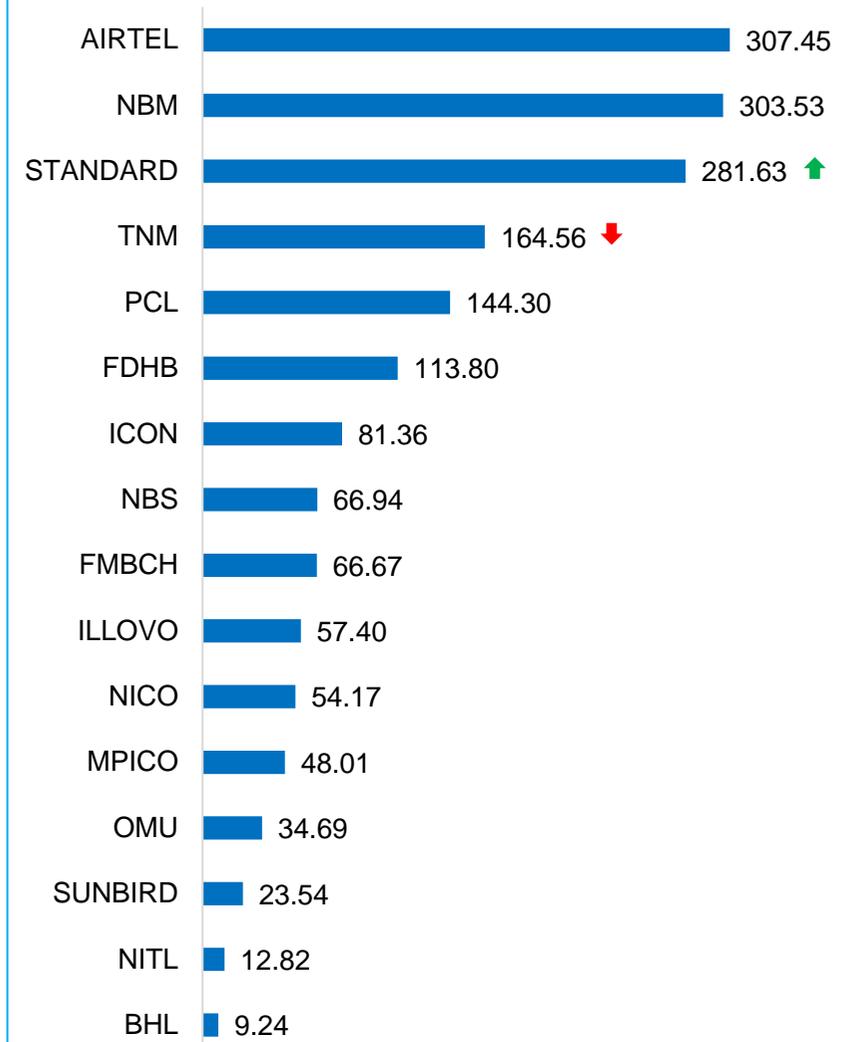
The weighted average Price to Book Value ratio on the MSE is 2.17. Airtel leads the MSE counters with a market capitalization of K307.45 billion. The total market capitalization is K1.77 trillion.

Appendix A - Equity market (Continued)

P/BV ratio - the weighted average Price to Book Value ratio on the MSE is 2.17. 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 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% and 200%, respectively. TNM however expects profit after tax for the period ending 31 December 2020 to be lower than the corresponding period by 25%, 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.

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).



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.

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)

5. **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.

6. **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 24% 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)

7. Dividends:

| Company | Declared/Proposed | Type | Dividend (MK) | Last Day To Register | Payable |
|---------------|-------------------|----------------|---------------|----------------------|---------------|
| 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 | 18.25 | 16 April 2021 | 24 May 2021 |
| Standard Bank | Declared | Second Interim | 12.78 | TBA | TBA |
| Standard Bank | Proposed | Final | 21.31 | TBA | TBA |
| NBS | Proposed | Final | 0.70 | TBA | TBA |

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