



Malawi Financial Market Update

Week ending 29 April 2022



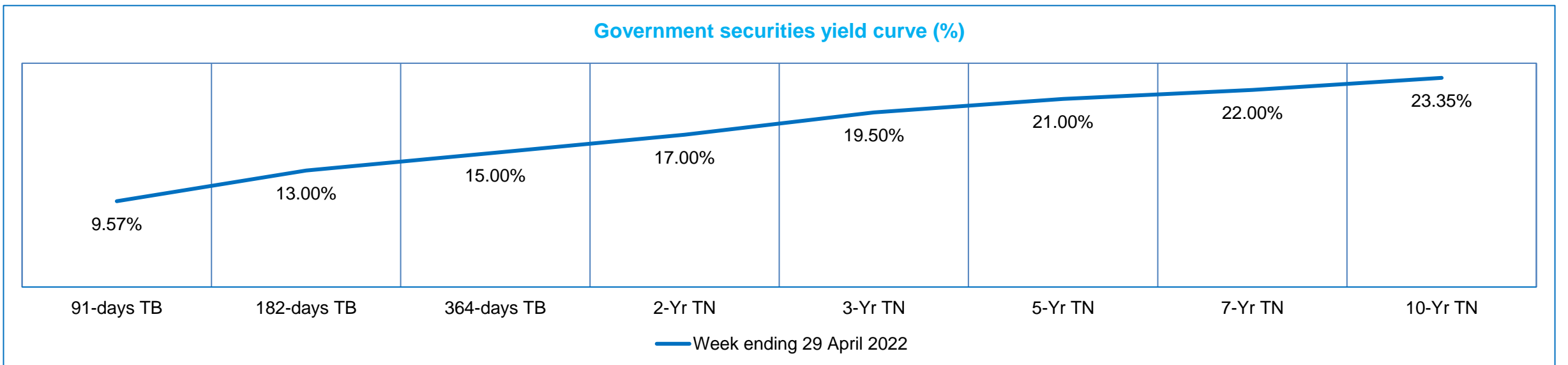
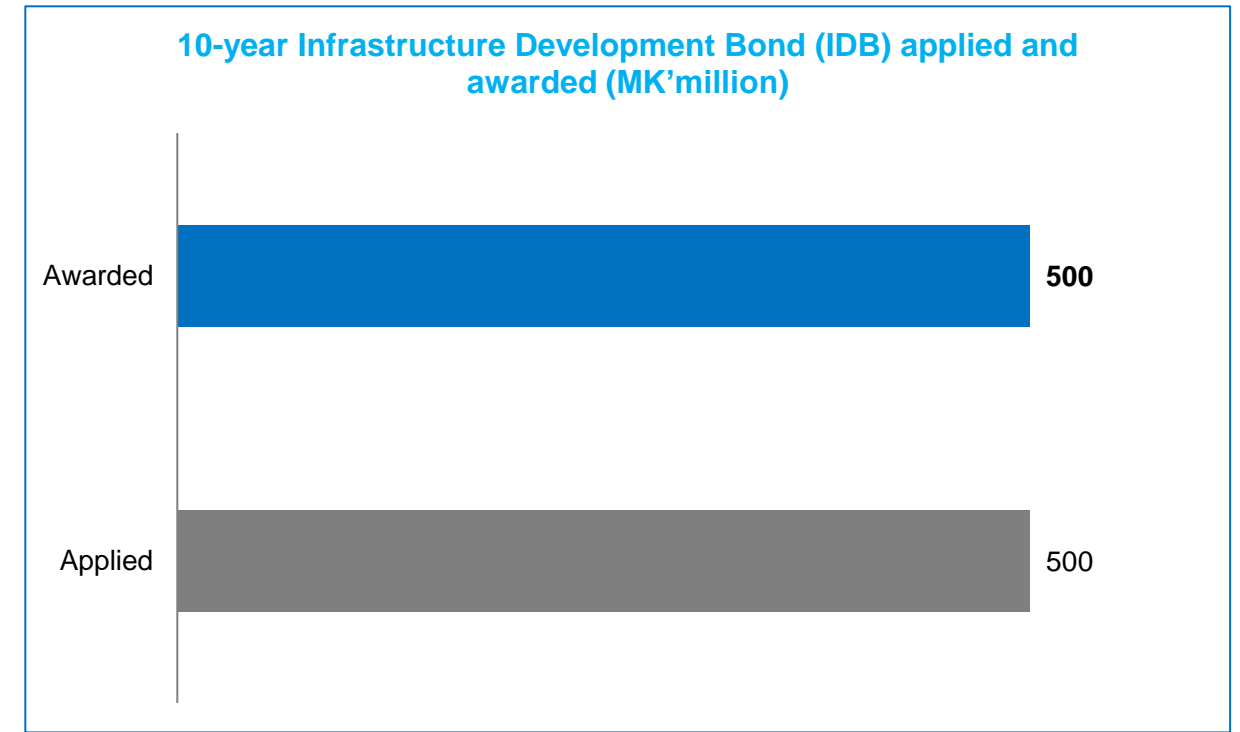
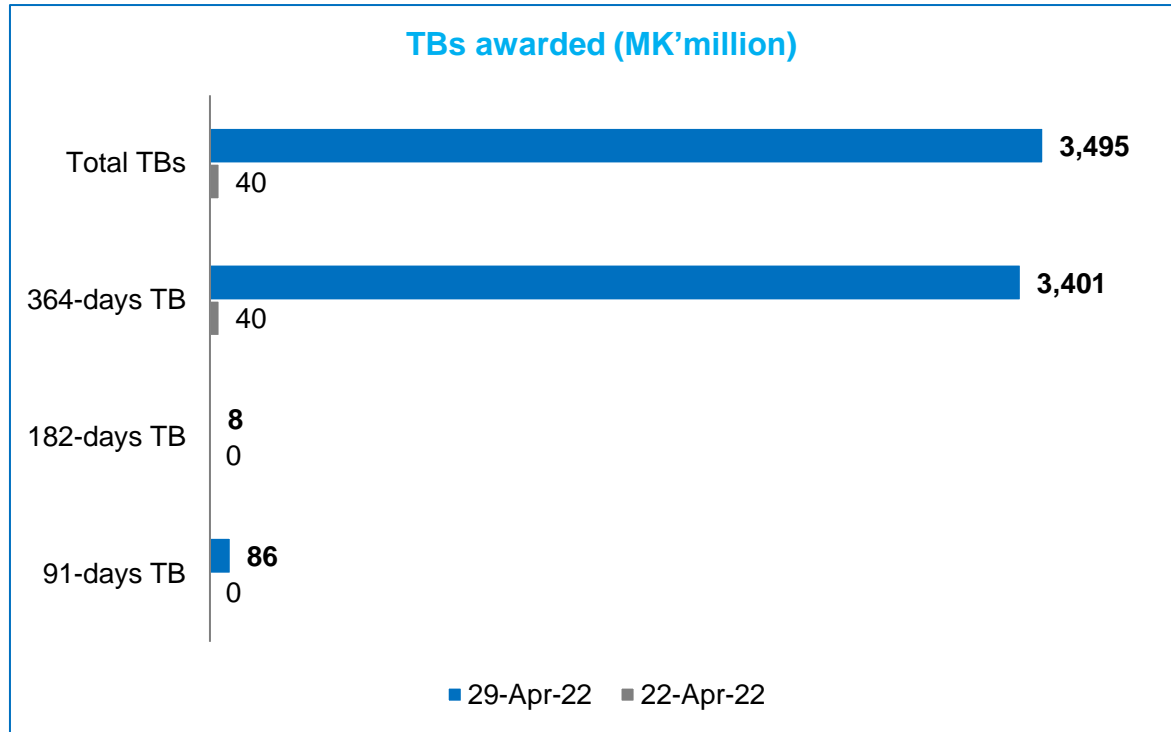
Government securities (Source: RBM)

A total of MK3.99 billion was awarded in Tuesday's auctions of Treasury Bills (TBs) and the 10-year Infrastructure Development Bond (IDB).

MK3.49 billion and MK500 million was awarded in the TBs and 10-year IDB auctions, respectively.

Both the TB and 10-year IDB auctions had a nil rejection rate.

The average TB yield decreased to 12.52% from 12.58%, while the average Treasury Note (TN) yield increased to 20.57% from 20.50% during the period under review.



TB: Treasury Bill
TN: Treasury Note
Yr: Year

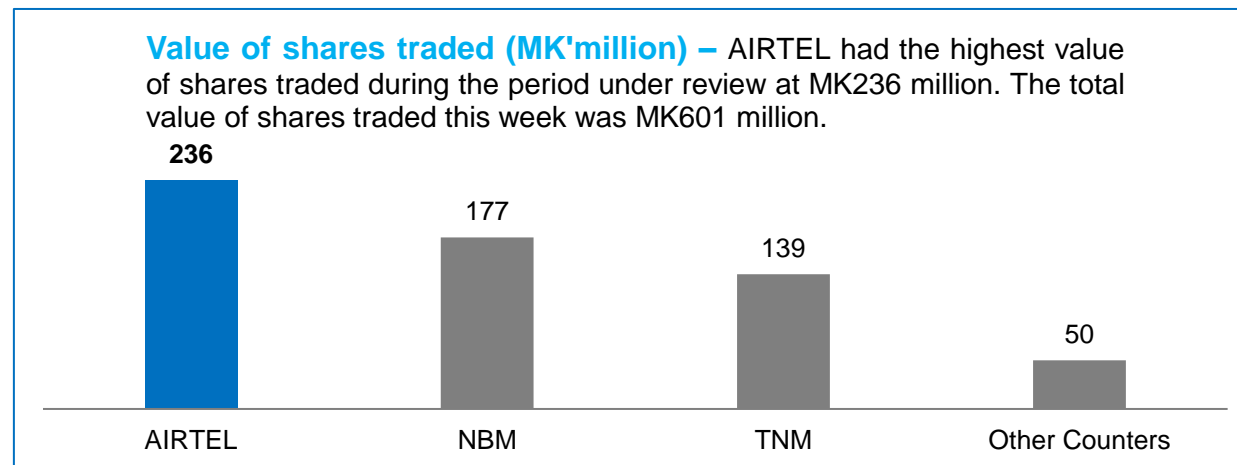
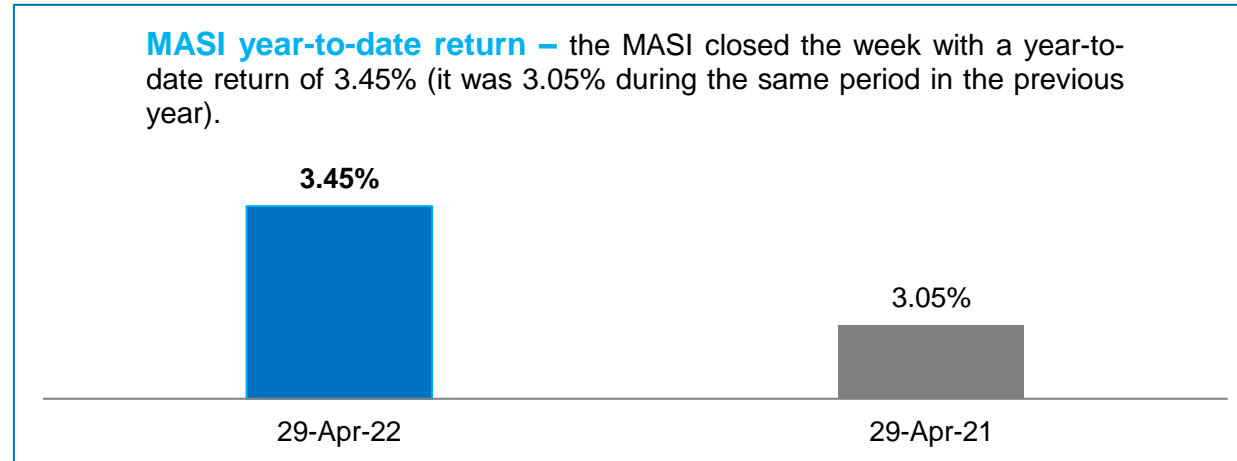
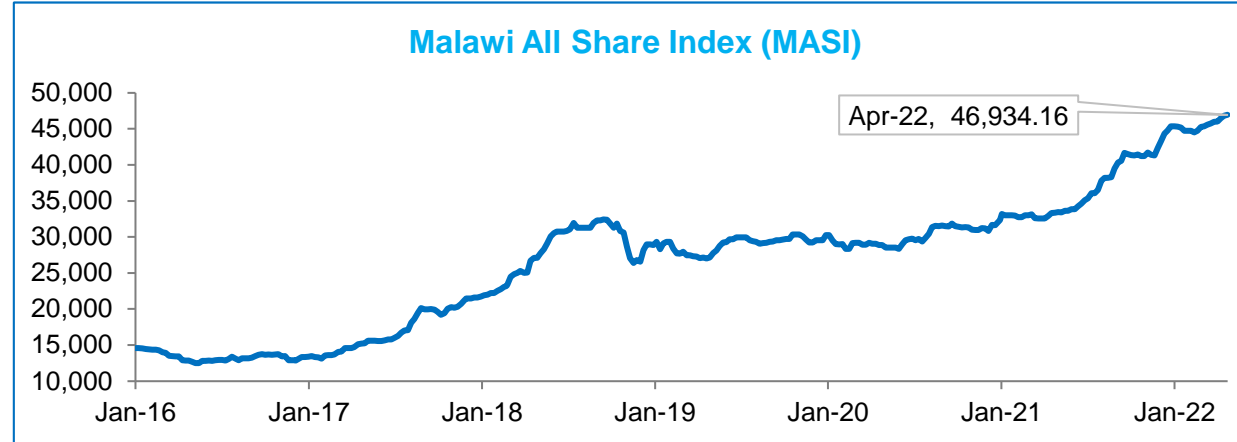


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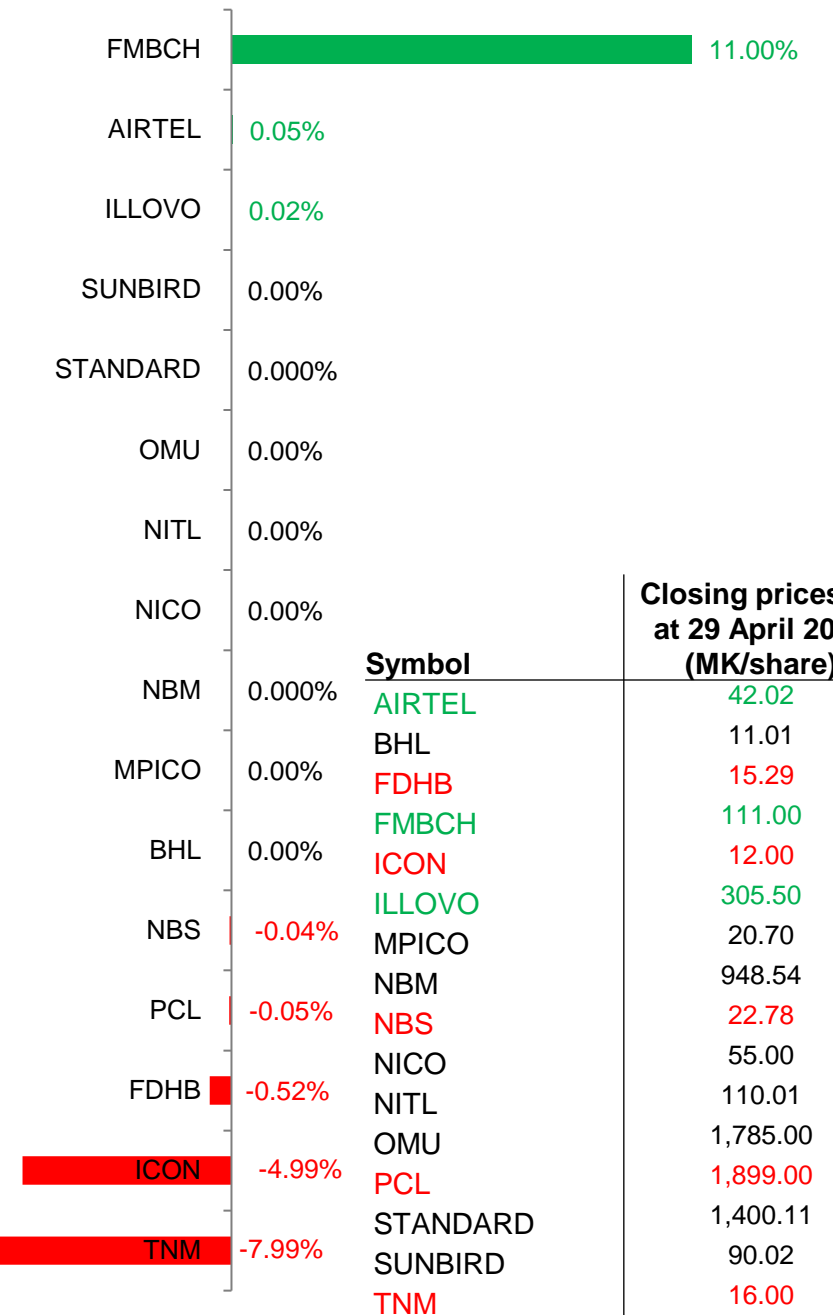
Stock market (Source: MSE)

The stock market was marginally bullish over the period with the Malawi All Share Index (MASI) closing the week ending 29 April 2022 at 46,934.16 points from 46,801.61 points for the week ending 22 April 2022. Week-on-week, this represents an increase of 0.28%.

There was a share price gain for FMBCH and marginal share price gains for AIRTEL and ILLOVO during the period under review. The share price gains offset share price losses for TNM and ICON, as well as marginal share price losses for FDH Bank, PCL and NBS during the period under review.



Week-on-week share price gains/losses (%)





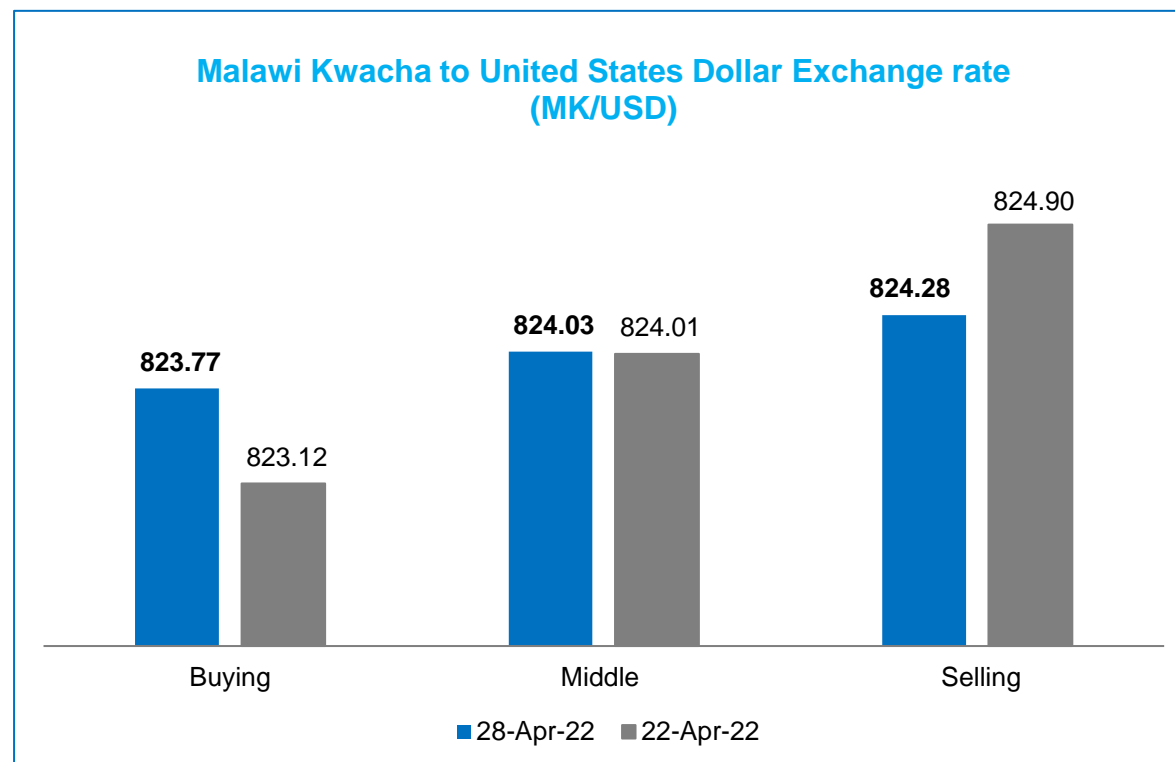
Financial Market Update: Week ending 29 April 2022

Foreign currency market and other market developments (Source: RBM, MSE)

According to their summary financials for the period ended 31 December 2021, TNM plc closed the period with a profit after tax of MK9.69 billion, an increase of 25% from a profit after tax of MK7.73 billion in the previous year.

Week-on-week, the Malawi Kwacha was relatively stable as it traded at MK824.03/USD as at 28 April 2022 from MK824.01/USD as at 22 April 2022. Year-to-date, the Kwacha has depreciated by 0.58%.

Foreign currency (Source: RBM)



Corporate Announcements

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 | Expected profit/(loss) for the half year ending 28 February 2022 | Actual profit/(loss) for the half year ended 28 February 2021 | Trading statement profit/(loss) expectation |
|---------|--|---|---|
| Illovo | 8.87 | 6.12 | 45% |

Financial year Trading Statements

Amounts in billions of Malawi Kwacha unless specified otherwise.

| Counter | Expected PAT 2021 | AFS PAT 2020 | Trading statement profit/(loss) expectation |
|-------------------------|-------------------|--------------|---|
| Press Corporation Plc | 29.8 | 19.9 | 50% |
| FMBCH Plc (USD'million) | 37.28 | 21.3 | 75% |
| Airtel Malawi plc | 29.82 | 22.09 | 35% |
| MPICO plc | 6.08 | 4.34 | 40% |
| BHL plc | (0.87) | (0.45) | (93%) |

Latest Summary Published Accounts

Amounts in billions of Malawi Kwacha unless specified otherwise.

| Counter | 31 December 2021 | 31 December 2020 | Actual Change in profit/(loss) |
|-----------------------------|------------------|------------------|--------------------------------|
| Standard Bank | 24.77 | 23.74 | 4% |
| Old Mutual (ZAR'billion) | 7.21 | 5.09 | 42% |
| Sunbird Tourism plc | 0.75 | (1.18) | 164% |
| NITL plc | 4.67 | 1.48 | 216% |
| National Bank of Malawi plc | 34.21 | 22.45 | 52% |
| FDH Bank plc | 11.66 | 13.99 | -17% |
| NBS Bank plc | 7.69 | 7.05 | 9% |
| TNM plc | 9.69 | 7.73 | 25% |

AFS – Audited Financial Statements

PAT – Profit After Tax (12 months/Full year)

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



Financial Market Update: Week ending 29 April 2022

Other market developments (Source: Other company financials)

According to their summary financial statements for the period ended 31 December 2021, Britam Insurance Company Limited closed the period with a profit after tax of MK1.43 billion, an increase of 96% from a profit after tax of MK0.73 billion in the previous period.

Other company financials

Amounts in billions of Malawi Kwacha unless specified otherwise.

| Company | 31 December 2021 | 31 December 2020 | Actual change in profit/(loss) |
|--|------------------|------------------|--------------------------------|
| NICO Pension Services Limited (MK'million) | 431.10 | 424.88 | 2% |
| Old Mutual Life Assurance Company Limited | 11.41 | 8.73 | 30% |
| Continental Capital Limited (MK'million) | 38.54 | 64.82 | -41% |
| Continental Holdings Limited | 5.39 | 3.25 | 66% |
| Continental Asset Management Limited (MK'million) | 588.67 | 728.73 | -19% |
| Vision Fund Malawi (MK'million) | 206.52 | (266.45) | 178% |
| Old Mutual Pension Services Limited (MK'million) | 163.06 | 560.27 | -71% |
| Britam Insurance Company Limited | 1.43 | 0.73 | 96% |
| Old Mutual Investment Group Limited | 1.05 | 1.05 | - |
| Old Mutual Unit Trust Company Limited (MK'million) | (67.63) | (55.18) | -23% |
| Reunion Insurance Company Limited (MK'million) | 4.97 | 381.80 | -98% |
| NBM Pensions Administration Limited (MK'million) | 39.22 | 58.56 | -33% |
| Continental Unrestricted Pension Fund (MK'million) | 4.58 | 8.16 | -44% |
| Select Financial Services | 1.46 | 0.95 | 54% |
| FINCA Limited (MK'million) | 475.00 | (231) | 306% |
| CIC Africa | 441.78 | 89.58 | 393% |
| Old Mutual Unrestricted Pension Fund | 308.27 | 267.92 | 15% |

Dividends

| Counter | Dividend type | Proposed/declared | Dividend per share (MK) | Last day to register | Date of payment |
|---------------|---------------|-------------------|-------------------------|----------------------|-----------------|
| OMU | Final | Proposed | 27.10 | 19 April 2022 | 23 May 2022 |
| Standard Bank | Final | Proposed | 8.52 | TBA | TBA |
| NITL | Final | Proposed | 2.25 | TBA | TBA |
| NBM | Final | Proposed | 23.55 | TBA | TBA |
| NBS | Final | Proposed | 0.75 | TBA | TBA |
| FDHB | Final | Proposed | 0.29 | TBA | TBA |
| TNM | Final | Proposed | 0.10 | TBA | TBA |

What Happened this Week

1. The government of Malawi has re-engaged Mozambique's power supply company, Electricidade de Mocambique (EDM), to increase by 60 megawatts to the electricity it will be supplying under the interconnection deal. If approved, the extra 60 megawatts will add on the initially agreed 50 megawatts giving the Electricity Supply Corporation of Malawi (ESCOM). The target date to complete the new power line is October 2023 (22-Apr-2022, *The Nation*).
2. The Treasury has engaged auditors to do an audit of the foreign exchange misrepresentation to the International Monetary Fund (IMF). The government expects the audit report to be out by the end of May 2022 or early June 2022. The audit is expected to determine the extent of the falsification of figures that former Treasury and Reserve Bank of Malawi had made to the IMF (26-Apr-2022, *The Daily Times*).
3. The Treasury plans to borrow MK507.77 billion from the domestic market between April 2022 to June 2022. This has been indicated in the debt issuance calendar issued by the Reserve Bank of Malawi (RBM). Of this amount, MK208.33 billion and MK293.44 billion will be raised through Treasury Bills and Treasury Notes, respectively (26-Apr-2022, *The Nation*).



Appendix: Historical Economic Indicators

| | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | Dec-21 | Jan-22 | Feb-22 | Mar-22 | Week ending 29 April 2022 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------------------|
| Exchange rates (middle rates) | | | | | | | | | | | | | | | | | | |
| MK/USD | 765.92 | 776.82 | 776.49 | 787.03 | 790.30 | 797.66 | 800.17 | 811.95 | 817.43 | 820.40 | 822.17 | 821.34 | 822.88 | 818.44 | 822.81 | 822.10 | 823.60 | 824.03 |
| MK/GBP | 1,061.76 | 1,070.14 | 1,107.24 | 1,140.90 | 1,139.62 | 1,164.37 | 1,191.58 | 1,192.94 | 1,203.74 | 1,196.67 | 1,168.72 | 1,201.21 | 1,194.23 | 1,208.01 | 1,211.73 | 1,283.92 | 1,214.22 | 1,150.36 |
| MK/EUR | 958.34 | 987.95 | 991.78 | 1,006.72 | 993.04 | 1,035.48 | 1,042.52 | 1,032.04 | 1,048.56 | 1,044.60 | 1,026.14 | 1,037.74 | 1,099.91 | 1,138.47 | 1,072.50 | 1,170.30 | 1,031.32 | 966.10 |
| MK/ZAR | 53.09 | 56.43 | 54.60 | 55.69 | 56.13 | 59.33 | 62.28 | 61.42 | 60.79 | 60.90 | 58.90 | 59.04 | 57.21 | 57.68 | 61.82 | 64.84 | 66.90 | 60.33 |
| Foreign Exchange Reserves | | | | | | | | | | | | | | | | | | |
| Gross Official Reserves (USD'mn) | 584.89 | 574.26 | 502.98 | 483.38 | 410.16 | 392.01 | 414.41 | 424.99 | 404.18 | 604.50 | 521.87 | 405.66 | 389.26 | 429.17 | 399.98 | 385.40 | 374.48 | - |
| Private Sector Reserves (USD'mn) | 332.51 | 377.97 | 358.29 | 340.50 | 342.58 | 392.61 | 369.64 | 388.78 | 405.79 | 389.47 | 386.05 | 384.75 | 404.81 | 425.52 | 424.49 | 407.22 | 391.49 | - |
| Total reserves (USD'mn) | 917.4 | 952.23 | 861.27 | 823.88 | 752.74 | 784.62 | 784.05 | 813.77 | 809.97 | 993.97 | 907.92 | 790.41 | 794.07 | 854.69 | 824.47 | 792.62 | 765.97 | - |
| Gross Official Reserves Import cover (months) | 2.80 | 2.75 | 2.41 | 2.31 | 1.96 | 1.88 | 1.77 | 1.70 | 1.62 | 2.42 | 2.09 | 1.62 | 1.56 | 1.72 | 1.60 | 1.54 | 1.50 | - |
| Inflation | | | | | | | | | | | | | | | | | | |
| Headline | 7.30% | 7.60% | 7.70% | 8.30% | 9.40% | 9.2% | 8.9% | 9.1% | 8.7% | 8.4% | 8.9% | 9.8% | 11.1% | 11.5% | 12.1% | 13.0% | 14.10% | - |
| Food | 10.40% | 10.50% | 9.70% | 10.30% | 11.70% | 11.5% | 11.0% | 11.1% | 10.3% | 9.7% | 10.9% | 11.8% | 12.8% | 13.6% | 14.2% | 15.3% | 17.10% | - |
| Non-food | 4.40% | 4.90% | 5.60% | 6.30% | 6.90% | 7.0% | 7.1% | 7.2% | 7.2% | 7.2% | 7.2% | 7.8% | 9.5% | 9.5% | 9.6% | 10.1% | 10.50% | - |
| Interest Rates | | | | | | | | | | | | | | | | | | |
| Monetary Policy rate | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% |
| Average Interbank rate | 12.51% | 11.41% | 11.34% | 10.67% | 11.37% | 11.72% | 13.36% | 11.94% | 11.96% | 11.98% | 11.98% | 11.98% | 11.98% | 11.98% | 11.15% | 11.70% | 11.70% | 11.70% |
| Average base lending rate | 13.60% | 12.30% | 12.10% | 12.00% | 11.90% | 12.10% | 12.10% | 12.20% | 12.20% | 12.20% | 12.20% | 12.20% | 12.20% | 12.20% | 12.20% | 12.20% | 12.20% | 12.20% |
| Government Securities' Yields | | | | | | | | | | | | | | | | | | |
| 91-days Treasury Bill | 9.95% | 9.95% | 9.95% | 9.95% | 9.95% | 9.88% | 9.98% | 9.62% | 9.33% | 9.60% | 9.59% | 9.60% | 9.58% | 9.70% | 9.70% | 9.47% | 9.74% | 9.57% |
| 182-days Treasury Bill | 12.73% | 12.49% | 12.59% | 12.80% | 12.80% | 12.77% | 12.80% | 12.81% | 12.96% | 12.96% | 12.98% | 12.98% | 12.98% | 13.00% | 13.00% | 12.99% | 13.00% | 13.00% |
| 364-days Treasury Bill | 13.40% | 13.53% | 13.64% | 13.77% | 13.80% | 13.80% | 13.83% | 13.87% | 12.06% | 14.08% | 14.20% | 14.20% | 14.22% | 14.47% | 15.00% | 15.00% | 15.00% | 15.00% |
| 2-year Treasury Note | 16.46% | 16.46% | 16.50% | 16.50% | 16.50% | 16.50% | 16.51% | 16.65% | 16.63% | 16.63% | 16.63% | 16.64% | 16.64% | 16.66% | 16.70% | 16.70% | 17.00% | 17.00% |
| 3-year Treasury Note | 17.79% | 18.30% | 18.56% | 18.66% | 18.66% | 18.80% | 18.80% | 18.97% | 19.00% | 18.99% | 18.99% | 18.99% | 19.00% | 19.05% | 19.04% | 19.33% | 19.50% | 19.50% |
| 5-year Treasury Note | 19.82% | 19.77% | 19.95% | 19.97% | 19.98% | 19.98% | 19.98% | 20.08% | 20.00% | 20.09% | 20.26% | 20.44% | 20.53% | 20.54% | 20.78% | 20.78% | 21.00% | 21.00% |
| 7-year Treasury Note | 19.95% | 20.00% | 20.00% | 20.50% | 20.50% | 20.50% | 20.50% | 20.59% | 20.98% | 21.36% | 21.36% | 21.36% | 21.15% | 20.94% | 20.94% | 21.98% | 22.00% | 22.00% |
| 10-year Treasury Note | 22.14% | 22.50% | 22.50% | 22.50% | 22.50% | 22.50% | 22.50% | 21.85% | 22.54% | 23.01% | 23.25% | 23.00% | 22.50% | 22.50% | 22.98% | 22.98% | 22.98% | 23.35% |
| Stock Market Indices | | | | | | | | | | | | | | | | | | |
| MASI | 31,225.08 | 32,392.84 | 32,988.58 | 33,009.75 | 32,562.96 | 33,380.63 | 33,676.89 | 35,144.56 | 36,496.03 | 38,945.62 | 41,550.15 | 41,458.37 | 41,565.98 | 45,367.68 | 44,501.63 | 45,472.09 | 45,921.23 | 46,934.16 |
| DSI | 26,717.15 | 27,755.46 | 28,090.02 | 28,108.19 | 27,710.72 | 28,257.89 | 28,376.03 | 28,739.26 | 29,749.56 | 31,959.22 | 34,266.54 | 34,188.36 | 34,284.11 | 37,061.70 | 36,322.34 | 37,186.63 | 37,584.34 | 37,283.40 |
| FSI | 1,362.89 | 1,363.88 | 1,613.58 | 1,614.45 | 1,614.33 | 1,844.72 | 2,030.51 | 3,234.45 | 3,479.97 | 3,479.97 | 3,450.70 | 3,450.25 | 3,450.24 | 4,223.15 | 4,183.22 | 4,182.23 | 4,184.71 | 5,720.11 |

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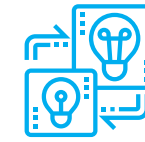
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