

2016 FINANCIAL INSTITUTIONS SUPERVISION ANNUAL REPORT

RESERVE BANK OF MALAWI

HEAD OFFICE

Convention Drive City Centre
Box 30063
Capital City
Lilongwe 3
Malawi
Tel: (265) (0) 1 770 600/1 771 600
Email: reserve-bank@rbm.mw

BLANTYRE BRANCH

10 Hannover Avenue
Box 565
Blantyre
Malawi
Tel: (265) (0) 1 820 299
Email: reserve-bank@rbm.mw

MZUZU BRANCH

2318 Katoto Drive
Box 985
Mzuzu
Malawi
Tel: (265) (0) 1 311 399
Email: reserve-bank@rbm.mw

CONTENTS

REGISTRAR'S FOREWORD 3
1 LEGAL AND REGULATORY DEVELOPMENTS 6
1.1 LAWS AND DIRECTIVES 6
1.2 LICENSING, MERGERS AND ACQUISITIONS 6
1.3 EXIT ADMINISTRATION AND ENFORCEMENT ACTION 6
1.4 OTHER DEVELOMENTS 7
1.5 CHALLENGES 8
2 BANKING 10
2.1 SECTOR OVERVIEW 10
2.2 CAPITAL ADEQUACY 11
2.3 ASSET QUALITY 12
2.4 EARNINGS 14
2.5 LIQUIDITY 15
2.6 ON-SITE EXAMINATIONS 15
3 GENERAL INSURANCE 17
3.1 SECTOR OVERVIEW 17
3.2 PREMIUM INCOME 17
3.3 CLAIMS EXPERIENCE 20
3.4 UNDERWRITING AND OPERATING RESULTS 22
3.5 ASSETS AND LIABILITIES 23
3.6 LIQUIDITY 25
3.7 CAPITAL AND SOLVENCY 25
3.8 REINSURANCE 26
3.9 INSURANCE BROKING 27
3.10 ON-SITE EXAMINATIONS 29
4 LIFE INSURANCE 30
4.1 SECTOR OVERVIEW 30
4.2 ASSETS AND LIABILITIES 30
4.3 PROFITABILITY 31
4.4 PREMIUMS 32
4.5 REINSURANCE 33
4.6 UNDERWRITING EXPERIENCE 33
4.7 ON-SITE EXAMINATIONS 36
5 PENSION 37
5.1 SECTOR OVERVIEW 37
5.2 INVESTMENT PERFORMANCE 37
5.3 ASSET PORTFOLIO MIX 38
5.4 PENSION CONTRIBUTIONS 38
5.5 ADMINISTRATION AND INVESTMENT FEES 39
5.6 PAYMENT OF PENSION BENEFITS 40
5.7 MEMBERSHIP TO THE NATIONAL PENSION SCHEME 41
5.8 ON-SITE EXAMINATIONS 41
6 CAPITAL MARKETS 42

6.1 SECTOR OVERVIEW 42
6.2 THE STOCK MARKET 42
6.3 STOCK BROKERAGE 44
6.4 FUNDS MANAGEMENT 45
6.5 UNIT TRUST OPERATIONS 47
6.6 ON-SITE EXAMINATIONS 47
7 MICROFINANCE 48
7.1 SECTOR OVERVIEW 48
7.2 NON DEPOSIT TAKING MICROFINANCE 48
7.3 DEPOSIT TAKING MICROFINANCE 51
7.4 ONSITE EXAMINATIONS 55
8 FINANCIAL COOPERATIVES 56
8.1 SECTOR OVERVIEW 56
8.2 MEMBERSHIP 56
8.3 ASSETS AND LIABILITIES 57
8.4 FINANCIAL STRUCTURE 58
8.5 CAPITAL ADEQUACY 59
8.6 ASSET QUALITY 60
8.7 EARNINGS 60
8.8 LIQUIDITY 61
8.9 ON-SITE EXAMINATIONS 61
9 CONSUMER PROTECTION 62
9.1 OVERVIEW 62
9.2 COMPLAINTS HANDLING 63
9.3 MARKET CONDUCT SUPERVISION 64
9.4 FINANCIAL LITERACY 65
10 ANTI-MONEY LAUNDERING 67
10.1 ON-SITE EXAMINATIONS 67
11 APPENDICES 68
11.1 LIST OF LICENSED MARKET PLAYERS AS AT 31ST DECEMBER 2015 68
11.2 MEMBERSHIP TO INTERNATIONAL ORGANISATIONS 74
12 STATISTICAL ANNEX TABLES 75

FIGURES

Figure 2.1: Assets of Banks 10
Figure 2.2: Funding Sources for Banks 11
Figure 2.3: Banking Sector Capital Adequacy Ratios 12
Figure 2.4: Ratio of Non-Performing Loans to Gross Loans and Leases for Banks 13
Figure 2.5: Distribution of Loans by Sector (Percent) 14
Figure 2.6: Liquidity Ratio for Banks 15
Figure 3.1: Gross Premium Written for General Insurers 18
Figure 3.2: Net Premium Written for General Insurers by Class of Business 19
Figure 3.3: Earned Premium for General Insurers by Class of Business (MK million) 19
Figure 3.4: Gross Claims incurred by General Insurers by class of business 20
Figure 3.5: Net Claims Incurred by General Insurers by class of business 21
Figure 3.6: Claims Ratio for General Insurers 21
Figure 3.7: Gross Claims Incurred vs. Claims Paid (General Insurers) 22
Figure 3.8: Underwriting and Operating Results for General Insurers (MK million) 23
Figure 3.9: Assets of General Insurers 24
Figure 3.10: Liabilities of General Insurers 25
Figure 3.11: Capital and Solvency for General Insurers 26
Figure 3.12: Gross Premium Written vs. Reinsurance Premium Ceded (General Insurers) 27
Figure 3.13: Reinsurance Premium Ceded by General Insurers by Class of Business 27
Figure 3.14: Growth of broking business 28
Figure 3.15: Insurance and pension broking business 28
Figure 4.1: Assets for Life Insurers 30
Figure 4.2: Asset Composition for Life Insurers 31
Figure 4.3: Gross Premiums for Life Insurers 32
Figure 4.4: Class of Business for Life Insurance 33
Figure 4.5: New Life Insurance Policies Underwritten by Life Insurers 34
Figure 4.6: Number of Individual Life Insurance Polices Terminated 35
Figure 4.7: Number of Group Life Insurance Polices Terminated 35
Figure 4.8: In force book Individual Life 36
Figure 5.1: Assets of Pension Funds 37
Figure 5.2: Asset Composition for Pension Funds 38
Figure 5.3: Annual Pension Contributions 39
Figure 5.4: Expenses for Pension Funds 39
Figure 5.5: Pension Fund Costs 40
Figure 5.6: Pension Benefits Paid 40
Figure 5.7: Transfers of Pension Funds in 2016 41
Figure 6.1: Stock Market Statistics 43
Figure 6.2: Stock Indices Trends 44
Figure 6.3: Funds Under Management 45

Figure 6.4: Sources of Funds under Management 46
Figure 6.5: Income and Expenses for Fund Managers 46
Figure 6.6: Unit Trust Funds Growth 47
Figure 7.1: Assets for Non-Deposit Taking Microfinance 48
Figure 7.2: Funding Sources for Non-Deposit Taking Microfinance 49
Figure 7.3: Assets, Loans and Capital for Non-Deposit Taking Microfinance 49
Figure 7.4: Non- Deposit Taking Microfinance Loan Distribution 50
Figure 7.5: Profitability of Non Deposit Taking Microfinance 51
Figure 7.6: Assets for Deposit Taking Microfinance 52
Figure 7.7: Funding Sources for Deposit Taking Microfinance 52
Figure 7.8: Capital Adequacy for Deposit Taking Microfinance 53
Figure 7.9: Ratio of Non-Performing loans to gross Loans and Leases 54
Figure 8.1: Sacco Membership 57
Figure 8.2: Selected Assets and Liabilities for Financial Cooperatives 58
Figure 8.3: Assets for Financial Cooperatives 59
Figure 8.4: Funding Sources for Financial Cooperatives 59
Figure 8.5: Key Financial Ratios for Financial Cooperatives 59
Figure 8.6: Income for Financial Cooperatives 60
Figure 8.7: Income, Expenses and Surplus/Deficit Trends for Financial Cooperatives 61
Figure 9.1: Number of Complaints Received per Sector 63
Figure 9.2: Nature of Complaints Handled 64
Figure 9.3: Nature and Number of Complaints 65

STATISTICAL ANNEX TABLES

Table 12.1: Branch Network and Staff Complement for Banks 75
Table 12.2: Total Assets for Banks (includes specific and general provisions) 75
Table 12.3:Financial Soundness Indicators for Banks 75
Table 12.4: Asset Composition and Quality 76
Table 12.5: Earnings and Profitability Ratios (Percent) 76
Table 12.6: Liquidity (percent) 76
Table 12.7: Liabilities for Banks (MK million) 77
Table 12.8: Assets for Banks (MK million) 78
Table 12.9: Deposits Held by Banks (MK million) 79
Table 12.10: Capital Adequacy Trends for Banks 80
Table 12.11: Selected income and expenses for Banks (MK millions) 81
Table 12.12: Selected Profitability Indicators for Banks 82
Table 12.13: Liquidity for Banks 83
Table 12.14: Shareholding Structure of Banks 84
Table 12.15: Gross Premium Written for General Insurers (MK million) 85
Table 12.16: Gross Premium Written vs. Net Premium Written for General Insurers (MK million) 85
Table 12.17: Reinsurance Premium Ceded by class of Business (MK million) 85
Table 12.18: Net Premium written General Insurers by Class of Business (MK million) 85
Table 12.19: Retention Ratio General Insurers by Class of Business 86
Table 12.20: Earned Premiums by General Insurers by Class of Business (MK million) 86
Table 12.21: Gross Claims Incurred for General Insurers by Class of Business (MK million) 86
Table 12.22: Net Claims Incurred by General Insurers by Class of Business (MK million) 86
Table 12.23: Claims Ratio for General Insurers by Class of Business 87
Table 12.24: Claims Experience for General Insurers (MK million) 87
Table 12.25: Operating Results for General Insurers (MK million) 87
Table 12.26: Underwriting and Operating Ratios for General Insurers 87
Table 12.27: Underwriting Results for General Insurance by Class of Business (MK million) 88
Table 12.28: Market Share for General Insurers (MK million) 88
Table 12.29: Assets of General Insurers (MK million) 88
Table 12.30: Liabilities of General Insurers (MK million) 89
Table 12.31: Industry Solvency Ratio 89
Table 12.32: Assets for Life Insurers (MK million) 89
Table 12.33: Premium Distribution for Life Insurers (MK million) 90
Table 12.34: New Individual Life Insurance Policies Underwritten 90
Table 12.35: New Group Life Insurance Policies Underwritten 90
Table 12.36: Life Insurance Policies Terminated by Surrender 90
Table 12.37: Group Life Insurance Policies Terminated by Surrender 90
Table 12.38: Life Insurance Policies Terminated by Lapse 91

Table 12.39: Group Life Insurance Policies Terminated by Lapse 91
Table 12.40: Assets of Pension Funds 91
Table 12.41: National Pension Scheme Membership 91
Table 12.42: Distribution of Assets for Pension Funds 92
Table 12.43: Annual Pension Contributions 92
Table 12.44: Selected Stock Market Statistics 92
Table 12.45: Liabilities for Non Deposit Taking Microfinance (MK million) 93
Table 12.46: Assets for Non Deposit Taking Microfinance Institutions (MK million) 94
Table 12.47: Assets for Deposit Taking Microfinance (MK Million) 95
Table 12.48: Liabilities for Deposit Taking Microfinance (MK Million) 95
Table 12.49: Deposits held by Deposit Taking Microfinance (MK Million) 95
Table 12.50: Selected Income and Expenses for Deposit Taking Microfinance (MK million) ... 96
Table 12.51: Assets for Financial Cooperatives (MK million) 96
Table 12.52: Liabilities for Financial Cooperatives (MK million) 97
Table 12.53: Income and Expenses for Financial Cooperatives (MK million) 97
Table 12.54: Deposits Held by Financial Cooperatives (MK million) 98

REGISTRAR'S FOREWORD

Real Gross Domestic Product (GDP) growth in 2016 was recorded at 2.9 percent. The sluggish growth was a reflection of continued adverse effects of weather related shocks that the country experienced during the 2015 and 2016 agricultural seasons. Consequently, the annual average inflation rate for 2016 was 21.7 percent. The monetary authorities recognized that any economic recovery over the medium-term to long-term horizon would be achieved only when some structural problems in the economy are resolved. As such, a tight monetary policy stance was adopted with the policy rate at 27 percent for most part of the year as the central bank's efforts were targeted at managing high powered money. This situation resulted in the emergence of specific risks to the financial sector which the supervisory authority had to address.

To this end, efforts to improve the legal and regulatory framework continued in 2016 in line with international standards and best practice focused on mitigating the emerging risks. The Credit Reference Bureau (Amendment) Act, 2015, came into force early on in the year. In addition, a number of new directives were issued to govern the operations of financial services providers. Despite the subdued macroeconomic conditions, opportunities still abound in the financial sector and a few new market players were licensed.

There also arose a need for increased stakeholder awareness initiatives. In this regard, several financial literacy and consumer protection initiatives were implemented during the year in a bid to empower and protect consumers. In addition, various anti-money laundering and combating financing of terrorism activities were undertaken to improve surveillance of supervised entities and enhance financial institutions' money laundering and terrorism financing risk management practices.

The foregoing economic and regulatory initiative had positive effects on the performance of the financial industry during 2016. The immediate impact was the continued growth of assets in all sectors of the financial industry.

Assets for the banking sector grew by 20.4 percent from MK1, 047.5 billion in 2015 to MK1, 260.8 billion in 2016. The growth in assets was mainly funded by deposits which

grew by 14.8 percent and constituted 65.3 percent of total funding. Further, aggregate profits after tax for the banking sector grew by 3.8 percent from MK35.3 billion in 2015 to MK36.8 billion in 2016. Despite a good performance by the sector, the proportion of loans to total assets over the years has shrunk from 50.1 percent in 2012 to 33.7 percent in 2016. Conversely, the proportion of securities and investments to total assets rose from 12.2 percent in 2012 to 31.1 percent in 2016.

Assets for the general insurance sector grew by 28.6 percent from MK29.8 billion in 2015 to MK38.4 billion in 2016 while premium income increased by 12.1 percent. Profits for general insurers dropped from MK3.1 billion in 2015 to MK2.6 billion in 2016 mainly due to increase in management expenses and low customer retention rate. Nevertheless, solvency ratio rose from 28.8 percent in 2015 to 32.7 percent in 2016 because of a 42.6 percent increase in shareholders' funds.

Total assets for the life insurance sector grew by 20.5 percent from MK276.0 billion in 2015 to MK332.7 billion in 2016. The growth in assets was funded by a 19.8 percent increase in policyholders' funds from MK245.1 billion in 2015 to MK293.8 billion in 2016. In addition, profits after tax for the sector increased by 13.6 percent from MK8.1 billion in 2015 to MK 9.2 billion in 2016 mainly because interest income grew by 79.2 percent.

Pension sector assets rose by 17.0 percent from K325.0 billion in 2015 to K381.0 billion in 2016. The growth in assets was mainly financed by growing pension contributions and investment income. Listed equities and government securities accounted for 32.0 percent and 32.3 percent, respectively, of the total pension fund investments.

The Malawi All Share Index (MASI) went down and registered a negative return of 8.53 percent. Total funds under management of portfolio managers grew by 21.0 percent from K481.9 billion in 2015 to K583.3 billion in 2016. About 45.0 percent of the total funds under management were held in money market instruments while 28.0 percent was held in equity instruments. The balance was spread among unlisted debt, unlisted investments and unlisted equity which took up 10.2 percent, 12.6 percent and 3.8 percent of the total funds under management, respectively.

Total Assets for the non-deposit taking microfinance sub-sector grew by 7.9 percent from MK21.5 billion in 2015 to MK23.2 billion in 2016. This was mainly due to a 53.0 percent increase in net loans and leases from MK8.3 billion in 2015 to MK12.7 billion in 2016. Total assets for the deposit taking microfinance sub-sector grew by 35.6 percent from MK9.0 billion in December 2015 to MK12.2 billion in December 2016. The growth in assets was propelled by an increase in the deposit base from MK0.4 billion in 2015 to MK2.0 billion in 2016.

Total assets for the financial cooperatives sector grew by 31.6 percent from MK7.6 billion in 2015 to MK10.0 billion in 2016. The growth was largely funded by a 26.3 percent increase in total savings (redeemable shares plus deposits) from MK5.7 billion in 2015 to MK7.2 billion in 2016. In addition, the sector's financial performance improved as profits increased by 63.4 percent from MK494.4 million in 2015 to MK808.0 million in 2016.

In 2017, focus will be on continuous improvement of the supervision function so that the financial industry attains the efficiency that will foster development of the economy. The ultimate objective is to ensure that consumers are protected from abusive tendencies of financial institutions. In this regard, efforts will be made to promote the financial intermediation role of the financial industry. I am hopeful that the financial sector will continue to grow in 2017 and play an even greater role in the country's economic development. I therefore urge all financial services providers to strive to operate with the highest integrity and desire to support growth of the Malawi economy. As Registrar of Financial Institutions, I will endeavour to continue to provide a conducive legal and regulatory framework and all the necessary support to financial sector players.

Dalitso Kabambe (PhD)

Registrar of Financial Institutions

1 LEGAL AND REGULATORY DEVELOPMENTS

During the year 2016, the Registrar continued to strengthen the legal and regulatory framework in line with international standards and best practice, and a number of directives were issued for the various sectors of the financial system.

1.1 LAWS AND DIRECTIVES

The following laws and directives came into force during the year:

a) Credit Reference Bureau (Amendment) Act, 2015, came into force on 29th January 2016. The act was amended to:

   i. provide an explicit obligation on the part of financial institutions to submit credit information to all credit bureaus;

   ii. require financial institutions to consult credit reports prior to granting a credit facility or prior to entering into an insurance contract; and

   iii. provide immunity to financial institutions from legal suits in cases where financial institutions have provided credit information to the credit reference bureaus.

b) Financial Services (Corporate Governance Requirements for Savings and Credit Cooperative Societies) Directive, 2016.

c) Financial Services (Internal Complaints Handling Requirements) Directive, 2016.

d) Financial Services (Customer Due Diligence Requirements for Banks, Leasing Companies or Discount Houses) Directive, 2016.

1.2 LICENSING, MERGERS AND ACQUISITIONS

National Bank of Malawi concluded the acquisition of Indebank Limited. Subsequently, NBM Capital Limited and NBM Pension Administration Limited took over the investment

management business and the pension administration business, respectively, of Indetrust Limited.

In addition, Tikwere Community SACCO merged with United Civil Servants SACCO in June, 2016.

Further, the Registrar licensed the following financial institutions:

a) one reinsurance broker;
b) one claims settling agent;
c) six insurance agent;
d) two pension services companies;
e) eleven standalone restricted pension funds;
f) four unrestricted pension funds;
g) five corporate trustees; and
h) 130 individual trustees.

1.3 ENFORCEMENT ACTION AND EXIT ADMINISTRATION

a) On 3rd June 2016, the Registrar placed Prime Insurance Company Limited under statutory management for breaching the solvency requirements. However, the company challenged the Registrar's decision by obtaining leave to commence judicial review arguing that the Registrar does not have powers to place a prudentially regulated financial institution under statutory management without the consent of the financial institution. As of 31st December 2016, the matter was still under consideration of the Courts.

b) On 13 December, 2016, the Chief Resident Magistrate's Court sitting in Mzuzu convicted the owners of Tropical Funeral Insurance Company for operating a financial institution without being licenced or registered by the Registrar. The owners were ordered to pay a fine of MK1.0 million each and in default,

imprisonment of twelve months. Further, they were ordered to reimburse all the victims the "policy monies" within 30 days.

c) The Registrar continued with the liquidation process of Citizen Insurance Company Limited.

1.4 OTHER DEVELOPMENTS

During the year 2016, the following developments also took place:

a) The Registrar automated the submission of returns by insurance companies, capital market players, pension entities, microfinance institutions and financial cooperatives using the Bank Supervision Application (BSA) information management system. The automation was made to facilitate electronic submission of returns by financial institutions and improve compilation and storage of data.

b) In collaboration with various stakeholders, a National Financial Literacy Strategy was finalized. The strategy is aimed at facilitating coordination and implementation of financial literacy programmes in the country.

c) The board of the Reserve Bank of Malawi approved a six-year Consumer Protection Action plan to guide the design, implementation and evaluation of consumer protection initiatives.

1.5 CHALLENGES

During the year 2016, the Registrar faced the following challenges to effective implementation of the regulatory and supervisory frameworks:

a) The Registrar's efforts to implement some enforcement actions were hindered by injunctions obtained by financial institutions against the Registrar's decisions.

b) Within the pension sector, there were contribution arrears of K5.6 billion and a significant number of employers had not yet placed their employees on a pension scheme. In this regard, the Registrar of Financial Institution and the Ministry

responsible for Labour collaborated to develop a Memorandum of Understanding to strengthen enforcement.

c) As at 31st December 2016, Government had not yet fully complied with the provisions of the Pension Act. It was expected that there will be significant increase in pension fund assets when Government complies with the Act.

d) The capital markets sector was still characterised by few stock listings and low market activity. Despite having a well-functioning money market, the bond market consisted of only one listed treasury bond and no listed corporate bonds. This situation created a narrow financing base for enterprises and limited instruments for investors.

e) The macroeconomic environment in the year 2016 was characterised by high interest rates and high levels of inflation. As a result, the stock market registered a negative return on index. Consequently, investors responded by investing heavily in money market instruments, which offered rates above inflation.

f) Delayed remittance of payroll loan repayments deducted by government ministries and departments negatively affected the liquidity of some microfinance institutions and financial cooperatives. The Registrar continued to engage the concerned government departments on the matter.

g) Low financial literacy and capability levels among financial consumers remained a hindrance to the uptake of financial services. In many cases financial institutions did not provide adequate information on their products and services and most financial consumers did not demand that information. This lead to inadequate or non-assessment of product suitability and appropriateness by consumers.

2 BANKING

2.1 SECTOR OVERVIEW

During the year, there were ten banks (2015: 12) and one leasing finance company operating on the market following the acquisitions of MSB Bank by FDH Bank Limited and Indebank Limited by National Bank of Malawi Ltd.

Aggregate total assets for the banking sector grew by 20.4 percent (2015: 30.1 percent), from MK1, 047.5 billion in 2015 to MK1, 260.8 billion in 2016. The growth in assets was largely as a result of an increase in securities and other investments from MK295.6 billion in 2015 to MK386.1 billion in 2016. Cash and due from other Banks also increased from MK210.6 billion in 2015 to MK276.3 billion in 2016. Total loans and leases (net of provisions) increased moderately by 5.2 percent, from MK397.2 billion in 2015 to MK417.7 billion in 2016.

Loans and leases represented the highest proportion of total assets at 33.7 percent followed by securities and other investments at 31.1 percent. Securities and other investments have progressively grown as a proportion of total assets from 12.2 percent in 2012 to 31.1 percent in 2016. During the same period, the proportion of loans has shrunk from 50.1 percent in 2012 to 33.7 percent in 2016.

Figure 2.1: Assets of Banks

Type of Asset	2012 MK Billion	2013 MK Billion	2014 MK Billion	2015 MK Billion	2016 MK Billion
Cash and Due From Other Banks	120.4	191.8	241.3	210.6	276.3
Securities and Investments	59.6	121.2	142.4	295.6	386.1
Total Loans and Leases (net of provisions)	244.4	256.6	303.7	397.2	417.7
Other Assets	63.7	83.4	106.7	129.9	159.6
Total Net Assets	488.1	653.0	794.1	1,033.3	1,239.7

The growth in total assets was mainly funded by a 14.8 percent growth in total deposits, from MK705.0 billion in 2015 to MK809.1 billion in 2016. The increase in deposits was

largely a result of growth in demand deposits by 27.6 percent from MK207.9 billion to MK265.3 billion in 2016. Deposits constituted 65.3 percent of the total funding in 2016.

Figure 2.2: Funding Sources for Banks

Type of Liabilities	2012 MK Billion	2013 MK Billion	2014 MK Billion	2015 MK Billion	2016 MK Billion
Deposits	347.1	475.7	550.3	705.0	809.1
Liabilities to other Banks	29.1	16.6	32.3	31.1	20.1
Other Liabilities	40.9	58.4	68.5	120.4	200.1
Total Equity Capital	70.9	102.3	143.0	176.8	210.4
Total Funding	488.1	653.0	794.1	1033.3	1239.7

Total equity capital increased by 19.0 percent from MK176.8 billion in 2015 to MK210.4 billion in 2016 as a result of growth in retained earnings by 25.7 percent from MK66.1 billion in 2015 to MK83.1 billion as at December 2016. Two banks received capital injections amounting to MK3.8 billion which also contributed to the growth in total capital.

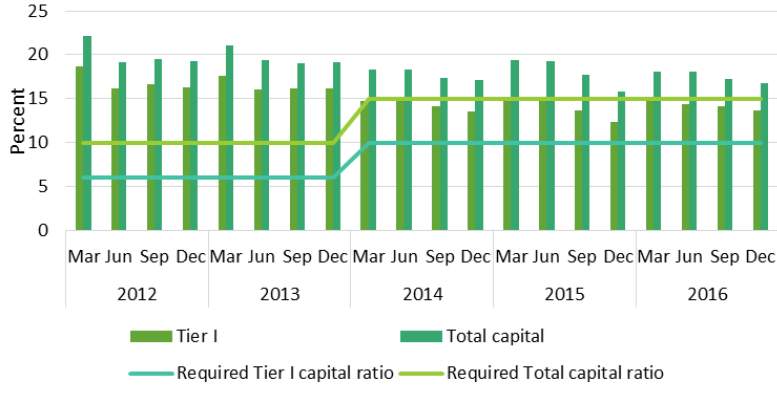
In terms of market share, the largest two banks accounted for more than 50.0 percent of total assets, loans, deposits and capitalization at 51.5 percent, 53.2 percent, 52.7 percent and 61.8 percent respectively as at December, 2016.

2.2 CAPITAL ADEQUACY

During the year to December 2016, eight out of the ten banks met the regulatory core and total capital ratios of 10.0 percent and 15.0 percent respectively. The average core and total capital ratios for the banking industry were 13.7 percent (2015: 12.7 percent) and 16.8 percent (2015: 16.1 percent), respectively.

The growth in the capital ratios came as a result of an increase in core and total capital accounts by 17.3 percent and 13.6 percent respectively while risk weighted assets increased by 8.6 percent only.

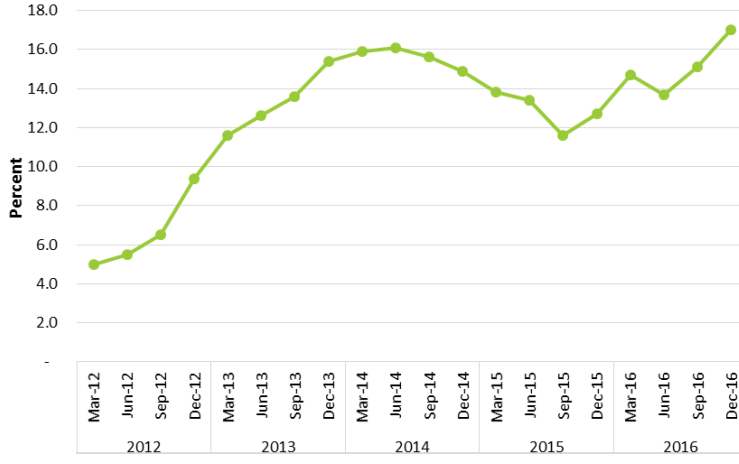
Figure 2.3: Banking Sector Capital Adequacy Ratios



2.3 ASSET QUALITY

Gross loans and leases increased by 6.7 percent from MK411.4 billion in 2015 to MK438.8 billion in 2016. Non-performing loans increased by 69.9 percent, from MK43.8 billion in 2015 to MK74.4 billion in 2016. Consequently, the ratio of non-performing loans to gross loans and leases deteriorated from 10.7 percent in 2015 to 17.0 percent in 2016. As a result, the industry set aside MK18.9 billion (2015: MK12.4 billion) specific provisions covering 25.4 percent (2015: 28.3 percent) of non-performing loans.

Figure 2.4: Ratio of Non-Performing Loans to Gross Loans and Leases for Banks



The lending ratio (ratio of gross loans and leases to total deposits) declined from 58.4 percent in 2015 to 54.2 percent in 2016. The decline was largely due to a 14.8 percent growth in deposits against a growth of 6.7 percent in loans. Increasing and crystallization of credit risk was also a factor behind the reported lower level of lending ratio as banks shift to invest more on the money market.

During 2016, lending to wholesale and retail trade made up the highest proportion of gross loans at 24.4 percent. The agriculture and manufacturing sectors constituted 19.6 percent and 18.0 percent of gross loans, respectively.

Figure 2.5: Distribution of Loans by Sector (Percent)

Sector	2012	2013	2014	2015	2016
Wholesale and retail trade	21.7	21.9	24.1	22.2	24.4
Agriculture, forestry, fishing and hunting	17.8	21.5	19.6	23.6	19.6
Manufacturing	10.1	15.1	15.5	21.1	18.0
Community, social and personal services	11.8	10.3	11.8	10.5	14.0
Transport, storage and communications	11.6	11.7	9.9	5.2	6.9
Other sectors	7.0	4.8	5.3	6.7	5.7
Financial services	4.6	5.6	3.6	2.2	3.4
Construction	4.4	3.9	3.3	3.0	3.2
Restaurants and hotels	1.4	2.5	1.7	2.7	2.8
Electricity, gas, water and energy	1.3	0.6	1.8	1.1	1.1
Credit/debit cards	0.0	0.7	0.9	0.6	0.3
Real estate	8.3	1.1	1.5	0.9	0.3
Mining and quarrying	0.0	0.3	0.8	0.3	0.2
TOTAL	100.0	100.0	100.0	100.0	100.0

2.4 EARNINGS

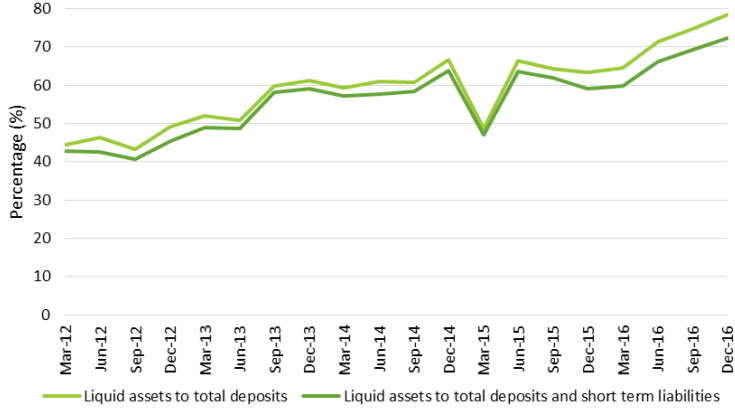
The banking industry remained profitable, registering a growth of 10.2 percent in aggregate profit after tax from MK33.4 billion in 2015 to MK36.8 billion in 2016. The growth was largely on account of a 31.0 percent increase in interest income from MK140.5 billion in 2015 to MK184.1 billion in 2016. However, Return on Assets (ROA) and Return on Equity (ROE) marginally declined from 3.2 percent and 20.1 percent in 2015 to 2.7 percent and 18.4 percent in 2016, respectively. The decline was due to a lower growth in profit (10.2 percent) relative to a higher growth in average total assets (30.6 percent) and average equity (9.3 percent).

The efficiency ratio (the ratio of non-interest expenses to total income) improved marginally from 50.4 percent in 2015 to 50.0 percent in 2016 due to a higher growth in total income against a lower growth in operating expenses.

2.5 LIQUIDITY

The banking sector was very liquid as evidenced by an increase in the liquidity ratio from 59.0 percent in 2015 to 72.3 percent in 2016 which was well above the 30.0 percent prudential benchmark. The increase in the liquidity ratio was on account of a higher proportional growth of 42.1 percent in liquid assets from MK447.2 billion in 2015 to MK635.5 billion in 2016 against a 16.1 percent growth in total deposits and short term liabilities to MK879.2 billion in 2016 from MK757.3 billion in 2015. The trend was consistent with the noticeable shift from lending to short term securities and investments.

Figure 2.6: Liquidity Ratio for Banks



2.6 ON-SITE EXAMINATIONS

During the year, the Registrar conducted five full scope prudential on-site examinations, one targeted on-site examination and one follow up on-site examination as part of monitoring the financial condition of the banking sector. In general, the performance of the banking industry was satisfactory except for breaches on large exposures, liquidity, records

management and capital adequacy for some banks. In addition, the Registrar participated in a supervisory college for Nedbank hosted by the South African Reserve Bank (SARB).

3 GENERAL INSURANCE

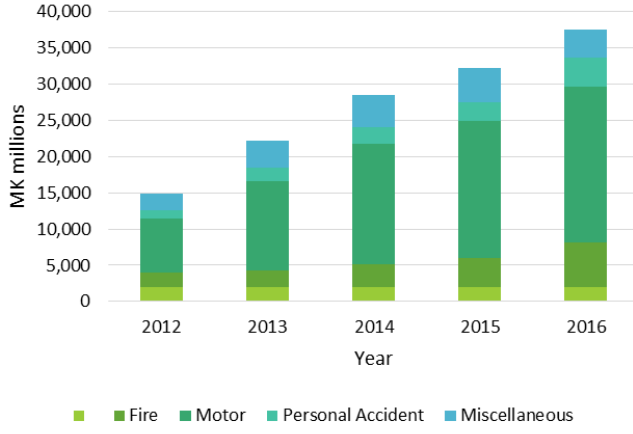
3.1 SECTOR OVERVIEW

In 2016, there were eight general insurance companies, one reinsurance company, 16 insurance brokers, five agents for brokers, and 33 general insurance agents. The general insurance sector's financial condition was generally sound in 2016, albeit a slight drop in profitability. The sector recorded significant growth in premium income and assets. Gross premium grew by 17.5 percent while total assets rose by 28.6 percent. There was also improvement in capital and solvency position of the sector, which was largely due to growth in retained earnings and fresh capital injection by some institutions.

3.2 PREMIUM INCOME

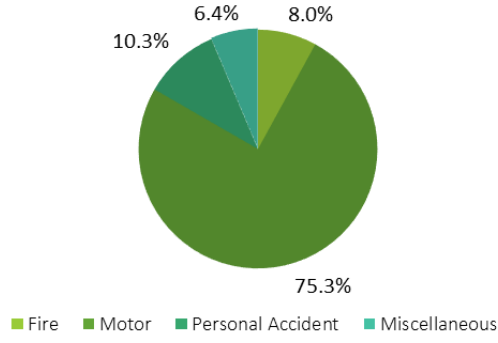
Gross premium written increased by 17.5 percent (2015: 14.4 percent) from MK30.2 billion in 2015 to MK35.5 billion in 2016. Personal accident insurance business registered growth of 59.7 percent followed by fire business which grew by 56.0 percent. However, the sector continued to be dominated by motor insurance business as this class of business accounted for 61.2 percent of gross premium written, followed by fire insurance business at 17.5 percent.

Figure 3.1: Gross Premium Written for General Insurers



During the year, the sector retained 75.2 percent (2015: 78.4 percent) or MK26.7 billion of gross premium written and ceded 24.8 percent to reinsurers. Motor insurance business had the highest retention ratio at 93.5 percent (2015: 93.3 percent) followed by personal accident insurance business at 68.5 percent. On the other hand, fire insurance business was the most reinsured class of business with retention ratio of 34.6 percent (2015:29.6 percent).

Figure 3.2: Net Premium Written for General Insurers by Class of Business



Earned premium income grew by 11.8 percent from MK22.8 billion in 2015 to MK25.5 billion in 2016. This growth rate was lower than the growth recorded in 2015 (20.6 percent) largely because insurers retained less business in 2016. Motor insurance business contributed 74.3 percent (2015: 75.7 percent) of the total premium income earned. However, fire insurance business reported the highest growth in earned premiums at 169.5 percent (2015: 50.2 percent), followed by personal accident insurance business at 64.3 percent (2015:6.4 percent). The growth in fire insurance gross premium contributed to the high earned premium for this class of business and was mostly attributed to a policy underwritten for one large scale construction project.

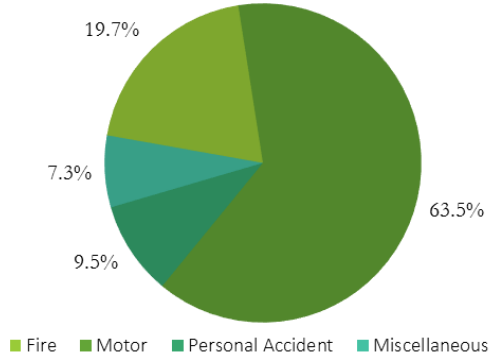
Figure 3.3: Earned Premium for General Insurers by Class of Business (MK million)

	2012	2013	2014	2015	2016
Fire	442.8	380.8	565.2	849.0	2,288.2
Motor	6,107.1	9,715.8	14,340.9	17,255.3	18,980.7
Personal Accident	713.5	1,044.2	1,479.8	1,574.9	2,587.7
Miscellaneous	845.0	1,795.2	2,518.1	3,106.3	1,689.8
Total	8,108.4	12,936.1	18,904.0	22,785.5	25,546.5

3.3 CLAIMS EXPERIENCE

The sector's claims experience moderately improved in 2016 as evidenced by the lower claims ratio compared to 2015. Gross claims incurred grew by 17.0 percent (2015: 28.2 percent) from MK18.2 billion in 2015 to MK21.3 billion in 2016. Motor insurance business registered the highest amount of claims constituting 63.5 percent (MK13.5 billion) followed by fire at 19.7 percent (MK4.2 billion) of gross claims incurred.

Figure 3.4: Gross Claims incurred by General Insurers by class of business



Net claims incurred increased by 9.4 percent (2015: 21.8 percent) from MK13.8 billion in 2015 to MK15.1 billion in 2016. However, claims ratio dropped to 59.2 percent (2015: 60.4 percent). The sector significantly benefited from reinsurance support as almost 30 percent of gross claims incurred were passed on to reinsurers (2015: 24.2 percent).

Figure 3.5: Net Claims Incurred by General Insurers by class of business

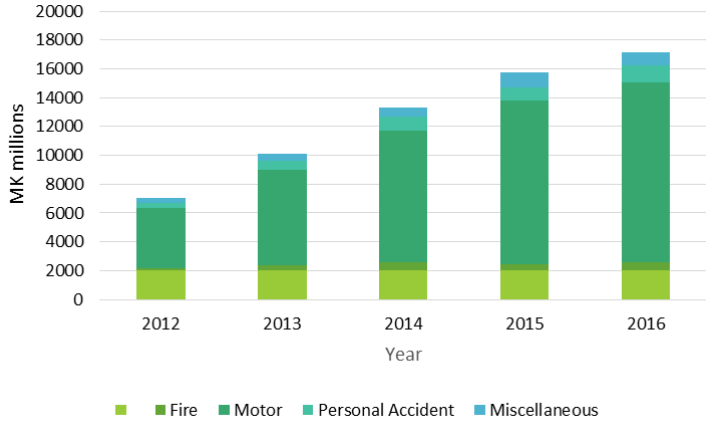
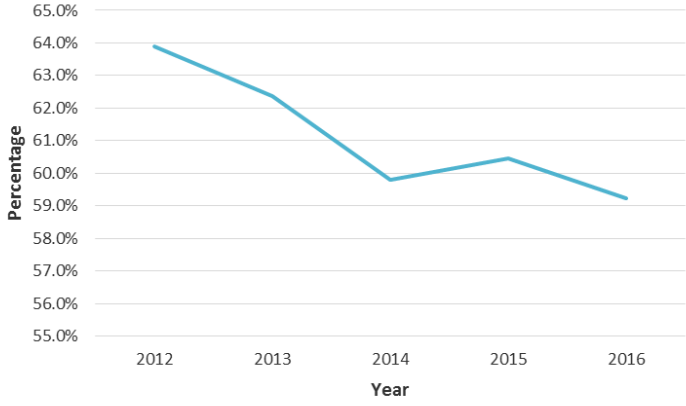
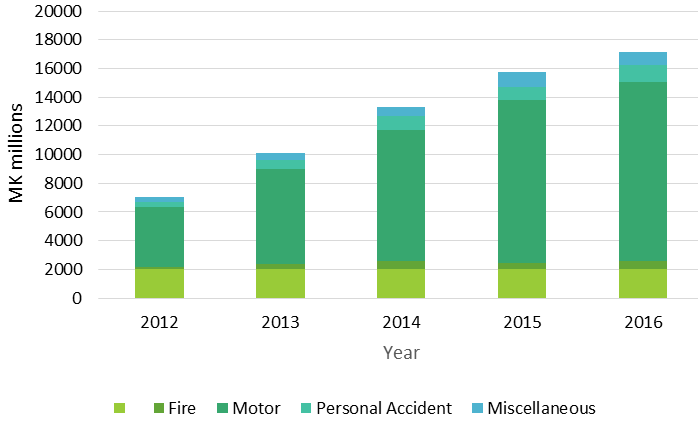


Figure 3.6: Claims Ratio for General Insurers



In 2016, general insurers paid claims amounting to MK19.8 billion (2015: MK16.0 billion). Outstanding claims stood at MK7.4 billion, an increase of 14.6 percent from MK6.5 billion reported in 2015.

Figure 3.7: Gross Claims Incurred vs. Claims Paid (General Insurers)



3.4 UNDERWRITING AND OPERATING RESULTS

Aggregate profit for the sector dropped by 13.3 percent from MK3.0 billion in 2015 to MK2.6 billion in 2016, mainly due to a 40.6 percent increase in management and other expenses. Management and other expenses grew from MK6.4 billion in 2015 to MK9.0 billion in 2016. Further, two out of the eight general insurers posted losses in 2016. As a result, the sector's overall return on average assets dropped from 14.9 percent in 2015 to 10.5 percent in 2016.

The surge in management and other expenses pushed up the combined ratio (total expenses to earned premiums) to 107.4 percent (2015: 100.8 percent) against a recommended benchmark of not more than 110.0 percent.

On the other hand, investment activity improved as reflected by the increase in net investment income by 25.8 percent to MK3.9 billion in 2016 from K3.1 billion reported in 2015. Most of the investment income was derived from fixed deposits placed with commercial banks and other financial institutions.

Figure 3.8: Underwriting and Operating Results for General Insurers (MK million)

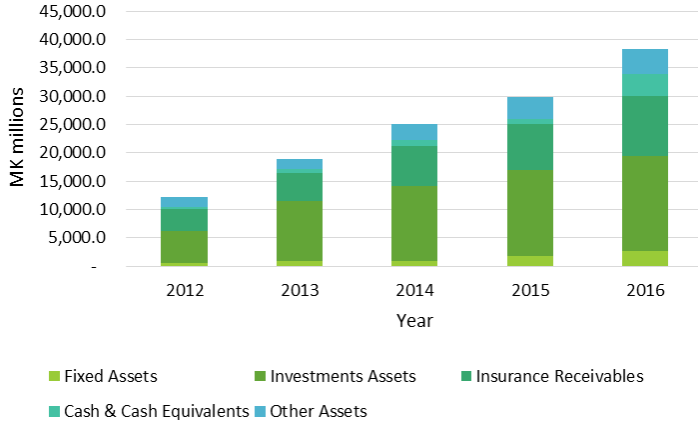
Item	2012	2013	2014	2015	2016
Underwriting Surplus (Deficit)	2,666.8	4,223.5	6,533.9	7,679.7	9,128.8
Net Investment & Other Income	2,053.2	3,539.3	2,963.2	3,096.7	3,937.6
Management Expenses	(2,709.0)	(3,654.8)	(5,150.3)	(6,360.1)	(9,026.9)
Other Expenses	(109.7)	(52.5)	(65.9)	(12.3)	(88.1)
Profit before Tax	1,901.3	4,055.6	4,280.9	4,404.1	3,951.5
Taxation	(430.9)	(897.5)	(1,188.8)	(1,371.0)	(1,351.5)
Profit for the year	1,470.4	3,158.1	3,092.1	3,033.1	2,600.0

3.5 ASSETS AND LIABILITIES

Total assets of the sector grew by 28.9 percent from MK29.8 billion in 2015 to MK38.4 billion in 2016. Cash and cash equivalents registered a highest growth of 331.8 percent to MK3.9 billion in 2016 followed by insurance receivables[1]. Investment assets accounted for the bulk of the assets at MK16.9 billion (44.0 percent) followed by premium receivables at MK10.6 billion (27.6 percent). With 27.6 percent (2015: 27.3 percent) of assets in premium receivables, the quality of assets for the sector was generally considered deficient. In addition, investment assets as a percentage of total assets dropped to 44 percent from 50.5 percent reported in 2015. Most investment assets were in fixed deposits (19.3 percent of total assets) followed by government securities (14.5 percent of total assets).

[1] These include premium receivables on insurance contracts plus amounts due on reinsurance

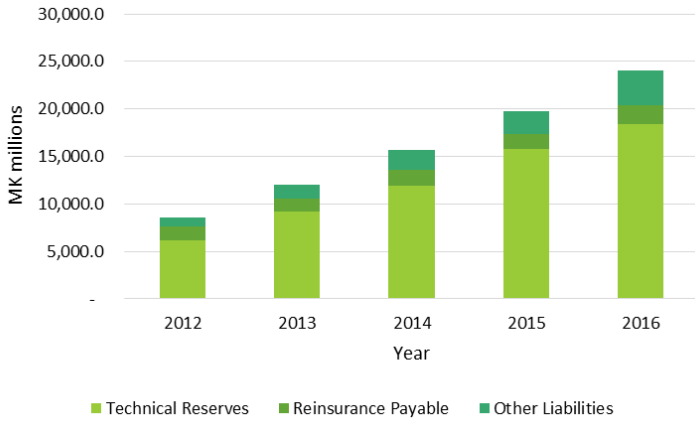
Figure 3.9: Assets of General Insurers



Total liabilities grew by 21.2 percent from MK19.8 billion in 2015 to MK24.0 billion in 2016. This growth was largely as a result of 16.7 percent (2015: 32.5 percent) growth in technical reserves[2] which comprised 76.5 percent (2015: 79.6 percent) of total liabilities.

[2] Technical reserves comprise unearned premium reserve and outstanding claims reserve.

Figure 3.10: Liabilities of General Insurers



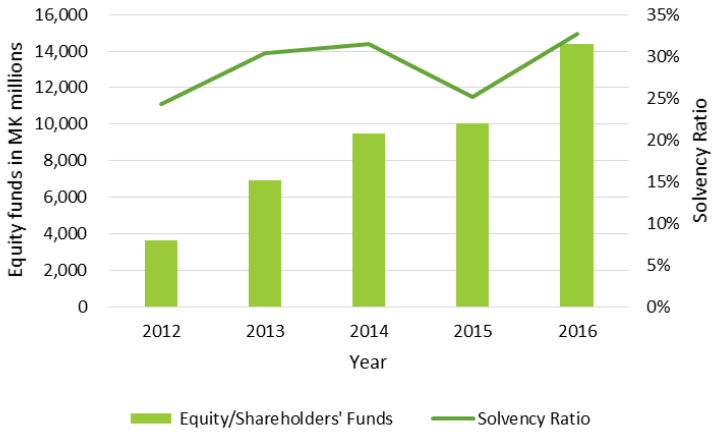
3.6 LIQUIDITY

The sector's liquidity ratio (the ratio of total liabilities to liquid assets) improved from 142.2 percent in 2015 to 128.4 percent in 2016. Liquidity improved mainly because of MK2.2 billion fresh capital injection into the sector. However, the sector failed to meet the recommended liquidity ratio of less than 105.0 percent. A significant amount of money remained tied in insurance receivables with the sector's insurance debt ratio at 76.7 percent (2015: 77.2 percent) against a recommended maximum of 50.0 percent.

3.7 CAPITAL AND SOLVENCY

Shareholders' funds grew by 42.6 percent from MK10.1 billion in 2015 to MK14.4 billion in 2016. Solvency ratio increased from 28.8 percent in 2015 to 32.7 percent in 2016 against a statutory minimum requirement of 20.0 percent. Nevertheless, four insurers, with a combined market share of 36.2 percent, failed to meet the minimum solvency requirement.

Figure 3.11: Capital and Solvency for General Insurers



3.8 REINSURANCE

The sector ceded MK8.8 billion (2015: MK6.5 billion) to reinsurers representing 24.8 percent (2015: 21.6 percent) of gross direct premiums written. Premiums ceded for fire insurance business alone constituted 45.7 percent (2015: 42.5 percent) of total premiums ceded.

Figure 3.12: Gross Premium Written vs. Reinsurance Premium Ceded (General Insurers)

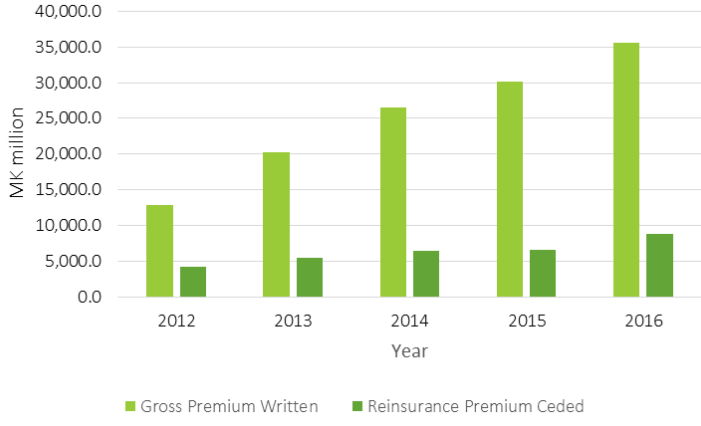
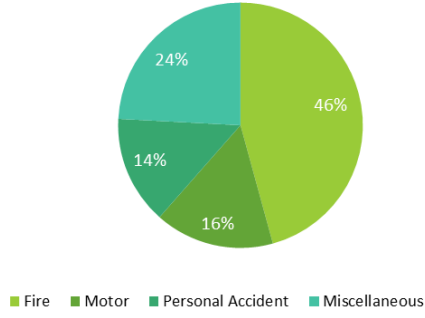


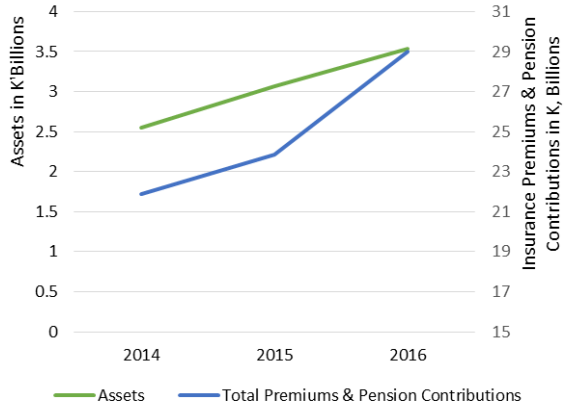
Figure 3.13: Reinsurance Premium Ceded by General Insurers by Class of Business



3.9 INSURANCE BROKING

Insurance broking business registered steady growth in 2016. Total insurance premium transacted through insurance brokers increased by 16.7 percent from MK24.0 billion in 2015 to MK28.0 billion in 2016. The premiums transacted through brokers represented 78.9 percent (2015: 79.5 percent) of gross premium written by insurers.

Figure 3.14: Growth of broking business



General insurance business constituted 74.1 percent of the total business transacted by insurance brokers. Total assets for insurance brokers grew by 12.9 percent from MK3.1 billion in 2015 to MK3.5 billion in 2016 while total brokerage commission increased from MK2.9 billion in 2015 to MK3.3 billion in 2016 representing growth of 13.8 percent. However, profits after tax for the industry increased by 1.7 percent only from MK290.4 million in 2015 to MK295.2 million in 2016. Eight out of the sixteen licenced insurance brokers registered losses in 2016.

Figure 3.15: Insurance and pension broking business

Broking business	2014	2015	2016
Pension Contributions	5,296,489	6,043,152	5,170,401
Life Insurance Premiums	1,050,993	1,484,450	3,089,906
General Insurance Premiums	15,546,489	16,340,386	20,727,635
Total Premiums & Pension Contributions	21,893,971	23,867,987	28,987,942

3.10 ON-SITE EXAMINATIONS

During the year 2016, the Registrar carried out on-site examinations of three general insurance companies. Major findings included failure by one institution to comply with capital and solvency requirements and incidences of non-compliance with some provisions of the law and Registrar's directives. Appropriate enforcement actions were taken by the Registrar to address the shortfalls.

4 LIFE INSURANCE

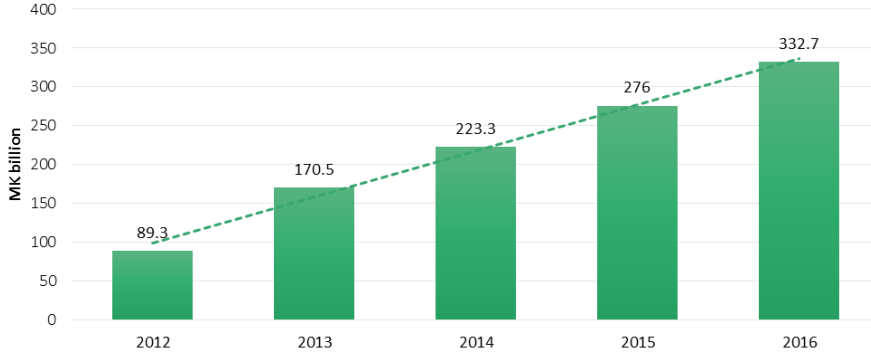
4.1 SECTOR OVERVIEW

During the year 2016, the number of life insurance companies remained at five. In addition, there were 261 life insurance agents operating in the market. On aggregate, the life insurance sector was profitable and sound. The sector's profits after tax increased by 13.6 percent from MK8.1 billion in 2015 to MK9.2 billion in 2016. Total assets grew by 20.5 percent funded by the growth in investment income and premiums.

4.2 ASSETS AND LIABILITIES

Total assets for the life insurance sector increased by 20.5 percent from MK276.0 billion in 2015 to MK332.7 billion in 2016, funded by the growth in premiums and investment income.

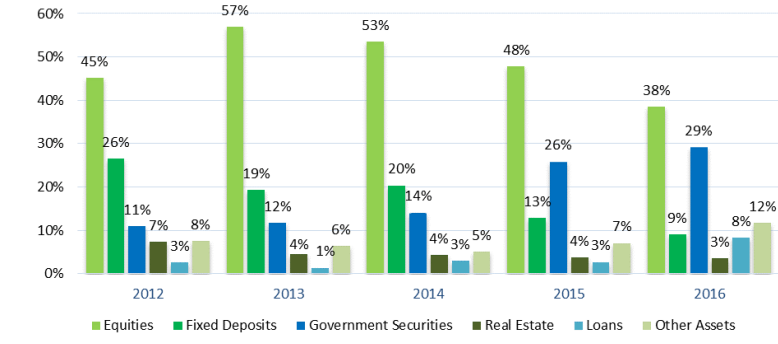
Figure 4.1: Assets for Life Insurers



Investment in equities constituted the highest proportion of assets at 42.0 percent (2015: 47.8 percent) followed by government securities at 31.0 percent (2015: 25.9 percent). Investment in equities increased by 5.3 percent from MK132.0 billion in 2015 to MK139.0 billion in 2016 despite a fall in stock market prices on Malawi Stock Exchange. Investment in government securities grew by 45.7 percent from MK71.4 billion in 2015 to MK104.0

billion in 2016. Investment in fixed deposits decreased by 15.8 percent from MK35.4 billion in 2015 to MK29.8 billion in 2016.

Figure 4.2: Asset Composition for Life Insurers



Percentages on each bar represent the asset as a proportion of total assets for the respective year.

Two life insurers dominated the sector by holding a combined 98.4 percent (2015: 98.3 percent) of total assets. The other 1.6 percent of assets was shared among the remaining three life insurance companies.

Total liabilities for life insurers grew by 20.3 percent from MK253.6 billion in 2015 to MK305.0 billion in 2016. The growth in liabilities was attributable to a 19.9 percent increase in policyholders' funds from MK245.1 billion in 2015 to MK293.8 billion in 2016. Total shareholder's funds also rose by 14.6 percent from MK24.0 billion in 2015 to MK27.5 billion in 2016 due to growth in retained earnings.

4.3 PROFITABILITY

The life insurance sector's profits after tax increased by 13.6 percent from MK8.1 billion in 2015 to MK 9.2 billion in 2016. The increase in profitability was driven by growth in interest income which rose from MK19.7 billion in 2015 to MK35.3 billion in 2016. Underwriting

profits from group life assurance remained stable at MK4.7 billion (2015: MK4.6 billion. Consequently, the Return on Equity (ROE) for life insurers increased from 34.3 percent in 2015 to 44.3 percent in the year 2016.

4.4 PREMIUMS

The sector registered an increase of only 3.8 percent (2015: 97.9 percent) in gross written premium from MK18.6 billion in 2015 to MK19.3 billion in 2016. The subdued growth in gross written premium was primarily due to a slowdown in annuity business which decreased by 43.9 percent from MK5.7 billion in 2015 to MK3.2 billion in 2016.

Figure 4.3: Gross Premiums for Life Insurers

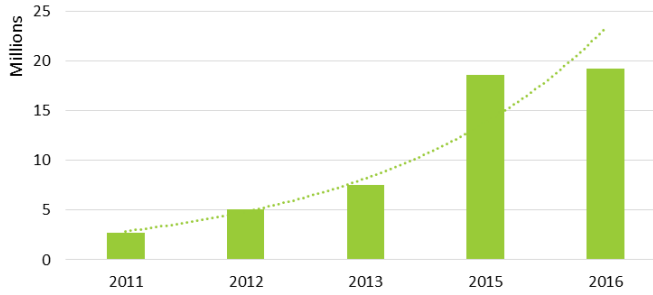
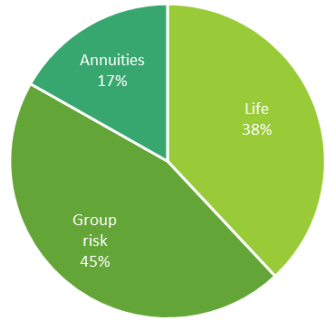


Figure 4.4: Class of Business for Life Insurance



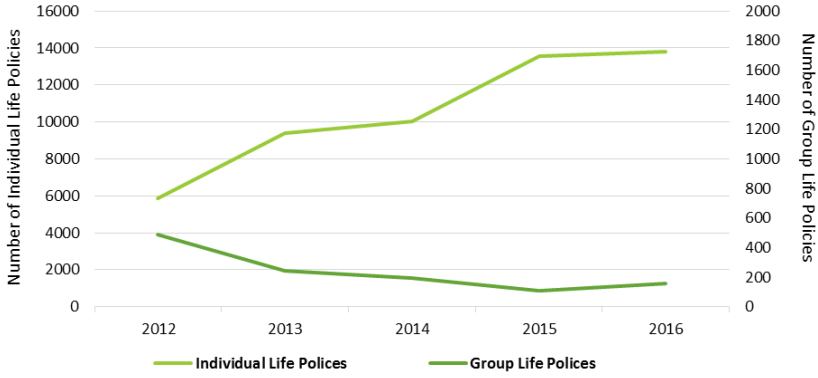
4.5 REINSURANCE

The sector ceded out MK1.1 billion to reinsurers, representing 6.0 percent (2015: 7.0 percent) of the total gross premium. Therefore, there was no significant change in the retention ratio of 94.0 percent (2015: 93.0 percent).

4.6 UNDERWRITING EXPERIENCE

New individual life insurance policies underwritten by the sector increased from 13,565 polices with annual total premiums of MK2.2 billion in 2015 to 13,819 policies with annual total premiums of MK5.2 billion in 2016. New policies underwritten in 2016 for group risk insurance policies totalled 155 (2015: 108) with annual premiums of MK3.5 billion (2015: MK4.2 billion). New business for annuities decreased from 536 policies in 2015 to 218 policies in the year 2016, with premiums of MK3.2 billion.

Figure 4.5: New Life Insurance Policies Underwritten by Life Insurers



In the year 2016, total Individual life policies terminated by surrender increased from 820 in 2015 to 953. In addition, 26 group life policies (2015:10) were surrendered in the year 2016.

In 2016, the number of individual life policies that were terminated by lapse went up from 2787 in 2015 to 3336 with annual premium of MK2.1 million (2015: MK1.57million). No group life policies were terminated by lapse in the year 2016(2015:0).

Total in force book for Individual Life business as at the yearend 2016 were 64,300 policies, group risk schemes policies were 1,872 policies and annuities were 2,026.

Figure 4.6: Number of Individual Life Insurance Polices Terminated

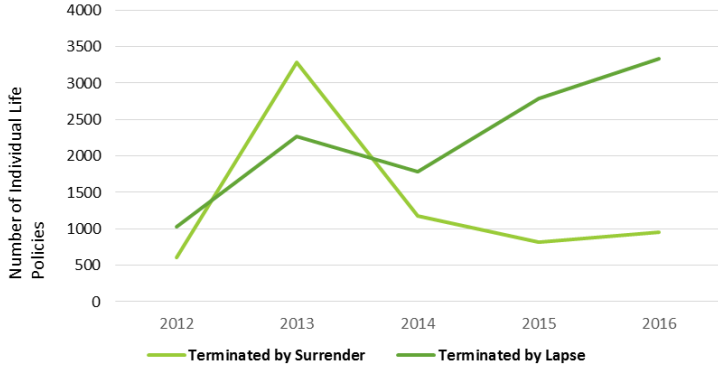


Figure 4.7: Number of Group Life Insurance Polices Terminated

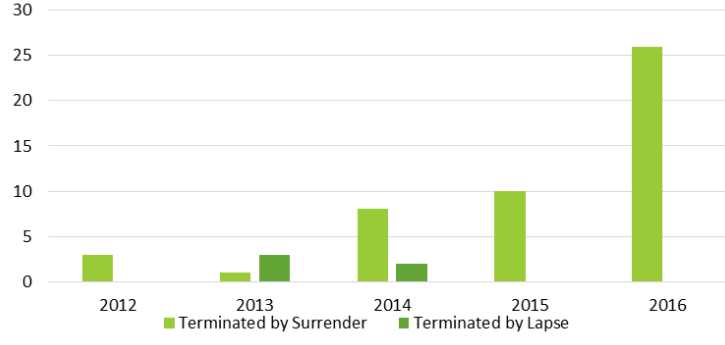
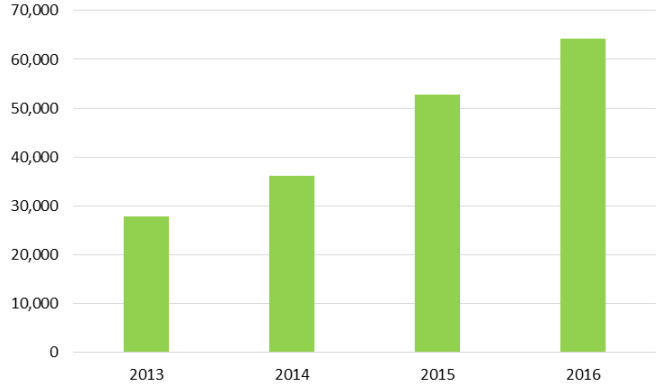


Figure 4.8: In force book Individual Life



4.7 ON-SITE EXAMINATIONS

During the year 2016, the Registrar carried out on-site examinations of two life insurance companies. The performance of the life insurance sector was assessed as fair. The major challenges faced by life insurance companies were non-compliance with capital requirements and deficient management information systems. Corrective action was taken by the Registrar in order to address the observed shortfalls.

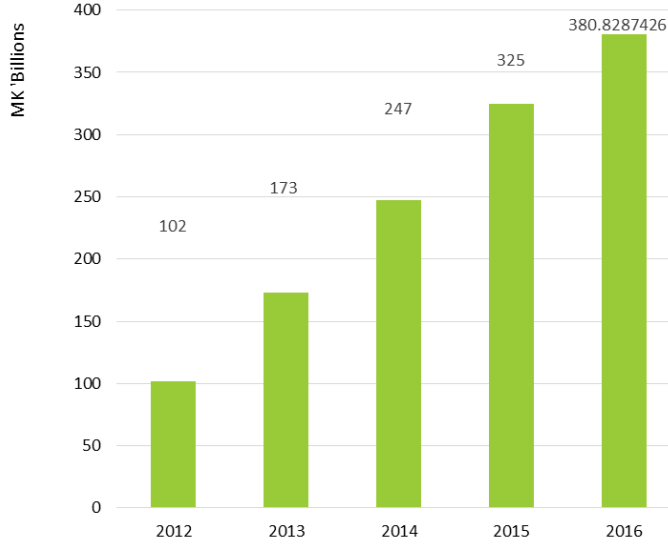
In addition, the Registrar participated in supervisory colleges of Old Mutual Life Insurance and NICO Life Insurance hosted by the Financial Services Board of South Africa.

5 PENSION

5.1 SECTOR OVERVIEW

The pension industry registered a 22.0 percent (2015: 26.1 percent) increase in pension fund assets from MK312.2 billion in 2015 to MK380.8 billion in 2016 on account of returns on investments and growth of pension contributions.

Figure 5.1: Assets of Pension Funds



5.2 INVESTMENT PERFORMANCE

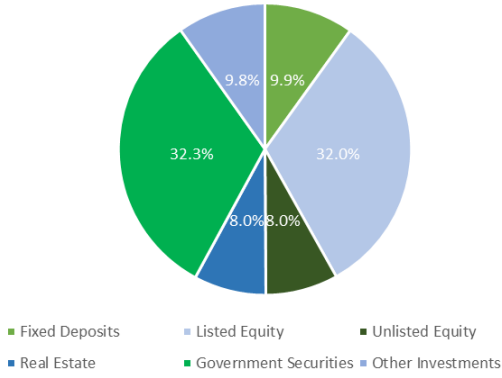
Interest income increased by 45.6 percent from MK28.7 billion in 2015 to MK41.8 billion in 2016. However, total investment income went up by 17 percent from MK44.1 billion in 2015 to MK51.6 billion against a backdrop of continued low unrealised gains (MK3.2 billion)

arising from the low performance of the stock market. A large proportion (32.1 percent) of pension funds' investments were in listed equities.

5.3 ASSET PORTFOLIO MIX

Assets of pension funds were invested in various investment instruments. Listed equities accounted for 32.0 percent while investment in government securities accounted for 32.3 percent of the total investments made by pension fund.

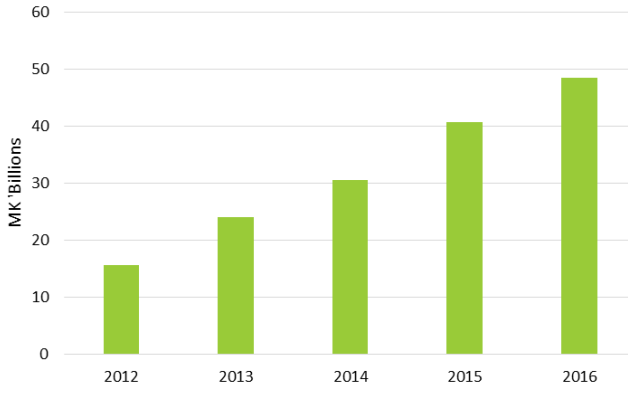
Figure 5.2: Asset Composition for Pension Funds



5.4 PENSION CONTRIBUTIONS

Annual pension contributions increased by 18.3 percent from MK41.0 billion in 2015 to MK48.5 billion in 2016 representing an average monthly pension contribution of MK4.0 billion (2015: MK3.4 billion). The increase was due to general rise in pensionable earnings and increase in number of pension fund members. However, the industry continued to face challenges with pension contribution arrears which increased by 250 percent from MK1.6 billion in 2015 to K5.6 billion. At this level, the pension contribution arrears represented 11.5 percent of total annual pension contributions.

Figure 5.3: Annual Pension Contributions



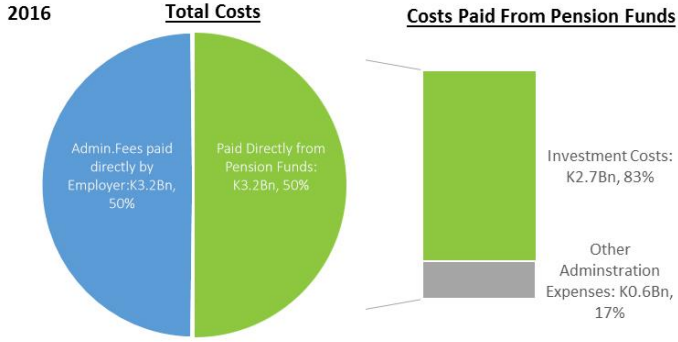
5.5 ADMINISTRATION AND INVESTMENT FEES

Administration, investment and operating expenses incurred by pension funds increased by 36.2 percent from MK4.7 billion in 2015 to MK6.4 billion in 2016. Out of the total expenses incurred in 2016, 49.2 percent or MK3.2 billion was in respect of administration fees.

Figure 5.4: Expenses for Pension Funds

	2013 MK billion	2014 MK billion	2015 MK billion	2016 MK billion
Administration fees	0.6	1.0	2.2	3.2
Investment costs	2.1	2.2	2.1	2.6
Other Administration Expenses	0.4	0.3	0.4	0.6
Total expenses	3.1	3.5	4.7	6.4

Figure 5.5: Pension Fund Costs



5.6 PAYMENT OF PENSION BENEFITS

Total pension benefits paid increased by 4.0 percent from MK20.8 billion in 2015 to MK21.6 billion in 2016. Early withdrawals accounted for 43.8 percent of the total pension benefits paid, dropping from 45.9 percent recorded in 2015. However, the proportion of early withdrawals continue to pose a challenge to achievement of the objectives of the Pension Act 2010 by lowering funds available to meet retirement benefits.

Figure 5.6: Pension Benefits Paid

Type of Benefit	2014 MK million	Share (%)	2015 MK million	Share (%)	2016 MK million	Share (%)
Retirement	4,924.4	48.0	9,637.90	46.4	9,912.76	46
Death	1,032.5	10.0	1,603.40	7.7	2,200.39	10.2
Early Withdrawals	4,304.9	42.0	9,542.90	45.9	9,459.41	43.8
Total	10,261.8	100.0	20,784.20	100.0	21,572.56	100.0

Transfers between pension funds increased by 3.1 times from K3.8 billion in 2015 to K11.7 billion in 2016.

Figure 5.7: Transfers of Pension Funds in 2016

2014 MK million	2015 MK million	2016 MK million
0.4	3,320.8	11,733.8

5.7 MEMBERSHIP TO THE NATIONAL PENSION SCHEME

Membership to the National Pension Scheme increased by 9.9 percent from 217,081 in 2015 to 238,656 in 2016.

5.8 ON-SITE EXAMINATIONS

The Registrar conducted five full scope on-site examinations and three follow up examinations of pension funds. On average, the return on investment for pension funds was below inflation. Governance and compliance issues such as irregular meetings, lack of board self-evaluations, absence of policies, and failure to comply with requirements on administration of benefits of minors were also observed.

6 CAPITAL MARKETS

6.1 SECTOR OVERVIEW

During the year, there was one stock exchange, four brokers, two collective investment schemes, eight investment advisers, four transfer secretaries, and six portfolio managers. The Malawi Stock Exchange (MSE) commemorated 20 years of existence in 2016. The celebrations were amidst mixed fortunes characterised by a successful rights issue of Malawi Property Investment Company (MPICO) Limited on one hand, and the delisting of Britam Insurance Company Limited on the other. Further, the Malawi All Share Index (MASI) was on a downward spiral during the review period.

There were no new listings on the debt market. However, one treasury note matured in December 2016 while the last remaining listed treasury note was due to mature on 30 June 2017. No secondary trade was registered on the debt market since the listing of three treasury notes in December 2014.

All brokerage firms registered profits despite low stock market activity. They, however, continued to rely heavily on income from money market operations.

On the investment management front, funds under management continued to grow during the review period. The growth was expected to be maintained with the continued inflow of pension funds, which are among the major sources of funds for the sector. Profitability for portfolio managers continued to be healthy on the backbone of growth of corporate financial advisory services and funds under management.

6.2 THE STOCK MARKET

In November 2016, MPICO Limited issued and listed an additional 1,149,023,730 shares on the stock market through a rights issue. Britam Insurance Company Limited delisted from the Stock Exchange during the year.

Most listed companies registered subdued earnings performance during the year 2015, owing to the challenging macroeconomic environment. As a result, there was low stock market activity in 2016. The market registered a 25.2 percent decline in number of transactions executed from 1,220 deals in 2015 to 913 deals in 2016. Furthermore, the return on MASI worsened from negative 2.2 percent in 2015 to negative 8.5 percent in 2016.

The market recorded a decline in both volume and value of shares traded. The number of shares traded on the exchange fell by 83.3 percent from 2.4 billion in 2015 to 0.4 billion in 2016. Further, the value of shares traded declined by 87.2 percent from MK48.6 billion in 2015 to MK6.2 billion in 2016. The decline in volume and value of shares traded was a result of depressed activity on the market following most companies' poor financial performance for the year 2015.

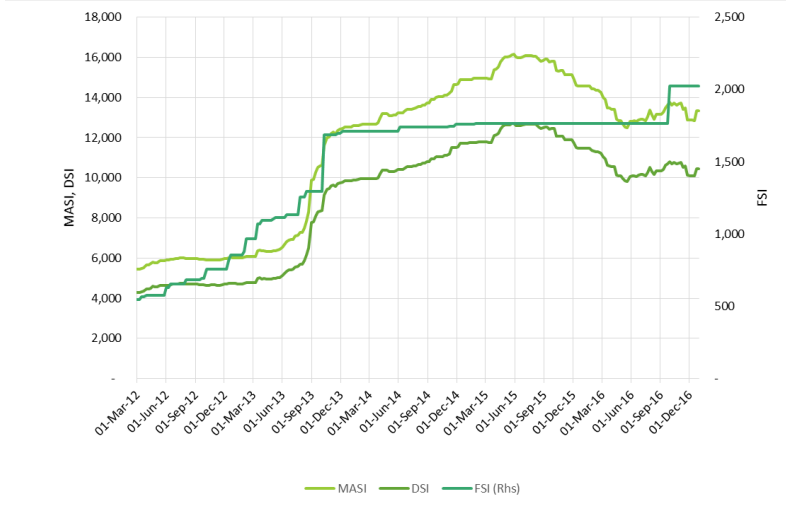
Figure 6.1: Stock Market Statistics

Statistic	2012	2013	2014	2015	2016
Volume of shares traded (million)	700	4,400	1,700	2,400	410
Value of shares traded (MK billion)	4.0	13.3	10.9	48.6	6.2
Market Capitalization (MK billion)	3,562.2	7,179.9	7,489.4	7,522.1	8,516.5
Malawi All Share Index	6,015.5	12,531.0	14,886.1	14,562.5	13,320.5
Domestic Share Index	4,725.5	9,850.2	11,720.4	11,462.9	10,456.9
Foreign Share Index	854.7	1,709.3	1,759.6	1,762.1	2,026.1

The MASI lost 1,242.0 points, from 14,562.5 points in 2015 to 13,320.5 points in 2016 due to a downward movement in the Domestic Share Index (DSI) despite an increase in the Foreign Share Index (FSI). A rise in the share prices of six domestic listed companies failed to cushion the effect of a fall in share prices of six other domestic listed companies. Consequently, the DSI declined from 11,462.9 points in 2015 to 10,456.9 points in 2016. On the other hand, the FSI rose by 264.0 points from 1,762.1 points in 2015 to 2,026.1 points in 2016. The rise in the FSI was on account of a share price gain on the sole foreign counter, Old Mutual Plc, on the Malawi Stock Exchange.

Notwithstanding, the delisting of BRITAM, total market capitalization grew by 13.2 percent from MK7,522.1 billion in 2015 to MK8,516.5 billion in 2016 mainly due to the share price increase on the sole foreign counter. Given the foreign counter's high price and number of shares in issue, a slight share price movement results in a significant movement in total market capitalisation. In addition, MPICO Limited's rights issue contributed to the growth in total market capitalisation.

Figure 6.2: Stock Indices Trends



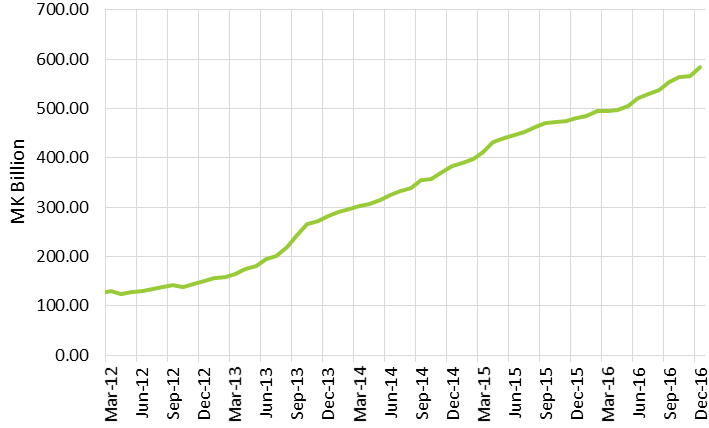
6.3 STOCK BROKERAGE

Total income for stockbrokers grew by 31.5 percent from MK721.4 million in 2015 to MK948.5 million in 2016. The increase in total income was due to growth in revenue from money market business. Further, total expenditure grew by only 16.2 percent from MK407.8 million in 2015 to MK473.9 million in 2016. As a result, total profit after tax increased by 50.8 percent from MK233.4 million in 2015 to MK351.9 million in 2016, with all four brokers/dealers registering profits during the year 2016.

6.4 FUNDS MANAGEMENT

Total funds under management grew by 21.0 percent from MK481.9 billion in 2015 to MK583.3 billion in 2016. The increase in funds under management resulted from growth in funds from life insurance companies, pension funds and institutional investors. About 45.0 percent of the total funds were held in money market instruments while 28.0 percent was in equity instruments. The balance was spread among unlisted debt at 10.2 percent, unlisted investments at 12.6 percent and unlisted equity at 3.8 percent of the funds under management. The high allocation of assets to the money market was in pursuit of better returns because the equity market registered a negative return.

Figure 6.3: Funds under Management



Major sources of funds under management were life insurance companies and pension funds, which contributed 53.9 percent and 22.3 percent of the total funds, respectively. Other sources included companies, residents, non-residents and general insurance companies.

Figure 6.4: Sources of Funds under Management

Source of Funds	2012 MK million	2013 MK million	2014 MK million	2015 MK million	2016 MK million
Pension Funds	37,783.0	70,343.0	96,043.0	106,097.0	130,211.8
General Insurance	3,438.2	6,210.8	8,382.9	9,330.4	10,981.5
Life Insurance	83,256.4	160,273.0	210,300.6	261,565.6	314,409.8
Medical Aid Funds	0.0	0.0	136.2	394.9	556.1
Unit Trusts	761.4	2,671.4	5,388.0	7,622.6	10,883.9
Companies	20,845.1	35,905.3	53,307.4	83,444.4	96,344.5
Natural Persons-Residents	683.72	1,284.03	2,730.2	5,382.8	8,820.3
Natural Persons-Non Residents	27.00	566.00	1,239.2	0.0	0.0
Other	3,131.1	4,669.0	6,094.1	8,034.3	11,116.8
Total	149,925.6	281,922.4	383,621.6	481,872.0	583,324.8

Total income for fund managers grew by 27.0 percent from MK3.7 billion in 2015 to MK4.7 billion in 2016. The growth in total income emanated from increased management fees due to an increase in funds under management and corporate advisory fees. Operating expenses grew by 27.8 percent from MK1,982.6 million to MK2,534.3 million. Consequently, total profit after tax increased by 24.1 percent from MK1, 217.3 million in 2015 to MK1, 510.1 million in 2016.

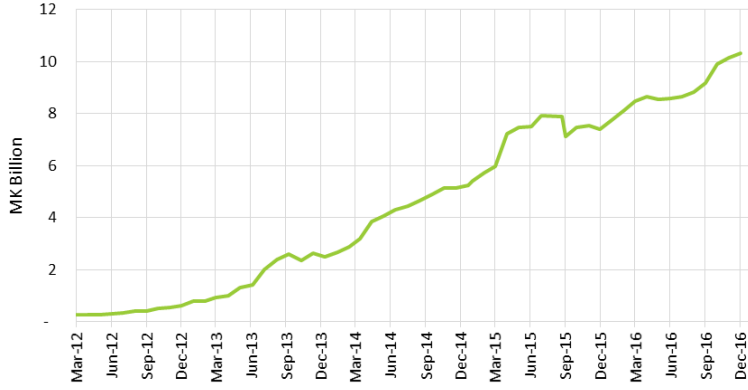
Figure 6.5: Income and Expenses for Fund Managers

Item	2012 MK million	2013 MK million	2014 MK million	2015 MK million	2016 MK million
Revenue	890.5	1,487.4	2,487.7	3,739.9	4,702.7
Operating expenses	(476.2)	(975.5)	(1,367.3)	(1,982.6)	(2,534.3)
Profit before tax	414.3	511.8	1,120.4	1,757.3	2,168.4
Income tax	(127.1)	(165.0)	(345.9)	(540.0)	(658.3)
Profit after tax	287.2	346.8	774.5	1,217.3	1,510.1

6.5 UNIT TRUST OPERATIONS

Total funds for the only open-ended collective investment scheme increased by 39.2 percent from MK7.4 billion in 2015 to MK10.3 billion in 2016 due to improved net client cash flow as a result of improved retention of clients.

Figure 6.6: Unit Trust Funds Growth



6.6 ON-SITE EXAMINATIONS

During the year, the Registrar conducted on-site examinations at three brokerage firms, three portfolio managers and one transfer secretary. The examinations focused on review of compliance with provisions of the Financial Services Act, 2010; Securities Act, 2010; and the directives made thereunder. In addition, the examinations assessed risk management systems and market conduct practices.

The examinations found significant improvement in regulatory compliance among examined institutions. Nevertheless, minor regulatory non-compliance issues were noted in some of the institutions. The Registrar made recommendations to the concerned institutions to address the shortfalls.

7 MICROFINANCE

7.1 SECTOR OVERVIEW

In 2016, registered microfinance Institutions included 26 microcredit agencies, 9 non deposit taking institutions; and 1 deposit taking institution. On aggregate the industry closed the year with total assets and total loans of MK35.4 billion (2015: MK30.5 billion) and MK32.9 billion (2015: MK27.9 billion), respectively.

7.2 NON DEPOSIT TAKING MICROFINANCE

7.2.1 Assets and Liabilities

Total assets for the non-deposit taking microfinance grew by 7.9 percent from MK21.5 billion in 2015 to MK23.2 billion in 2016. Net loans and leases grew by 53.0 percent from MK8.3 billion in 2015 to MK12.7 billion in 2016.

Figure 7.1: Assets for Non-Deposit Taking Microfinance

	Dec-15		Dec-16	
Type of Asset	MK Billion	Share (%)	MK Billion	Share (%)
Cash and cash equivalent	4.6	21.4	3.3	14.2
Investments and Securities	1.3	6.1	1.5	6.5
Net Loans and Leases	8.3	38.6	12.7	54.7
All other current assets	3.9	18.1	4.0	17.3
Other Assets	3.4	15.8	1.7	7.3
Total Assets	21.5	100.0	23.2	100.0

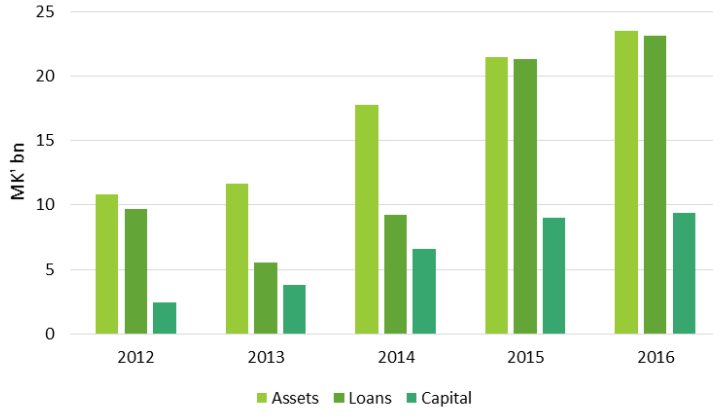
The growth in assets was funded mostly by a 300.0 percent increase in shareholder loans from MK1.0 billion in 2015 to MK4.0 billion in 2016.

Figure 7.2: Funding Sources for Non-Deposit Taking Microfinance

	Dec-15		Dec-16	
Type of Liability	MK Billion	Share (%)	MK Billion	Share (%)
Shareholder loans	1.0	4.7	4.0	17.2
Short term borrowings from banks	0.8	3.7	1.5	6.5
Capital and Reserves	9.1	42.3	9.3	40.1
Other Liabilities	10.6	49.3	8.4	36.2
Total Liabilities	21.5	100.0	23.2	100.0

All non-deposit taking microfinance institutions met the regulatory capital requirement of MK75.0 million. Aggregate total capital for non-deposit taking microfinance institutions increased by 2.2 percent from MK9.1 billion in 2015 to MK9.3 billion in 2016. The increase was due to improved profitability, from a loss of MK44.4 million in 2015 to a profit of MK707.3 million in 2016.

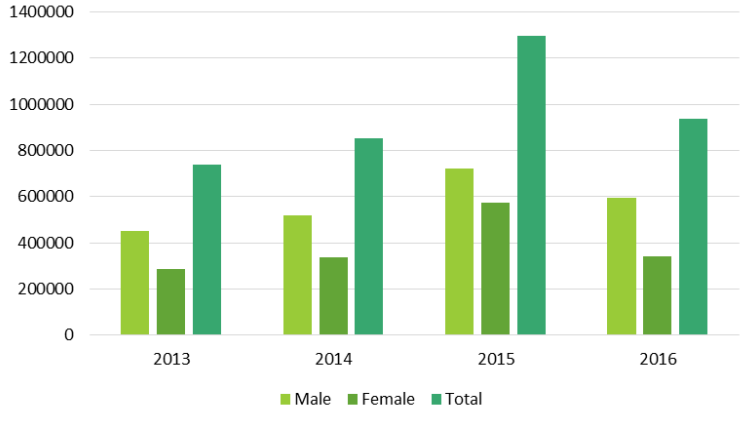
Figure 7.3: Assets, Loans and Capital for Non-Deposit Taking Microfinance



Asset quality improved as indicated by a decrease in the ratio of non - performing loans to gross loans from 10.6 percent in 2015 to 5.8 percent in 2016. Non-deposit taking institutions focused on enhancing the quality of their assets. As a result, there was a drop

in outreach from 1,245,227 clients in 2015 to 935,150 clients in 2016. Female clients constituted 36.0 percent (2015: 46.1 percent) of the sub-sector's clients.

Figure 7.4: Non- Deposit Taking Microfinance Loan Distribution

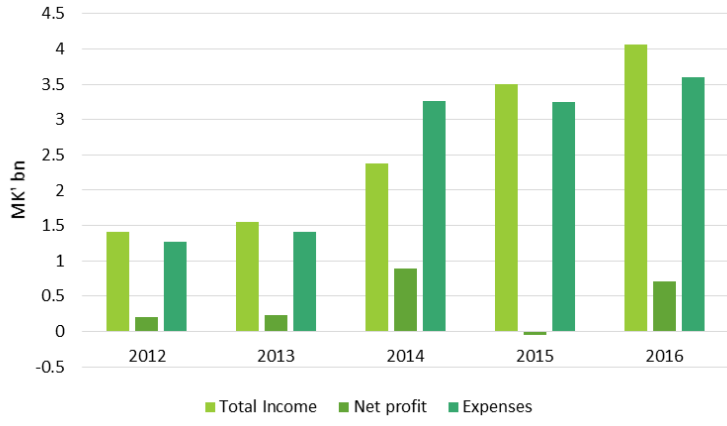


Number of Clients

7.2.2 Profitability

Total income for non-deposit taking microfinance increased by 17.1 percent from MK3.5 billion in 2015 to MK4.1 billion in 2016. Operating expenses increased by 9.1 percent from MK3.3 billion in 2015 to MK3.6 billion in 2016. Overall, profitability improved from a loss of MK44.4 million in 2015 to a profit of MK707.3 million in 2016.

Figure 7.5: Profitability of Non Deposit Taking Microfinance



7.3 DEPOSIT TAKING MICROFINANCE

Total assets for the deposit taking microfinance sub-sector grew by 35.6 percent from MK9.0 billion in 2015 to MK12.2 billion in 2016. The increase was on account of increases in net loans, investment and securities and other assets from MK6.5 billion, MK0.2 billion and MK1.4 billion to MK7.6 billion, MK1.6 billion and MK2.0 billion, respectively.

Further, securities and investments grew by 700.0 percent from MK0.2 billion to MK1.6 billion.

Figure 7.6: Assets for Deposit Taking Microfinance

Type of Asset	Dec-15 MK Billion	Dec-15 Share (%)	Dec-16 MK Billion	Dec-16 Share (%)
Cash	0.0	0.4	0.2	1.6
Balances with other FIs	0.9	9.6	0.8	6.6
Securities and Investments	0.2	2.2	1.6	13.1
Net Loans and Leases	6.5	72.0	7.6	62.3
Other Assets	1.4	15.8	2.0	16.4
Total Assets	9.0	100.0	12.2	100.0

The growth in assets was funded by an increase in deposit base (400.0 percent) and total borrowed funds (19.2 percent) from MK0.3 billion and MK5.2 billion in 2015 to MK2.0 billion and MK6.2 billion in 2016, respectively.

Figure 7.7: Funding Sources for Deposit Taking Microfinance

Type of Liability	Dec-15 MK Billion	Dec-15 Share (%)	Dec-16 MK Billion	Dec-16 Share (%)
Deposits	0.3	3.3	2.0	16.4
Total borrowed Funds	5.2	57.8	6.2	50.8
Other Liabilities	1.2	13.3	1.7	13.9
Total Capital	2.3	25.6	2.3	18.9
Total Liabilities	9.0	100.0	12.2	100.0

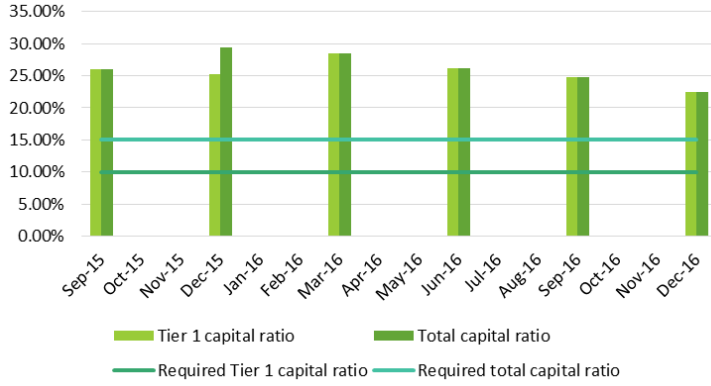
Gross loans for deposit-taking microfinance grew by 29.5 percent from MK6.1 billion in 2015 to MK7.9 billion in 2016. On the other hand, deposits registered a 400.0 percent increase from MK0.4 billion to MK2.0 billion. Consequently, the lending ratio (ratio of loans to deposits) dropped significantly from 1975.0 percent to 395.0 percent.

The high lending ratio in 2015 was because it was the first year of deposit mobilisation for the single deposit taking microfinance institutions. The ratio remained relatively high in 2016 because the institution had not yet started fully relying on deposits for lending.

7.3.1 Capital Adequacy

The aggregate tier 1 and total capital adequacy ratios of 22.4 were well above the regulatory benchmark of 10 percent and 15 percent, respectively.

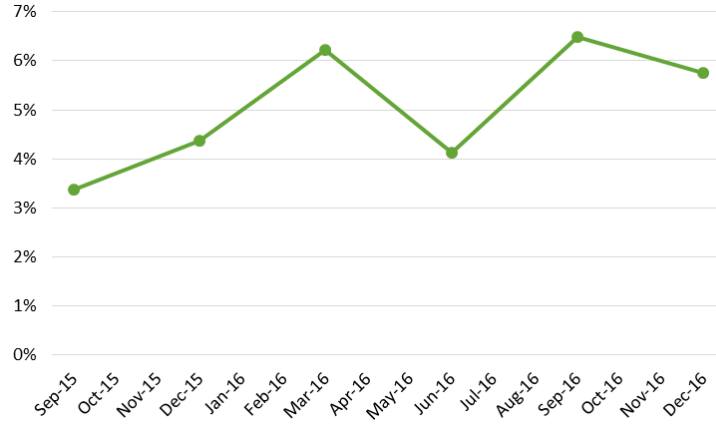
Figure 7.8: Capital Adequacy for Deposit Taking Microfinance



7.3.2 Asset Quality

Non-performing loans increased by 25.0 percent from MK0.4 billion in 2015 to MK0.5 billion in 2016 while gross loans remained constant at MK7.9 billion. Consequently, the ratio of non-performing loans to gross loans and leases increased from 4.4 percent in 2015 to 5.8 percent in 2016.

Figure 7.9: Ratio of Non-Performing loans to gross Loans and Leases



7.3.3 Earnings

Interest income grew from MK0.4 billion in 2015 to MK5.2 billion in 2016. Operating expenses also recorded an increase from MK0.2 billion in 2015 to MK3.1 billion in 2016. Consequently, net income increased from MK0.1 billion in 2015 to MK2.0 billion in 2016. This led to an increase in Return on Assets (ROA) and Return on Equity (ROE) ratios from 0.5 percent and 2.1 percent in 2015 to 1.9 percent and 10.0 percent in 2016, respectively.

7.3.4 Liquidity

The liquidity ratio (ratio of liquid assets to current liabilities) for deposit taking microfinance rose from 40.6 percent in 2015 to 61.1 percent in 2016, and was above the regulatory requirement of 20.0 percent. The increase was mainly due to 500.0 percent growth in investments from MK0.2 billion in 2015 to MK1.2 billion in 2016.

7.4 ONSITE EXAMINATIONS

During the year, the Registrar conducted six full scope on-site examinations and four monitoring exercises of microfinance institutions. One of the major concerns noted was lack of disclosure of information, including non-disclosure of effective interest rates, to customers. The Registrar took corrective action on non-compliant institutions.

8 FINANCIAL COOPERATIVES

8.1 SECTOR OVERVIEW

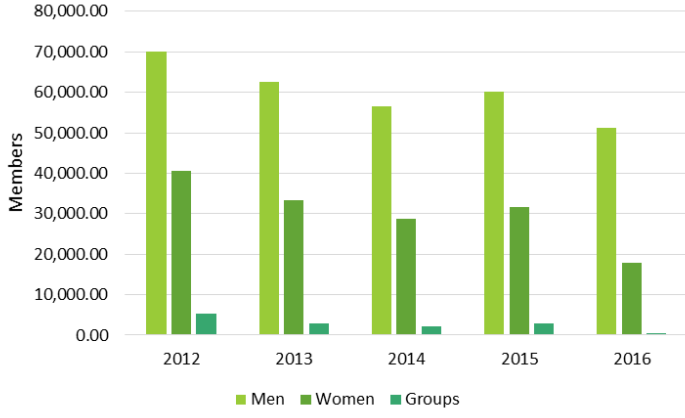
The number of financial cooperatives also known as savings and credit cooperatives (SACCOs) decreased from 45 in 2015 to 30 in 2016. Some SACCOs merged while others wound up due to failure to meet licensing requirements. Of the 30 licensed SACCOs, 27 were employment based i.e. drawing membership from common employment while three were community based, drawing membership from communities where they operate.

Total assets for the sector grew by 31.6 percent from MK7.6 billion in 2015 to MK10.0 billion in 2016. In addition, net profits for the sector grew by 63.4 percent from MK494.4 million in 2015 to MK808.0 million in 2016.

8.2 MEMBERSHIP

Total membership of the licensed SACCOs was reported at 69,630 (2015: 94,639), comprising of 51,199 men (2015: 60,172 men), 17,938 women (2015: 31,675 women), and 493 groups (2015: 2,792 groups). The decrease was largely due to the decline in the number of SACCOs as a result of failure to meet licensing requirements by some SACCOs. After the enactment of the Financial Cooperatives Act, 2011, the Registrar gave provisional licences to all SACCOs which expired in 2015. Subsequently, SACCOs had to apply and meet regulatory requirements to qualify for a substantive licence. SACCOs that failed to meet the requirements were either wound up or merged with another SACCO.

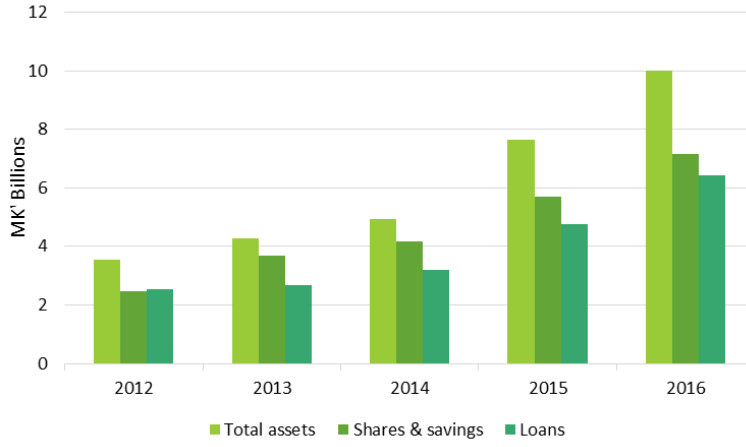
Figure 8.1: Sacco Membership



8.3 ASSETS AND LIABILITIES

Total assets for the sector grew by 31.6 percent from MK7.6 billion in 2015 to MK10.0 billion in 2016 mainly due to a 30.6 percent growth in total loans from MK4.9 billion in 2015 to MK6.4 billion in 2016. The growth in assets was largely funded by a 26.3 percent increase in total savings (redeemable shares plus deposits) from MK5.7 billion in 2015 to MK7.2 billion in 2016.

Figure 8.2: Selected Assets and Liabilities for Financial Cooperatives



Further, aggregate total capital grew by 81.9 percent from MK1,246.6 million in 2015 to MK2,267.8 million in 2016. The increase in capital occurred because some SACCOs which had negative capital in 2015 exited the market.

8.4 FINANCIAL STRUCTURE

During the year, the ratio of member loans and advances to total assets remained at 64.2 percent, as was the case in 2015. The ratio was lower than the recommended range of between 70 to 80 percent for optimum investment in member loans. Member savings (redeemable shares and deposits) financed 71.7 percent (2015: 74.0 percent) of total assets which was within the recommended range of 70 to 80 percent.

Figure 8.3: Assets for Financial Cooperatives

Type of Asset	2012 MK' million	2013 MK' million	2014 MK' million	2015 MK' million	2016 MK' million
Cash and Bank Balances	268.4	293.5	469.9	573.6	702.8
Securities and Investments	221.3	447.4	422.5	940.1	1,158.7
Total Loans and Advances	2,553.9	2,689.1	3,210.2	4,898.0	6,420.3
Other Assets	515.5	839.4	822.5	1,212.1	1,716.9
Total Assets	3,559.1	4,269.4	4,925.1	7,623.8	9,998.7

Figure 8.4: Funding Sources for Financial Cooperatives

Type of Liability	2012 MK' million	2013 MK' million	2014 MK' million	2015 MK' million	2016 MK' million
Deposits and Member Shares	2,455.5	3,683.2	4,170.4	5,647.2	7,165.9
Liabilities to Other Banks	427.9	647.5	395.9	526.6	262.2
Other Liabilities	234.9	202.1	104.2	203.4	302.8
Total Capital	440.8	(83.4)	254.6	1,246.6	2,267.8
Total Funding	3,559.1	4,269.4	4,925.1	7,623.8	9,998.7

8.5 CAPITAL ADEQUACY

Aggregate institutional capital for the sector increased by 132.0 percent from MK864.8 million in 2015 to MK2, 006.3 million in 2016. Consequently, the aggregate institutional capital ratio (institutional capital to total assets) increased from 11.3 percent in 2015 to 20.1 percent in 2016 which was well above the required minimum institutional capital ratio of 10.0 percent.

Figure 8.5: Key Financial Ratios for Financial Cooperatives

Indicator	Recommended Ratio %	2012 %	2013 %	2014 %	2015 %	2016 %
Institutional Capital Ratio	>10	12.4	-2.0	5.2	11.3	20.1
Non-performing loans/Gross Loans	< 5	15.6	14.5	11.0	5.8	3.2
Liquidity	> 10	8.9	10.5	13.9	15.9	16.1
Net Income/Average Total Assets	> 5	0.8	4.7	5.7	7.3	9.2

8.6 ASSET QUALITY

Total loans grew by 30.6 percent from MK4.9 billion in 2015 to MK6.4 billion in 2016. However, non-performing loans decreased by 27.2 percent from MK284.8 million in 2015 to MK207.4 million in 2016. As a result, the ratio of non-performing loans to total loans went down from 5.8 percent in 2015 to 3.2 percent in 2016. Non-performing loans were within the recommended ratio of not more than 5 percent of total loans.

8.7 EARNINGS

Loan interest income constituted 94.0 percent (2015: 92.5 percent) of total income. Total income for the sector increased by 28.6 percent from MK2.1 billion in 2015 to MK2.7 billion in 2016. Total expenditure grew by 26.7 percent from MK1.5 billion in 2015 to MK1.9 billion in 2016. Subsequently, net surplus increased by 63.4 percent from MK494.4 million in 2015 to MK808.0 million in 2016. This represented a return on asset (ROA) ratio of 9.2 percent (2015: 6.5 percent).

Figure 8.6: Income for Financial Cooperatives

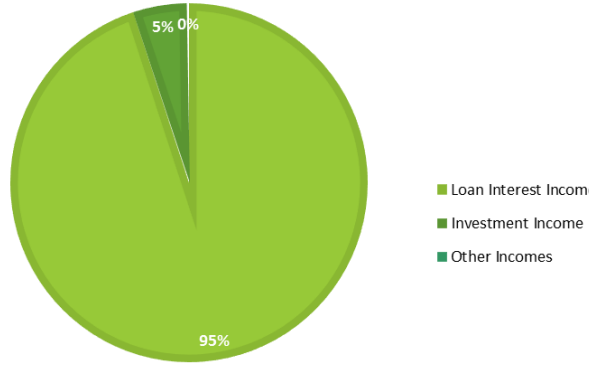
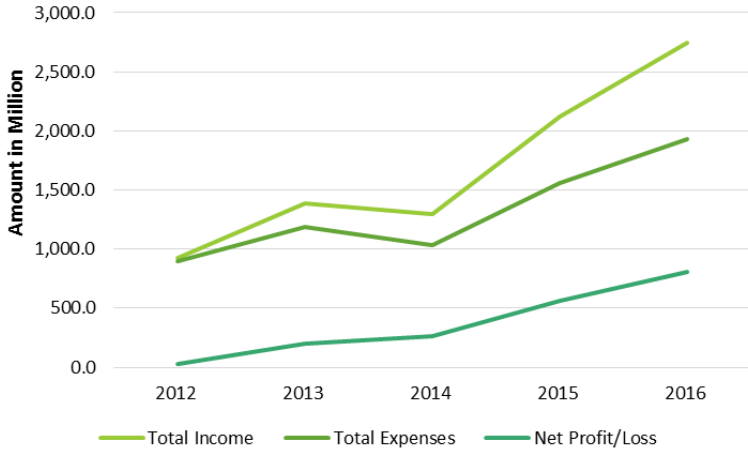


Figure 8.7: Income, Expenses and Surplus/Deficit Trends for Financial Cooperatives



8.8 LIQUIDITY

As at 31st December 2016, the sector was owed MK727.9 million (2015: MK500.0 million) in unremitted payroll deductions. Despite this challenge, on aggregate, the sector met the required liquidity ratio of 10 percent. The aggregate liquidity ratio (liquid assets to redeemable share and savings deposits) improved slightly from 15.9 percent in 2015 to 16.1 percent in 2016 due to good liquidity management in most SACCOs.

8.9 ON-SITE EXAMINATIONS

During the year, the Registrar conducted five full scope on site examinations and nine monitoring exercises. Examination findings indicated that there had been an improvement in the performance of most of the examined SACCOs. However, a few SACCOs were experiencing liquidity challenges and growth in non-performing loans, which negatively affected the performance of those SACCOs. The Registrar took corrective actions to address the shortfalls.

9 CONSUMER PROTECTION

9.1 OVERVIEW

During the year 2016, the number of complaints handled by the Registrar decreased by 25 percent. However, the number of complaints registered remained relatively high compared to the complaints handled from 2012 to 2014. This may be attributed to increasing public awareness of the complaints handling mechanisms.

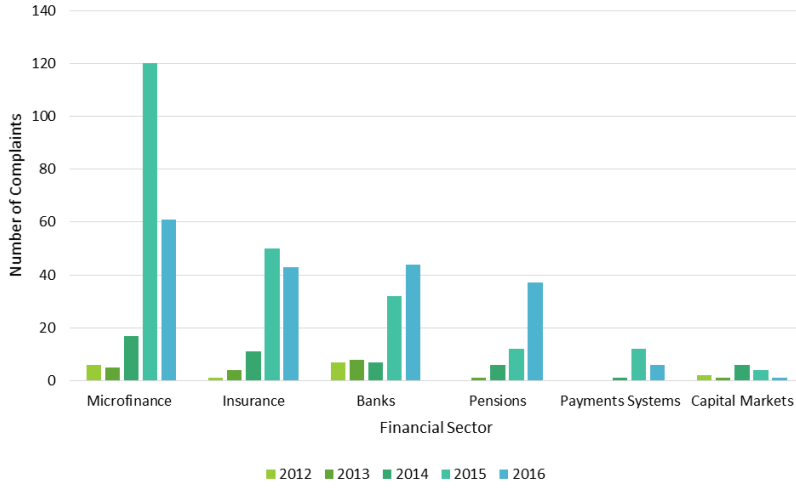
The Registrar continued to conduct various financial literacy initiatives aimed at increasing consumer awareness. Further, the Registrar carried out market conduct examinations at various financial institutions to assess compliance with market conduct laws and regulations.

Poor customer care, low levels of financial literacy on the part of consumers and financial abuse by financial service providers were the root causes of complaints. Financial abuse cases slightly increased from 33 percent in 2015 to 34 percent in 2016. Financial abuse mostly took the form of delayed settlement of insurance claims and continued deductions on fully repaid loans by microfinance institutions.

The proportion of poor customer care cases went down from 44 percent in 2015 to 22 percent in 2016. The decrease in cases of poor customer care was attributed to improvement in financial institutions' customer care due to increased market surveillance by the Registrar through mystery shopping exercises and on-site examinations.

Further, there was also clear lack of financial awareness on the part of customers which caused about 11 percent of the complaints.

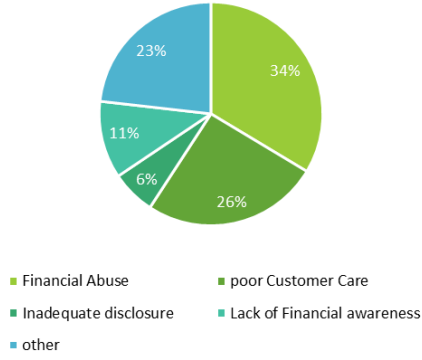
Figure 9.1: Number of Complaints Received per Sector



9.2 COMPLAINTS HANDLING

Financial consumer complaints received by the Registrar decreased from 230 complaints in 2015 to 192 complaints in 2016, of which 75 percent (2015: 79.6 percent) were successfully resolved. As at 31st December 2016, 49 complaints were still under investigation while six complaints were referred to the concerned financial institutions because the complainants did not follow the correct procedure. Complaints largely emanated from the microfinance, insurance, pension and banking sectors.

Figure 9.2: Nature of Complaints Handled



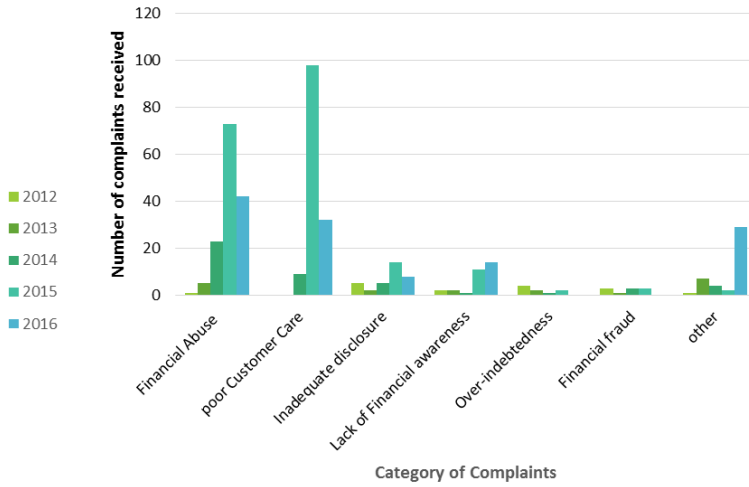
9.3 MARKET CONDUCT SUPERVISION

During the year 2016, the Registrar conducted four market conduct on-site examinations and eight mystery surveillances at various financial institutions. The exercises showed an improvement in customer service delivery compared to 2015, by financial institutions. In addition, more institutions were displaying complaints handling procedures which contributed to the sustained high volume of complaints filed with the Registrar.

Further, follow up examinations in insurance companies indicated an improvement in disclosure of product features, terms and conditions to customers. In addition, there was an improvement in compliance with market conduct laws and directives by financial institutions. Submission of complaints returns to the Registrar increased from 10 percent in 2015 to 40 percent in 2016. The improved compliance was partly a result of enforcement measures taken by the Registrar.

All financial institutions noted to have market conduct lapses were directed to address them and take full responsibility for promptly resolving their customers' complaints.

Figure 9.3: Nature and Number of Complaints



9.4 FINANCIAL LITERACY

The following financial literacy initiatives were implemented during the year:

a) The first edition of a bi-annual financial literacy newsletter was produced and published. The newsletter is a platform that documents and updates stakeholders on all financial literacy initiatives and developments.

b) The Global Money Week was commemorated from 14 - 20 March 2016 to promote education and capability among children and the youth under the theme ***"Think Smart, Save Smart"***. During the Week, the Registrar undertook several activities on the importance of budgeting and saving, through the media.

c) A baseline survey to gauge financial literacy and capability levels amongst secondary school students and teachers was concluded. The findings of the survey will be used to inform development of school based financial education programmes. The

findings will also form baseline indicators against which future initiatives will be measured.

d) Supplementary financial literacy education materials in the form of sourcebooks to support and facilitate teaching of financial education in secondary schools were finalised, printed and distributed to all secondary schools in Malawi. A total of 80,000 copies were produced for subjects that contain financial literacy concepts namely Agriculture, Business Studies, Chichewa, English, Home Economics, Life Skill Education, Mathematics, and Social Studies.

e) The Registrar conducted capacity building and training workshops for the media in the central and southern region. The training was specifically designed to build capacity amongst the media programmers on integration of financial literacy messaging in broadcasts programs.

f) The Registrar, with technical assistance from FHI360 led the review and simplification of content for financial literacy brochures. The content will be used for the production of audio and visual jingles on various topical issues.

10 ANTI-MONEY LAUNDERING

During the year, the Registrar developed and tested AML/CFT pilot offsite returns for banking institutions. Guidelines for the returns and ML/TF risk assessment tools were tested and reviewed. The new returns and assessment tool aimed to enhance AML/CFT off-site analysis and assist the Registrar in assessing banks compliance to AML/CFT legislation.

In addition, an off-site ML/TF risk assessment was conducted for banking institutions aimed at reviewing offsite data submissions to determine the overall ML/TF risk profile of banks. Results from the assessment helped the department in planning its supervisory work and in identifying institutions to be concentrated on; thus directing resources to those institutions with higher overall risk.

10.1 ON-SITE EXAMINATIONS

During the year 2016, the Registrar conducted AML/CFT on-site examinations at three banks, and one deposit taking microfinance institution. The examinations revealed the notable shortfalls such as lack of adequate money laundering and terrorist financing risk assessment; poor record keeping practices; missing customer due diligence (CDD) documentation on legacy customer accounts; failure to detect some suspicious transactions due to manual monitoring systems; inadequate AML/CFT screening processes when establishing business relationships and when recruiting employees; lack of adequate knowledge of compliance officers; and inadequate knowledge among staff to detect suspicious transactions.

Irrespective of the shortfalls, the Registrar observed improvements in some of the examined institutions including; acquisition of automated AML/CFT monitoring systems; adequate Know Your Customer documentation for newly opened accounts; and improved record keeping systems.

11 APPENDICES

11.1 LIST OF LICENSED MARKET PLAYERS AS AT 31ST DECEMBER 2016

Banks

1. CDH Investment Bank Ltd
2. Ecobank Malawi Ltd
3. FDH Bank Ltd
4. First Merchant Bank Ltd
5. National Bank of Malawi Ltd
6. NBS Bank Ltd
7. Nedbank Malawi Ltd
8. New Finance Bank Malawi Ltd
9. Opportunity Bank Malawi Ltd
10. Standard Bank Malawi Ltd

Discount Houses

1. First Discount House Ltd

Leasing and Finance Companies

1. Leasing and Finance Co. Ltd

Credit Reference Bureaus

1. CRB Africa Limited
2. Credit Data Credit Reference Bureau Ltd

General Insurance Companies

1. Britam Insurance Company Ltd
2. Charter Insurance Company Ltd
3. Co-operatives General Insurance Ltd
4. General Alliance Insurance Company Ltd
5. NICO General Insurance Company Ltd
6. Prime Insurance Company Ltd
7. Reunion Insurance Company Ltd
8. United General Insurance Company Ltd

Life Insurance Companies

1. Co-operatives Life Assurance Ltd
2. NICO Life Insurance Company Ltd
3. Old Mutual Life Assurance Company (Malawi) Ltd
4. Smile Life Insurance Company Ltd
5. Vanguard Life Assurance Company Ltd

Reinsurance Companies

1. Malawi Reinsurance Company Ltd

Insurance Brokers

1. AON Malawi Ltd
2. Budget Insurance Services
3. Canopy Insurance Brokers Ltd
4. City State International Ltd
5. Eagle Insurance Brokers Ltd
6. Express Insurance Brokers Ltd
7. GG Insurance Brokers Ltd
8. Guardian Insurance Services Ltd
9. Hubertus Clausius (Malawi) Ltd
10. Kingfisher Insurance Brokers Ltd
11. Mahogany Insurance Brokers Ltd
12. Marsh Ltd
13. MicroEnsure Brokers
14. Rhino Insurance Brokers Ltd
15. Star Insurance Brokers
16. Trinity Insurance Brokers Ltd

Agents for Brokers

1. FDH Bank
2. National Bank of Malawi
3. Nedbank Malawi Ltd
4. Opportunity Bank Malawi
5. Standard Bank Limited

General Insurance Agents

1. Breakthrough Insurance Agency
2. Central Insurance Agency
3. CHC Insurance Agency
4. Chisangalalo Insurance Agency
5. Coconut Insurance Agency
6. Crown Insurance Agency
7. CYA Insurance Agency

8. Direct Insurance Agency
9. Equatorial Insurance Agency
10. Future Insurance Agency
11. Hamax Insurance Agency
12. Hope Insurance Agency
13. Ibex Insurance agency
14. Impact Insurance Agency
15. Indetrust Ltd
16. Kosher Insurance Agency
17. McFreed Insurance Agency
18. Nata Insurance Agency
19. Orama Insurance Agency
20. Pamib Insurance Agency
21. Premier Insurance Agency
22. Progressive Insurance Agency
23. Ranila Insurance Agency
24. Reliable Insurance agency
25. Resilient Insurance Agency
26. Roland insurance Agency
27. Rossal Insurance Agency
28. Senate Insurance Agency
29. Specific Insurance Agency
30. Ultimate Insurance Agency
31. Vepro Insurance Agency
32. Vision Insurance Agency
33. W.T. Thundu Insurance Agency

Life Insurance Agents

NICO Life Insurance Agents

1. Banda Favour
2. Banda MphatsoKumbukani
3. Banda Ponsianuos
4. Bilale James
5. Bvumbwe Sophie Maya
6. Chaima Nelsosn
7. Chakalamba Lydiah
8. Chananси Thandiwe
9. Chapweteka Fortune
10. Chilembwe Catherine
11. Chilenje Ernest
12. Chimphonda Charles Lloyd
13. Chingamu Dave
14. Chipangula Ellen Ron
15. Chipinda Victor
16. Chirambo Watson
17. Chirwa Lester Carolyn
18. Chitete Blessings
19. Chithumba Dina
20. Chokoma Jimmy
21. Dalo Masauko
22. Dodoma Robert
23. Fyalimuka Mwiba
24. Gadama Joanna Tembo
25. Ghambi Paul
26. Ghambi Robson
27. Gondwe Emilly
28. Hara Kapapa Lususngu
29. Hau Ellen
30. Kachere Khumbo
31. Kadammanja McDonald
32. Kadzombe Esther
33. Kafaamveka Mupara S. Misonzi
34. Kalembera Peter
35. Kalinga Rodrick
36. Kalua Mercy
37. Kalumba Elizabeth
38. Kaluwa Masauko
39. Kanyika Gibson
40. Kishindo Michelle Sungeni
41. Kodo Dorothy
42. Kumwenda Chrissy
43. Kunkhanda Florence
44. Kunyowa Amonie
45. Kwizombe Mable
46. Limbani Phardless
47. Liwera Steve
48. Lungu Beatrice
49. Mahiyo Chimwemwe
50. Makumba Nellie
51. Makwakwa Wezzie
52. Maliwa Daniel
53. Mandula Ronald
54. Mangochi Lexa
55. Mcjessie Peter
56. Mhango Franklin
57. Mhano Dan
58. Misi Josephine
59. Mkonya Kennie
60. Mlaka Zelesi
61. Mmanga Arther
62. Mphande Martha

63. Msekandiana Luckson
64. Mtanga Gladys
65. Mthengomwacha Tipilile
66. Mughogho Lusekelo
67. Mumba Miriam
68. Munthali Benard
69. Munthali Twime
70. Musopole Sibongile
71. Mussa Fenwick
72. Musukwa Moses
73. Mwale Marc
74. Mwase Chupa Chrissy
75. Mwenda Lenton
76. Mwiba Fyalimuka
77. Namkwenya Shanny
78. Nampota Thoko
79. Nandolo Olive
80. Ndakoiwa Petros
81. Ndamuwa Chimwemwe
82. Ng'ambi Linda Shellah
83. Ng'oma Anthony
84. Ngonga Atusaye
85. Ngwira Elizabeth
86. Ngwira Stewart
87. Njovu Getrude
88. Nkangala Nellie
89. Nkata Lawrence John
90. Nkhoma Iness
91. Nkhwazi Henry
92. Nkowani Colless
93. Nyasulu Daniel
94. Nyirenda Menard
95. Nyirongo Tainess
96. Pete Alice
97. Phalula Chimwemwe
98. Phiri Edwin
99. Phuza Dingase
100. Shaba David
101. Shonga Chally
102. Souza Steve
103. Tambula Titani
104. Timvekenji Olive
105. Ulemu Cephaus
106. Umali Aubrey
107. Waya Walter
108. Zgambo Isabel
109. Zimba Joshua
110. Zimpita Mwai

Old Mutual Life Insurance Agents

1. Banda Innocent
2. Banda Nerbat Innocent
3. Beya Leonard Mavuto
4. Chagoma Lawrence
5. Chamveka Alfred
6. Chapempha Fanuel
7. Chidyaonga Erica
8. Chikapa Chris
9. Chikuse John
10. Chilapondwa Lizzie
11. Chilombo Richard
12. Chimombo Madalitso
13. Chioza Brenda
14. Chirwa Katrina
15. Chirwa Victoria
16. Chisale Chrispin
17. Chisi Dingani
18. Chiuzeni Lichapa Stella
19. Chiyendawamba Fiskani
20. Chombo Galloway Annie
21. Galetta Time Vittallian
22. Gondwe Getrude
23. Jimusole Kumbukani
24. Kachala Josephine
25. Kambova Mirriam
26. Kaunda Ellen
27. Kaunda Kenneth
28. Khauya Patricia
29. Khulupilira Harold
30. Liabunya Uzayani
31. Lumwira Thokozani
32. Machika Titani Lucy
33. Madalitso Sineta Bramford
34. Maiden Spencer
35. Maseko Daniel
36. Mbale Mtende
37. Minjale Jean
38. Mlambala Khomba
39. Mlanga Blessings
40. Mphezu Joyce
41. Msiska Kennedy

42. Msuku Patricia
43. Mula Raphael
44. Mwafulirwa Steve
45. Mwala Moyo Chimwemwe
46. Mwamadi Mwandira Rosario
47. Njelenga Denis
48. Siwande Lommy
49. Teki Jessie

Vanguard Life Insurance Agents

1. Banda Charley
2. Chigooh Sarah
3. Chikaya Precious
4. Chilamwa Mirriam
5. Chipeta Sharon
6. Chirwa Martha
7. Chirwa Moses
8. Chiumia Lauryn
9. Chizumila Joseph
10. Chizumila Rose
11. Chupa Grace
12. Evelyn Msosa
13. Kabaghe Grace
14. Kalulu Bridget
15. Kambadzo Chimwemwe
16. Kamphonje Enock
17. Kantepa Violet
18. Kanyimbi Chinsisi
19. Katchowa Mercy
20. Kavumbula Charles
21. Kawalewale Johannes
22. Kayamba Maggie
23. Kayamba Ruth
24. Kudzala Chifundo
25. Kumtaja Maxwel
26. Mafuleka Glory
27. Magalasi Elizabeth
28. Malonje Chimwemwe
29. Mbewe Catherine
30. Mkandawire Ellen
31. Mkangama Nayo
32. Moyo Bonface
33. Moyo Memory
34. Msekawanthu-Chamba Alice
35. Msiska Yvone
36. Msosa Brighton
37. Msowoya Mphatso
38. Mtambo Ansubiye Frank
39. Mtambo Augustine
40. Mughogho Edward
41. Muva Ethel
42. Mvula Linda
43. Mwango Tichitenji
44. Nakosa Geoffrey
45. Nehuwa Alex
46. Nthengwe Thandiwe
47. Nyirenda Beauty
48. Nyirenda Innocent
49. Nyirenda Peter
50. Phiri Wezi
51. Singano Chimwemwe
52. Sumani Norah
53. Tembo Michael

Insurance Loss Assessors/Adjusters

1. Associated Insurance Loss Adjusters
2. Dynamic Loss Adjusters
3. Fidelity Insurance Loss Assessor
4. First Insurance Assessors
5. Harolds Group Insurance Loss Adjuster
6. Internal Audit and Fraud Defense Centre Loss Assessor
7. JBK Multiplan Loss Assessors
8. MIC Associates
9. MT Insurance Loss Assessor
10. Multipal Loss Adjusters
11. PAGES
12. PD Alliance Loss Adjusters
13. PDCA Consultants
14. Quantum Insurance Loss Assessor
15. RZ Insurance Loss Assessor
16. Standard Consult

Pension Brokers

1. AON Malawi Limited
2. Kingfisher Insurance Brokers Limited
3. Mahogany Insurance Brokers Limited
4. Marsh (Malawi) Limited

Pension Funds

1. Auction Holdings Group Limited Group Pension Fund
2. Christian Health Association of Malawi Group Pension Fund
3. Limbe Leaf Tobacco Limited Group Pension Fund
4. Malawi Telecommunications Limited Pension Fund
5. Partners in Hope Pension Fund
6. Press Corporation Limited Group Pension Fund

Stock Exchanges

1. Malawi Stock Exchange Ltd

Brokers

1. African Alliance Securities Ltd
2. Continental Capital Ltd
3. FDH Stockbrokers Ltd
4. Stockbrokers Malawi Ltd

Collective Investment Schemes

1. National Investment Trust Ltd
2. Old Mutual Unit Trust Mw Ltd

Investment Advisors

1. Alliance Capital Ltd
2. Continental Asset Management Ltd
3. FMB Capital Markets Ltd
4. FDH Financial Holdings Ltd
5. NBM Capital Markets Ltd
6. NICO Asset Managers Ltd
7. Old Mutual Investment Group Ltd
8. Standard Bank Ltd (Malawi)

Portfolio Managers

1. Alliance Capital Ltd
2. Continental Asset Management Ltd
3. FMB Capital Markets Ltd
4. Old Mutual Investments Group Ltd
5. NBM Capital Markets Ltd
6. NICO Asset Managers Ltd

Transfer Secretaries

1. First Merchant Bank Ltd
2. National Bank of Malawi Ltd
3. NICO Asset Managers Ltd
4. Standard Bank Ltd (Malawi)

Deposit Taking Microfinance Institutions

1. FINCA Malawi Limited

Non-Deposit Taking Microfinance Institutions

1. Blue Financial Services
2. CUMO Microfinance
3. Easy Loans
4. Greenwing Capital Financial Services
5. Malawi Enterprise Development Fund (MEDF)
6. Microloan Foundation
7. Pride Malawi
8. Select Financial Services
9. VisionFund Malawi

Microcredit Agencies

1. Business Finance Solutions
2. Chislet Finance Ltd
3. Circle Microfinance Ltd
4. Community Finance Ltd
5. Citizen Microfinance
6. DF Agency
7. Ecological Research and Outreach Initiative Ltd (ECORET)
8. EPIK Finance Ltd
9. FEDOMA Microfinance Project
10. Foundation for Irrigation and Sustainable Development (FISD)
11. Fountain Microfinance
12. GetBucks Malawi
13. Green Gold Finance Ltd
14. Greenroot Finance Ltd

15. Mlatho Financial Services Ltd
16. Moyowathu Financial Services
17. National Association of Business Women (NABW)
18. Nile Flow Ltd
19. Pamodzi Finserve Ltd
20. SAILE Financial Services
21. Sono (Now) Microfinance Ltd
22. Tamarh Consult Ltd
23. TEECs
24. Ufulu Finance Ltd
25. Umunthu Microfinance
26. Wealthnet Finance Ltd

Financial Cooperatives

1. Admarc Employees SACCO Limited
2. Auction Holdings Limited
3. Chitukuko SACCO Limited
4. Dedza Teachers SACCO Limited
5. DWASCO SACCO Limited
6. Fodya SACCO Limited
7. Future SACCO Limited
8. Kandiya SACCO Limited
9. Kawiluwilu SACCO Limited
10. Limbe Leaf SACCO Limited
11. Mchinji Teachers SACCO Limited
12. Mudi SACCO Limited
13. Mufuna SACCO Limited
14. Mzinda SACCO Limited
15. Mzuzu University SACCO Limited
16. Nsanje Community SACCO Limited
17. Plan Malawi SACCO Limited
18. Reserve Bank of Malawi SACCO Limited
19. Rumphi Teachers SACCO Limited
20. Police SACCO Limited
21. Polymed SACCO Limited
22. PTC Group SACCO Limited
23. Sucoma SACCO Limited
24. Sunbird SACCO Limited
25. Tadala SACCO Limited
26. Thyolo Teachers SACCO Limited
27. Umodzi SACCO Limited
28. UNC SACCO Limited
29. United Civil Servants SACCO Limited
30. United Nations SACCO Limited

11.2 MEMBERSHIP TO INTERNATIONAL ORGANISATIONS

1. The African Insurance Organization (AIO)
2. Alliance for Financial Inclusion (AFI)
3. Bank Supervision Application Steering Committee
4. Child and Youth Finance International (CYFI)
5. Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)
6. Financial Stability Institute
7. Macroeconomic and Financial Management Institute (MEFMI)
8. International Association of Insurance Supervisors (IAIS)
9. International Credit Union Regulators Network (ICURN)
10. International Network on Financial Education (INFE)
11. International Organization for Pension Supervisors (IOPS)
12. International Organization of Securities Commissions (IOSCO)
13. Organization for Economic Cooperation and Development (OECD)
14. SADC Committee of Insurance, Securities and Non-Bank Financial Authorities (CISNA)
15. SADC Sub-Committee of Central Bank Governors

12 STATISTICAL ANNEX TABLES

Table 12.1: Branch Network and Staff Complement for Banks

Name of Institution	Branches	Agencies, satellite kiosks, mobile vans	Auto Teller Machines	No. of employees
CDH Investment Bank Ltd	3	1	2	85
Ecobank Malawi Ltd	10	0	27	176
FDH Bank Ltd	13	48	87	641
First Merchant Bank Ltd	8	21	59	687
Leasing and Finance	2	0	0	21
National Bank of Malawi Ltd	14	17	94	874
NBS Bank Ltd	13	36	86	840
Nedbank Malawi Ltd	6	2	14	176
Opportunity Bank Malawi Ltd	5	46	46	446
Standard Bank Malawi	7	22	76	855
	81	193	471	4,801

Table 12.2: Total Assets for Banks (includes specific and general provisions)

Year	Assets MK Million	Growth %
2011	376,411.4	31.9
2012	495,245.0	31.6
2013	665,801.2	34.4
2014	811,261.4	21.9
2015	1,047,483.1	29.1
2016	1,260,785.3	20.4

Table 12.3: Financial Soundness Indicators for Banks

Item	2013	2014	2015	2016
Regulator Total Capital to Risk Weighted Assets	19.1	17.1	16.1	13.8
Regulatory Tier 1 Capital to Risk Weighted Assets	16.2	13.5	12.7	16.7
Total Capital to Total Assets	15.4	17.6	16.9	17.0

Table 12.4: Asset Composition and Quality

Item	2013	2014	2015	2016
Total Loans and Advances to Total Assets	41.3	40.4	39.8	35.4
Foreign Currency Loans to Total Loans and Advances	13.5	19.1	28.7	21.8
Non-Performing Loans to Gross Loans and Advances	15.4	14.9	10.7	17.0
Non-Performing Loans (Net of Provisions) to Capital	34.8	28.0	16.8	44.5

Table 12.5: Earnings and Profitability Ratios (Percent)

Item	2013	2014	2015	2016
Return on Assets (ROA)	4.8	4.0	3.2	3.0
Return on Equity (ROE)	37.5	26.8	20.1	20.4
Interest Margin to Gross Income	39.7	43.3	50.6	49.5
Non-Interest Margin to Gross Income	39.6	45.4	50.4	50.0
Personal Expenses to Non-Interest Expenses	45.4	44.6	46.2	43.8

Table 12.6: Liquidity (percent)

Item	2013	2014	2015	2016
Liquid Assets to Total Assets	44.6	46.3	43.3	35.4
Liquid Assets to Total Deposits and Short Term Liabilities	59.1	63.8	59.0	72.3
Total Loans to Total Deposits	56.4	58.3	58.3	54.2
Foreign Exchange Liabilities to Total Liabilities	26.3	26.6	26.6	24.3

Table 12.7: Liabilities for Banks (MK million)

Period	Deposits	Reserve Bank	Other Banks	Interest Payable	Other Liabilities	Capital and Reserves	Total Capital and Liabilities
Mar-13	363,090	8,754	13,873	1958	45,047	80,717	513,439
Jun-13	381,523	6,096	11,078	3078	50,357	82,481	534,612
Sep-13	425,978	-	11,308	3121	58,084	91,026	589,517
Dec-13	475,692	-	16,636	1404	56,981	102,303	653,016
Mar-14	478,110	-	11,778	1,765	64,599	117,509	673,761
Jun-14	474,985	-	19,284	1,956	63,230	125,197	684,652
Sep-14	481,547	-	12,294	2,866	68,729	130,631	696,067
Dec-14	550,313	-	16,145	3,128	81,521	143,010	794,116
Mar-15	583,452	-	8,738	2,767	99,032	182,606	876,569
Jun-15	557,676	5,890	7,506	4,134	96,679	161,947	834,569
Sep-15	629,358	-	15,766	3,021	91,711	167,991	834,179
Dec-15	705,015	12,623	31,027	1,698	106,147	176,771	1,033,282
Mar-16	692,562	2,800	15,501	2,286	127,511	185,625	1,026,287
Jun-16	756,379	5,311	25,293	2,542	141,010	196,830	1,127.37
Sep-16	847,990	3,950	10,752	3,640	198,423	213,583	1.278.340
Dec-16	809,044	17,426	20,051	1,414	181,518	209,741	1,239.20

Table 12.8: Assets for Banks (MK million)

Period	Cash due from Other Banks	Loans and Advances	Securities And Investments	Other Assets	Total Assets
Mar-13	28,764	234,985	86,564	163,127	513,439
Jun-13	26,140	237,031	98,102	173,339	534,612
Sep-13	23,757	236,683	129,154	199,923	589,517
Dec-13	29,641	256,637	121,189	245,549	653,016
Mar-14	22,187	272,721	132,492	246,361	673,761
Jun-14	22,940	280,206	150,544	230,962	684,652
Sep-14	26,456	282,069	156,547	230,995	696,067
Dec-14	35,592	303,684	142,399	312,442	794,116
Mar-15	28,617	335,006	211,041	301,069	894,251
Jun-15	33,928	328,111	205,775	265,990	851,031
Sep-15	30,300	355,810	234,364	286,956	922,444
Dec-15	42,514	397,248	295,656	297,863	1,033,281
Mar-16	36,538	403,194	316,763	269,790	1,026,287
Jun-16	47,034	395,725	331,393	352,831	1,126,984
Sep-16	41,299	443,954	393,307	385,105	1,263,667
Dec-16	55,190	417,670	386,052	379,968	1,238,883

Table 12.9: Deposits Held by Banks (MK million)

Period	Demand Deposits	Savings Deposits	Time Deposits	FCDA's	Total Deposits
Mar-13	112,257	49,172	116,772	84,889	363,090
Jun-13	113,695	61,512	120,063	86,253	381,523
Sep-13	130,519	65,272	129,727	100,460	425,978
Dec-13	140,574	75,275	115,066	144,777	475,692
Mar-14	152,169	73,716	127,664	124,562	478,110
Jun-14	150,194	78,959	113,066	132,767	474,985
Sep-14	156,958	84,481	119,639	120,469	481,547
Dec-14	181,108	87,381	135,464	146,360	550,313
Mar-15	193, 928	96,614	146,338	140,750	583,452
Jun-15	184,154	96,492	140,346	135,272	557,677
Sep-15	181,378	110,259	156,033	179,108	629,358
Dec-15	207,848	108,763	165,145	223,260	705,015
Mar-16	244,628	115,724	137,615	194,593	692,562
Jun-16	251,515	121,366	152,359	231,138	756,379
Sep-16	267,904	146,525	194,780	238,779	847,990
Dec-16	265,302	134,059	161,687	247,995	809,044

Table 12.10: Capital Adequacy Trends for Banks

Period	Tier 1 Capital MK million	Total Capital MK million	Risk Weighted Assets MK million	Tier 1 Capital Ratio (%)	Total Capital Ratio (%)
Mar-13	63,104	75,824	358,824	17.6	21.1
Jun-13	61,767	74,518	384,077	16.1	19.4
Sep-13	65,145	76,360	401,411	16.2	19
Dec-13	71,453	84,479	442,104	16.2	19.1
Mar-14	84,725	105,036	573,868	14.8	18.3
Jun-14	88,552	108,396	593,296	14.9	18.3
Sep-14	89,401	109,665	629,008	14.2	17.4
Dec-14	92, 475	117,668	687, 296	13.5	17.1
Mar-15	91,709	118,979	613,450	14.9	19.4
Jun-15	106,808	139,394	720,711	14.8	19.3
Sep-15	106,012	136,917	773,151	13.7	17.7
Dec-15	105,331	133,441	829,247	12.7	16.1
Mar-16	119,373	147,293	814,586	14.7	18.1
Jun-16	120,608	151,987	838,729	14.4	18.1
Sep-16	132,502	161,218	938,393	14.1	13.7
Dec-16	123,516	151,648	900,227	17.2	16.8

Table 12.11: Selected income and expenses for Banks (MK millions)

Period	Total Gross Income	Interest Income	Non-Interest Income	Interest Expense	Operating Expenses
Mar-13	36,970	23,574	13,396	10,014	13,911
Jun-13	77,444	52,023	25,421	21,926	29,254
Sep-13	121,913	79,551	42,363	32,367	46,347
Dec-13	165,303	106,482	58,821	40,802	65,461
Mar-14	42,373	28,392	13,981	8,724	18,613
Jun-14	88,865	56,893	31,972	18,579	38,424
Sep-14	133,416	84,545	48,871	26,300	57,256
Dec-14	182, 621	114,279	68,343	35,250	82,845
Mar-15	41,591	34,285	17,507	9,827	24,520
Jun-15	102,827	70,679	32,149	21,546	48,412
Sep-15	152,095	103,190	48,905	29,122	73,740
Dec-15	202,057	140,524	61,533	38,236	101,762
Mar-16	58,167	41,647	16,520	13,661	27,650
Jun-16	147,906	106,633	41,273	29,658	71,612
Sep-16	209,286	151,353	57,933	48,691	106,127
Dec-16	255,629	184,101	71,527	57,474	128,887

Table 12.12: Selected Profitability Indicators for Banks

Period	Interest Margin (%)	Efficiency Ratio (%)	Return on Equity (%)	Return on Assets (%)
Mar-13	15.6	37.6	46.8	6.2
Jun-13	16.2	37.8	39.6	5.2
Sep-13	15.9	38	43.8	5.7
Dec-13	15.5	39.6	39.8	5.1
Mar-14	17	43.9	31.9	4.5
Jun-14	15.9	43.2	33.5	4.9
Sep-14	15.9	42.9	31.4	4.7
Dec-14	15.2	45.4	26.8	4.0
Mar-15	12.6	49.1	17.3	2.9
Jun-15	16.1	47.1	26.2	4.4
Sep-15	15.5	48.5	24.6	4.0
Dec-15	15.1	50.4	20.1	3.2
Mar-16	13.3	47.5	20.4	3
Jun-16	18	48.4	31.1	4.6
Sep-16	15.7	50.7	21.7	3.2
Dec-16	14.2	50.4	20.4	3.0

Table 12.13: Liquidity for Banks

Period	Liquid Assets to Total Deposits and Short Term Liabilities	Liquid Assets to Total Deposits	Rate Sensitive Assets/Rate Sensitive Liabilities
	(%)	(%)	(%)
Mar-13	48.9	52	100.6
Jun-13	48.6	50.8	101.7
Sep-13	58.1	59.7	103.3
Dec-13	59.1	61.2	98.7
Mar-14	57.1	59.4	94.2
Jun-14	57.6	61	100.8
Sep-14	58.4	60.8	100.7
Dec-14	63.8	66.7	91.0
Mar-15	47.1	48.6	96.7
Jun-15	63.6	66.4	100.1
Sep-15	61.8	64.3	96.7
Dec-15	59	63.4	94.9
Mar-16	59.7	64.6	96.3
Jun-16	66.1	71.3	96.5
Sep-16	87.3	95.5	98.9
Dec-16	72.3	78.5	100.3

Table 12.14: Shareholding Structure of Banks

Banking Institution	Shareholder	Percentage Held
CDH Investment Bank Limited	CDH Holdings Limited	74
	Investment Alliance Limited	13
	Kesaart Capital Limited	8
	Unity Investment	3
	Savanna Investment Limited	2
Ecobank Malawi Limited	Ecobank Transnational Incorporated Limited	96
	Loita Capital Partners International	4
FDH Bank Malawi Limited	FDH Financial Holdings Limited	100
First Discount House Limited	FDH Financial Holdings Limited	100
First Merchant Bank Limited	Magni holdings Limited	32.8
	Prime Capital Holdings Limited	11.24
	Prime Bank Limited (Kenya)	11.24
	N G Anadkat Limited	7.15
	Anadkat Hitesh N	4.57
	First Names Trust Company (Isle Of Man) Limited	17.64
	Other (Public)	15.36
Leasing & Finance Limited	First Merchant Bank	100
National Bank of Malawi	Press Corporation Ltd	51.5
	Old Mutual	24.9
	General Public	21.8
	Employee Share Ownership Scheme	1.8
NBS Bank Limited	NICO Holdings Limited	50.1
	General Public	26.6
	National Investment Trust Limited	5.2
	International Finance Company	18.1
Nedbank Malawi Limited	Nedgroup Investments Africa	98.53
	Nedbank Group Ltd	1.47
New Finance Bank Limited	Finance Holdings Corporation	49
	Finsbury Investments Limited	36
	Finance Bank Zambia Limited	15
Opportunity Bank of Malawi Limited	Opportunity Transformation Investment (USA) (OTI)	75.43
	Opportunity Microfinance Investment	22.17
	Opportunity International Canada	2.40
Standard Bank of Malawi Limited	Stanbic Africa Holdings Limited	60.2
	NICO Holdings Limited	20.0
	Old Mutual Life Assurance	4.7
	Press Trust	2.3
	Standard Bank Pension Fund	2.1
	General Public	10.7

Table 12.15: Gross Premium Written for General Insurers (MK million)

Class of business	2012	2013	2014	2015	2016
Fire	1,999.2	2,251.7	3,125.8	3,946.6	6,157.8
Motor	7,380.6	12,347.9	16,625.1	18,980.2	21,509.9
Personal Accident	1,178.7	1,780.4	2,314.4	2,488.3	4,010.6
Miscellaneous	2,324.5	3,800.7	4,383.8	4,776.9	3,834.7
Total	12,883.0	20,180.7	26,449.1	30,192.0	35,513.1

Table 12.16: Gross Premium Written vs. Net Premium Written for General Insurers (MK million)

Item	2012	2013	2014	2015	2016
Gross Premium Written	12,883.0	20,180.7	26,449.1	30,192.0	35,513.1
Reinsurance Premium Ceded	4,152.6	5,454.1	6,386.5	6,526.8	8,811.2
Net Premium Written	8,730.4	14,726.6	20,062.7	23,665.1	26,701.9
Retention Ratio	67.8%	73.3%	75.9%	78.4%	75.2%

Table 12.17: Reinsurance Premium Ceded by class of Business (MK million)

Class of insurance	2012	2013	2014	2015	2016
Fire	1,415.5	1,828.2	2,296.1	2,777.8	4,029.4
Motor	851.8	1,106.0	1,664.8	1,280.7	1,390.4
Personal Accident	449.4	601.9	697.8	762.1	1,262.0
Miscellaneous	1,436.0	1,918.0	1,727.8	1,706.3	2,129.4
Total	4,152.6	5,454.1	6,386.5	6,526.8	8,811.2

Table 12.18: Net Premium written General Insurers by Class of Business (MK million)

Class of insurance	2012	2013	2014	2015	2016
Fire	583.7	423.5	829.7	1,168.8	2,128.4
Motor	6,528.8	11,241.8	14,960.3	17,699.5	20,119.5
Personal Accident	729.3	1,178.6	1,616.6	1,726.2	2,748.6
Miscellaneous	888.6	1,882.7	2,656.0	3,070.6	1,705.4
Total	8,730.4	14,726.6	20,062.7	23,665.1	26,701.9

Table 12.19: Retention Ratio General Insurers by Class of Business

Class of insurance	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)
Fire	29.2	18.8	26.5	29.6	34.6
Motor	88.5	91.0	90.0	93.3	93.5
Personal Accident	61.9	66.2	69.8	69.4	68.5
Miscellaneous	38.2	49.5	60.6	64.3	44.5
Overall Retention	67.8	73.0	75.9	78.4	75.2

Table 12.20: Earned Premiums by General Insurers by Class of Business (MK million)

Class of insurance	2012	2013	2014	2015	2016
Fire	442.8	380.8	565.2	849.0	2,288.2
Motor	6,107.1	9,715.8	14,340.9	17,255.3	18,980.7
Personal Accident	713.5	1,044.2	1,479.8	1,574.9	2,587.7
Miscellaneous	845.0	1,795.2	2,518.1	3,106.3	1,689.8
Total	8,108.3	12,936.1	18,904.0	22,785.5	25,546.5

Table 12.21: Gross Claims Incurred for General Insurers by Class of Business (MK million)

Class of insurance	2012	2013	2014	2015	2016
Fire	1,060.4	1,230.7	1,382.9	1,724.3	4,200.3
Motor	4,842.3	7,728.9	10,572.8	13,087.3	13,509.8
Personal Accident	456.3	868.6	1,269.5	1,738.1	2,029.9
Miscellaneous	454.2	677.6	937.1	1,676.2	1,549.3
Total	6,813.2	10,508.8	14,162.4	18,225.8	21,289.3

Table 12.22: Net Claims Incurred by General Insurers by Class of Business (MK million)

Class of insurance	2012	2013	2014	2015	2016
Fire	124.7	350.3	598.2	445.8	531.4
Motor	4,218.5	6,619.5	9,100.1	11,330.6	12,515.3
Personal Accident	366.8	624.9	979.5	895.5	1,174.2
Miscellaneous	337.7	473.1	627.9	1,100.7	907.1
Total	5,047.6	8,067.8	11,305.7	13,772.6	15,128.0

Table 12.23: Claims Ratio for General Insurers by Class of Business

Class of insurance	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)
Fire	28.2	92.0	105.8	52.5	23.2
Motor	69.1	68.1	63.5	65.7	65.9
Personal Accident	51.4	59.8	66.2	56.9	45.4
Miscellaneous	40.0	26.4	24.9	35.4	53.7
Overall	62.3	62.5	59.8	60.4	59.2

Table 12.24: Claims Experience for General Insurers (MK million)

Item	2012	2013	2014	2015	2016
Gross Claims Incurred	6,813.2	10,505.8	14,162.4	18,225.8	21,289.3
Net Claims Incurred	5,047.6	8,067.8	11,305.7	13,772.6	15,128.0
Recoveries on Reinsurance	1,765.6	2,438.0	2,856.7	4,453.2	6,161.3
Claims Paid	6,616.2	8,801.6	12,683.9	16,047.6	19,840.5
Outstanding Claims	2,258.2	3,241.2	4,332.7	6,450.5	7,392.3
Claims Ratio	62.3%	62.4%	59.8%	60.4%	59.2%

Table 12.25: Operating Results for General Insurers (MK million)

Item	2012	2013	2014	2015	2016
Underwriting Results	2,666.8	4,223.5	6,533.9	7,679.7	9,128.8
Net Investment & Other Income	2,053.2	3,539.3	2,963.2	3,096.7	3,937.6
Management Expenses	2,709.0	3,654.8	5,150.3	6,360.1	9,026.9
Other Expenses	109.7	52.5	65.9	12.3	88.1
Pre-tax Profit	1,901.3	4,055.6	4,280.9	4,404.1	3,951.5
Taxation	430.9	897.5	1,188.8	1,371.0	1,351.5
Profit for the year	1,470.4	3,158.1	3,092.1	3,033.1	2,600.0

Table 12.26: Underwriting and Operating Ratios for General Insurers

Item	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)
Underwriting Ratio	32.9	32.6	34.6	33.7	35.7
Combined Ratio	113.1	104.7	100.6	100.6	107.4
Management Ratio	33.4	28.3	27.2	27.9	35.3

Table 12.27: Underwriting Results for General Insurance by Class of Business (MK million)

Class of insurance	2012	2013	2014	2015	2016
Fire	356.2	63.3	(31.4)	397.6	1,780.3
Motor	1,443.3	2,378.6	4,241.7	4,732.8	5,186.7
Personal Accident	287.8	348.5	363.0	540.3	1,258.9
Miscellaneous	579.6	1,433.2	1,960.6	2,008.9	902.9
Total	2,666.8	4,223.5	6,533.9	7,679.7	9,128.8

Table 12.28: Market Share for General Insurers (MK million)

	Gross Premium		Total Assets	
Insurance company	MK million	%	MK million	%
Charter Insurance Co	1,463.3	4.1	2,517.4	6.6
Corporative General Insurance	193.9	0.5	276.3	0.7
General Alliance Insurance Co	4,041.8	11.4	6,585.5	17.2
NICO General Insurance Co	12,517.5	35.2	13,010.3	33.9
Prime Insurance Co	4,850.6	13.7	2,670.3	7.0
Britam Insurance Co	4,514.0	12.7	5,580.3	14.5
Reunion Insurance Co	2,644.6	7.4	2,569.0	6.7
United General Insurance Co	5,287.4	14.9	5,163.6	13.5
Total	35,513.1	100.0	38,372.6	100.0

Table 12.29: Assets of General Insurers (MK million)

Assets	2012	2013	2014	2015	2016
Fixed Assets	537.9	827.4	937.0	1,828.6	2,593.0
Investment Property	358.4	293.0	414.2	422.7	662.0
Govt. & Other Securities	907.0	2,629.9	4,097.6	4,733.1	5,564.0
Equity Investment	1,137.5	2,097.2	2,647.4	2,947.7	3,22.0.0
Fixed Deposits	3,348.7	5,635.4	6,053.6	6,968.6	7,414.3
Loans & Debentures	436.3	120.9	163.9	646.9	69.3
Insurance Receivables	3,771.8	4,889.4	7,139.1	8,155.4	10,624.3
Cash and Cash Equivalents	309.0	830.8	958.6	906.7	3,915.1
Other Assets	1,397.5	1,582.9	2,734.7	3,238.4	4,310.7
Total Assets	12,204.5	18,907.0	25,145.9	29,847.9	38,372.6

Table 12.30: Liabilities of General Insurers (MK million)

Liabilities	2012	2013	2014	2015	2016
Unearned Premiums	3,359.8	5,021.5	6,180.1	7,055.2	8,155.8
Outstanding Claims	2,832.6	4,202.0	5,705.6	8,692.9	10,219.3
Reinsurance Payables	1431.4	1,288.3	1,684.1	1,565.6	2,014.5
Long Term Liability	14.6	-	-	-	18.0
Provision for Taxation	147.8	473.2	558.4	598.6	700.9
Bank Overdraft	127.3	83.1	72.5	130.0	278.4
Other Liabilities	635.1	922.1	1,461.8	1,735.3	2,621.0
Total Liabilities	8,548.5	11,990.1	15,662.5	19,777.6	24,007.9
Equity/Shareholders' Funds	3,655.9	6,916.9	9,483.5	10,070.3	14,364.7
Total Equity and Liabilities	12,204.5	18,907.0	25,145.9	29,847.9	38,372.6

Table 12.31: Industry Solvency Ratio

	2012	2013	2014	2015	2016
Solvency Ratio	24.3%	30.4%	31.5%	25.1%	32.7%

Table 12.32: Assets for Life Insurers (MK million)

Asset Item	2010	2011	2012	2013	2014	2015	2016
Fixed Assets	3,294.8	1,452.8	2,137.8	2,285.4	2,815.3	2,384.7	1,850.1
Shares	32,190.4	36,764.8	40,520.1	97,096.3	119,349.6	131,987.6	128,020.3
Fixed deposits	7,016.2	11,656.7	20,776.2	32,805.5	45,427.6	35,444.3	29,752.0
Securities	9,307.5	8,980.5	12,296.3	20,054.3	31,381.2	71,384.7	97,118.4
Real Estate	3,409.0	4,233.1	6,515.6	7,625.4	9,456.1	10,339.4	11,553.1
Cash and Bank Balances	1,943.1	792.3	670.0	809.1	(47.4)	4,083.3	4425.2
Debtors	3,592.1	1,208.3	1,877.3	2,727.3	4,147.4	3,146.5	8992.0
Other assets	386.1	3,711.1	4,658.3	7,112.6	10,788.2	17,315.9	59,943.7
Total Assets	61,139.2	68,799.6	89,451.6	170,515.9	223,318.0	276,086.1	332,672.6

Table 12.33: Premium Distribution for Life Insurers (MK million)

Item	2010	2011	2012	2013	2014	2015	2016
Life Insurance Premiums	2,622.4	2,935.2	5,123.2	7,276.5	9,380.0	18,618.8	19,281.5
Premium Ceded	223.2	266.6	465.5	698.4	686.0	1,322.7	1,081.0
Net Premium	2,399.2	2,668.6	4,657.7	6,578.1	8,694.0	17,296.1	18,200.5
Retention Ratio	91.5%	90.9%	90.9%	90.4%	92.7%	92.9%	94.0%
Premium Ceded Ratio	8.5%	9.1%	9.1%	9.6%	7.3%	7.1%	6.0%

Table 12.34: New Individual Life Insurance Policies Underwritten

Item	2010	2011	2012	2013	2014	2015	2016
No. of Policies	7,547	7,748.7	5,885	9,370	10,044	13,565	13,819
Sum Insured (MK Million)	3,546.2	3,110.7	5,278.2	8,552.9	14,422.6	20,487.5	22,246.2
Annual Premium (MK million)	447.7	366.1	635.2	932.6	1,424.90	2,197.8	5,363.5

Table 12.35: New Group Life Insurance Policies Underwritten

Item	2010	2011	2012	2013	2014	2015	2016
No of Policies	66	371	490	242	193	108	155
Sum Insured (MK million)	1,922.7	2,223.3	792.60	6775.6	4,147.4	1,458.0	4,546.4
Annual Premium (MK million)	343.1	1,379.3	81.4	292.2	168.7	4,205.00	3,526

Table 12.36: Life Insurance Policies Terminated by Surrender

	2010	2011	2012	2013	2014	2015	2016
No of Policies	469	579	610	3,282	1,117	820	953
Sum Insured (MK million)	110.60	83.90	293.20	790.90	1,065.00	549.2	1.018
Annual Premium (MK million)	11.2	6.85	28.8	163.9	100.8	65.6	105.5

Table 12.37: Group Life Insurance Policies Terminated by Surrender

	2010	2011	2012	2013	2014	2015	2016
No of Policies	9	3	3	1	8	10	26
Sum Insured (MK million)	1,304.0	3.70	154.0	3.70	4,520.9	1,465.0	1,136.8
Annual Premium (MK million)	28.1	7.24	2.6	342.4	66.59	15.2	150.1

Table 12.38: Life Insurance Policies Terminated by Lapse

	2010	2011	2012	2013	2014	2015	2016
No of Policies	1,064	1,639.0	1,029	2,273	1,786	2,787	3,336
Sum Insured (MK million)	299.8	443.6	725.5	2,351.0	359.4	1,500.3	2,041.4
Annual Premium (MK million)	5.9	37.1	83.6	602.5	134.7	141.7	223.4

Table 12.39: Group Life Insurance Policies Terminated by Lapse

	2010	2011	2012	2013	2014	2015	2016
No of Policies	2.3	2	0	3	2	0	0
Sum Insured (MK million)	3.70	3.7	0	27.40	482.26	0	0
Annual Premium (MK million)	2.3	2.3	0	34.2	6.9	0	0

Table 12.40: Assets of Pension Funds

	2011	2012	2013	2014	2015	2016
Assets (MK billion)	74.8	101.7	170.75	247.5	312.2	380.8
Growth (%)		36.0	67.9	44.9	26.1	22.0

Table 12.41: National Pension Scheme Membership

	2011	2012	2013	2014	2015	2016
Members	102,505	156,936	191, 256	201,405	217,081	238,656
Growth (%)		53.1	21.9	5.3	7.8	9.9

Table 12.42: Distribution of Assets for Pension Funds

Asset Category	Amount MK billion	Share (%)
Listed Equities	117.1	32.1
Unlisted Equities	29.1	8.0
Fixed deposits	38.8	10.6
Government securities	117.8	32.2
Property	29.3	8.0
Other	33.3	9.1
Total	365.40	100.0

Table 12.43: Annual Pension Contributions

	2011	2012	2013	2014	2015	2016
Pension Contributions (MK billion)	8.6	15.6	23.9	30.6	40.7	48.5
Growth (%)		81.4	53.2	28.0	34.0	18.3

Table 12.44: Selected Stock Market Statistics

	2011	2012	2013	2014	2015
MASI (points)	5,369.4	6,015.5	12,531.0	14,886.1	14,562.5
DSI (points)	4,238.4	4,725.5	9,850.2	11,720.4	11,462.9
FSI (points)	535.4	854.7	1,709.3	1,759.6	1,762.1
Market Capitalisation (MK billion)	2,681.0	3,562.2	7,179.9	7,489.0	7,522.1
Market Capitalisation (US$ billion)	16.4	10.6	16.6	15.7	11.3
Number of transactions	1,425	1,041	1,261	1,673	1,220
Volume traded (million)	1,590.0	667.2	4,409.2	1,724.3	2,355.3
Value traded (MK million)	7,062.7	3,973.4	13,331.0	10,865.2	48,592.1
Value traded (US$ million)	53.4	16.2	34.6	26.7	101.9

Table 12.45: Liabilities for Non Deposit Taking Microfinance (MK million)

Period	Overdrafts	Shareholder's Loans	Due to Other Banks/FI	Other Long Term Liabilities	Other Short Term Liabilities	Capital and Reserves	Total Capital and Liabilities
Sep-11	755.4	3,824.4	1,176.4	603.9	1,470.7	5,009.8	12,840.6
Dec-11	1,599.0	3,452.8	1,059.2	858.1	2,034.3	4,932.2	13,935.5
Mar-12	847.8	1,269.1	944.7	906.2	2,662.0	2,202.2	8,832.0
Jun-12	572.7	1,087.5	1,661.7	1,277.5	2,865.5	2,209.2	9,674.1
Sep-12	1,046.8	864.5	1,722.6	1,432.5	2,853.1	1,955.3	9,874.7
Dec-12	1,216.1	2,211.1	2,087.6	1,480.5	1,366.5	2,428.6	10,790.5
Mar-13	1,611.6	2,080.2	2,203.7	1,944.8	1,813.8	2,262.8	11,916.9
Jun-13	1,108.6	1,590.3	792.6	1,526.1	1,406.3	3,669.4	10,093.3
Sep-13	1,255.7	1,603.8	1,091.6	1,881.8	1,599.9	3,300.1	10,733.0
Dec-13	1,161.3	1,193.2	1,435.4	2,106.5	1,925.6	3,827.3	11,649.4
Mar-14	1,238.7	1,817.2	1,957.5	2,126.6	891.7	4,011.0	13,136.9
Jun-14	1,366.5	1,682.5	2,590.6	2,171.4	1,029.1	4,354.0	14,286.3
Sep-14	1,933.4	2,107.8	2,469.7	2,308.6	1,013.8	5,102.2	16,053.1
Dec-14	2,086.0	1,262.3	2,921.5	2,386.1	2,546.5	6,628.3	17,830.6
Mar-15	3,209.3	1,388.7	2,298.0	2,532.6	3,271.7	12,455.2	25,155.5
Jun-15	3,243.3	1,851.0	1,697.1	2,480.9	3,598.8	10,072.2	22,943.1
Sep-15	1,590.1	2,013.8	470.6	6,373.8	3,849.7	10,727.6	25,025.7
Dec-15	835.5	2,318.7	3,420.7	7,335.1	5,258.2	11,292.3	30,460.5
Mar-16	1,863.4	2,878.9	964.2	3,028.1	4,608.9	8,101.3	21,444.9
Jun-16	2,388.5	821.1	267.5	3,458.4	5,238.2	8,839.8	21,013.6
Sep-16	1,783.5	1,371.6	537.5	3,001.8	5,481.2	8,870.8	21,046.4
Dec-16	0.2	3,975.5	457.9	3,159.2	4,413.6	9,378.0	23,190.1

Table 12.46: Assets for Non Deposit Taking Microfinance Institutions (MK million)

Period	Cash	Securities and Investments	Net Loans	Non- Current Assets	Other Assets	Total Assets
Sep-11	0-Jan	1,357.90	8,478.10		3,004.60	12,840.60
Dec-11		1,360.60	10,291.60		2,283.30	13,935.50
Mar-12		105.8	5,051.30		3,674.90	8,832.00
Jun-12		306.8	5,442.10		3,925.20	9,674.10
Sep-12		200.8	6,046.90		3,627.00	9,874.70
Dec-12		109.9	6,575.20		4,105.40	10,790.50
Mar-13		361.2	7,423.20		4,132.50	11,916.90
Jun-13		251.2	4,477.10		5,365.00	10,093.30
Sep-13		206	5,074.60		5,452.40	10,733.00
Dec-13		214.7	5,512.40		5,922.30	11,649.40
Mar-14		301.4	7,696.40		424.9	8,422.70
Jun-14		574.8	7,986.30		450.3	9,011.40
Sep-14		887.3	8,290.40		607.5	9,785.20
Dec-14		963.9	12,572.90		4,293.90	17,830.70
Mar-15	2,899.7	2,422.9	11,890.2	1,255.8	6,687.0	25,155.5
Jun-15	2,412.4	4,464.4	10,096.8	1,253.6	4,715.9	22,943.1
Sep-15	1,789.6	1,473.7	15,149.2	1,415.3	5,197.9	25,025.7
Dec-15	4,674.4	665.7	16,418.5	1,496.9	7,205.0	30,460.5
Mar-16	4,374.6	1,197.4	10,001.6	1,245.5	4,623.2	21,442.4
Jun-16	3,254.1	1,410.3	11,238.4	1,359.9	3,752.4	21,015.2
Sep-16	1,973.0	2,428.6	15,682.8	2,575.3	3,562.1	26,221.9
Dec-16	3,432.5	1,638.2	12,674.1	1,756.5	3,688.7	23,190.1

Table 12.47: Assets for Deposit Taking Microfinance (MK Million)

Period	Deposits	Total Borrowed funds	Liabilities to other Financial Institutions	other liabilities	Capital and Reserves	Total Capital and Liabilities
Mar-16	462.5	5,193.2	0.0	1,580.7	2,312.7	9,549.0
Jun-16	1,059.2	4,634.5	0.0	1,740.6	2,403.7	9,838.0
Sep-16	1,036.5	5,591.0	0.0	1,809.7	2,408.2	10,845.5
Dec-16	1,953.2	6,196.6	0.0	1,712.1	2,258.5	12,120.4

Table 12.48: Liabilities for Deposit Taking Microfinance (MK Million)

Period	Deposits	Total Borrowed funds	Liabilities to other Financial Institutions	Other Liabilities	Capital and Reserves	Total Capital and Liabilities
Mar-16	462.5	5,193.2	0.0	1,580.7	2,312.7	9,549.0
Jun-16	1,059.2	4,634.5	0.0	1,740.6	2,403.7	9,838.0
Sep-16	1,036.5	5,591.0	0.0	1,809.7	2,408.2	10,845.5
Dec-16	1,953.2	6,196.6	0.0	1,712.1	2,258.5	12,120.4

Table 12.49: Deposits held by Deposit Taking Microfinance (MK Million)

Period	Demand Deposits	Savings Deposits	Time Deposits	Non-Current Assets	Collateral Deposits	Total Deposits
Mar-16	217.7	-	-	-	244.8	462.5
Jun-16	904.0	-	-	-	155.2	1,059.2
Sep-16	-	79.0	833.4	-	124.1	1,036.5
Dec-16	-	107.3	1,738.7	-	107.2	1,953.2

Table 12.50: Selected Income and Expenses for Deposit Taking Microfinance (MK million)

Period	Total Gross income	Interest Income	Non-Interest Income	Interest Expense	Non-Interest Expense	Donations	Net income
Mar-16	1,281.4	1092.0	130.9	393.1	881.2	58.5	7.1
Jun-16	2,651.6	2,353.1	144.7	829.9	1,713.3	153.8	108.4
Sep-16	4,089.0	3,746.1	138.2	1,306.9	2,565.0	204.6	217.1
Dec-16	5,577.2	5,200.0	110.2	1,832.3	3,518.5	267.0	226.4

Table 12.51: Assets for Financial Cooperatives (MK million)

Period	Cash and Bank Balances	Securities and Investments	Total Loans and Advances	Other Assets	Total Assets
Dec-12	268.4	221.3	2,553.9	515.5	3,559.1
Dec-13	293.5	447.4	2,689.1	839.4	4,269.4
Dec-14	469.9	422.5	3,210.2	822.5	4,925.1
Mar-15	464.6	541.5	3,220.4	950.0	5,176.5
Jun-15	391.6	574.9	3,568.9	1,101.8	5,637.2
Sep-15	434.8	804.5	4,075.1	1,033.0	6,347.4
Dec-15	573.6	940.1	4,898.0	1,212.1	7,623.8
Mar-16	350.8	742.6	4,190.4	1,275.1	6,558.9
Jun-16	585.3	1,041.0	4,843.1	1,180.7	7,650.1
Sep-16	595.7	1,105.7	5,334.7	1,583.2	8,619.3
Dec-16	702.8	1,158.7	6,420.3	1,716.9	9,998.7

Table 12.52: Liabilities for Financial Cooperatives (MK million)

Period	Deposits and Member Shares	Liabilities to Financial Institutions	Other Liabilities	Total Capital	Total Capital and Liabilities
Dec-12	2,455.5	427.9	234.9	440.8	3,559.1
Dec-13	3,683.2	647.5	22.1	(83.4)	4,269.4
Dec-14	4,170.4	395.9	104.2	254.6	4,925.1
Mar-15	3,977.0	421.3	285.3	492.9	5,176.5
Jun-15	4,301.3	357.3	231.6	747.0	5,637.2
Sep-15	4,794.5	331.2	258.4	963.3	6,347.4
Dec-15	5,647.2	526.6	203.4	1,246.6	7,623.8
Mar-16	4,684.8	138.0	205.1	1,531.0	6,558.9
Jun-16	5,733.3	205.3	98.3	1,613.2	7,650.1
Sep-16	6,316.2	370.0	238.5	1,694.6	8,619.3
Dec-16	7,165.9	262.2	302.8	2,267.8	9,998.7

Table 12.53: Income and Expenses for Financial Cooperatives (MK million)

Period	Total Gross income	Interest Income	Non-Interest Income	Interest Expense	Operating expense	Net Income
Dec-12	924.0	775.7	148.3	99.7	817.6	6.7
Dec-13	1,145.6	927.7	217.9	78.0	901.3	166.3
Dec-14	1,545.8	1,214.6	331.2	96.5	1,188.2	261.1
Dec-15	2,119.5	2,063.7	55.8	104.1	1,521.0	494.4
Mar-16	509.7	492.9	16.8	20.9	370.0	118.8
Jun-16	1,098.2	1,081.3	16.9	27.6	763.0	307.6
Sep-16	1,834.8	1,758.1	76.7	84.9	1,127.9	622.0
Dec-16	2,742.8	2,604.4	138.4	94.9	1,839.9	808.0

Table 12.54: Deposits Held by Financial Cooperatives (MK million)

Period	Savings Account Deposits	Redeemable Share Deposits	Total Deposits
Dec-12	337.4	2,118.1	2,455.5
Dec-13	379.9	3,303.3	3,683.2
Dec-14	466.7	3,703.7	4,170.4
Dec-15	658.6	4,988.6	5,647.2
Mar-16	423.3	4,261.5	4,684.8
Jun-16	445.6	5,287.7	5,733.3
Sep-16	539.7	5,776.5	6,316.2
Dec-16	690.7	6,475.2	7,165.9