

Financial Market Update

| Week ending 7 May 2021



Financial market highlights for the week ending 7 May 2021

The following highlights compare the week ending 7 May 2021 to the week ending 30 April 2021:



Government securities market (Source: RBM)

- A total of K3.15 billion was allotted during this week's Treasury Bills (TBs) and 10-Year TN auctions.
- There were nil rejections during the TB and 10-Year TN auctions.
- The 91-days TB had the highest subscription rate of 76.35%.



Currency market (Source: RBM)

- Based on middle rates, the Malawi Kwacha marginally appreciated against the USD by 0.02% to K797.53 per USD from K797.66 per USD in the previous week.
- Based on middle rates, the Kwacha also marginally appreciated against the GBP to K1,160.97 per GBP from K1,164.37 per GBP. The Kwacha however depreciated against the EUR (to K1,036.54 per EUR from K1,035.48 per EUR) and ZAR (to K59.58 per ZAR from K59.33 per ZAR), during the period under review.



Financial market developments (Source: RBM)

- The average overnight interbank rate increased to 11.89% from 11.77% in the previous week.



Equity market (Source: MSE)

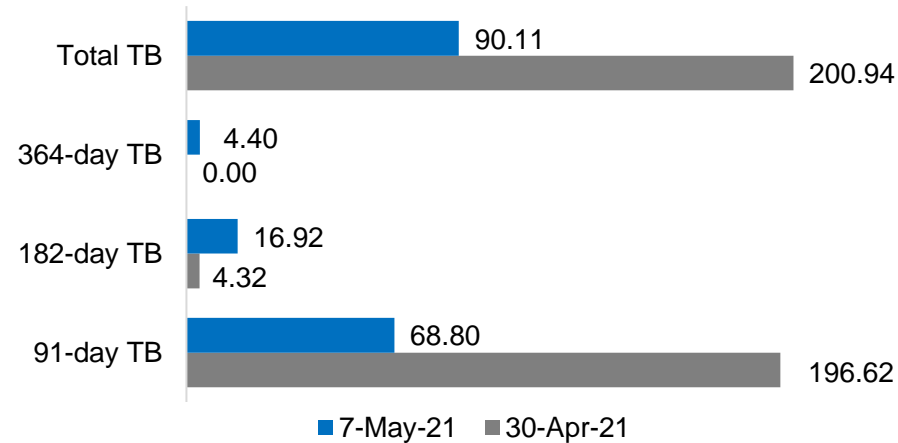
- The stock market was bullish this week as the MASI marginally increased to 33,433.19 points from 33,380.63 points in the previous week. This was due to share price gains for FMBCH (to K33.00 from K31.77), Airtel (to K31.01 from K31.00) and Standard bank (to K1,200.14 from K1,200.13) which offset marginal share price losses for FDH bank (to K16.46 from K16.47) and TNM (to K16.35 from K16.36), during the period under review.
- The year-to-date return of the MASI was 3.21% at the close of this week. It was negative 5.79% in the previous year, during the same period.
- According to their audited summary consolidated financial statements for the year ended 31 December 2020:
 - Press Corporation Plc closed the year with a profit after tax of K19.90 billion from a profit of K22.87 billion in 2019.
 - ICON Properties Plc closed the year with a profit after tax of K8.79 billion from a profit of K7.41 billion in 2019.
 - MPICO Plc closed the year with a profit after tax of K4.34 billion from a profit of K7.68 billion in 2019.



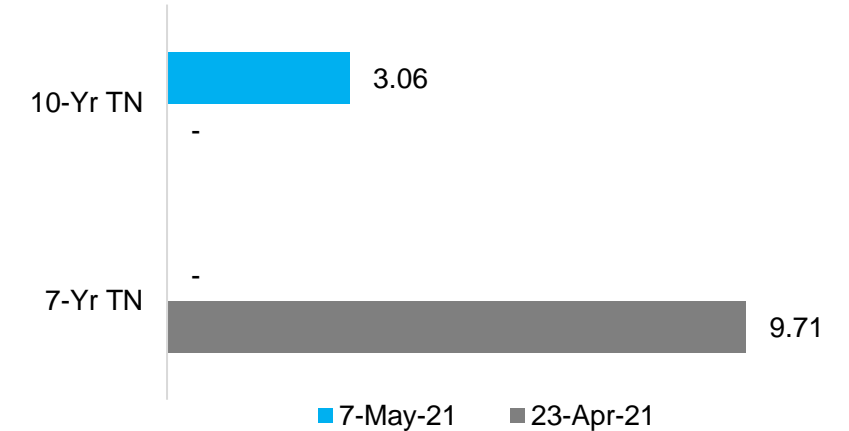
A total of K3.15 billion was allotted during this week's Treasury Bills (TBs) and 10-Year TN auctions.

Government securities (Source: RBM)

TB allotments (K'million) – both applications and allotments were K90.11 million as there were no rejections during the period under review. The 91-days TB had the highest subscription rate of 76.35%.

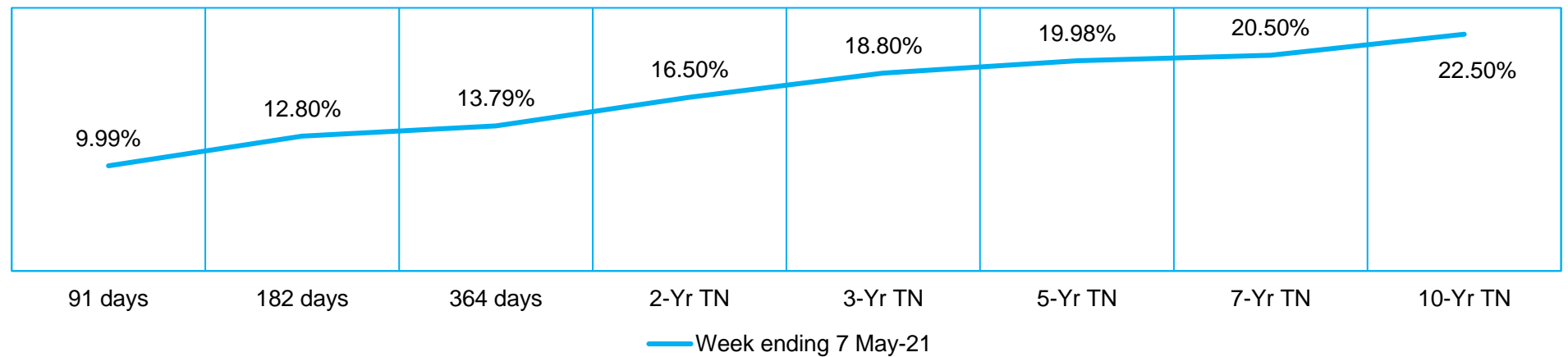


TN allotments (K'billion) – a total of K3.06 billion was allotted in the 10-Year TN auction held this week. There were nil rejections during the TN auction.



The average all type TB yield maintained its position at 12.19% during the period under review.

Government securities yield (%)



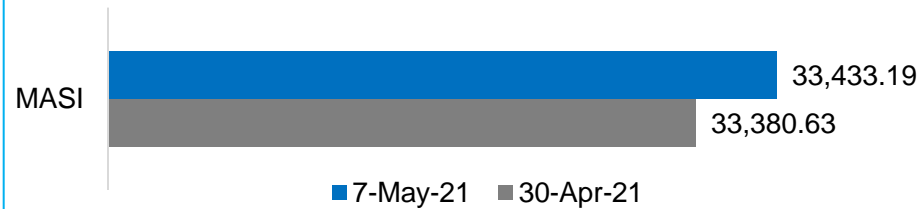
TB - Treasury Bill
TN - Treasury Note



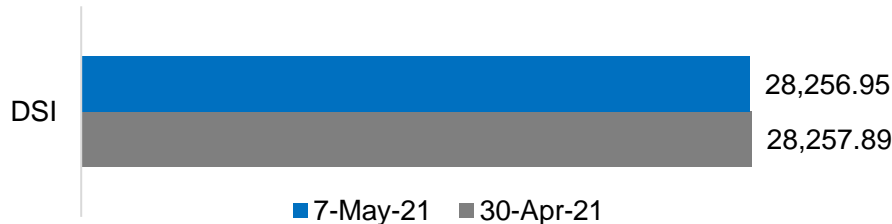
The stock market was bullish this week as the MASI marginally increased to 33,433.19 points from 33,380.63 points in the previous week. Year-to-date, the MASI return is 3.21%.

Equity market (Source: MSE)

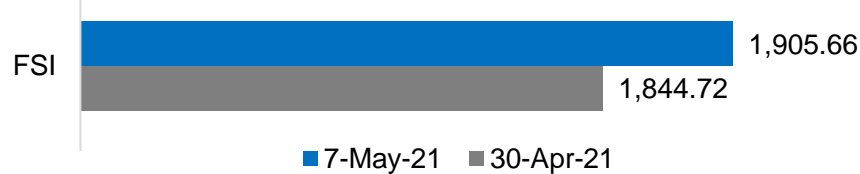
MASI – the stock market was bullish this week as the MASI marginally increased to 33,433.19 points from 33,380.63 points in the previous week. This was due to share price gains in three counters which offset marginal share price losses in two counters.



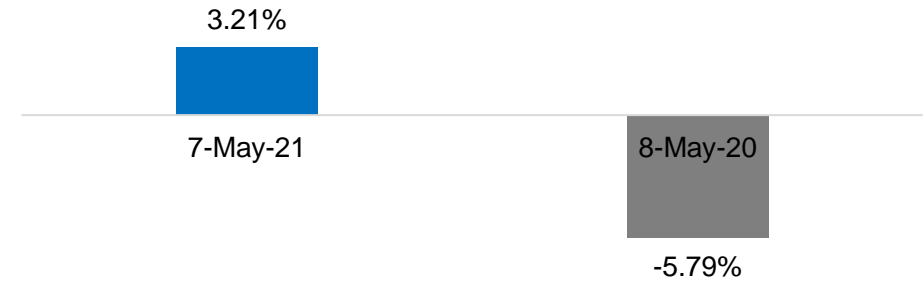
DSI – the DSI marginally decreased to 28,256.95 points from 28,257.89 points in the previous week due to marginal share price losses in FDHB and TNM which offset which offset marginal share price gains in Airtel and Standard bank.



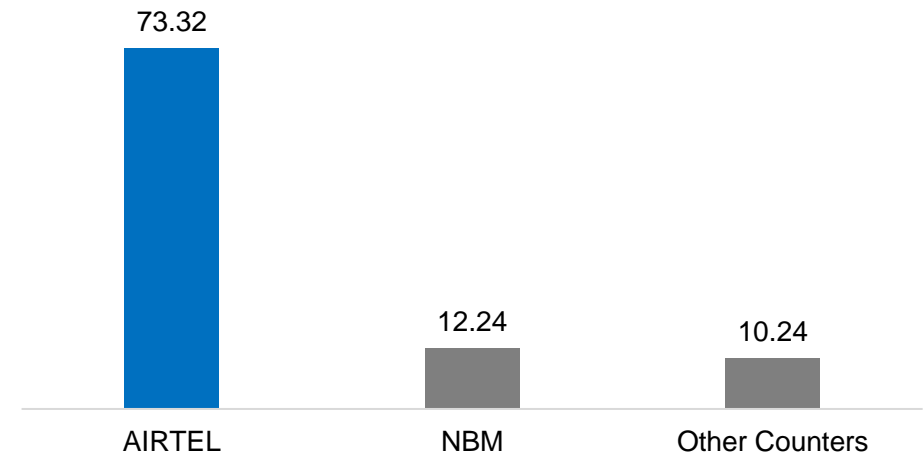
FSI – the FSI increased to 1,905.66 points from 1,844.72 points during the period under review due to a share price gain for FMBCH.



MASI YTD Return (%) – the MASI closed the week with a year-to-date return of 3.21% (it was negative 5.79% during the same time in the previous year).



Value of Shares Traded (K'million) – Airtel had the highest value of shares traded at K73.32 million. The total value of shares traded this week was K95.80 million.



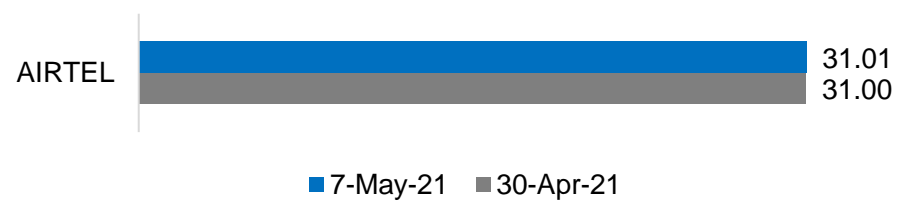
MASI: Malawi All Share Index
DSI: Domestic share Index
FSI: Foreign share Index



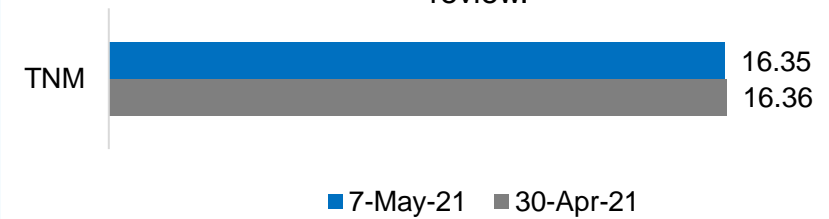
Equity market (Continued)

There were share price gains for FMBCH (to K33.00 from K31.77), Airtel (to K31.01 from K31.00) and Standard bank (to K1,200.14 from K1,200.13). There were marginal share price losses for FDH bank (to K16.46 from K16.47) and TNM (to K16.35 from K16.36), during the period under review.

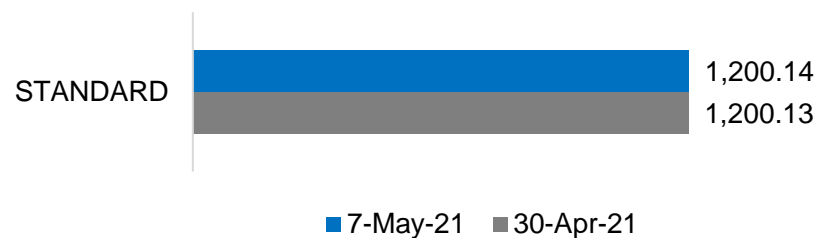
Airtel- There was a marginal share price gain for Airtel to K31.01 from K31.00 during the period under review



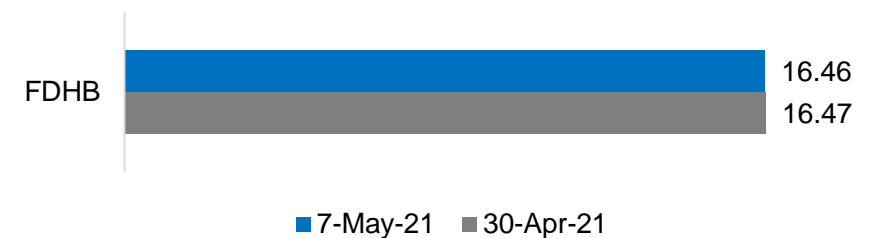
TNM- There was a marginal share price loss for TNM to K16.35 from K16.36 during the period under review.



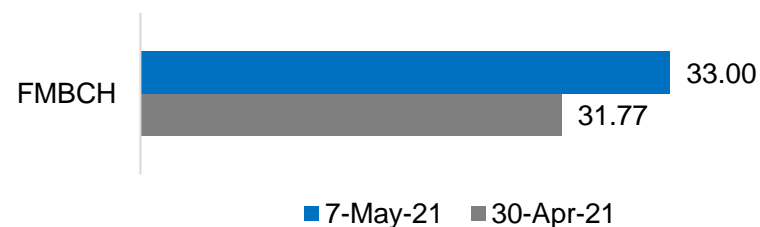
Standard Bank- There was a marginal share price gain for Standard bank to K1,200.14 from K1,200.13 during the period under review.



FDH Bank- There was a marginal share price loss for FDH bank to K16.46 from K16.47 during the period under review.



FMBCH- There was a share price gain for FMBCH to K33.00 from K31.77 during the period under review.





11 counters closed the week with 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) |
|-----|----------|-----------------|
| | | 07-May-21 |
| 1 | BHL | 11.00 |
| 2 | ICON | 12.16 |
| 3 | ILLOVO | 80.46 |
| 4 | MPICO | 20.88 |
| 5 | NBM | 650.06 |
| 6 | NBS | 23.00 |
| 7 | NICO | 51.92 |
| 8 | NITL | 94.94 |
| 9 | OMU | 2,190.00 |
| 10 | PCL | 1,199.94 |
| 11 | SUNBIRD | 90.00 |



According to their audited summary consolidated financial statements for the year ended 31 December 2020, Press Corporation Plc closed the year with a profit after tax of K19.90 billion from a profit of K22.87 billion in 2019.

Equity market (Continued)

Latest Summary Published Accounts (Source: MSE)

Amounts in billions of Malawi Kwacha unless specified otherwise.

| Counter | 31 December 2020 | 31 December 2019 | Actual Change in Profit/Loss for the Year ended | Trading statement profit/(loss) expectation over prior year |
|----------|-------------------|-------------------|---|---|
| PCL | 19.90 | 22.87 | -13.00% | - |
| ICON | 8.79 | 7.41 | 18.62% | 20% |
| MPICO | 4.34 | 7.68 | -43.48% | -40% |
| FMBCH* | 21.28 | (18.61) | 214.33% | 200% |
| TNM | 7.73 | 13.17 | -41.34% | -25% |
| NICO | 18.60 | 14.73 | 26.25% | 20% |
| AIRTEL | 22.09 | 15.91 | 38.87% | 40% |
| FDHB | 14.96 | 5.19 | 187.98% | 88% |
| NBM | 22.45 | 17.16 | 30.86% | 20% |
| NBS | 7.05 | 4.46 | 58.15% | 25% |
| NITL | 1.48 | 1.78 | -16.92% | -17% |
| OMU** | (5.10) | 9.39 | -154.30% | - |
| STANDARD | 23.74 | 15.88 | 49.52% | 45% |
| SUNBIRD | (1.18) | 2.59 | -145.47% | -150% |
| Counter | 30 September 2020 | 30 September 2019 | Actual Change in Profit/Loss for the Year ended | Trading statement profit/(loss) expectation |
| BHL | (454) | 467 | -197.23% | -200% |
| Counter | 31 August 2020 | 31 August 2019 | Actual Change in Profit/Loss for the Year ended | Trading statement profit/(loss) expectation |
| ILLOVO | 2.74 | 10.08 | -72.84% | -65% |

*USD'mn

**Rands bn



According to their half year trading statement, BHL expects a 500% decrease in profits for the period ending 31 March 2021 to at least a loss of K280.05 million from a profit of K70.01 million in 2020.

Equity market (Continued)

Corporate announcements (Source: MSE)

Half year Trading Statements

The following companies wish to advise the public that their profit/loss after tax for the half year is expected to be higher or lower than the previous corresponding period by the specified amount.

Amounts in billions of Malawi Kwacha unless specified otherwise.

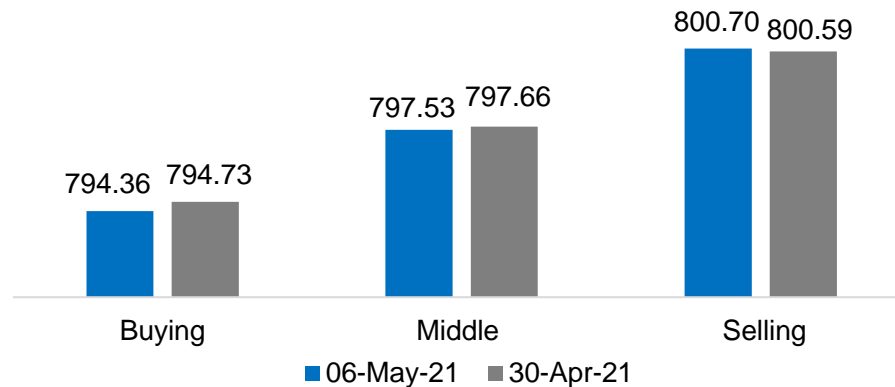
| Counter | 28 February 2021 | 28 February 2020 | Trading statement profit/loss expectation |
|------------------|------------------|------------------|---|
| Illovo (billion) | 6.15 | 2.05 | 200% |
| Counter | 31 March 2021 | 31 March 2020 | Trading statement profit/loss expectation |
| BHL (millions) | (280.05) | 70.01 | -500% |



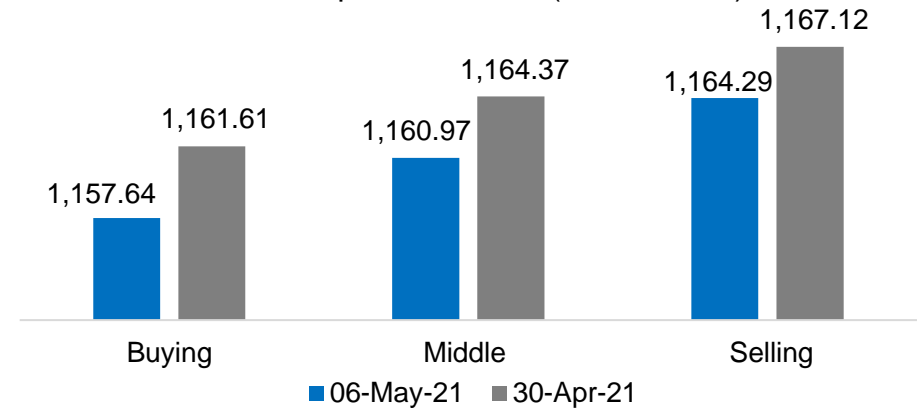
Based on middle rates, the Malawi Kwacha marginally appreciated against the USD by 0.02% to K797.53 per USD from K797.66 per USD in the previous week.

Currency market (Source: RBM)

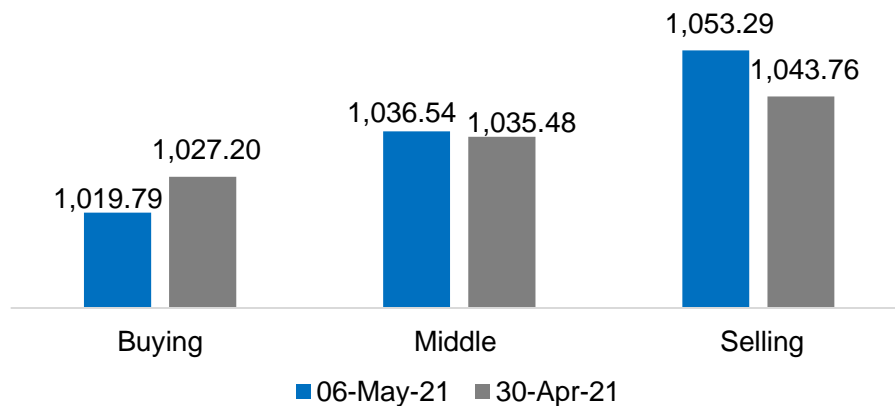
MWK/USD- The Kwacha marginally appreciated against the USD by 0.02% to K797.53 per USD from K797.66 per USD in the previous week (middle rates).



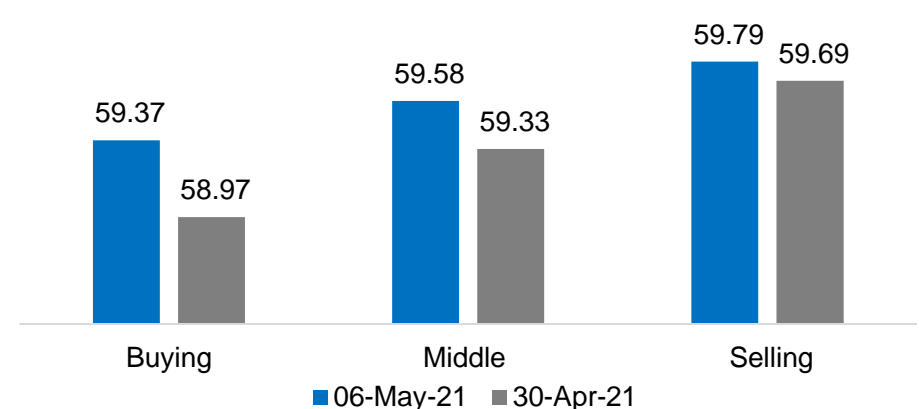
MWK/GBP- The Kwacha marginally appreciated against the GBP by 0.29% to K1,160.97 per GBP from K1,164.37 per GBP in the previous week (middle rates).



MWK/EUR- The Kwacha marginally depreciated against the EUR by 0.10% to K1,036.54 per EUR from K1,035.48 per EUR in the previous week (middle rates).



MWK/ZAR- The Kwacha marginally depreciated against the ZAR by 0.43% to K59.58 per ZAR from K59.33 per ZAR in the previous week (middle rates).

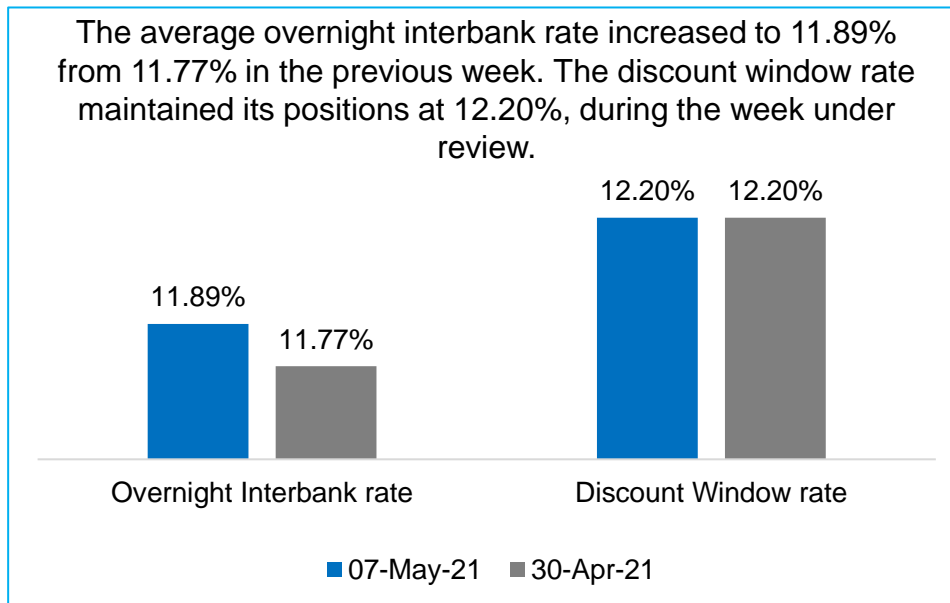
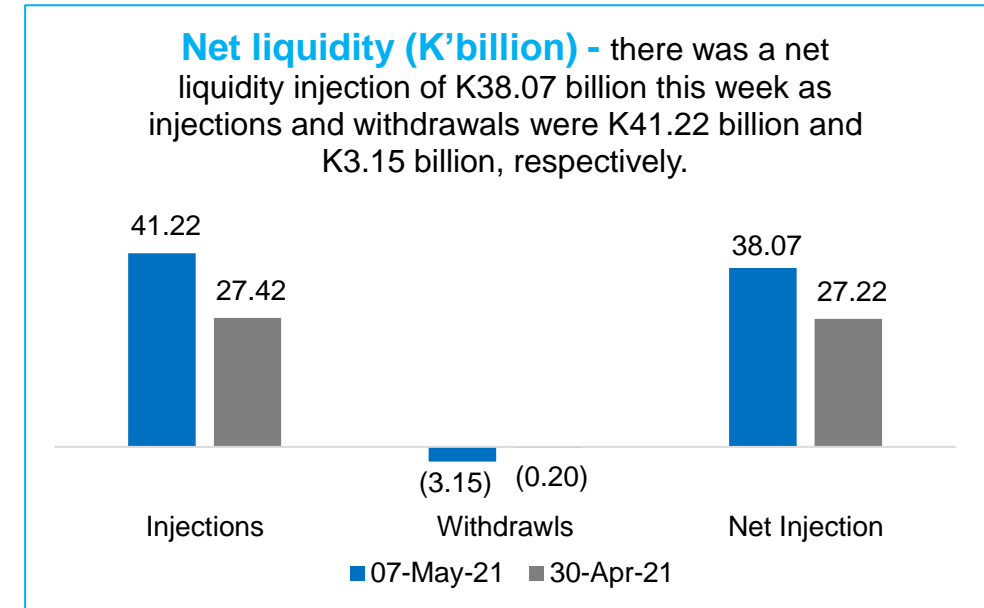
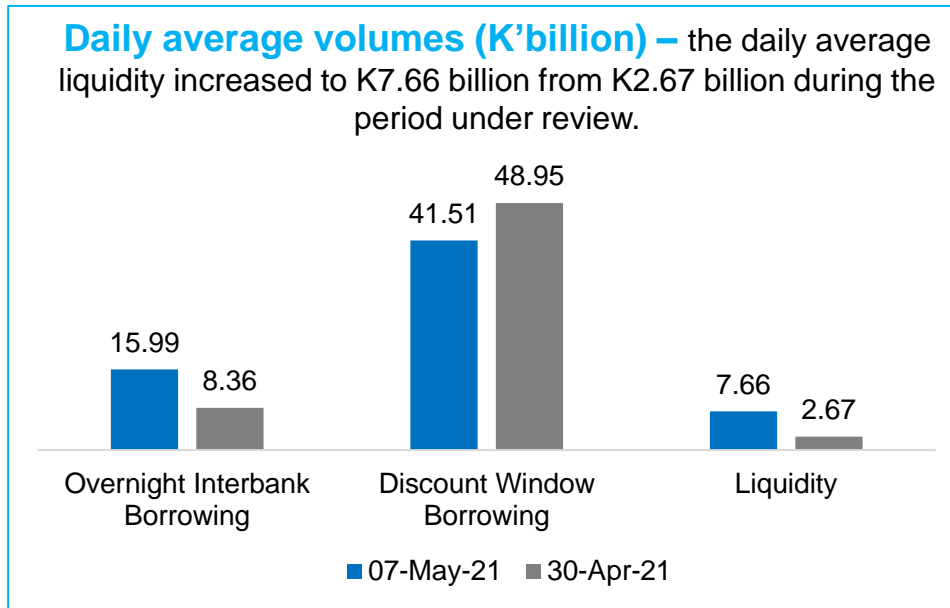


NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.



The average overnight interbank rate increased to 11.89% from 11.77% in the previous week.

Other financial market developments (Source: RBM)





Economic indicators

Selected Economic Indicators

30-Apr-2021

Foreign Exchange Reserves (Source: RBM)

| | Reserves (US\$'mn) | Import Cover (Months) |
|--|--------------------|-----------------------|
| Private Sector Foreign Exchange Reserves | 392.01 | 1.88 |
| Gross Official Foreign Exchange Reserves | 392.61 | 1.88 |

NB: US\$209.0 million import requirement per month is used in the calculations

Rates (Source: RBM)

| | Current Rate | Effective Date |
|----------------|--------------|----------------|
| Reference Rate | 12.10% | 1-May-21 |
| Policy Rate | 12.00% | 29-Apr-21 |

Inflation

| | |
|--|------|
| NSO Headline Inflation for March 2021 | 9.4% |
| EIU March 2021 report inflation forecast for 2021 (annual) | 9.1% |
| Government of Malawi Mid-year Budget review forecast for 2021 | 7.4% |
| IMF WEO April 2021 report inflation forecast for 2021 (annual) | 9.5% |
| RBM MPC report April 2021 forecast for 2021 (annual) | 8.4% |
| Average inflation forecast for 2021 | 8.5% |

Commodities

| | Apr-2021 | Apr-2020 |
|--|---------------|--------------|
| ESCOM Electricity Average Tariffs (Source: MERA) | MWK104.46/kWh | MWK94.43/kWh |
| OPEC Reference Basket Price | U\$63.24/b | U\$17.66/b |

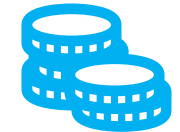
Real GDP Growth Forecast for Malawi

| | 2020 | 2021 | 2022 |
|---|-------|------|------|
| African Development Bank (AfDB) African Economic Outlook 2021 | 1.7% | 3.3% | 6.2% |
| EIU March 2021 Malawi Country Report | -1.0% | 2.3% | 4.0% |
| Government of Malawi Mid-year Budget review | N/A | 3.5% | N/A |
| IMF WEO April 2021 Report | 0.6% | 2.2% | 6.5% |
| RBM MPC report April 2021 forecast for 2021 (annual) | 0.9% | 3.8% | N/A |
| World Bank Global Economic Prospectus 2021 | 1.3% | 3.3% | 4.9% |

Highlights



EIU 2021 Malawi
Real GDP Growth rate
estimate 2.3%



EIU 2021 inflation
projection 9.1%



May 2021 Reference
Rate 12.10%



Policy rate 12.00%



OPEC Reference Basket
Price April 2021 U\$63.24/b



ESCOM Electricity
Average Tariffs
MWK104.46/kWh

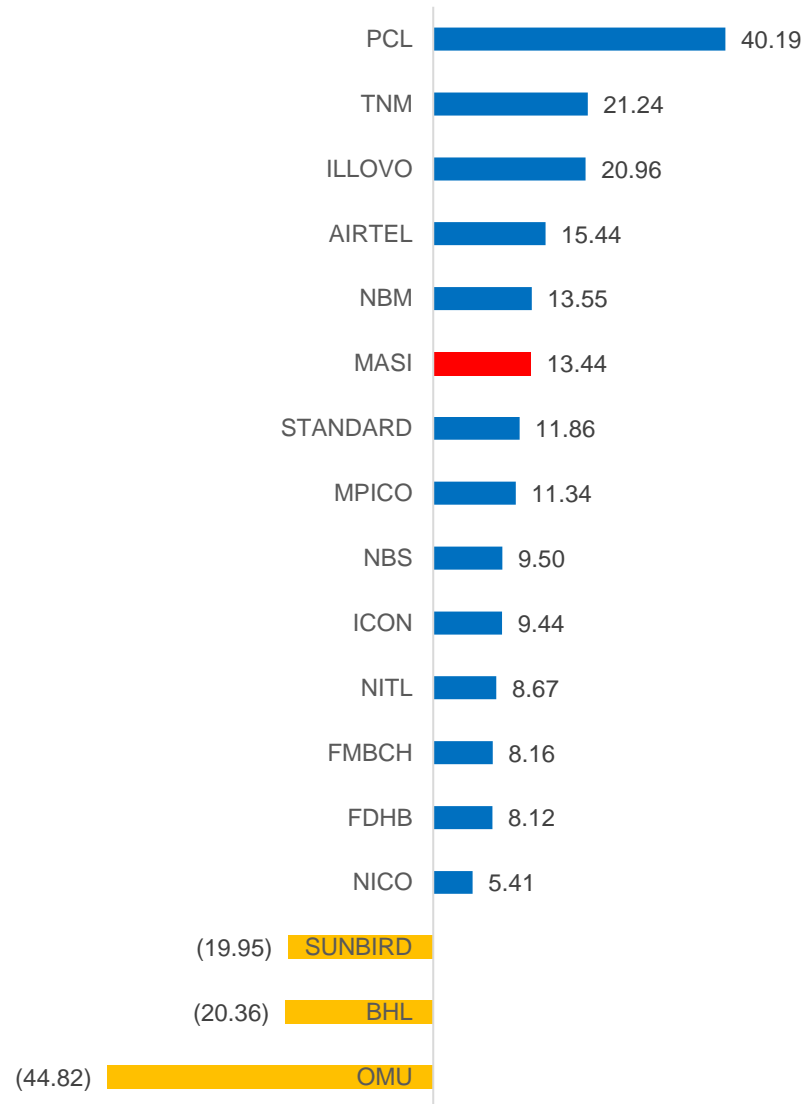
Appendix



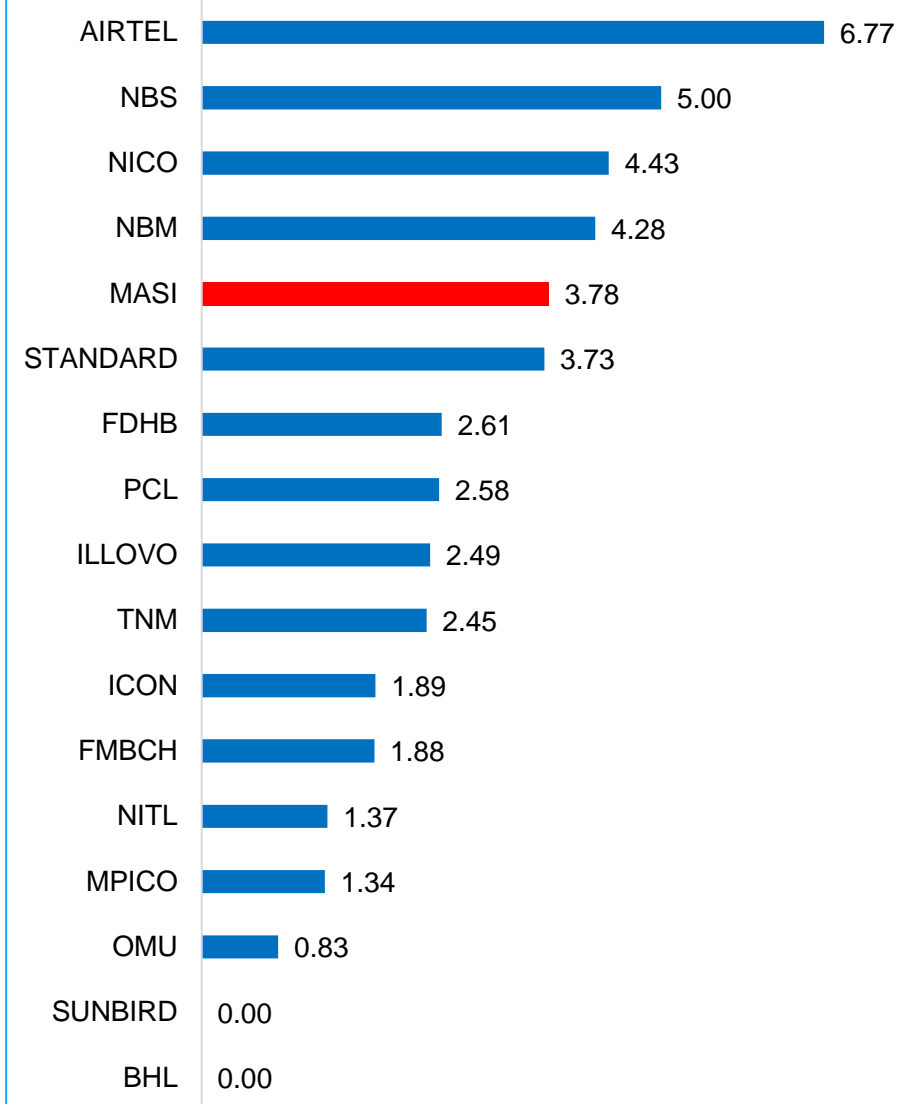
The weighted average dividend yield on the MSE is 3.78%. The MSE has a weighted average Price to Earnings ratio of 13.44.

Appendix A - Equity market

P/E ratio - the MSE has a weighted average Price to Earnings ratio of 13.44. OMU has the lowest at negative 44.82 while PCL has the highest at 40.19.



Dividend yield (%) - the weighted average dividend yield on the MSE is 3.78%. The counter with the highest dividend yield is Airtel with 6.77%.

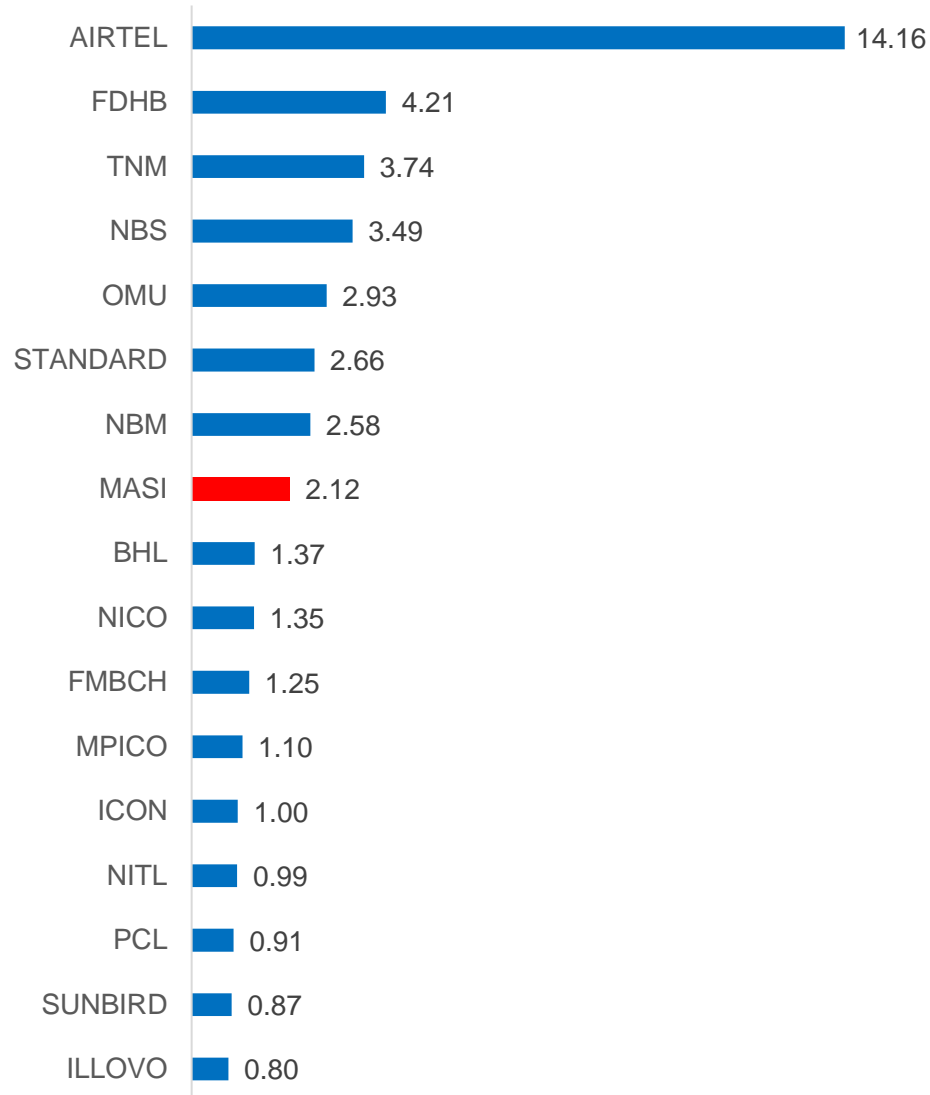




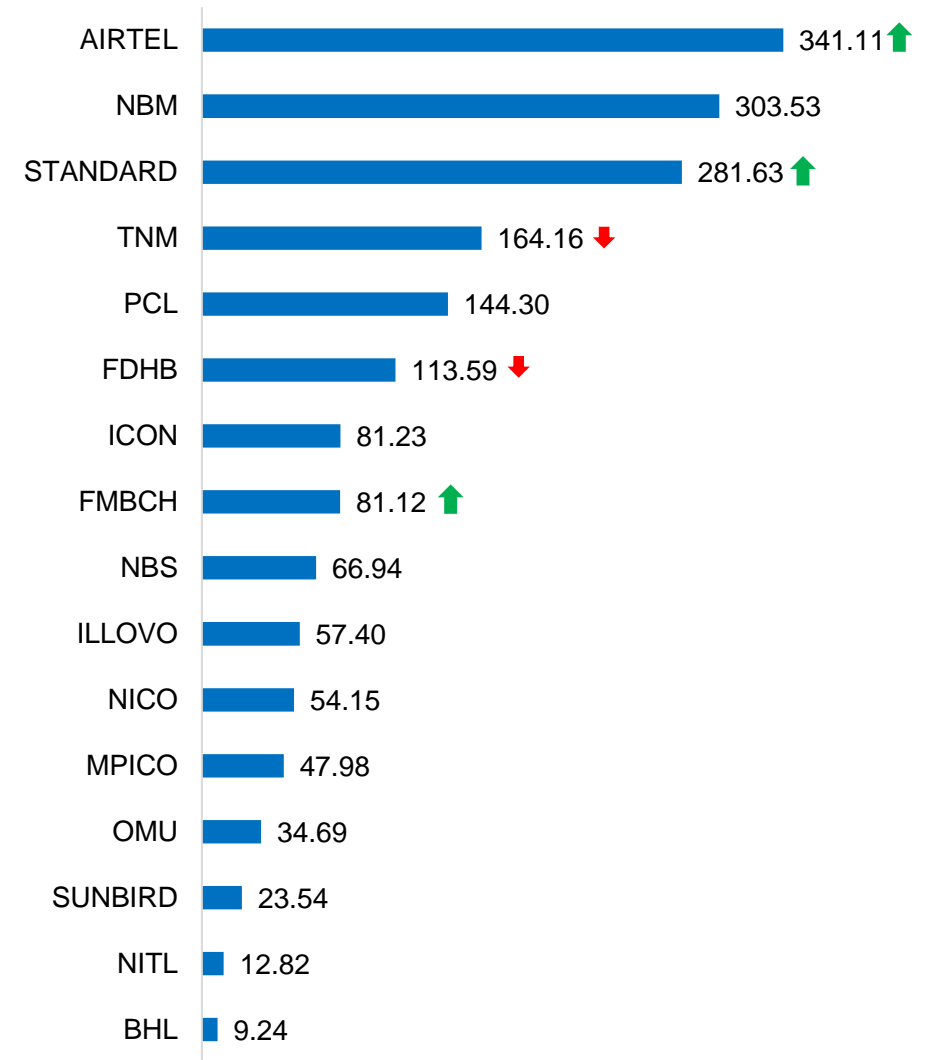
Appendix A - Equity market (Continued)

The weighted average Price to Book Value ratio on the MSE is 2.12. Airtel leads the MSE counters with a market capitalization of K341 billion. The total market capitalization is K1.82 trillion.

P/BV ratio - the weighted average Price to Book Value ratio on the MSE is 2.12. Airtel has the highest ratio at 14.16 while Illovo has the lowest ratio at 0.80.



Market Capitalization (K'billion) - Airtel leads the MSE counters with a market capitalization of K341 billion. The total market capitalization is K1.82 trillion.





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

1. 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.

2. 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.



PCL has proposed a final dividend of K25 per share, in respect of its financial year ended 31 December 2020.

Appendix A - Equity market (Continued)

Corporate Announcements (continued)

2. Dividends:

| Company | Declared/Proposed | Type | Dividend (MK) | Last Day To Register | Payable |
|----------|-------------------|----------------|---------------|----------------------|----------------|
| OMU | Declared | Final | 18.25 | 16 April 2021 | 24 May 2021 |
| STANDARD | Declared | Second Interim | 12.78 | 30 April 2021 | 13 May 2021 |
| NICO | Declared | Second Interim | 1.13 | 6 May 2021 | 21 May 2021 |
| PCL | Proposed | Final | 25.00 | 20 August 2021 | 27 August 2021 |
| STANDARD | Proposed | Final | 21.31 | TBA | TBA |
| NITL | Proposed | Final | 0.80 | TBA | TBA |
| NBS | Proposed | Final | 0.70 | TBA | TBA |
| NBM | Proposed | Final | 17.14 | TBA | TBA |
| AIRTEL | Proposed | Final | 2.10 | TBA | TBA |
| NICO | Proposed | Final | 0.50 | TBA | TBA |
| FMBCH | Proposed | Final | 61.79 | TBA | TBA |
| TNM | Proposed | Final | 0.10 | TBA | TBA |
| ICON | Proposed | Final | 0.12 | TBA | TBA |
| MPICO | Proposed | Final | 0.28 | TBA | TBA |

3. Annual general meeting

| Company | Venue | Date | Time |
|---------|-------------|-------------|-------------|
| BHL | Virtual AGM | 12 May 2021 | 15:30 hours |
| FDHB | Virtual AGM | 28 May 2021 | 09:00 hours |
| NBM | Virtual AGM | 4 June 2021 | 14:00 hours |

TBA: To be Announced

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.

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