

# FDH BANK PLC UNAUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2024



The Directors present the unaudited summary consolidated and separate financial statements of FDH Bank Plc for the half year ended 30 June 2024.

## PERFORMANCE

The Bank registered a consolidated Profit after Tax (PAT) of MK27.936 billion up from a PAT of MK15.014 billion achieved over a similar period in 2023. Net Interest Income has gone up by 85% on the back of the increase in the loan book by 80% and other interest-bearing assets. Non-interest income increased by 48% mainly as a result of the continuing growth in international trade and trade finance business. The digital revenue continues to grow as more customers are now embracing the digital platforms.

Operating expenses grew by 50% mainly as a result of the 44% devaluation of the Kwacha that happened in November 2023 and had its full impact in 2024 and the resultant high inflation. The inflation rate averaged 32.8% from January 2024 to June 2024 as compared to 27.5% during the same period in 2023. The Bank is also investing in its delivery channels to serve the customers better. Notwithstanding the growth in expenses; as of June 2024, the cost to income ratio had gone down to 39% as compared to 46% from the same period last year.

Total assets increased by 44% from December 2023 (81% from June 2023) mainly emanating from the increase in the loan book, Government Securities and placements with other banks. Customer deposits increased by 37% from December 2023 (73% from June 2023).

## DIVIDEND

On 29 July 2024, the Directors approved a first interim dividend of K13.042 billion in respect of 2024 profits, representing 189t (K1.89) per share. The dividend will be paid on Thursday, 22nd August 2024 to members appearing in the Register of the Company as at close of business on Friday, 16th August 2024. The Bank's shares will trade ex-dividend from Wednesday, 14th August 2024, and the Register will be closed from 16th to 19th August 2024 and no transfers will be registered during that period.

## CORE BANKING SYSTEM UPGRADE

As part of our commitment to drive innovation and enhanced customer experience, the Bank upgraded its Core Banking System from T24 Version R14 to the recent Version R23 which was initiated on 6th July 2024. The Bank encountered some key challenges after initiating the Core Banking System Upgrade and this affected our customers as they could not seamlessly access

the banking services. The Bank sincerely regrets the inconvenience caused to our valued customers during this period. The system is now stable and customers are able to transact in our service centres and on our digital channels. The new system is expected to deliver increased processing speed and advanced user interface to meet customer needs.

## OUTLOOK

Looking ahead, inflation is expected to remain high averaging around 33.5% for the remaining part of the year, impacted by local and global factors as reported by the Monetary Policy Committee. The Bank anticipates the Kwacha/US Dollar exchange rate to continue depreciating as a result of the increasing negative trade balance. The Malawi gross domestic product (GDP) growth is projected to average around 2.3% in the year 2024 as the economy is recovering from the negative effects of the El Nino weather conditions.

The Bank remains committed to providing easy access to financial solutions that enable our communities to grow with us. The Bank will deliver on this commitment by focusing on meeting customer needs, improving our operations while reducing operating costs for sustainable performance and profitability, developing our employees, leading in customer centric innovation and contributing to the creation of an inclusive, diverse and sustainable society. This is being delivered through the Bank's strategic objectives while leveraging on effective and reliable digital platforms and our widest branch network.

## APPRECIATION

We would like to thank all stakeholders of FDH Bank Plc, starting with our valued clients, the shareholders, the Government of Malawi, the Reserve Bank of Malawi, the Malawi Stock Exchange, correspondent banks and all our business partners, who rendered their support to the Bank resulting into the good performance for the first half year ended 30 June 2024.

By order of the Board.  
FDH Bank Plc

Mrs. Charity Mseka  
Board Chairperson

Mr. Noel Mkulichi  
Managing Director

Dr. Ulemu Katunga  
Chairperson, Finance and Audit Committee

Mr. Richard Chipezaani  
Head of Finance

5th August 2024

# FDH BANK PLC UNAUDITED SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2024

1. SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME						
	Group			Bank		
	30-Jun-24	30-Jun-23	31-Dec-23	30-Jun-24	30-Jun-23	31-Dec-23
	Un-audited	Un-audited	Audited	Un-audited	Un-audited	Audited
	K'000	K'000	K'000	K'000	K'000	K'000
Interest income	61,052,653	31,386,400	73,424,273	61,052,653	31,386,400	73,424,273
Interest expenses	(14,297,234)	(6,098,084)	(13,574,907)	(14,297,234)	(6,098,083)	(13,574,907)
<b>Net interest income</b>	<b>46,755,419</b>	<b>25,288,316</b>	<b>59,849,366</b>	<b>46,755,419</b>	<b>25,288,317</b>	<b>59,849,366</b>
Non-interest income	30,503,998	20,659,705	43,155,760	29,748,154	20,140,890	42,980,820
<b>Total income</b>	<b>77,259,417</b>	<b>45,948,021</b>	<b>103,005,126</b>	<b>76,503,573</b>	<b>45,429,207</b>	<b>102,830,186</b>
Operating expenses	(30,201,855)	(20,110,451)	(46,160,184)	(29,929,077)	(19,914,602)	(46,750,784)
<b>Profit before provision for impaired loans and advances</b>	<b>47,057,562</b>	<b>25,837,570</b>	<b>56,844,942</b>	<b>46,574,496</b>	<b>25,514,605</b>	<b>56,079,402</b>
Net charge on impaired loans and advances	(1,761,270)	(1,866,944)	(1,388,820)	(1,761,270)	(1,866,944)	(1,388,820)
<b>Profit before tax</b>	<b>45,296,292</b>	<b>23,970,626</b>	<b>55,456,122</b>	<b>44,813,226</b>	<b>23,647,661</b>	<b>54,690,582</b>
Taxation	(17,360,210)	(8,955,953)	(19,809,193)	(17,215,290)	(8,859,064)	(21,140,070)
<b>Profit after tax</b>	<b>27,936,082</b>	<b>15,014,673</b>	<b>35,646,929</b>	<b>27,597,936</b>	<b>14,788,597</b>	<b>33,550,512</b>
<b>Other comprehensive income</b>						
Revaluation Surplus	-	-	1,149,950	-	-	-
Deferred tax on revaluation surplus	-	-	(344,985)	-	-	-
<b>Total other income net of tax</b>	<b>-</b>	<b>-</b>	<b>804,965</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive (loss)/income for the year</b>	<b>27,936,082</b>	<b>15,014,673</b>	<b>36,451,894</b>	<b>27,597,936</b>	<b>14,788,597</b>	<b>33,550,512</b>

2. SUMMARY CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION						
Liabilities, Capital and Reserves						
Liabilities						
Long Term Loan	11,556,172	11,126,626	24,910,193	11,556,172	11,126,626	24,910,193
Liabilities to customers	609,956,735	352,558,368	443,962,688	610,006,221	352,558,368	443,983,299
Liabilities to other banks	91,846,027	5,203,888	-	91,846,027	5,203,888	-
Other liabilities	12,505,087	22,584,217	30,156,631	10,768,794	20,609,409	29,210,462
Lease liabilities	1,123,652	1,278,790	821,540	1,948,515	2,103,653	2,016,495
Income tax payable	10,606,958	4,778,043	7,511,661	10,352,917	4,689,740	7,278,989
<b>Total liabilities</b>	<b>737,594,631</b>	<b>397,529,932</b>	<b>507,362,713</b>	<b>736,478,646</b>	<b>396,291,684</b>	<b>507,399,438</b>
Capital and Reserves	79,598,978	52,860,727	58,701,948	74,249,514	50,524,714	53,690,630
<b>Total liabilities, capital and reserves</b>	<b>817,193,609</b>	<b>450,390,659</b>	<b>566,064,661</b>	<b>810,728,160</b>	<b>446,816,398</b>	<b>561,090,068</b>
<b>Assets</b>						
Cash and funds with Reserve Bank of Malawi	55,330,327	30,608,437	33,751,398	55,330,327	30,608,437	33,751,398
Placements with other banks	164,641,268	87,339,904	109,927,257	152,428,290	87,339,904	109,927,257
Malawi Government Treasury Bills	330,693,076	186,393,978	229,093,865	329,332,270	185,740,762	227,902,663
Loans and advances to customers	177,388,030	98,414,266	135,796,264	177,388,030	98,414,266	135,796,264
Investments	8,186,732	146,232	146,232	7,066,465	7,066,465	7,066,465
Other assets	49,306,281	21,112,769	22,696,528	59,132,798	18,180,547	21,418,700
Property plant and equipment	24,312,739	22,936,780	28,350,111	24,312,739	15,909,948	20,152,138
Right of use assets	1,604,351	1,623,145	1,331,058	2,429,214	2,448,008	2,526,013
Deferred tax asset	5,730,805	1,815,148	4,971,948	3,308,027	1,108,061	2,549,170
<b>Total assets</b>	<b>817,193,609</b>	<b>450,390,659</b>	<b>566,064,661</b>	<b>810,728,160</b>	<b>446,816,398</b>	<b>561,090,068</b>

3. SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY						
	Group			Bank		
	30-Jun-24	30-Jun-23	31-Dec-23	30-Jun-24	30-Jun-23	31-Dec-23
	Un-audited	Un-audited	Audited	Un-audited	Un-audited	Audited
	K'000	K'000	K'000	K'000	K'000	K'000
At the beginning of the period	58,701,948	41,846,054	41,846,054	53,690,630	39,736,118	39,736,118
Total comprehensive (loss)/income for the year	27,936,082	15,014,673	36,451,894	27,597,936	14,788,597	33,550,512
Dividends paid	(7,039,052)	(4,000,000)	(19,596,000)	(7,039,052)	(4,000,001)	(19,596,000)
<b>At the end of the period</b>	<b>79,598,978</b>	<b>52,860,727</b>	<b>58,701,948</b>	<b>74,249,514</b>	<b>50,524,714</b>	<b>53,690,630</b>

4. SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS						
	Group			Bank		
	30-Jun-24	30-Jun-23	31-Dec-23	30-Jun-24	30-Jun-23	31-Dec-23
	Un-audited	Un-audited	Audited	Un-audited	Un-audited	Audited
	K'000	K'000	K'000	K'000	K'000	K'000
Cash generated from operations before taxation	218,255,396	74,128,571	136,568,227	192,552,714	62,432,118	137,283,388
Income tax paid	(14,264,915)	(7,948,111)	(19,326,393)	(14,141,362)	(8,168,547)	(19,301,412)
Cash flows generated from operating activities	203,990,481	66,180,460	117,241,834	178,411,352	54,263,571	117,981,976
Net cash used in investing activities	(107,304,468)	(18,474,841)	(26,084,209)	(107,292,338)	(18,477,042)	(25,992,221)
Net cash generated from/ (used in) in financing activities	(20,393,073)	(16,361,906)	(34,083,599)	(7,039,052)	(4,442,816)	(34,915,728)
Net (decrease)/ increase in cash and cash equivalents	76,292,940	31,343,713	57,074,027	64,079,962	31,343,713	57,074,027
Cash and cash equivalents at the beginning of the period	143,678,655	86,604,628	86,604,628	143,678,655	86,604,628	86,604,628
<b>Cash and cash equivalents at the end of the period</b>	<b>219,971,595</b>	<b>117,948,341</b>	<b>143,678,655</b>	<b>207,758,617</b>	<b>117,948,341</b>	<b>143,678,655</b>

5. IMPAIRMENT LOSSES/NON-PERFORMING CREDIT FACILITIES AND PROVISIONS FOR LOSSES BY INDUSTRY SECTOR									
	30 June 2024			30 June 2023			31 Dec 2023 (Audited)		
	Outstanding Amount	Impaired Amount	Expected Credit Loss	Outstanding Amount	Impaired Amount	Expected Credit Loss	Outstanding Amount	Impaired Amount	Expected Credit Loss
	MK'000	MK'000	MK'000	MK'000	MK'000	MK'000	MK'000	MK'000	MK'000
1. Agriculture, forestry, fishing and hunting	20,659,046	797,947	383,560	12,951,509	149,314	181,991	15,075,955	361,629	361,629
2. Mining and quarrying	22,485	1,479	507	28,970	1,479	1,480	26,988	1,479	1,479
3. Manufacturing	29,241,514	18,845	6,454	8,783,119	2,980	10,738	20,088,336	20,858	20,858
4. Electricity, gas, water and energy	18,103,857	10,556	3,615	3,212,849	1,515	3,320	2,492,320	3,816	3,816
5. Construction	13,627,690	322,042	200,481	11,575,039	40,245	52,242	14,430,266	97,316	97,316
6. Wholesale and retail trade	53,860,078	5,462,650	1,870,823	35,508,474	6,322,982	4,067,464	43,865,947	302,596	302,420
7. Restaurants and hotels	451,872	12,964	18,343	259,120	570	570	477,417	1,566	1,566
8. Transport, storage and communications	2,502,512	53,446	4,440	2,469,521	18,633	22,429	2,577,449	40,946	40,946
9. Financial services	969,589	121,986	41,777	3,591,215	7,016	9,339	6,588,072	17,008	17,008
10. Community, social and personal services	37,949,386	2,332,808	888,890	25,789,770	1,003,297	1,003,297	32,211,009	1,190,458	1,190,458
<b>TOTAL</b>	<b>177,388,029</b>	<b>9,134,723</b>	<b>3,418,890</b>	<b>104,169,586</b>	<b>7,548,031</b>	<b>5,352,870</b>	<b>137,833,759</b>	<b>2,037,672</b>	<b>2,037,496</b>

6. CREDIT CONCENTRATION						
Sector of Borrower	30 June 2024		30 June 2023		31 Dec 2023 (Audited)	
	MK'000	% of Core Capital	MK'000	% of Core Capital	MK'000	% of Core Capital
Electricity, gas, water and energy	26,752,635 *	56.2%	26,111,913 *	56.3%	41,269,702	107.1%

\* These are non-funded facilities, which are fully cash covered

7. LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES			
	30 Jun 2024	30 June 2023	31 Dec 2023
	MK'000	MK'000	MK'000
<b>Directors</b>			
Balance at the beginning of the year	223,669	87,990	87,990
Loans granted during the year	67,000	141,024	209,533
Repayments	(105,218)	(51,893)	(73,854)
<b>Balance at the end of half year</b>	<b>185,451</b>	<b>177,121</b>	<b>223,669</b>
<b>Other related parties</b>			
Balance at the beginning of the year	5,489,535	4,083,289	4,083,289
Loans granted during the year	2,941,232	1,205,499	1,941,580
Repayments	(4,862,187)	(389,054)	(535,334)
<b>Balance at the end of half year</b>	<b>3,568,580</b>	<b>4,899,734</b>	<b>5,489,535</b>
<b>Senior Management Officials</b>			
Balance at the beginning of the year	1,394,478	1,398,559	1,398,559
Loans granted during the year	261,553	584,300	777,616
Repayments	(330,673)	(445,015)	(781,696)
<b>Balance at the end of half year</b>	<b>1,325,358</b>	<b>1,537,844</b>	<b>1,394,479</b>

8. BASE LENDING RATES			
	30 Jun 2024	30 June 2023	31 Dec 2023
	MK'000	MK'000	MK'000
Base Lending Rate	25.6%	21.3%	23.6%
Maximum Applicable Range (basis points)	11.1%	11.1%	11.1%
Base Lending Rate (Foreign)	N/A	N/A	N/A
RBM Bank Rate	26.0%	21.3%	24.0%

9. DIRECTORS REMUNERATION, BONUSES AND MANAGEMENT FEES			
	30 Jun 2024	30 June 2023	31 Dec 2023
	MK'000	MK'000	MK'000
Directors' fees	297,489	268,025	533,688
Other Directors' expenses	65,071	58,315	173,228
Bonuses	-	-	3,585,035

**Our Bank, Our Future, Grow With Us**