

REGISTRAR OF FINANCIAL INSTITUTIONS

FINANCIAL INSTITUTIONS SUPERVISION

ANNUAL REPORT
2017

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REGISTRAR'S FOREWORD



A sound, stable and developed financial system is key for the transmission and effectiveness of monetary policy and also for the development of an economy. In view of this, and in accordance with the Financial Services Act 2010, the Registrar of Financial Institution undertakes prudential supervision of the financial sector to ensure that the interests of the general public are safeguarded at all times. This report presents a summary of the key supervisory activities conducted by the office of the Registrar of Financial Institutions in 2017. In addition, the report reviews the performance of the financial system and risks to financial system stability that prevailed during the year. The report also outlines the reforms to the legal and regulatory framework undertaken during the year. These reforms were aimed at enhancing the potential of the sector in contributing to the overall economic development of the country.

The year 2017 was favourable to the financial sector as it operated in a stable and resilient domestic macroeconomic environment. Government and the Bank succeeded in bringing down inflation to a single digit. The process was supported by favourable agriculture production in the year and a stable exchange rate. Inflation declined from 18.2 percent in January 2017 to 7.1 percent in December 2017. This was the first time that inflation reached a single digit since 2011. The decline in inflation created scope for monetary authorities to reduce interest rate from 24 percent in December 2016 to 16 percent in December 2017. Consequently, commercial banks' interest rates were broadly reduced from the average base lending rate of 33.60 in January 2017 to 26.90 percent in December 2017. Although the decline was partially passed on to the real sector, due to other structural constraints, it created confidence in the market. Real GDP registered a robust growth of 5.1 percent in 2017 from a subdued growth of 2.7 percent in 2016, largely due to recovery in the agricultural sector. The pickup in agricultural activity buoyed growth in other sectors including the financial sector. The operations of the financial institutions were also sustained by adequate international reserves which closed the year at all-time peak of US$1,176.0 million, equivalent to 5.6 months of imports. Of this amount, private sector held US$414.0 million. This level of reserves, which was the highest in recent years, coupled with tight liquidity conditions and improving confidence in the economy saw the kwacha remaining broadly stable throughout the year.

Given a relatively stable macroeconomic outturn, the overall financial system also remained sound and stable during 2017. Banks were well capitalized, adequately liquid and profitable, with improved asset quality. To ensure continued soundness and stability of the banking system, three banks were advised to recapitalize during the year. They obliged by offering a rights issue, consolidation

and capital injections through increased shareholding. Recognizing the fact that the financial system is pivotal to promoting economic growth, a number of initiatives were undertaken in the year to promote financial inclusion and facilitate inclusive growth. For instance, a gazette notice that prohibits banks from charging account maintenance fees on savings accounts and ordinary current accounts was issued. This move was aimed at addressing cost barriers to financial inclusion, particularly, among the low-income segments of the population. This initiative is also aimed at improving real returns on deposits and channel resources from surplus to deficit areas. Furthermore, the Islamic Banking Guidelines, which provide approval and operational requirements for banks desirous to offer Sharia compliant banking services, were also issued.

There was also a remarkable improvement in the performance of the Malawi Stock Exchange during the year, both in activity and index. This saw most of the funds from the financial institutions being shifted into listed equity and supporting growth of these sectors. For instance, the pension sector registered significant growth during the year registering a positive return of 62.1 percent compared to negative return of 8.5 percent in 2016. Similarly, the insurance sector benefited from the positive performance of the stock market in addition to registering growth in underwriting income. During the year under review, the insurance sector had fairly adequate capital and liquidity while asset quality slightly improved. In order to build capacity and resilience of the local insurance industry, the minimum capital requirements for insurance and reinsurance companies were also revised upwards in August 2017. This action was undertaken to ensure that the country has sound and resilient insurers, capable of underwriting complex risks arising from within the country. This would also help in reducing unnecessary externalization of insurance business to foreign markets.

In a bid to improve access to the long term development finance, policy discussions with life insurers and pension funds were initiated on the need to invest in public infrastructure projects with a view to contribute to economic development of the country. The Registrar remains committed to work with all other stakeholders to ensure that such avenues are fully exploited in a properly regulated environment that would be conducive to such initiatives.

The Malawian financial landscape is rapidly changing in response to emerging domestic and global developments. Going forward, the Registrar will continue to monitor these developments and ensure that risks are timely and adequately mitigated. In particular, the Registrar will continue to diligently execute its mandate of proactively maintaining a stable and robust financial system through a number of activities, such as on-site examinations and off-site surveillance of the regulated institutions; and coordinating activities that will ensure that relevant laws and directives are reviewed, legislated and issued.

In a quest to contribute to accelerating economic growth of the country, the Registrar will continue to undertake measures that will deepen the financial markets. Such measures, among others, include; initiatives aimed at attracting new investments in banks and stock exchange, facilitating full scope operationalisation of the Financial Hub, increasing the number of interbank transactions, introduction of the Master Repurchase Agreements, and modernizing the financial infrastructure. The Registrar appreciates the cooperation from the financial institutions during the previous year and will continue working with government, financial institutions and all other stakeholders to ensure that a sound and stable financial system prevails.

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REGISTRAR OF FINANCIAL INSTITUTIONS

EXECUTIVE SUMMARY

The Malawian financial sector operated in a rather benign global and domestic environment. The sector performed well as all institutions were generally sound and stable during 2017. The banking sector remained healthy, well capitalized, adequately liquid and profitable, with improved asset quality. To ensure continued soundness and stability of the banking system, three banks were recapitalized during the year, with one of them being acquired by a reputable bank. The banking sector continued to grow with total assets notably increasing by 26.8 percent to MK1, 572.3 billion. However, financial intermediation stagnated during the year despite favourable macroeconomic environment as characterised by significant reductions in interest rates. As at the end of 2017, total credit to the private sector rose to K422.1 billion from K417.7 billion in 2016. This development was due to a number of factors including weak demand for credit and cautious credit policies by the commercial banks. Consequently, the bulk of the assets were channeled to money market securities which increased markedly despite the fact that the rates were declining. This notwithstanding, credit allocation was concentrated to the agriculture sector and to wholesale and retail trade sectors. While credit to wholesale and retail remained at 24 percent, credit to the agricultural sector grew from 19.6 percent in 2016 to 23.2 percent in 2017, reflecting the good agricultural season and prospects for value addition in the sector.

The general insurance sector registered significant growth in both premiums and total assets, albeit at a slightly slower pace compared to 2016. Total assets of this sector grew by 12.9 percent to K43.0 billion, while earned premium income grew by 17.8 percent to K29.9 billion at the end of 2017, respectively. However, the sector's solvency ratio declined to 20.1 percent in 2017 from 24.3 percent in 2016 against the minimum regulatory requirement of 20.0 percent. The solvency margin was mainly affected by the introduction of a new directive on minimum capital and solvency requirements for general insurance companies in August 2017. Nonetheless, corrective action was undertaken to ensure that the appropriate solvency margin is restored. In the life insurance sub sector, performance was satisfactory during 2017 as it registered growth in gross premiums written and improvement in profitability. Gross premium written increased by 20.9 percent to K23.4 billion as at December 2017. The sector's profitability improved as profit after tax increased by 26.1 percent to K11.6 billion, on the back of high investment returns on shareholders' funds and underwriting income. The Registrar also carried out on-site examinations of four general insurance companies and eight insurance brokers in 2017. Most of these institutions were rated fair except for a few that did not fully meet minimum capital and solvency requirements.

The pension sector has been steadily growing over the recent years, following the introduction of the pension law. Both contributions and assets of life insurance significantly grew on account of increasing membership to the scheme. The sector's assets registered a significant growth of 39.8

percent to K532.2 billion in 2017, compared to 22.0 percent growth in 2016. Investment income also increased during the reviewed year, largely on account of the positive performance of the stock market. The Registrar conducted six onsite examinations for pension funds during the year under review and the rating was generally fair.

The Malawi Stock Exchange, which had been passive in recent years, was active in 2017 as evidenced by the listing of additional shares and increased trading activity. The Malawi All Share Index registered a significant improvement from a negative return of 8.5 percent in 2016 to a positive return on index of 62.1 percent in 2017. The increase in share prices across all counters coupled with the listing of additional shares resulted in growth of market capitalization by 24.6 percent to K10.6 trillion in 2017. The improvement in the Malawi Stock Exchange performance created an additional investment avenue. Within the financial sector, a bulk of resources were channeled to the equity market. For instance, the insurance and pension sectors sector invested K208.6 billion and K175.5 billion in listed equity as at December 2017 compared to K119.2 billion and K116.5 percent as at end December 2016, respectively.

Overall, the microfinance industry performed well during the year 2017, as aggregate assets for the whole industry including those of microfinance credit agencies, deposit taking and non-deposit taking microfinance institutions increased to K37.5 billion from K35.4 billion in 2016. Individually, the performance was mixed. While the performance of depositing taking microfinance institutions and credit agencies improved, that of non-deposit taking microfinance agencies was not satisfactory. As at December 2017, the total number of registered microfinance institutions stood at forty-five; comprising thirty five microcredit agencies, nine non-deposit taking Institutions and one deposit taking institution. The Registrar further carried out four full scope on-site examinations and four monitoring exercises on this sector. Further, eight full scope onsite examinations and six monitoring exercises on SACCOs, were conducted during the year.

In addition, the Registrar carried other supervisory activities on financial institutions. For instance, carried out market conduct examinations of diverse categories of financial institutions. Furthermore, conducted seven mystery surveillances on banks, insurance, microfinance and capital market institutions. The Registrar also conducted compliance inspection of banks on implementation of various directives such as those which prohibit banks from charging account maintenance fees on savings and ordinary current accounts. The Registrar also introduced Anti-Money Laundering/ Combating Financing of Terrorism (AML/CFT) semi-annual offsite returns to the banking sector for submission of data during 2017. As such, the Registrar further conducted Money Laundering/ Terrorist Financing (ML/TF) risk assessment on banking institutions aimed at determining the overall risk profile of the institutions. The Registrar further conducted full scope AML/CFT on-site examinations on one bank, one insurance entity and one discount house; and ad-hoc examinations on three banking institutions following intelligence reports.

1.0 INTRODUCTION

The Registrar of financial institutions under Financial Services Act 2010 is mandated to supervise financial institutions in Malawi with a view to ensure that the financial system is sound, robust and resilient, capable of protecting the interests of consumers of financial services and maintain public confidence in the country's financial institutions. This annual report is issued in accordance with section 18 of the Financial Services Act 2010 which stipulates that the Registrar shall within six months of the end of each calendar year submit an annual report to the Minister of Finance and a Committee of Parliament responsible for financial matters. This report therefore provides an assessment of how the financial sector performed taking into account risks to financial system stability. In addition, the report presents a summary of the key supervisory activities conducted by the office during the year. Furthermore, the report outlines the reforms that have been undertaken during the year with regard to the legal and regulatory framework.

The global economic outlook improved in 2017, mainly supported by recovery in advanced economies, and strong growth in emerging Asia and developing economies. The growth prospects in part reflected upswing in global investment and trade and also benign global financial conditions. Within the Sub-Saharan African (SSA) region, economic activity was equally strong during the year. This recovery was due to a number of factors including a pick-up in agricultural production due to the easing of drought conditions, more supportive external environment as evidenced by stronger global economic recovery and a rebound in oil production following a pick-up in global oil prices. Nonetheless, growth outturn was negatively impacted by policy and political uncertainty, and low commodity prices which stabilized at relatively low levels.

The domestic macroeconomic environment was resilient and generally favourable to the financial sector during 2017. The Malawi economy recovered in 2017, after two consecutive years of weather-related shocks. Real Gross Domestic Product (GDP) growth rebounded to 5.1 percent in 2017, from a subdued growth of 2.7 percent in 2016. A part from the agricultural sector, expansions in ancillary sectors like construction, wholesale and retail and financial and insurance activities contributed to the growth.

Following sustained disinflation process during the year, with inflation closing the year at 7.1 percent in December 2017, the policy rate was reduced on aggregate by 8 percentage points to 16 percent by December 2017. Consequently, commercial banks' interest rates were broadly reduced from the average base lending rate and average savings rates of 33.60 percent and 9.95 percent in January 2017 to 26.90 percent and 8.8 percent, respectively, in December 2017.

The country had adequate foreign reserves with official foreign reserves closing the year at a peak of US$761.97 million which is equivalent to 3.7 months of imports while the private sector held US$414.0 million. This, coupled with tight liquidity conditions and improved confidence in the economy, saw the kwacha remain broadly stable during the year.

As at end December, 2017, the Malawi kwacha traded at K732.03 per dollar, K869.07 per euro, K979.53 per pound and K59.58 per rand.

The rest of the report is organized as follows: Sections 2 to 9 analyze developments in the following sectors: Banking, Capital Markets, Pension, General Insurance, Life Insurance, Microfinance, Consumer Protection and Anti Money Laundering. Whilst section 10 outlines developments in the legal and regulatory framework.

2.0 THE BANKING SECTOR

2.1 SECTOR OVERVIEW

The Malawi's banking sector's performance was generally satisfactory during 2017, supported by favourable macroeconomic outcomes. Banks were well capitalised, adequately liquid and profitable, with improved asset quality. Assets notably grew during the year, mainly on account of increased investments in securities as income from intermediation grew marginally. Three banks were recapitalised during the year with capital injections of K23.1 billion. A stable and well capitalised banking system is critical for financial system stability and development of the economy.

2.2 STRUCTURE OF THE BANKING SECTOR

As at December 2017, the number of banking institutions decreased to ten[1] from twelve in 2016, following the integration and merger of one commercial bank and one leasing finance company with one of the licensed banks. Commercial banks branch network increased to 90 branches in 2017, compared to 81 branches registered in 2016. The expansion in the number of branches is consistent with the goal of expanding access to finance for the general public.

On the other hand, the number of agencies, kiosks and vans across the country decreased to140 from 193 in 2016 (Appendix table 11.1), limiting the potential of banks in providing services to the unbanked. Of the nine banks, five were domestic private-owned banks accounting for 57.4 percent of total assets compared to 59.7 percent in 2016 (Table 2.1). On the other hand, four were foreign-owned banks with their assets increasing to 43.0 percent in 2017 from 40.3 percent in 2016, following the merger of one of the foreign-owned banks with a domestic-owned bank.

Despite capital injections into the banking systems, with resultant growth in aggregate assets, the distribution of assets remained skewed, as two largest banks accounted for 50.9 percent of the total assets, as at December 2017, slightly lower than 51.5 percent recorded in 2016. Further, these two banks jointly extended 56.2 percent of total loans to the domestic economy, held 51.2 percent of deposits and 58.6 percent of total equity capital during the reviewed year (Appendix Table 11.2).

[1] *This includes one discount house and nine banks.*

Table 2.1: Ownership Structure of Commercial Banks as at December 2017

Bank Ownership	% of total assets					Number of Banks				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
Domestic Private owned	56.7	55.7	56.5	59.7	57.4	5	5	5	5	5
Domestic public owned	9.9	9.2	6.7	0	0	2	2	2	0	0
Foreign owned	33.5	35.1	36.7	40.3	42.6	4	4	5	5	4
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100**	**11**	**11**	**12**	**10**	**9**

Source: Reserve Bank of Malawi

2.3 CHANGES IN ASSETS AND LIABILITIES

Total net assets of the banking sector grew by 26.8 percent to K1,572.3 billion in 2017, up from a growth of 20.0 percent registered in 2016 (Table 2.3). The growth in assets was mainly on account of a significant investment in money market instruments amounting to K495.5 billion in 2017 from K312.8 billion, despite declining rates. Investment in long term papers also increased to K40.3 billion in 2017 from K12.7 billion in 2016, a reflection of improved confidence in the economy. Meanwhile, interbank lending increased markedly from K34.3 billion in 2016 to K50.5 billion in 2017, reflecting improved liquidity conditions as well as improved relationships among banks, thereby minimising recourse to the central bank. Cash and assets due from other banks increased by K38.9 billion to K315.2 billion in 2017. Other uncategorised assets, also expanded by K59.6 billion to K219.2 billion.

Table 2.2: Assets and Liabilities of Banks (K'bn)

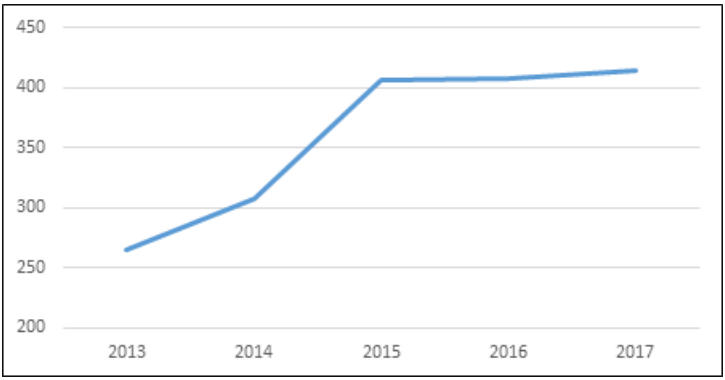
	2013	2014	2015	2016	2017
Type of Assets					
Cash and Due From Other Banks	191.8	241.3	210.6	276.3	315.2
Securities and Investments	**121.2**	**142.4**	**295.6**	**386.1**	**615.8**
of which					
Treasury Bills	59.1	90.9	142.3	190.9	260.6
RBM Day Bills	0	0	6.4	0	0
Money Market Deposits	16.3	7.3	8.7	2.7	25.6
Interbank Loans	1	6	28.2	34.3	50.5
Repurchase Agreements	0	0.8	43.6	100.9	180.5
All other Short Term Investments	5.4	13.3	7.6	18.3	28.8
Local Registered Stocks	17.3	1.1	3.4	3.9	5.6
Government Bonds	0	10.6	23	2.2	21.7
Local Government Bonds	0	0	0	6.6	13
Equity Investments (Malawi Stock Exchange)	6.3	5	4.6	3.2	5.2
Other Securities	15.8	7.4	27.8	23.1	24.3
Total Loans and Leases (net of provisions)	256.6	303.7	397.2	417.7	422.1
Other Assets	83.4	106.7	129.9	159.6	219.2
Total Assets (Net)	**653**	**794.1**	**1033.3**	**1239.7**	**1572.3**
Type of Liabilities					
Deposits	475.7	550.3	705	809.1	995.5
Liabilities to other Banks	16.6	32.3	31.1	20.1	67
Other Liabilities	58.4	68.5	120.4	200.1	253.8
Total Equity Capital	102.3	143	176.8	210.4	256
Total Liabilities	**653**	**794.1**	**1033.3**	**1239**	**1572.3**

Source: Reserve Bank of Malawi

To the contrary, intermediation by banks grew marginally by 1.1 percent to K422.1 billion in 2017 (Figure 2.1). The flat growth in loans was due to a number of factors including weak demand for credit and cautious credit policies. To maintain income margins, commercial banks mainly invested in securities and other investments. Meanwhile, the banking sector continued with preference of lending towards the agricultural sector which increased by K16.0 billion to K97.9 billion. This was followed by lending to the utilities sector which increased to K15.2 billion from K4.6 billion in 2017. On the other hand, lending to wholesale and retail trade sector, manufacturing, transport, storage and communication, and community services decreased, in part due to non performing of loan in these sectors. However, in terms of composition of total loans, wholesale and retail accounted for 24.0 percent of total borrowing, followed by the agriculture

and manufacturing sectors at 23.2 percent and 16.5 percent, respectively as at end-December 2017.

Figure 2.1: Trends in Total Private Sector Credit (K'bn)



Source: Reserve Bank of Malawi

In terms of composition of the assets, securities and investments constituted the highest proportion of total net assets at 39.2 percent, followed by total loans and leases at 26.8 percent of total net assets. Cash and cash due from other banks and other Assets contributed 20.0 percent and 14.0 percent, respectively.

Table 2.3: Sectoral Distribution of loans (K'bn)

Sector	2013	2014	2015	2016	2017
Wholesale and retail trade	56.2	73.2	88.2	101.9	101.3
Agriculture, forestry, fishing and hunting	55.2	59.5	93.7	81.9	97.9
Manufacturing	38.7	47.1	83.8	75.2	69.6
Community, social and personal services	26.4	35.8	41.7	58.5	44.3
Other sectors	12.3	16.1	26.6	23.8	32.5
Transport, storage and communications	30.0	30.1	20.7	28.8	16.9
Financial services	14.4	10.9	8.7	14.2	16.9
Electricity, gas, water and energy	1.5	5.5	4.4	4.6	15.2
Construction	10.0	10.0	11.9	13.4	14.8
Restaurants and hotels	6.4	5.2	10.7	11.7	13.5
Credit/debit cards	1.8	2.7	2.4	1.3	1.7
Real estate	2.8	4.6	3.6	1.3	1.7
Mining and quarrying	0.8	2.4	1.2	0.8	1.3
Total	**256.6**	**303.7**	**397.2**	**417.7**	**422.1**

Source: Reserve Bank of Malawi

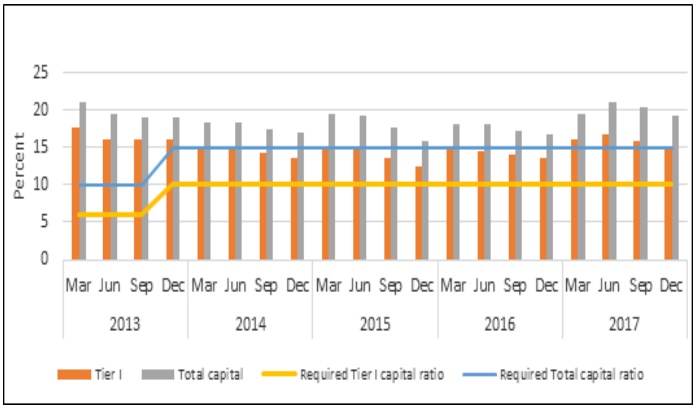
The growth in total assets was mainly funded by deposits which increased by 23.0 percent to K995.5 billion in 2017. This notwithstanding, the deposits accounted for 63.3 percent of total funding compared to 65.3 percent in 2016, while other liabilities were at 16.1 percent from 11.6 percent. The bulk of the deposits were demand deposits which registered a growth of 33.1 percent to K353.1 billion in 2017.

Meanwhile, total equity capital increased by 21.7 percent to K256.0 billion in 2017. This was as a result of a notable growth in retained earnings of 29.6 percent to K107.7 billion in 2017 and capital injections of K16.7 billion. However, the contribution of equity as a funding source declined from 17. 0 percent in 2016 to 16.3 percent in 2017.

2.4 CAPITAL ADEQUACY

The banking sector had adequate capital levels and all but one bank met the regulatory core and total capital ratios of 10.0 percent and 15.0 percent, respectively, as at December 2017. The average core and total capital ratios for the banking industry were at 15.0 percent and 19.3 percent and both were higher than the previous year's levels of 13.7 percent and 16.8 percent, respectively (Figure 2.2). This outturn was mainly due to a faster growth in core and total capital accounts by 24.5 percent and 30.2 percent respectively, than risk weighted assets by 13.9 percent. The growth in capital was mainly as a result of organic growth as well as injection of additional share capital in some banks.

Figure 2.2: Banking Sector Capital Adequacy Ratios

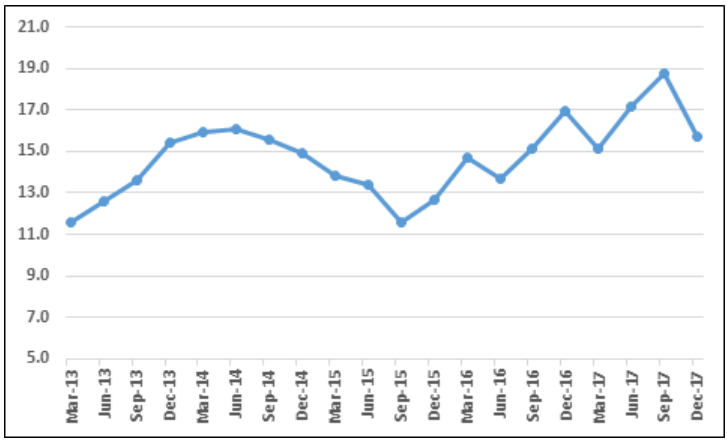


Source: Reserve Bank of Malawi

2.5 ASSET QUALITY

Asset quality improved during 2017 as the ratio of Non-Performing Loans (NPLs) to gross loans and leases decreased from 17.0 percent in 2016 to 15.7 percent in 2017 (Figure 2.3). This development was as a result of a net effect of a decline in NPLs as well as growth in gross loans and leases. NPLs decreased by K4.0 billion to K70.4 billion in 2017 and of this amount, K24.3 billion was set aside as specific provisions. On the other hand, gross loans and leases marginally grew by 2.3 percent to K448.7 billion in 2017. The marginal growth in loans is indicative of the banking industry's shift from its core lending business to investment in securities and short term investments. This was also reflected in the lending ratio which declined to 45.1 percent in 2017 from 54.2 percent in 2016.

Figure 2.3: Ratio of NPLs to Gross Loans and Leases for Banks



Source: Reserve Bank of Malawi

2.6 EARNINGS

The banking industry continued to be profitable, registering a growth in aggregate profit after tax of 4.8 percent to K36.8 billion in December 2017. Consequently, Return on Assets (ROA) and Return on Equity (ROE) were at 2.3 percent and 15.7 percent, respectively, slightly lower than 2.7 percent and 18.2 percent recorded in December 2016. Similarly, the efficiency ratio[3] marginally improved to 49.7 percent in December 2017 from 50.4 percent in December 2016. However, net interest margin declined to 12.6 percent in December 2017 from 13.9 percent reported in December 2016.

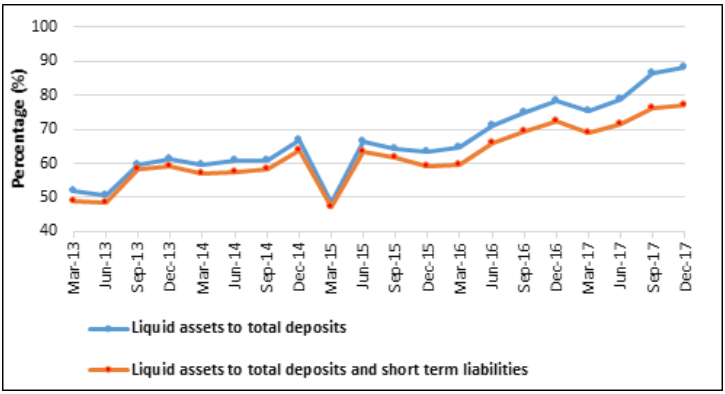
[2] *Defined as gross loans and leases as a percentage of total deposits*

[3] *The ratio of non-interest expenses to total income*

2.7 LIQUIDITY

The banking sector was highly liquid as evidenced by an increase in the liquidity ratio to 77.0 percent as at end December 2017 from 72.3 percent in 2016, way above the prudential benchmark of 30.0 percent (Figure 2.4). The increase in the ratio was largely on account of a higher growth of 38.3 percent in liquid assets, mainly in Treasury bills and short term investments, against a relatively lower growth of 29.8 percent in total deposits and short-term liabilities. Treasury bills and short term investments significantly increased and constituted 62.1 percent of the liquid assets.

Figure 2.4: Liquidity Ratio for Banks



Source: Reserve Bank of Malawi

2.8 ON-SITE EXAMINATIONS

The Registrar conducted four full scope prudential on-site examinations and two tripartite meetings as part of monitoring the financial condition of the banking sector, during the reviewed year. The Registrar also hosted the first Supervisory College of FMB Group supervisors and participated in the Nedbank Supervisory College hosted by the South African Reserve Bank (SARB).

In general, the performance of the banking industry was rated satisfactory. This notwithstanding, some banks breached a few regulatory requirements, besides concerns on management of operational risk and corporate governance practices. A few banks breached conditions on large exposures, liquidity, asset quality, and capital adequacy. The major concerns in corporate governance centred on fit and proper requirements for senior management whilst for operational risk the concern was on unfitness of the premises. The Reserve Bank of Malawi will continue with prudent regulatory enforcements in order to preserve the interest of the general public and safeguard the existing financial system stability.

3.0 CAPITAL MARKETS

3.1 SECTOR OVERVIEW

After two consecutive years of a downward spiral, the Malawi All Share Index (MASI) turned around and registered a positive return in 2017, following improved performance in all listed companies. On the debt market, there were two Treasury notes listed on the Exchange but no single secondary trade was registered during the reviewed year. Meanwhile, all brokerage firms registered profits albeit lower compared to 2016. The sector, however, continued to rely heavily on income from money market operations. The investment management sector registered an increase in profitability and continued to flourish on the backbone of steady inflow of funds under management from life assurance companies and pension funds.

During the year 2017, the number of capital markets institutions declined by three. Specifically, one stock broker, one portfolio manager and one investment advisor took a business decision to voluntarily exit the market. Consequently, as at close of the year, the number of authorised capital markets institutions stood at one stock exchange; three stock brokers; two collective investment schemes; seven investment advisers; four transfer secretaries; and five portfolio managers.

3.2 THE STOCK MARKET

NBS Bank Plc raised K11.8 billion through a rights issue during 2017 and consequently listed 2,82,930,017 additional shares, bringing its total number of listed shares to 2,910,573,356 on the stock market. First Merchant Bank Capital Holdings listed on the foreign counter, bringing the number of foreign counters to two. However, the corresponding delisting of FMB on the domestic counter maintained the total number of listed companies at 13.

Activity on the stock market picked up during the year under review, and the number of transactions increased to 1,189 deals in 2017 from 913 deals in 2016, representing a 30.2 percent increase. This development was due to improved performance of the listed companies. In addition, the number of shares traded on the stock exchange significantly increased to 699 million in 2017 from 410 million in 2016 (Table 3.1). This translated into an increase in the value of shares traded to K13.5 billion in 2017 from K6.2 billion in 2016. Activity on the market was further boosted by a drop in money market interest rates, which drew investors towards the stock market for better return. The resulting increase in demand for equity investments exerted an upward pressure on stock prices.

Table 3.1: Stock Market Statistics

Stock Market Statistic	2013	2014	2015	2016	2017
Volume of shares traded (million)	4,400.0	1,700.0	2,400.0	410.0	699.0
Value of shares traded (K billion)	13.3	10.9	48.6	6.2	13.5
Market Capitalization (K billion)	7,179.9	7,489.4	7,522.1	8,516.5	10,609.5
Malawi All Share Index	12,531.0	14,886.1	14,562.5	13,320.5	21,598.1
Domestic Share Index	9,850.2	11,720.4	11,462.9	10,456.9	16,272.6
Foreign Share Index	1,709.3	1,759.6	1,762.1	2,026.1	3,519.4

Source: Reserve Bank of Malawi

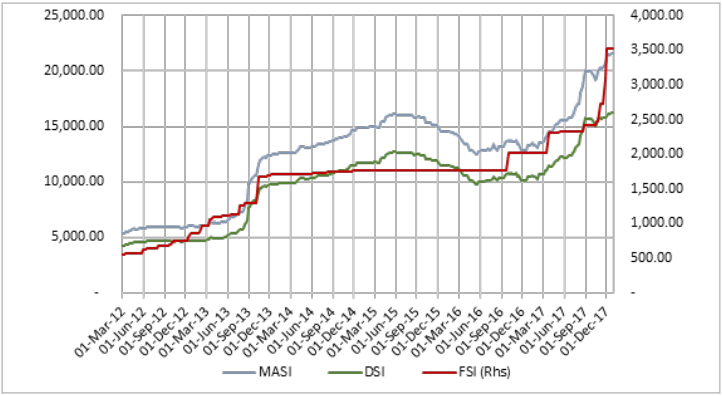
The MASI registered a significant improvement to a positive return on index of 62.1 percent in 2017 from a negative return of 8.5 percent in 2016. Consequently, the Index gained 8,277.6 points to 21,598.1 points in 2017 (Figure 3.1). This was due to upward movements in both the Domestic Share Index (DSI) and the Foreign Share Index (FSI). A rise in share prices for all domestic listed companies resulted in the DSI moving upwards by 5,815.7 points to 16,272.6 points in 2017. Similarly, the FSI rose by 1,493.3 points to 3,519.4 points in 2017, due to an increase in share prices of the only two foreign listed companies.

The increase in share prices across all counters coupled with the listing of additional shares, resulted in growth of market capitalization by 24.6 percent to K10,609.5 billion in 2017.

3.3 STOCK BROKERAGE

Total income for stockbrokers declined by 25.8 percent to K704.0 million in 2017, despite an improvement in activity on the equity market. The decline in total income was due to a drop in revenue from money market business. Further, total expenditure declined by 15.4 percent to K400.7 million in 2017. Total profit after tax declined by 32.2 percent to K238.6 million in 2017, as the drop in total expenditure could not offset the drop in total revenue.

Figure 3.1: Stock Indices Trends

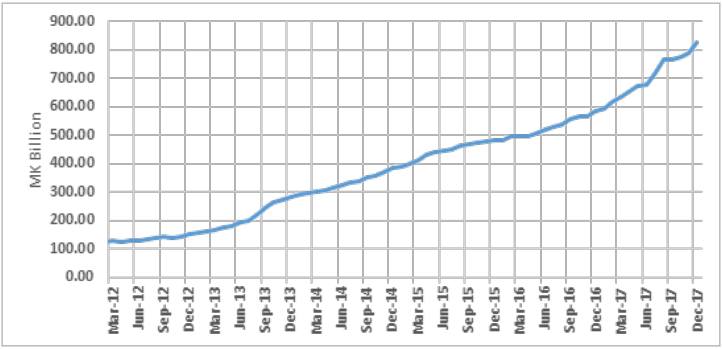


Source: Reserve Bank of Malawi

3.4 FUNDS MANAGEMENT

Total funds under management grew by 41.8 percent to K827.3 billion in 2017 (Figure 3.2). Money market and equity instruments constituted 44.3 percent and 30.5 percent, respectively. The rest of the funds were divided among unlisted property investments at 9.7 percent, unlisted debt at 8.6 percent, and unlisted equity at 6.9 percent. At the same time, the allocation of assets to money market investments declined despite being the highest, while allocation to equity and property investments increased. This reflects the pursuit of better returns from the equity market and property markets as money market interest rates declined during the reviewed year.

Figure 3.2: Funds under Management



Source: Reserve Bank of Malawi

Major sources of funds under management remained life insurance companies and pension funds, which contributed 55.1 percent and 20.2 percent of total funds, respectively (Table 3.2). Other sources included companies, residents and general insurance companies.

Table 3.2: Source of Funds under Management (K' Mn)

Source of Funds	2013	2014	2015	2016	2017
Pension Funds	70,343.0	96,043.0	106,097.0	130,211.8	167,221.9
General Insurance	6,210.8	8,382.9	9,330.4	10,981.5	13,024.0
Life Insurance	160,273.0	210,300.6	261,565.6	314,409.8	455,480.3
Medical Aid Funds	0.0	136.2	394.9	556.1	415.4
Unit Trusts	2,671.4	5,388.0	7,622.6	10,883.9	22,886.6
Companies	35,905.3	53,307.4	83,444.4	96,344.5	140,292.4
Natural Persons-Residents	1,284.03	2,730.2	5,382.8	8,820.3	12,616.6
Natural Persons-Non Residents	566.0	1,239.2	0.0	0.0	0.0
Other	4,669.0	6,094.1	8,034.3	11,116.8	15,318.4
Total	**281,922.4**	**383,621.6**	**481,872.0**	**583,324.8**	**827,255.6**

Source: Reserve Bank of Malawi

Total income for fund managers grew by 31.9 percent to K6.2 billion during 2017 (Table 3.3). The growth was attributed to increased management and corporate advisory fees. Operating expenses similarly grew by 24.0 percent to K3.1 billion in 2017. This resulted into an increase of 53.5 percent in total profit after tax to K2.3 billion in 2017.

Table 3.3: Income and Expenses for Fund Managers (K' Mn)

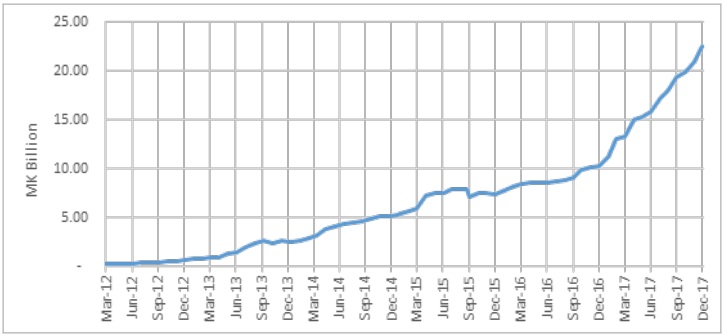
Item	2013	2014	2015	2016	2017
Revenue	1,487.40	2,487.70	3,739.90	4,702.70	6,162.50
Operating expenses	-975.5	-1,367.30	-1,982.60	-2,534.30	-3,066.60
Profit before tax	511.8	1,120.40	1,757.30	2,168.40	3,095.90
Income tax	-165	-345.9	-540	-658.3	-777.8
Profit after tax	346.8	774.5	1,217.30	1,510.10	2,318.00

Source: Reserve Bank of Malawi

3.5 UNIT TRUST OPERATIONS

Total funds for the only open-ended collective investment scheme markedly increased to K22.5 billion in 2017 from K10.3 billion in 2016 (Figure 3.3). This was on account of improved net client cash flow as a result of improved registration and retention of clients.

Figure 3.3: Unit Trusts Funds Growth



Source: Reserve Bank of Malawi

3.6 ON-SITE EXAMINATIONS

During the year, the Registrar conducted on-site examinations at one brokerage firm, two portfolio managers and two transfer secretaries. The findings of the on-site examinations showed great improvement in regulatory compliance amongst all examined institutions. However, a few non-compliance issues observed were brought to the attention of the board and management of the examined institutions with recommended actions put forward for resolution.

4.0 PENSION SECTOR

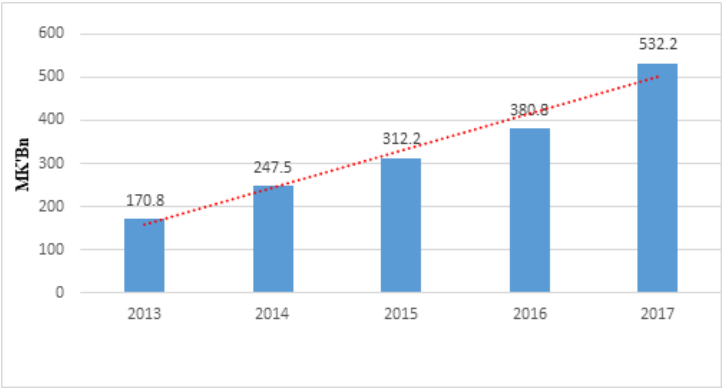
4.1 SECTOR OVERVIEW

The pension sector has been steadily growing over the recent years, following the introduction of the pension law. During the year 2017, both contributions and assets significantly grew on account of growing membership to the pension scheme. Investment income also increased during the reviewed year, largely on account of the positive performance of the stock market.

4.2 PENSION SECTOR ASSETS

The sector's assets registered a significant growth of 39.8 percent to K532.2 billion in 2017, compared to 22.0 percent growth in 2016 (Figure 4.1). The increase was partly on account of growing membership to pension schemes as more companies and institutions registered their employees on pension schemes. In addition, a notable improvement on the Malawi Stock Exchange during the year contributed to this outturn.

Figure 4.1 Assets of Pension Funds



Source: Reserve Bank of Malawi

4.3 INVESTMENT PERFORMANCE

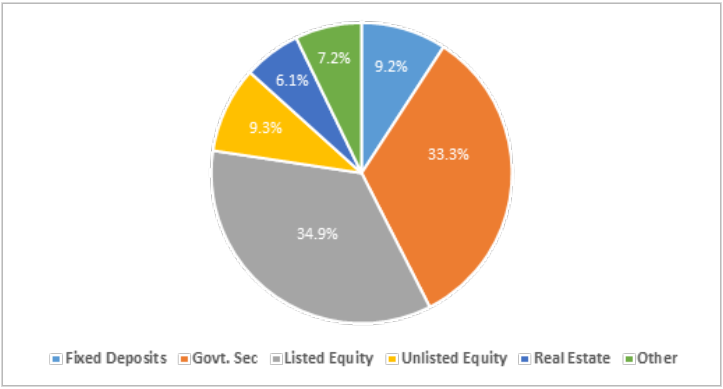
Total investment income increased to K122.6 billion in 2017 from K51.6 billion in 2016. The sector largely benefited from the recovery of the Malawi Stock Exchange that registered a positive return of 62.1 percent in December 2017 compared to a negative return of 8.5 percent during the same period last year.

4.4 ASSET PORTFOLIO MIX

The pension asset portfolio was quite diversified during the year under review. Investment in listed equity by pension funds increased by 49.9 percent to K175.5 billion in 2017, and this represented about 34.9 percent of the total assets (Figure 4.2).

Investment in government securities were at 33.3 percent. Other investments included unlisted equity, private debt, fixed deposits and property.

Figure 4.2 Asset Composition for Pension Funds

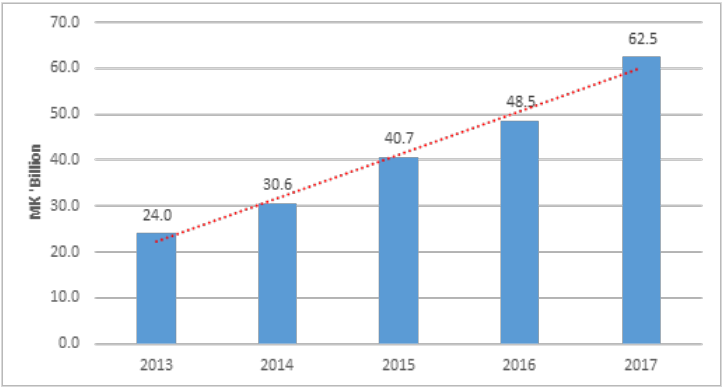


Source: Reserve Bank of Malawi

4.5 PENSION CONTRIBUTIONS

Annual pension contributions increased to K62.5 billion in 2017 from K48.5 billion in 2016, representing a growth of 28.8 percent (Figure 4.3). The increase was due to a rise in the number of pension fund members and pensionable earnings. Membership to the national pension scheme increased to 304,256 in 2017 from 238,656 in 2016, representing an increase of 27.5 percent. As at end 2017, total membership was dominated by males at 70.6 percent. However, pension contribution arrears rose to K9.9 billion in 2017 from K5.6 billion in 2016, and this translated to 15.8 percent of the expected annual total contribution and 1.9 percent of total assets, respectively.

Figure 4.3 Annual Pension Contributions



Source: Reserve Bank of Malawi

4.6 ADMINISTRATION AND INVESTMENT FEES

Administration expenses rose by K1.1 billion to K1.7 billion during the reviewed year (Table 4.1). The increase resulted from operating expenses, which increased by 24.6 percent to K8.0 billion in 2017. Similarly, investment costs rose by K644.0 million to K3.3 billion.

Table 4.1: Expenses for Pension Funds (K' mn)

	2014	2015	2016	2017
Administration fees	1,038	2,226	3,194	3,030
Investment costs	2,218	2,118	2,690	3,334
Other Administration Expenses	287	377	553	1,654
Total Expenses	**3,543**	**4,721**	**6,436**	**8,017**

Source: Reserve Bank of Malawi

4.7 PAYMENT OF PENSION BENEFITS

Total pension benefits paid increased to K28.4 billion in 2017 from K21.6 billion in 2016 (Table 4.2). Of this, early withdrawals accounted for 40.6 percent of the total pension paid, thereby negatively affecting growth of pension benefits. Pension benefits on account of normal retirement were only at 52.0 percent during the reviewed year. Meanwhile, transfers from other pension funds decreased to K4.5 billion in 2017 from K5.3 billion in 2016.

Table 4.2: Pension Benefits Paid

	2015		2016		2017	
Type of Benefit	K' mn	Share %	K' mn	Share %	K' mn	Share%
Retirement	9,637.9	46.4	9,912.8	46.0	14,790.9	52.0
Death	1,603.4	7.7	2,200.4	10.2	2,107.7	7.4
Early Withdrawals	9,542.9	45.9	9,459.4	43.8	11,531.4	40.6
Total	**20,784.2**	**100.0**	**21,572.6**	**100.0**	**28,430.0**	**100.0**

Source: Reserve Bank of Malawi

4.8 ON-SITE EXAMINATIONS

The Registrar conducted six onsite examinations for pension funds during the year under review and the rating was generally fair. In particular, the examinations revealed governance challenges; inadequate risk management practices; poor administration of pension benefits; and over expenditure by trustees

5.0 GENERAL INSURANCE

5.1 SECTOR OVERVIEW

The general insurance sector's performance was rated fair in 2017 as the sector registered significant growth in both premiums and total assets, albeit at a slightly slower pace compared to 2016. Underwriting surplus slightly improved due to growth in premium income coupled with an ease in claims experience. Similarly, investment income also improved during the year under review. Nevertheless, the sector experienced solvency and liquidity challenges largely due to high level of insurance receivables. As at December 2017, the sector comprised eight general insurance companies; one reinsurer; sixteen insurance brokers; one reinsurance broker; five agents for brokers; thirty-nine general insurance agents; and twenty loss adjusters.

5.2 PREMIUM INCOME

Gross premium written increased by 17.3 percent to K41.7 billion in 2017 (Table 5.1). This was largely due to growth in premiums from motor insurance business of 14.7 percent to K24.7 billion. Furthermore, premiums from fire insurance business grew by 18.0 percent to K7.3 billion. Motor insurance business remained the biggest class comprising 59.2 percent of the gross premium written followed by fire business insurance at 17.4 percent.

The sector retained 76.1 percent (K31.7 billion) of gross premium written compared to 75.0 percent retained in 2016. The rest of the premium written was ceded to re-insurers. The premium retention ratio increased in all classes of business with the exception of fire insurance business where the ratio declined. Net premium written, therefore, grew by 19.2 percent to K31.7 billion in 2017, compared to a growth of 12.6 percent registered in 2016. Of this amount, motor insurance business registered the highest growth in net premium written of 19.1 percent to K23.9 billion in 2017. Fire insurance business had the least growth in net premium written of 7.0 percent to K2.3 billion, despite registering the highest growth in gross premium written, owing to low premium retention.

Meanwhile, earned premium income grew by 17.8 percent to K29.9 billion in 2017, compared to a growth rate of 11.5 percent recorded in 2016 (Table 5.1 below). This outturn was mainly on account of an increase of 19.9 percent in premium earned from motor insurance business, buoyed by the high premium rention in this class. However, earned premium from fire insurance business shrunk by 9.5 percent to K2.1 billion in 2017.

Table 5.1: Insurance Premium for General Insurers by Class of Business

	2013	2014	2015	2016	2017
Gross Premium Written					
Fire	2,251.70	3,125.80	3,946.60	6,158.20	7,264.90
Motor	12,347.90	16,625.10	18,980.20	21,531.30	24,686.50
Personal Accident	1,780.40	2,314.40	2,488.30	4,010.60	3,952.40
Miscellaneous	3,800.70	4,383.80	4,776.90	3,835.10	5,776.30
Total Gross Premium	**20,180.70**	**26,449.10**	**30,192.00**	**35,535.20**	**41,680.20**
Premium Ceded to Re-insurers					
Fire	1,828.20	2,296.10	2,777.80	4,029.40	4,987.30
Motor	1,106.00	1,664.80	1,280.70	1,477.20	804.7
Personal Accident	601.9	697.8	762.1	1,262.00	1,079.90
Miscellaneous	1,918.00	1,727.80	1,706.30	2,129.40	3,069.70
Total Premium Ceded	**5,454.10**	**6,386.50**	**6,526.80**	**8,898.00**	**9,941.60**
Net Premium Written					
Fire	423.5	829.7	1,168.80	2,128.40	2,277.70
Motor	11,241.80	14,960.30	17,699.50	20,054.10	23,881.80
Personal Accident	1,178.60	1,616.60	1,726.20	2,748.60	2,872.50
Miscellaneous	1,882.70	2,656.00	3,070.60	1,705.80	2,706.70
Total	**14,726.60**	**20,062.70**	**23,665.10**	**26,637.20**	**31,738.70**
Earned Premium					
Fire	380.8	565.2	849	2,287.20	2,069.00
Motor	9,715.80	14,340.90	17,255.30	18,837.50	22,591.90
Personal Accident	1,044.20	1,479.80	1,574.90	2,585.10	2,710.60
Miscellaneous	1,795.20	2,518.10	3,106.30	1,686.80	2,546.20
Total Earned Premium	**12,936.10**	**18,904.00**	**22,785.50**	**25,396.60**	**29,917.70**

Source: Reserve Bank of Malawi

5.3 CLAIMS EXPERIENCE

There was an improvement in claims experience as the claims ratio[4] eased to 54.8 percent as at December 2017 from 58.8 percent in December 2016 (Table 11.19 in appendix). The outcome is largely attributed to the growth in earned premium income which outpaced the growth in net claims incurred.

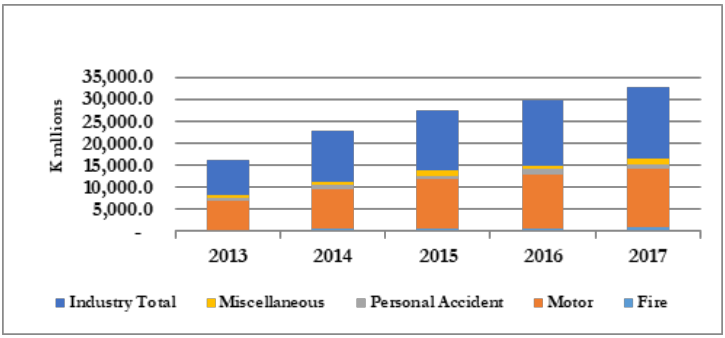
Gross claims incurred reduced by 5.0 percent to K20.6 billion in 2017 largely on account of a K1.6 billion drop in gross claims in fire business. Nevertheless, claims recovery from reinsurers dropped by 37.8 percent to K4.2 billion partly owing to the increased business retention by insurers in the year.

[4] *Defined as a percentage of net claims incurred in relation to earned premium*

5.3 CLAIMS EXPERIENCE

Accordingly, net claims incurred grew to K16.4 billion in 2017, translating to 9.7 percent increase, which was nevertheless below the 17.8 percent growth in earned premium income (Figure 5.1). Meanwhile, the sector paid K19.9 billion in insurance claims, and a total of K8.0 billion was still outstanding as at December 2017.

Figure 5.1: Net Claims Incurred by General Insurers by Class of Business



Source: Reserve Bank of Malawi

5.4 UNDERWRITING AND OPERATING PERFORMANCE

The sector's performance improved during the year under review as profit before tax increased by 22.3 percent to K4.2 billion in 2017 (Table 5.2). This was as a result of an increase in underwriting income as well as income from various investment activities. Underwriting surplus increased by K2.8 billion to K11.9 billion in 2017, owing to growth in premium income and an ease in claims experience. Investment and other income also rose by K584.7 million to K4.4 billion. Consequently, overall return on shareholder funds improved to 26.3 percent in 2017 from 24.4 percent in 2016.

However, high and rising operating expenses continued to strain profitability of the sector, as evidenced by a management expenses ratio of 39.3 percent in 2017 compared to 36.5 percent in 2016. A significant amount of the management expenses were credit losses from bad premium debts.

Table 5.2: Underwriting and Operating Results for General Insurers (K'mn)

	2013	2014	2015	2016	2017
Underwriting Surplus (Deficit)	4,223.50	6,533.90	7,679.70	9,128.80	11,915.20
Net Investment & Other Income	3,539.30	2,963.20	3,096.70	3,781.00	4,365.70
Management Expenses	-3,654.80	-5,150.30	6,360.1)	-9,538.30	-11,757.70
Other Expenses	-52.5	-65.9	-12.3	-88.1	-347.4
Profit before Tax	4,055.60	4,280.90	4,404.10	3,414.10	4,175.70
Taxation	-897.5	-1,188.80	-1,371.00	-1,171.20	-1,430.60
Profit for the year	3,158.10	3,092.10	3,033.10	2,242.90	2,745.10
Return on shareholder funds (%)	72.7	49.3	42.1	24.5	

Source: Reserve Bank of Malawi

5.5 ASSETS AND LIABILITIES

Total assets for the sector stood at K43.0 billion as at December 2017, representing a growth of 12.9 percent (Table 5.3). This outturn was largely due to a growth in fixed deposits and equity investments. Fixed deposits investments registered the highest growth of 55.7 percent to K8.8 billion in 2017, followed by equity investments which grew by 44.9 percent to K4.7 billion over the year.

Overall, asset quality deteriorated as the insurance receivables increased to 81.0 percent of the sector's total capital as of December 2017 from 76.6 percent in December 2016, against the recommended maximum of 50.0 percent.

Total liabilities grew by 12.6 percent to K27.1 billion in 2017 (Table 5.3). The growth was on account of an increase in technical reserves and amounts payable to reinsurers. Technical reserves[5] grew by K2.5 billion to K21.3 billion in 2017, while amount payable to reinsurers increased by K495.6 million to K2.1 billion in 2017.

[5] *Technical reserves comprise unearned premium reserve, outstanding claims reserve and incurred but not reported claims reserve.*

Table 5.3: Assets and Liabilities for General Insurers

	2013	2014	2015	2016	2017
Assets					
Fixed Assets for own use	827.4	937	1,828.60	2,602.10	3,028.10
Investment Property	293	414.2	422.7	662	814.9
Govt. & Other Securities	2,629.90	4,097.60	4,733.10	5,564.00	5,900.70
Equity Investments	2,097.20	2,647.40	2,947.70	3,211.00	4,651.60
Fixed Deposits	5,635.40	6,053.60	6,968.60	5,670.50	8,826.40
Loans & Debentures	120.9	163.9	646.9	69.3	68.3
Insurance Receivables	4,889.40	7,139.10	8,155.40	10,881.50	11,787.60
Cash and Cash Equivalents	830.8	958.6	906.7	3,879.30	2,999.70
Other Assets	1,582.90	2,734.70	3,238.40	5,567.10	4,958.80
Total Assets	18,907.00	25,145.90	29,847.90	38,106.90	43,036.00
Liabilities					
Unearned Premiums	5,021.50	6,180.10	7,055.20	8,241.00	10,062.00
Outstanding Claims	4,202.00	5,705.60	8,692.90	10,587.60	11,255.60
Reinsurance Payables	1,288.30	1,684.10	1,565.60	1,623.20	2,118.80
Long Term Liability	-	-	-	4.7	-
Provision for Taxation	473.2	558.4	598.6	643.4	535.3
Bank	83.1	72.5	130	271.7	102.9
Other Liabilities	922.1	1,461.80	1,735.30	2,734.60	3,068.50
Total Liabilities	**11,990.10**	**15,662.50**	**19,777.60**	**24,106.30**	**27,143.00**
Equity/Shareholders' Funds	6,916.90	9,483.50	10,070.27	14,000.60	15,893.00
Total Equity and Liabilities	18,907.00	25,145.90	29,847.92	38,106.90	43,036.00

Source: Reserve Bank of Malawi

5.6 LIQUIDITY

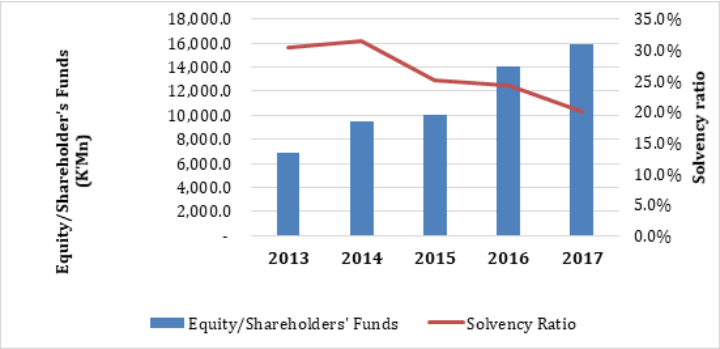
The sector was inadequately liquid during the year under review as it registered a liquidity ratio[6] of 143.9 percent as at December 2017, against the recommended maximum benchmark of 105.0 percent. Liquidity was negatively impacted by uncollected premiums and uncollected reinsurance receivables as evidenced by the sector's high insurance debt ratio (a measure of total receivables on insurance and reinsurance contracts compared to total capital) which stood at 81.0 percent as of December 2017 from 76.6 percent in 2016, against a recommended maximum of 50.0 percent.

[6] *Defined as the ratio of total liabilities net of reinsurance effects to liquid assets*

5.7 CAPITAL AND SOLVENCY

The sector was well capitalised during the reviewed period. Shareholders' funds grew by 13.5 percent to K15.9 billion in December 2017, as a result of profit retention (Figure 5.2). However, the sector's solvency declined as the solvency ratio dropped to 20.1 percent as at December 2017 from 24.3 percent in December 2016, against a regulatory minimum requirement of 20.0 percent. The decline followed the implementation of the revised *Insurance (Minimum Capital and Solvency Requirements for General Insurers)* Directive, 2017 in the third quarter of 2017.

Figure 5.2: Capital and Solvency for General Insurers

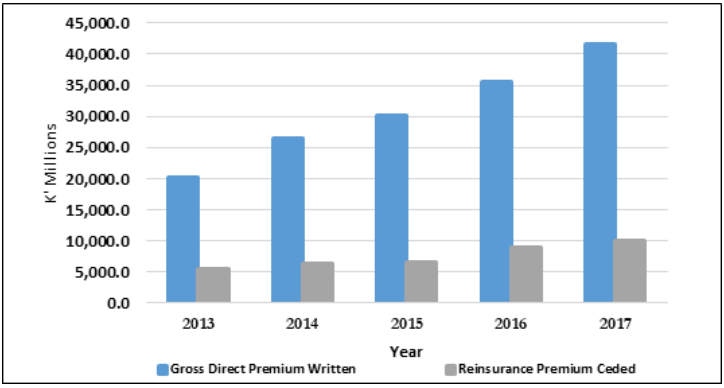


Source: Reserve Bank of Malawi

5.8 REINSURANCE

General insurers ceded premium to reinsurers increased to K9.9 billion in 2017 from K8.9 billion in 2016, representing 23.9 percent of total gross direct premiums written in the year (Figure 5.3). Of the total premiums ceded, 50.2 percent were on fire insurance business, 8.1 percent on motor, 10.9 percent on personal accidents and 30.9 percent on the rest. Of the K9.9 billion placed with reinsurers, only 32.2 percent was reinsured within Malawi due to capacity and other constraints in the reinsurance market, while the rest was reinsured outside the country.

Figure 5.3: Gross Premium Written vs. Reinsurance Premium Ceded (General Insurers)



Source: Reserve Bank of Malawi

5.9 INSURANCE BROKERS[7]

The insurance broking business registered a steady growth in 2017. Total insurance premiums and pension contributions transacted through insurance brokers increased by 8.2 percent, in aggregate, to K31.3 billion in 2017. This represents 8.5 percent of total gross premium and pension contribution transacted by the insurance and pension sectors in 2017 (Table 5.4). The growth was mainly underpinned by continued growth of pension contributions which is mandatory under the Pension Act coupled with premium growth in the general insurance subsector. Accordingly, total brokerage commission increased by 12.5 percent to K3.7 billion in 2017. Further, profits after tax for the industry increased by 8.0 percent to K0.29 billion in 2017. Total assets for insurance brokers, similarly, grew by 11.1 percent to K4.0 billion in 2017.

[7] *Insurance brokers in Malawi currently handle both insurance premiums and pension contributions on behalf of general and life insures; and pension funds, respectively.*

Table 5.4: Insurance and Pension Broking Business K' mn

	2015	2016	2017
Pension Contributions	6,043.20	5,170.40	6,107.50
Life Insurance Premiums	1,484.50	3,089.90	3,320.40
General Insurance Premiums	16,316.70	20,695.40	21,895.70
Total Premiums & Pension Contributions	23,844.30	28,855.70	31,323.60
Total Assets	3,062.20	3,579.80	3,971.30

Source: Reserve Bank of Malawi

5.10 ON-SITE EXAMINATIONS

The Registrar carried out on-site examinations of four general insurance companies and eight insurance brokers in 2017. Most of these institutions were rated fair except for a few that did not fully meet minimum capital and solvency requirements. Appropriate enforcement actions were taken by the Registrar to address these shortfalls.

6.0 LIFE INSURANCE

6.1 SECTOR OVERVIEW

Overall, the sector's performance was satisfactory during 2017, as it registered growth in gross premiums written and improvement in profitability. Gross premium written increased by 20.9 percent to K23.4 billion as at December 2017. The growth was mostly attributable to an increase in annuity products as well as increased adoption of annual inflation-linked premium on most individual life products. The sector's profitability improved as profit after tax increased by 26.1 percent to K11.6 billion in 2017, on the back of high investment returns on shareholders' funds and underwriting income. Total assets grew by 42.1 percent on account of growth in investment income and premiums. Meanwhile, there were five life insurance companies and 387 licensed agents in the market compared to five life insurance companies and 261 agents licensed in 2016.

6.2 ASSETS AND LIABILITIES

Total assets for the life insurance sector increased by 42.2 percent to K473.2 billion in December 2017 (Table 6.1). However, excluding pension funds[8], life insurance assets only grew by 30.3 percent to K132.6 billion in December 2017. The growth in assets was mainly attributable to growth in securities, equity and other investments, while investments in fixed deposits and loans decreased.

Table 6.1 Asset and Liabilities of Life Insurance (K' million)

Asset Item	2013	2014	2015	2016	2017
Fixed Assets	2,285.4	2,815.3	2,384.7	2,505.90	2,577.7
Shares	97,096.3	119,349.6	131,987.6	139,210.10	204,528.0
Fixed deposits	32,805.5	45,427.6	35,444.3	29,752.00	23,081.3
Securities	20,054.3	31,381.2	71,384.7	104,259.6	165,080.9
Real Estate	7,625.4	9,456.1	10,339.4	11,553.10	15,937.1
Cash and Bank Balances	809.1	-47.4	4,083.3	4,425.20	5,075.2
Debtors	2,727.3	4,147.4	3,146.5	8,992.00	7,498.9
Other assets	7,112.6	10,788.2	17,315.9	32,016.80	52,033.30
Total Assets	**170,515.9**	**223,318.0**	**276,086.1**	**332,714.70**	**473,234.7**

Source: Reserve Bank of Malawi

[8] *Pension funds are mostly invested in guaranteed life insurance products*

Investment in equities which constituted the highest proportion of assets at 43.3 percent increased by 47.1 percent to K204.5 billion in 2017. The increase was mainly due to an improved performance in the stock market during the year under review. Government securities, at 34.9 percent of total assets notably increased to K165.1 billion in 2017 from K104.0 billion in 2016. On the other hand, investment in fixed deposits decreased by 22.5 percent to K23.1 billion in 2017, largely following reduction in interest rates.

The sector was highly concentrated as two life insurers dominated the sector with a holding of 98.6 percent of total assets in 2017 from 98.4 percent registered in the previous year. The remaining 1.4 percent was shared among the three life insurance companies.

In terms of liabilities, total liabilities for life insurers grew by 42.2 percent to K433.7 billion in 2017. The growth in liabilities was attributable to a 43.1 percent increase in policyholders' funds to K420.3 billion in 2017. The rate of return on investment of policyholder funds markedly increased to 32.5 percent in December 2017 from 14.8 percent in 2016. Total shareholder's funds also rose by 41.1 percent to K38.8 billion in 2017, due to growth in retained earnings.

6.3 PROFITABILITY

The life insurance sector's profits after tax increased by 26.1 percent to K11.6 billion in 2017. The strong earnings performance was a direct result of high investment returns on shareholders' funds and underwriting income. Investment income on shareholder funds increased by 123.7 percent to K8.5 billion as at end December 2017. Similarly, underwriting surplus from life insurance business increased to K8.9 billion in 2017.

On the other hand, the sector claims ratio on group risk assurance products was fairly constant at 29.6 percent in December 2017. For Individual Life business, the claims ratio registered a marginal decrease to 33.1 percentage in December 2017 from 32.8 percentage recorded in December 2016. Consequently, the Return on Equity (ROE) slightly decreased to 44.4 percent in December 2017 from 45.3 percent in December 2016.

6.4 PREMIUMS

Gross premium written for the sector increased to K23.4 billion in December 2017 from K19.3 billion in December 2016, largely on account of growth in annuity business (Table 6.2). Annuities significantly rose to K7.0 billion in 2017 from K3.2billion in 2016, on account of an increase in number of employees retiring within the mandatory national pension scheme. Gross premium for individual life insurance business also increased by K1.1 billion to K8.4 billion in 2017. However, gross premium for group risk business decreased to K7.9 billion in 2017 from K8.7 billion in 2016.

As at end-2017, premiums written on individual life business constituted 36.3 percent of gross premium, while annuities and group risk were at 30.0 percent and 333.8 percent, respectively.

Table 6.2: Gross Premiums for Life Insurers (K billion)

	2013	2014	2015	2016	2017
Gross Premium	7.28	9.38	18.62	19.28	23.36
Individual Life				7.33	8.47
Group Risk				8.71	7.89
Annuity				3.24	7.01

Source: Reserve Bank of Malawi

6.5 REINSURANCE

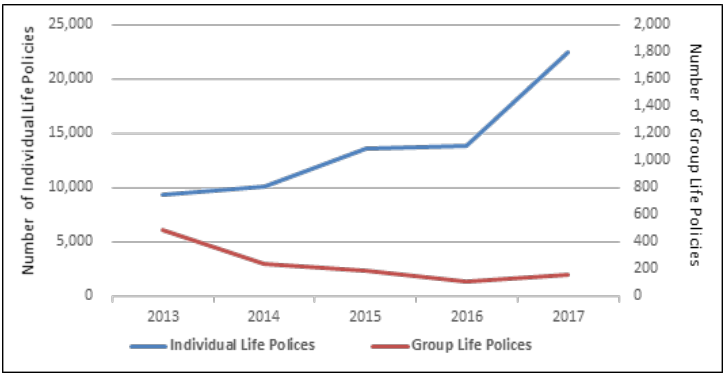
The life insurance sector ceded only K0.7 billion to reinsurers in 2017, representing 2.8 percent of the total gross premium from 5.6 percent recorded in 2016. As such, retention ratio for life insurance sector improved to 97.2 percent in the year 2017 from 94.4 percent in 2016. Meanwhile, specific retention ratio for group risk business was 92.2 percent while for individual life was at 99.5 percent during the reviewed year.

6.6 UNDERWRITING EXPERIENCE

New individual life insurance policies underwritten by the sector increased to 22,494 policies in 2017 from 13,819 polices in 2016, with equivalent total annual premiums of K5.4 billion and K4.0 billion, respectively (Figure 6.1). The notable increase in number of policies was on account of aggressive sales efforts from life insurance companies and the introduction of new retail mass products in the market. The retail mass products have lower premiums hence the drop in the corresponding total annual premiums. New policies underwritten in 2017 for group risk insurance totalled 217 with equivalent annual premiums of K0.9 billion compared to a total of 155 with corresponding annual premiums of K3.5 billion in 2016. Most employers taking out new group life insurance were employers small in size, hence the drop in annual premiums.

Further, new business for annuities increased to 417 policies in 2017 from 281 policies in 2016, with annual premiums of K4.2 billion.

Figure 6.1: New Life Insurance Policies Underwritten by Life Insurers



Source: Reserve Bank of Malawi

Total individual life policies terminated by surrender increased to 1,226 in December 2017 from 953 in December 2016 (Table 6.3). The number of individual life policies that were terminated by lapse dropped to 1,058 in 2017 with annual premium of K48.8 million from 3,336 in 2016. With regard to group life, 28 schemes were discontinued in the year 2017 and no group life policy was terminated by lapse. Consequently, total in-force book for individual life business as at the end of 2017 were 65,403 policies, group risk scheme policies were at 2,062 and annuities were at 2,395.

Table 6.3: Number of Individual Life and Group Life Policies

		2013	2014	2015	2016	2017
Individual Life Policies	In Force Policies	27,752	36,244	52,742	64,300	65,304
	Policies Terminated By Surrender	3282	1177	820	953	1,226
	Policies Terminated by Lapse	2273	1786	2787	3,336	1,058
Group Life Policies	Policies Terminated By Surrender	1	8	10	26	28
	Policies Terminated by Lapse	3	2	0	0	0
		1	8	10	26	0

Source: Reserve Bank of Malawi

6.7 ON-SITE EXAMINATIONS

During the year 2017, the Registrar carried out two on-site examinations for life insurance companies. The companies generally complied with regulatory standards during the reviewed year. However, a few insurance companies did not meet capital and solvency requirements and exhibited minor elements on operational risk, more particularly inadequacy of management information systems. Nonetheless, corrective action was taken on 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.

7.0 MICROFINANCE SECTOR

7.1 SECTOR OVERVIEW

Overall, the microfinance industry performed well during the year 2017, as aggregate assets for the whole industry comprising microfinance credit agencies; deposit taking and non-deposit taking microfinance institutions increased to K37.5 billion in 2017 from K35.4 billion in 2016. Individually, the performance was mixed as while depositing taking microfinance institutions, credit agencies improved, non-deposit taking microfinance agencies did not perform well. Similarly, aggregate total loans expanded to K28.6 billion from K32.9 billion registered in 2016. As at December 2017, total number of registered microfinance institutions stood at 45; comprising 35 microcredit agencies, nine non-deposit taking Institutions and one deposit taking institution.

7.2 DEPOSIT TAKING MICROFINANCE

7.2.1 Assets and Liabilities

Total assets of depositing taking microfinance institutions grew by 21.5 percent to K14.7 billion in 2017 (Table 7.1). The growth in assets was funded by an increase in deposits, which significantly rose to K6.3 billion in 2017 from K2.0 billion in 2016.

Table 7.1: Assets and liabilities for Deposit Taking Microfinance

Dec-16				
Type of asset	**K' mn**	**Share (%)**	**K'mn**	**Share (%)**
Cash	199.0	1.6	841.9	5.7
Balances with other FI	768.9	6.3	1,855.7	12.6
Net Loans and leases	7,557.0	62.3	7,592.6	51.7
Securities and investments	1,562.2	12.9	1,880.0	12.8
Other Assets	2,033.2	16.8	2,529.4	17.2
Total Assets	**12,120.4**	**100**	**14,699.6**	**100**
Type of liability				
Deposits	1,953.2	16.4	6,318.1	43.0
Total borrowed funds	6,196.6	50.8	4,426.5	30.1
Other liabilities	1,712.1	13.9	1,723.6	11.7
Total Capital	2,258.5	18.9	2,231.5	15.2
Total Funding	**12,120.4**	**100**	**14,699.6**	**100**

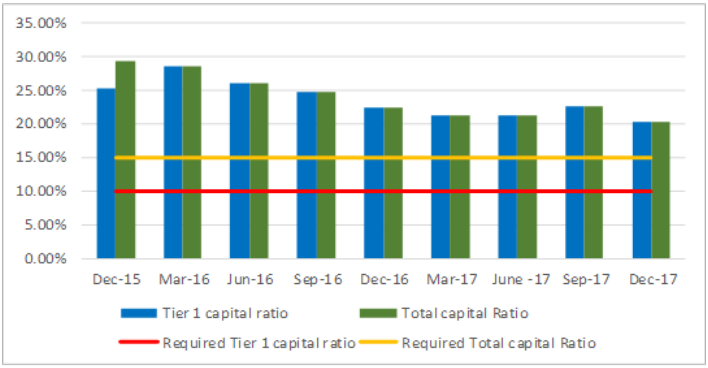
Source: Reserve Bank of Malawi

Meanwhile, gross loans for this sub-sector slightly grew by 1.3 percent to K8.0 billion in 2017. Consequently, the lending ratio (ratio of loans to deposits) decreased to 78.8 percent in 2017 from 395.0 percent in 2016.

7.2.2 Capital Adequacy

Capital adequacy for deposit taking microfinance institutions was fair as both Tier 1 and total capital adequacy ratios, at 20.2 percent, were above the regulatory benchmark of 10.0 percent and 15.0 percent, respectively (Figure 7.1).

Figure 7.1: Capital Adequacy for Deposit Taking Microfinance

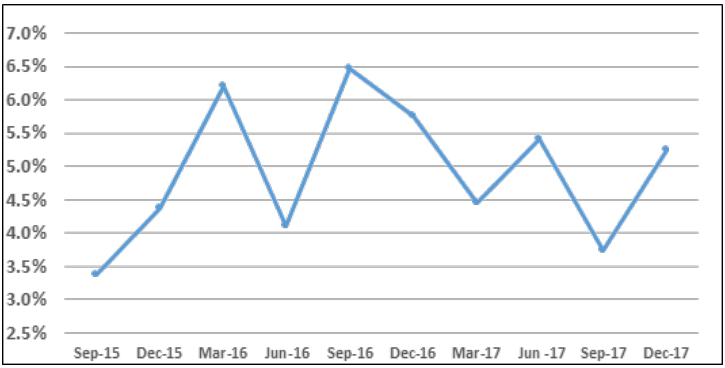


Source: Reserve Bank of Malawi

7.2.3 Asset Quality

Asset quality improved as non-performing loans decreased to K421.3 million in 2017 from K454.1 million in 2016. Subsequently, the ratio of NPLs to gross loans decreased to 5.3 percent in 2017 from 5.8 percent in 2016 (Figure 7.2).

Figure 7.2: Ratio of Non-performing Loans to Gross Loans and Leases



Source: Reserve Bank of Malawi

7.2.4 Earnings & Expenses

Total gross income for this subsector increased from K5.6 billion in 2016 to K6.2 billion in 2017 (Table 7.2). This outturn was mainly on account of an increase in investments owing to increase in deposits. Interest income also grew from K5.2 billion in 2016 to K5.8 billion in 2017. At the same time, interest and non-interest expenses increased from K1.8 billion to K1.9 billion and K4.1 billion in 2017, respectively. Consequently, net income decreased by 40.9 percent to K0.1 billion in 2017. This led to a decrease in Return on Assets (ROA) and Return on Equity (ROE) ratios from 1.9 percent and 10.0 Percent in 2016 to 0.8 percent and 5.1 percent, respectively.

Table 7.2: Earnings and Expenses for Deposit Taking Microfinance

Item (K' bn)	2016	2017
Gross Income	5.6	6.2
Interest Income	5.2	5.8
Interest Expense	1.8	1.9
Non-Interest expense	3.5	4.1
Net income	0.2	0.1
ROA (%)	1.9	0.8
ROE (%)	10	5.1

Source: Reserve Bank of Malawi

7.2.5 Liquidity

The liquidity for deposit taking microfinance institutions declined as liquidity ratio[9] for the sector decreased to 30.9 percent in 2017 from 61.1 percent in 2016. The deterioration was mainly as a result of a marked increase in deposits against marginal increase in liquid assets.

7.2.6 Membership

Total number of clients decreased to 38,328 in 2017 from 44,617 in 2016. Of this, 62.1 percent were females, slightly lower than 64.1 percent of females registered in 2016. The decrease in the number of clients was mainly on account of the institution's decision to slow down on loan disbursements in 2017 in an attempt to improve asset quality.

7.3 NON-DEPOSIT TAKING MICROFINANCE

7.3.1 Assets and Liabilities

Total assets of the non-deposit taking microfinance institutions decreased by 1.7 percent to K22.8 billion in 2017 (Table 7.3). The drop in assets was due to a decrease in net loans and leases by K2.1 billion to K10.6 billion in 2017. The reduction in lending was attributable to poor performance of existing loans despite general reduction in lending rates.

[9] *Calculated as ratio of liquid assets to current liabilities decreased*

Table 7.3: Assets for Non-Deposit Taking Microfinance

	15-Dec		16-Dec		17-Dec	
	K' bn	Share (%)	K' bn	Share (%)	K' bn	Share (%)
Type of Asset						
Cash and cash equivalent	4.6	21.4	3.3	14.2	1.8	7.9
Investments and securities	1.3	6.1	1.5	6.5	4.9	21.5
Net loans and leases	8.3	38.6	12.7	54.7	10.6	46.5
Non-current assets	3.9	18.1	1.7	7.4	3.6	15.8
Other assets	3.4	15.8	4	17.2	1.9	8.3
Total Assets	**21.5**	**100**	**23.2**	**100**	**22.8**	**100**
Type of Liability						
Shareholder loans	1	4.7	4	17.2	3.2	14
Short term borrowings from banks	0.8	3.7	1.5	6.5	0.3	1
Capital and Reserves	9.1	42.3	9.3	40.1	8.4	37
Other liabilities	10.6	49.3	8.4	36.2	10.9	48
Total Liabilities	**21.5**	**100**	**23.2**	**100**	**19.6**	**100**

Source: Reserve Bank of Malawi

7.3.2 Capital Adequacy

All non-deposit taking microfinance institutions met the regulatory capital requirement of K75.0 million. Nevertheless, total capital for these institutions decreased by 9.7 percent to K8.4 billion in 2017. This development negatively affected loan disbursements as net loans registered a decrease of 17.3 percent to K10.5 billion in 2017. Consequently, profitability for the sub-sector decreased to K220.5 million in 2017 from K707.3 million in 2016.

7.3.3 Asset quality

Asset quality of non-deposit taking institutions deteriorated in 2017, as evidenced by an increase in the ratio of NPLs to gross loans to 7.8 percent in 2017 from 5.8 percent in 2016. The increase in NPLs ratio is attributed to lending rates, which are still considered high despite decreasing during the reviewed year.

7.3.4 Profitability

Total gross income slightly decreased by 0.2 percent to K4.0 billion in 2017, mainly on account of a decrease in net loans from K12.7 billion in 2016 to K10.6 billion in 2017. Operating expenses also decreased from K3.6 billion in 2016 to K3.1 billion in 2017. Nonetheless, net income dropped by 68.8 percent to K220.5 million in 2017.

7.3.5 Membership

Total clients served in the year grew by 3.7 percent to 306,829. Of this total, male clients accounted for 54.9 percent (168,352) in 2017 compared to 64.0 percent (148,640) served in 2016. On the other hand, women clients accounted for 45.1 percent (138,477) in 2017 compared to 36.0 percent (83,610) in 2016.

7.3.6 On-Site Examination

The Registrar conducted four full scope on-site examinations and four monitoring exercises of microfinance institutions during the year under review. The major concerns noted during the examinations included non-disclosure of interest rates to customers and non-remittance of pension and tax deductions. Corrective action was taken on the observed shortfalls.

7.4 FINANCIAL COOPERATIVE

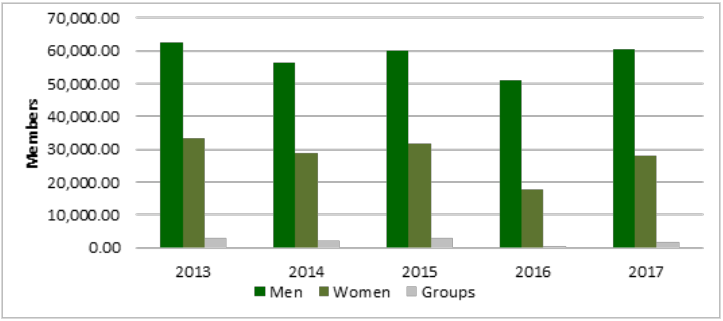
7.4.1 Overview

The sector has been experiencing increased overall growth over the past years. This is attributed to good performance as well as increased membership as confidence in the sector continues to grow. Total assets for savings and credit cooperatives (SACCOs) grew by 41.0 percent to K14.1 billion in 2017, higher than 31.6 percent growth registered in 2016. Surpluses for the subsector grew by 62.5 percent, slightly lower than growth of 63.4 percent in 2016. As at end 2017, the number of financial cooperatives also known as SACCOs increased to 34 in 2017 from 30 in 2016. Thirty SACCOs were employment based, drawing membership from common employment, while four were community based, and drawing membership from communities where they operate.

7.4.2 Membership

Total membership registered a significant increase to 90,479 in 2017 from 69,630 in 2016 (Figure 7.3). The increase was as a result of the increased confidence by the membership due to a paradigm shift in sector supervision and regulation from the Registrar of Cooperative Societies to the Registrar of financial institutions, therefore restoring confidence in the sector. Of the membership, 37 percent were females, an increase from 26 percent of females recorded in 2016 and there were 1,903 groups in 2017 from 493 groups in 2016. The growth in membership was largely due to the four new SACCOs that were licensed in 2017.

Figure 7.3: SACCO Membership

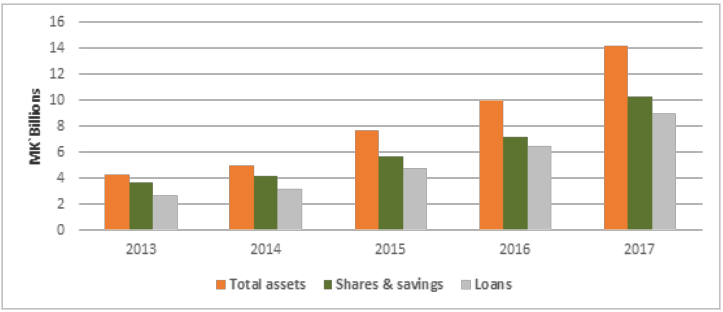


Source: Reserve Bank of Malawi

7.4.3 Assets and Liabilities

Total assets of financial cooperatives grew by 41.0 percent to K14.1 billion in 2017, compared to a growth of 31.6 percent recorded in 2016. The growth in assets was largely attributed to a 41.7 percent increase in total savings[10] during the reviewed year (Figure 7.4).

Figure 7.4: Selected Assets and Liabilities for Financial Cooperatives



Source: Reserve Bank of Malawi

7.4.4 Capital Adequacy

Total capital grew to K3.2 billion in 2017 from K2.3 billion in 2016. Consequently, capital ratio[11] increased to 20.5 percent in 2017 from 20.1 percent in 2016 and was above the minimum regulatory requirement of 10.0 percent of risk weighted assets (Table 7.4).

[10] Include redeemable shares plus deposits
[11] Defined as institutional capital to total assets

Table 7.4: Financial Soundness Indicators for Financial Cooperatives

Indicator	Recommended Ratio					
		2013	2014	2015	2016	2017
Institutional Capital Ratio	>10%	-2.0%	5.2%	11.3%	20.1%	20.5%
Non-performing loans/Gross Loans	< 5%	14.5%	11.0%	5.8%	3.2%	5.6%
Liquidity	> 10%	10.5%	13.9%	15.9%	16.1%	13.8%
Net Income/Average Total Assets	> 5%	4.7%	5.7%	7.3%	9.2%	10.5%

Source: Reserve Bank of Malawi

7.4.5 Financial Structure

During the year 2017, the ratio of member loans and advances to total assets slightly declined to 63.8 percent from 64.2 percent in 2016. The ratio was below the sector's best practice of between 70 to 80 percent. On the funding side, however, member savings slightly increased by 0.7 percent and financed 72.4 percent of total assets, which was within the recommended best practice of between 70 to 80 percent.

Table 7.5: Asset and Liabilities for the SACCO Sector (K'mn)

Type of Asset	2013	2014	2015	2016	2017
Cash and Bank Balances	293.5	469.9	573.6	702.8	945.0
Securities and Investments	447.4	422.5	940.1	1158.7	642.1
Total Loans and Advances	2689.1	3210.2	4898.0	6420.3	9003.0
Other Assets	839.4	822.5	1212.1	1716.9	3529.4
Total Assets	**4269.4**	**4925.1**	**7623.8**	**9998.7**	**14119.5**
Type of Liability					
Deposits and Member Shares	3683.2	4170.4	5647.2	7165.9	10215.5
Liabilities to Other Banks	647.5	395.9	526.6	262.2	221.4
Other Liabilities	202.1	104.2	203.4	302.8	532.5
Total Capital	-83.4	254.6	1246.6	2267.8	3150.1
Total Funding	**4269.4**	**4925.1**	**7623.8**	**9998.7**	**14119.5**

Source: Reserve Bank of Malawi

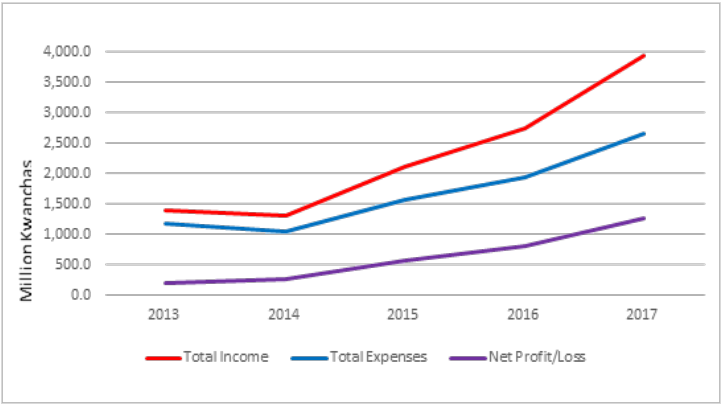
7.4.6 Asset Quality

Total loans grew by 40.6 percent to K9.0 billion in 2017 (Table 7.5). However, non-performing loans increased to K519.4 million in 2017 from K207.4 million in 2016. Consequently, the ratio of non-performing loans to total loans went up to 5.6 percent in 2017 from 3.2 percent in 2016, against sector's best practice benchmark of not more than 5.0 percent.

7.4.7 Earnings

Total income increased by 44.4 percent to K3.9 billion in 2017, of which loan interest income constituted 96.0 percent (Figure 7.5). Total expenditure grew by 42.1 percent to K2.7 billion in 2017. As such, net surplus increased by 57.2 percent to K1.3 billion in 2017. This represented a ROA of 10.5 percent compared to a ROA of 9.2 percent in 2016.

Figure 7.5: Income, Expenses and Surplus/Deficit Trends for Financial Cooperatives



Source: Reserve Bank of Malawi

7.4.8 Liquidity

As of December 2017, the sector's unremitted payroll deductions rose to K1.2 billion from K0.7 billion in 2016. Despite this challenge, on aggregate, the sector reported a liquidity ratio of 13.8 percent in 2017, which was above the regulatory minimum of 10.0 percent of the sum of redeemable shares and savings deposits.

7.4.9 On-Site Examination

The Registrar conducted eight full scope onsite examinations and six monitoring exercises, during the year. Examination findings indicated continued improvement in performance of most of the examined SACCOs.

8.0 CONSUMER PROTECTION

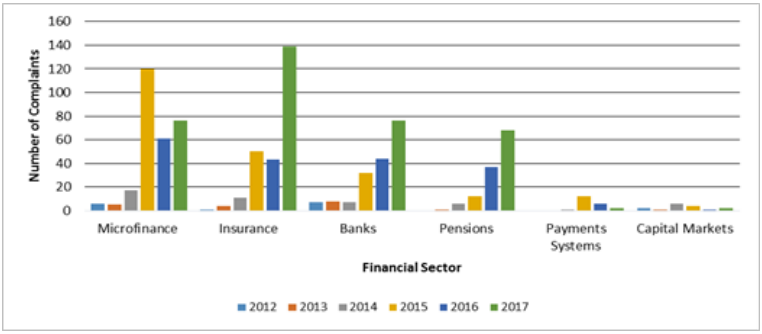
8.1 SECTOR OVERVIEW

In 2017, the number of financial consumer complaints handled by the Registrar increased, mainly as a result of intensified awareness programs on complaints handling procedures. The Registrar continued to undertake various financial literacy initiatives aimed at bolstering financial consumer awareness. In addition, market conduct examinations of diverse categories of financial institutions were carried out with the objective of establishing the extent of compliance with market conduct regulatory expectations.

8.2 COMPLAINTS HANDLING

The number of complaints received by the Registrar during the year rose markedly to 361 in 2017 from 192 in 2016. The Registrar therefore handled 392 complaints, including 31 that were brought forward from 2016. About 71 percent (278) of the complaints were successfully resolved compared to 75 percent in the preceding year. In terms of compositions, the insurance sector registered the largest number of complaints at 139, followed by microfinance and banks sectors both at 78, pension at 68, and capital markets sector which registered only two complaints (Figure 8.1). The rise in the number of complaints is mainly attributed to increased awareness on complaints handling procedures.

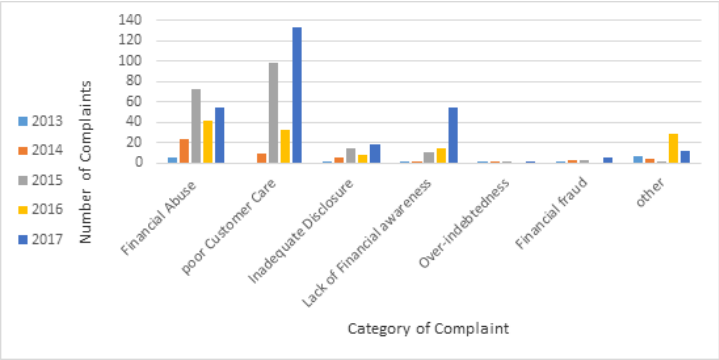
Figure 8.1: Number of Complaints Received Per Sector



Source: Reserve Bank of Malawi

The Registrar, resolved 278 of the complaints in the period under review, representing 71 percent of the complaints handled. Of this total, 133 were related to poor customer care; 55 due to financial abuse, and 54 cases due to lack of financial awareness and capability on the part of consumers (Figure 8.2).

Figure 8.2 Composition in Number of Complaints Resolved



Source: Reserve Bank of Malawi

As at December 2017, 33 complaints were still under investigation. The root causes of complaints in the financial sector remained poor customer care, financial abuse, lack of financial consumers' awareness and misunderstanding.

8.3 MARKET CONDUCT SUPERVISION

The Registrar carried out two full scope market conduct on-site examinations of one bank and one insurance company during the year under review. Major findings of these examinations were lack of transparency and full disclosure of information on services and products. In addition, seven mystery surveillances of banks, insurance, microfinance and capital market institutions were conducted. The surveillances revealed that institutions adequately displayed complaints handling procedures for financial institutions and financial consumers to follow. Furthermore, the surveillances established improvements in disclosure of information by insurance, microfinance and capital market institutions on product features, terms and conditions to customers.

Furthermore, the Registrar conducted compliance inspection of banks on implementation of the Registrar's Circular of 16 August 2017, which prohibits banks from charging account maintenance fees on savings and ordinary current accounts. The inspection revealed that most banks had complied with the Registrar's Circular by removing monthly ledger fees. However, some banks had introduced mandatory monthly bundled fees which were viewed as a replacement of monthly ledger fees. Such banks were advised to offer bundled services as an option.

8.4 FINANCIAL LITERACY

There were a number of financial literacy activities that were implemented during the year, and these included; Global Money Week during the first half of the year; training of 60 secondary school teachers in financial literacy; product development workshop for youth inclusive products and services for banks; media workshops with community radios, producers and programmers; financial literacy weeks via mass media; airing of financial literacy jingles on Television and Radio; capacity building in financial literacy for community leaders in Nsanje and Phalombe districts; awareness meetings at institutions of higher learning covering discussion on personal finance management and investment options in the capital market; road shows and presentations on importance of opening bank accounts; and production of financial literacy materials in braille and large print for visually impaired persons.

9.0 ANTI-MONEY LAUNDERING

The Registrar introduced Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) semi-annual offsite returns to the banking sector for submission of data during 2017. The implementation of the offsite returns is aimed at enhancing AML/CFT off-site analysis and assisting the Registrar to timely identify risk factors on banking institution's AML/CFT compliance framework.

The Registrar further conducted Money Laundering/Terrorist Financing (ML/TF) risk assessment on banking institutions aimed at determining the overall risk profile of the institutions. Results from the assessment assisted in the effective implementation of a risk based approach to AML/CFT supervision as activities were planned in line with the identified risk profiles leading to efficient allocation of supervisory resources. Additionally, the Registrar conducted ML/TF risk assessment and Financial Crimes Act, 2017 awareness workshops. The ML/TF risk assessment workshops were aimed at capacitating financial institutions' compliance officers on the implementation of ML/TF risk assessment frameworks. On the other hand, Financial Crimes Act awareness workshops targeted financial institutions' compliance officers, chief executive officers and board of directors with a view to raise awareness on the provisions of the new Act.

9.1 ON-SITE EXAMINATIONS

During the year, the Registrar conducted full scope AML/CFT on-site examinations on one bank, one insurance entity and one discount house. Follow up onsite examinations were conducted on three banks, one insurance entity and one capital market entity. In addition, ad-hoc examinations were conducted on three banking institutions following intelligence reports. The examinations revealed notable improvements including; enhancement of AML/CFT policies, adequate record keeping practices, reporting of large currency and suspicious transactions to Financial Intelligence Authority (FIA) and resolution of most onsite examination recommendations as issued by the Registrar. Nonetheless, a number of shortfalls were established during the onsite examinations such as lack of adequate money laundering and terrorist financing risk assessment, inadequate ongoing monitoring systems and practices, inadequate customer due diligence measures, inadequate updating of customer identification information, limited independent assessments of AML/CFT compliance program, and lack of adequate knowledge among staff on AML/CFT.

10.0 LEGAL AND REGULATORY DEVELOPMENTS

In 2017, the Registrar of Financial Institutions (hereinafter referred to as 'the Registrar') continued to strengthen the legal and regulatory framework through issuance of new and revised directives. Further, and in tandem with dynamics in the market, the Registrar granted approvals in respect of restructuring of a bank holding company, acquisition of shares in a domestic bank and acquisition of shares in a foreign bank.

10.1 Laws and Regulations

The following regulation and directives came into force during 2017:

(a) Financial Services (Insurance Supervisory Levy) Regulation, 2017;
(b) Insurance (Minimum Capital and Solvency Requirements for General Insurers) Directive, 2017;
(c) Insurance (Minimum Capital and Solvency Requirements for Life Insurers) Directive, 2017;
(d) Insurance (Minimum Capital and Solvency Requirements for Reinsurance Companies) Directive, 2017;
(e) Insurance (Classes of Insurance Business) Directive, 2017; Financial Services (Fit and Proper Requirements for Persons Associated with the Ownership and Management of Microfinance Institutions) Directive, 2017;
(f) Financial Services (Prompt Corrective Action for Financial Cooperatives) Directive, 2017;
(g) Financial Services (Prompt Corrective Action for Deposit Taking Microfinance Institutions) Directive, 2017; and
(h) Financial Services (Corporate Governance Requirements for Securities Market Players), Directive, 2017.

Further, during the year under review, the Registrar issued a gazette notice prohibiting banks from charging account maintenance fees on ordinary current and savings accounts, in order to reduce the cost of accessing financial services and promote a saving culture. In addition, the Registrar achieved another milestone by issuing Islamic Banking Guidelines, following earlier approval by the Malawi Government to roll out Islamic Banking in the country. The Guidelines stipulate establishment and operational requirements for banks intending to offer sharia complaint products and services.

10.2 Licensing, Mergers and Acquisitions

A number of institutions were licensed or registered during the reviewed year. The Registrar issued a licence to Old Mutual Malawi Limited to operate as a holding company of prudentially regulated financial institutions in line with Section 21 of the Financial Services Act, 2010. Further, the Registrar registered nine new microcredit agencies, and licensed the following financial institutions:

(a) Four SACCOs;
(b) One insurance broker;
(c) Three pension services companies;
(d) Nine restricted pension funds;
(e) Three unrestricted pension funds;
(f) Two corporate trustees; and
(g) Sixty individual trustees.

The Registrar granted several regulatory approvals as follows:

(a) Restructuring of First Merchant Bank Limited (FMB) Group through establishment of a holding company in Mauritius known as FMB Capital Holdings Plc (FMBCH), to ultimately become the shareholder of FMB Malawi and all foreign subsidiaries that were hitherto owned by FMB Malawi;
(b) Acquisition by FMBCH of 52.68 percent shares in Barclays Bank Zimbabwe Limited through Africarme Zimbabwe Holding Private Limited;
(c) 100 percent acquisition of Opportunity Bank of Malawi Limited by FMB.
(d) Merging of FMB with its wholly owned subsidiary company, Leasing and Finance Company.
(e) Acquisition of 50.0 percent shares in New Finance Bank Malawi Limited by MyBucks Limited.
(f) Acquisition by Vunani Capital Limited (a South African fund management company) of 45.0 percent equity in Alliance Capital Limited.
(g) Change of names and regulatory statuses as follows:
    i. Old Mutual Easy Benefit Fund to Old Mutual Unrestricted Pension Fund;
    ii. AON Malawi Limited to Minet Malawi Insurance Brokers Limited; and
    iii. FMB Pension Fund registration status, from self-administered to a stand-alone restricted pension fund under NICO portfolio.

10.3 Challenges

The key challenges in terms of compliance with the regulatory framework during the year included non-remittance of pension contributions and pay roll deductions by employers. Nonetheless, the Registrar executed appropriate remedial measures to address these weaknesses.

11 APPENDICES

STATISTICAL ANNEX TABLES

Table 11.1: Branch Network and Staff Complement for Banks in 2017

Name of Institution	Branches		Agencies, satellite kiosks, mobile vans		Auto Teller Machines	
	2016	2017	2016	2017	2016	2017
CDH Investment Bank Ltd	3	3	1	1	2	1
Ecobank Malawi Ltd	10	8	0	0	27	25
FDH Bank Ltd	13	19	48	34	87	93
First Merchant Bank Ltd	8	10	21	26	59	63
National Bank of Malawi Ltd	14	15	17	16	94	123
NBS Bank Ltd	13	13	36	39	86	69
Nedbank Malawi Ltd	6	9	2	2	14	26
New Finance Bank	0	6	0	0	0	11
Standard Bank Malawi	7	7	22	22	76	78
Leasing and Finance	2	0	0	0	0	0
Opportunity Bank	5	0	46	0	46	0
Total	**81**	**90**	**193**	**140**	**471**	**489**

Table 11.2: Trends in Market Share of two dominant banks (%)

Year	Assets	Loans	Deposits	Equity capital
2013	52.3	45.2	53.5	54.0
2014	50.7	44	50.9	55.5
2015	47.7	49.7	50.4	56.9
2016	51.5	53.2	52.7	61.8
2017	50.9	56.2	51.2	58.6

Table 11.3: Financial Soundness Indicators for Banks

Capital Ratios	2013	2014	2015	2016	2017
Regulatory Total Capital to Risk Weighted Assets	19.1	17.1	16.1	16.7	19.3
Regulatory Tier 1 Capital to Risk Weighted Assets	16.2	13.5	12.7	13.8	15.0
Total Capital to Total Assets	15.4	17.6	16.9	17.0	16.2
Asset Composition and Quality (Percent)					
Total Loans and Advances to Total Assets	41.3	40.4	39.8	35.4	28.1
Foreign Currency Loans to Total Loans and Advances	13.5	19.1	28.7	21.8	27.9
Non-Performing Loans to Gross Loans and Advances	15.4	14.9	10.7	17.0	15.7
Non-Performing Loans (Net of Provisions) to Capital	34.8	28	16.8	44.5	28.4
Earnings And Profitability Ratios					
Return on Assets (ROA)	4.8	4.0	3.2	3.0	2.3
Return on Equity (ROE)	37.5	26.8	20.1	20.4	15.7
Interest Income to Total Income	39.7	43.3	50.6	49.5	72.7
Non-Interest Income to Total Income	39.6	45.4	50.4	50.0	27.3
Personal Expenses to Non-Interest Expenses	45.4	44.6	46.2	43.8	44.2
Liquidity					
Liquid Assets to Total Assets	44.6	46.3	43.3	51.2	55.9
Liquid Assets to Total Deposits and Short Term Liabilities	59.1	63.8	59	72.3	77.0
Total Loans to Total Deposits	56.4	58.3	58.3	54.2	45.1
Foreign Exchange Liabilities to Total Liabilities	26.3	26.6	26.6	24.3	21.5
Liquid Assets to Total Assets	44.6	46.3	43.3	51.2	55.9

Table 11.4: Deposits Held by Banks (K million)

Period	Demand Deposits	Savings Deposits	Time Deposits	FCDA's	Total Deposits
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	244628	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
Mar-17	277,250	138,559	152,996	238,168	806,974
Jun-17	318,880	150,546	158,482	261,844	889,752
Sep-17	333,884	152,601	177,731	237,526	901,742
Dec-17	353,108	158,508	200,630	283,276	995,522

Table 11.5: Capital Adequacy Trends for Banks

	Tier 1 Capital	Total Capital	RiskWeighted Assets	Tier 1 Capital Ratio	Total Capital Ratio
Period	**K million**	**K million**	**K million**	**(%)**	**(%)**
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
Mar-17	146,809	177,371	911,413	16.1	19.5
Jun-17	160,248	201,467	958,135	16.7	21.0
Sep-17	152,888	194,936	960,925	15.9	20.3
Dec-17	153,813	197,469	1,025,744	15.0	19.3

Table 11.6: Selected Income and Expenses for Banks (K million)

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
Mar-17	68,154	49,908	18,247	15,596	32,406
Jun-17	137,645	102,034	35,612	31,739	66,776
Sep-17	211,165	155,917	55,248	47,153	101,994
Dec-17	273,255	198,759	74,497	59,958	135,699

Table 11.7: Selected Profitability Indicators for Banks

	Interest Margin	Efficiency Ratio	Return on Equity	Return on Assets
Period	**(%)**	**(%)**	**(%)**	**(%)**
Mar-14	17.0	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	3.0
Jun-16	18.0	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
Mar-17	85.8	47.5	21.3	3.2
Jun-17	85.2	48.5	18.5	2.7
Sep-17	88.8	48.3	16.8	2.5
Dec-17	83.7	49.7	15.7	2.3

Table 11.8: 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-14	57.1	59.4	94.2
Jun-14	57.6	61.0	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	59.0	63.4	94.9
Mar-16	59.7	64.6	96.3
Jun-16	66.1	71.3	96.5
Sep-16	87.3	74.7	98.9
Dec-16	72.3	78.5	100.3
Mar-17	68.8	75.2	99.9
Jun-17	71.4	78.6	98.7
Sep-17	76.0	86.5	101.8
Dec-17	77.0	88.3	99.0

Table 11.9: Shareholding Structure of Banks

Banking Institution	Name of Shareholder	Percentage Held
CDH Investment Bank Limited	Continental Holdings Limited	74.45
	Investment Alliance Limited	12.65
	Kesaart Capital Limited	7.61
	Unity Investment	2.81
	Savannah Investment Limited	2.48
Ecobank Malawi Limited	Ecobank Transnational Incorporated Limited	96.0
	Loita Capital Partners International	4.0
FDH Bank Malawi Limited	FDH Financial Holdings Limited	93.68
	Malawi Government	4.54
	MSB Employee Share Owning Plan	1.78
First Discount House Limited	FDH Financial Holdings Limited	100.0
FMB Limited	FMB Capital Holdings Plc	100.0
National Bank of Malawi	Press Corporation Ltd	51.49
	Old Mutual Life Assurance Co. Malawi Ltd	22.97
	Nico Life Pension Fund	5.88
	General Public	19.66
NBS Bank Limited	NICO Holdings Limited	50.10
	Continental Holdings Limited	27.25
	IFC Capitalization Holding Company	4.53
	LHG Malta Holdings Limited	1.76
	The National Investment Trust Limited	1.31
	Old Mutual Life Assurance Company	1.11
	NBM Pension Fund	0.96
	NBM Equity Fund	0.68
	National Bank of Malawi	0.64
	Public Share	11.66
Nedbank Malawi Limited	NedGroup Investments Africa	99.29
	Nedbank Group Ltd	0.71
New Finance Bank Limited	MyBucks	50.0
	Finsbury Investments Limited	50.0
Standard Bank of Malawi Limited	Stanbic Africa Holdings Limited	60.18
	NICO Holdings Limited	20.00
	Old Mutual Life Assurance Company	4.81
	Press Trust	2.30
	Stanbic Bank Limited Pension Fund	1.74
	National Investment Trust Limited	1.32

	Fund Escom Pension	1.25
	Savjani Ramesh Haridas	0.73
	FMB Pension Fund	0.45
	NBM Pension Fund	0.43
	Public Investors	6.79

Table 11.10: Gross Premium Written for General Insurers (K million)

Class of Business	2013	2014	2015	2016	2017
Fire	2,251.7	3,125.8	3,946.6	6,158.2	7,264.9
Motor	12,347.9	16,625.1	18,980.2	21,531.3	24,686.5
Personal Accident	1,780.4	2,314.4	2,488.3	4,010.6	3,952.4
Miscellaneous	3,800.7	4,383.8	4,776.9	3,835.1	5,776.3
Total	**20,180.7**	**26,449.1**	**30,192.0**	**35,535.2**	**41,680.2**

Table 11.11: Premiums and Retention Ratio for General Insurers (K million)

Item	2013	2014	2015	2016	2017
Gross Premium Written	20,180.7	26,449.1	30,192.0	35,535.2	41,680.2
Reinsurance Premium Ceded	5,454.1	6,386.5	6,526.8	8,898.0	9,941.6
Net Premium Written	14,726.6	20,062.7	23,665.1	26,995.7	31,738.7
Retention Ratio	73.3%	75.9%	78.4%	75.0%	76.1%

Table 11.12: Reinsurance Premium Ceded by Class of Business (K million)

Class of Business	2013	2014	2015	2016	2017
Fire	1,828.2	2,296.1	2,777.8	4,029.4	4,987.3
Motor	1,106.0	1,664.8	1,280.7	1,477.2	804.7
Personal Accident	601.9	697.8	762.1	1,262.0	1,079.9
Miscellaneous	1,918.0	1,727.8	1,706.3	2,129.4	3,069.7
Total	**5,454.1**	**6,386.5**	**6,526.8**	**8,898.0**	**9,941.6**

Table 11.13: Net Premium Written by Class of Business (K million)

Class of Insurance	2013	2014	2015	2016	2017
Fire	423.5	829.7	1,168.8	2,128.4	2,277.7
Motor	11,241.8	14,960.3	17,699.5	20,054.1	23,881.8
Personal Accident	1,178.6	1,616.6	1,726.2	2,748.6	2,872.5
Miscellaneous	1,882.7	2,656.0	3,070.6	1,705.8	2,706.7
Total	**14,726.6**	**20,062.7**	**23,665.1**	**26,637.2**	**31,738.7**

Table 11.14: Retention Ratio for General Insurers by Class of Business

Class of Insurance	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)
Fire	18.8	26.5	29.6	34.6	31.4
Motor	91.0	90.0	93.3	93.1	96.7
Personal Accident	66.2	69.8	69.4	68.5	72.7
Miscellaneous	49.5	60.6	64.3	44.5	46.9
Overall Retention	73.0	75.9	78.4	75.0	76.1

Table 11.15: Earned Premiums of General Insurers

Class of Insurance	2013	2014	2015	2016	2017
Fire	380.8	565.2	849.0	2,287.2	2,069.0
Motor	9,715.8	14,340.9	17,255.3	18,837.5	22,591.9
Personal Accident	1,044.2	1,479.8	1,574.9	2,585.1	2,710.6
Miscellaneous	1,795.2	2,518.1	3,106.3	1,686.8	2,546.2
Total	**12,936.1**	**18,904.0**	**22,785.5**	**25,396.6**	**29,917.7**

Table 11.16: Gross Claims Incurred by General Insurers by Class of Business

Class of Insurance	2013	2014	2015	2016	2017
Fire	1,230.7	1,382.9	1,724.3	4,200.4	2,631.0
Motor	7,728.9	10,572.8	13,087.3	13,880.1	14,546.3
Personal Accident	868.6	1,269.5	1,738.1	2,029.3	1,562.6
Miscellaneous	677.6	937.1	1,676.2	1,550.5	1,830.4
Total	**10,508.8**	**14,162.4**	**18,225.8**	**21,660.2**	**20,570.2**

Table 11.17: Net Claims Incurred by General Insurers by Class of Business (K million)

Class of Insurance	2013	2014	2015	2016	2017
Fire	350.3	598.2	445.8	531.9	790.4
Motor	6,619.5	9,100.1	11,330.6	12,310.4	13,259.3
Personal Accident	624.9	979.5	895.5	1,173.6	1,106.0
Miscellaneous	473.1	627.9	1,100.7	910.6	1,225.7
Total	**8,067.8**	**11,305.7**	**13,772.6**	**14,926.6**	**16,381.4**

Table 11.18: Claims Ratio for General Insurers by Class of Business

Class of Insurance	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)
Fire	92.0	105.8	52.5	23.3	38.2
Motor	68.1	63.5	65.7	65.4	58.7
Personal Accident	59.8	66.2	56.9	45.4	40.8
Miscellaneous	26.4	24.9	35.4	54.0	48.1
Overall	62.5	59.8	60.4	58.8	54.8

Table 11.19: Claims Experience for General Insurers (K million)

	2013	2014	2015	2016	2017
Gross Claims Incurred	10,505.8	14,162.4	18,225.8	21,660.2	20,570.2
Net Claims Incurred	8,067.8	11,305.7	13,772.6	14,926.6	16,381.4
Recoveries on Reinsurance	2,438.0	2,856.7	4,453.2	6,733.6	4,188.8
Claims Paid	8,801.6	12,683.9	16,047.6	19,845.5	19,929.7
Outstanding Claims	3,241.2	4,332.7	6,450.5	7,697.7	7,968.7
Claims Ratio	62.4%	59.8%	60.4%	58.8%	54.8%

Table 11.20: Operating Results for General Insurers (K million)

	2013	2014	2015	2016	2017
Underwriting Results	4,223.5	6,533.9	7,679.7	9,128.8	11,915.2
Net Investment & Other Income	3,539.3	2,963.2	3,096.7	3,781.0	4,365.7
Management Expenses	3,654.8	5,150.3	6,360.1	9,538.3	11,757.7
Other Expenses	52.5	65.9	12.3	88.1	347.4
Pre-tax Profit	4,055.6	4,280.9	4,404.1	3,414.1	4,175.7
Taxation	897.5	1,188.8	1,371.0	1,171.2	1,430.6
Profit for the year	3,158.1	3,092.1	3,033.1	2,242.9	2,745.1

Table 11.21: Underwriting and Operating Ratios for General Insurers

Item	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)
Underwriting Ratio	32.6	34.6	33.7	35.9	39.8
Combined Ratio	104.7	100.6	100.6	109.1	108.1
Management Ratio	28.3	27.2	27.9	37.6	39.3

Table 11.22: Underwriting Results for General Insurers by Class of Business

Class of Insurance	2013	2014	2015	2016	2017
Fire	63.3	(31.4)	397.6	1,792.7	1,252.9
Motor	2,378.6	4,241.7	4,732.8	5,306.0	7,745.2
Personal Accident	348.5	363.0	540.3	1,263.0	1,336.6
Miscellaneous	1,433.2	1,960.6	2,008.9	897.9	1,580.4
Total	**4,223.5**	**6,533.9**	**7,679.7**	**9,259.6**	**11,915.2**

Table 11.23: Market Share for General Insurers in 2017 (K million)

Insurance company	Gross Premium		Total Assets	
	MK Million	%	MK Million	%
Charter Insurance Co	1,985.2	4.8	2,906.8	6.8
Corporative General Insurance	699.4	1.7	804.5	1.9
General Alliance Insurance Co	4,863.1	11.7	7,341.1	17.1
NICO General Insurance Co	15,017.4	36.0	14,579.9	33.9
Prime Insurance Co	5,295.1	12.7	2,411.5	5.6
Britam Insurance Co	5,102.1	12.2	6,099.1	14.2
Reunion Insurance Co	2,395.0	5.7	3,274.2	7.6
United General Insurance Co	6,323.0	15.2	5,618.9	13.1
Total	**41,680.2**	**100.0**	**43,036.04**	**100.0**

Table 11.24: Assets and Liabilities of General Insurers (K million)

Assets	2013	2014	2015	2016	2017
Fixed Assets	827.4	937.0	1,828.6	2,602.1	3,028.1
Investment Property	293.0	414.2	422.7	662.0	814.9
Govt. & Other Securities	2,629.9	4,097.6	4,733.1	5,564.0	5,900.7
Equity Investment	2,097.2	2,647.4	2,947.7	3,211.0	4,651.6
Fixed Deposits	5,635.4	6,053.6	6,968.6	5,670.5	8,826.4
Loans & Debentures	120.9	163.9	646.9	69.3	68.3
Insurance Receivables	4,889.4	7,139.1	8,155.4	10,881.5	11,787.6
Cash and Cash Equivalents	830.8	958.6	906.7	3,879.3	2,999.7
Other Assets	1,582.9	2,734.7	3,238.4	5,567.1	4,958.8
Total Assets	**18,907.0**	**25,145.9**	**29,847.9**	**38,106.9**	**43,036.0**

Liabilities	2013	2014	2015	2016	2017
Unearned Premiums	5,021.5	6,180.1	7,055.2	8,241.0	10,062.0
Outstanding Claims	4,202.0	5,705.6	8,692.9	10,587.6	11,255.6
Reinsurance Payables	1,288.3	1,684.1	1,565.6	1,623.2	2,118.8
Long Term Liability	-	-	-	4.7	-
Provision for Taxation	473.2	558.4	598.6	643.4	535.3
Bank	83.1	72.5	130.0	271.7	102.9
Other Liabilities	922.1	1,461.8	1,735.3	2,734.6	3,068.5
Total Liabilities	**11,990.1**	**15,662.5**	**19,777.6**	**24,106.3**	**27,143.0**
Equity/Shareholders' Funds	6,916.9	9,483.5	10,070.27	14,000.60	15,893.0
Total Equity and Liabilities	**18,907.0**	**25,145.9**	**29,847.92**	**38,106.9**	**43,036.0**

Table 11.25: General Insurers' Solvency Ratio

	2013	2014	2015	2016	2017
Solvency Ratio	30.4%	31.5%	25.1%	24.3%	19.0%

Table 11.26: Assets for Life Insurers (K'million)

Asset Item	2010	2011	2012	2013	2014	2015	2016	2017
Fixed Assets	3,294.8	1,452.8	2,137.8	2,285.4	2,815.3	2,384.7	2,505.90	2,577.7
Shares	32,190.4	36,764.8	40,520.1	97,096.3	119,349.6	131,987.6	139,210.10	204,528.0
Fixed deposits	7,016.2	11,656.7	20,776.2	32,805.5	45,427.6	35,444.3	29,752.00	23,081.3
Securities	9,307.5	8,980.5	12,296.3	20,054.3	31,381.2	71,384.7	104,259.6	165,080.9
Real Estate	3,409.0	4,233.1	6,515.6	7,625.4	9,456.1	10,339.4	11,553.10	15,937.1
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 11.27: Premium Distribution for Life Insurers (K'million; %)

Item	2010	2011	2012	2013	2014	2015	2016	2017
Life Insurance Premiums	2,622.4	2,935.2	5,123.2	7,276.5	9,380.0	18,618.8	19,281.5	23,3022
Premium Ceded	223.2	266.6	465.5	698.4	686.0	1,322.7	1,081.0	662.3
Net Premium	2,399.2	2,668.6	4,657.7	6,578.1	8,694.0	17,296.1	18,200.5	22,639.9
Retention Ratio	91.5%	90.9%	90.9%	90.4%	92.7%	92.9%	94.0%	97.2%
Premium Ceded Ratio	8.5%	9.1%	9.1%	9.6%	7.3%	7.1%	6.0%	2.8%

Table 11.28: New Individual Life Insurance Policies Underwritten

Item	2010	2011	2012	2013	2014	2015	2016	2017
No. of Policies	7,547	7,748.7	5,885	9,370	10,044	13,565	13,819	22,949
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	31,207.4
Annual Premium (MK million)	447.7	366.1	635.2	932.6	1,424.90	2,197.8	5,363.5	4,014.9

Table 11.29: New Group Life Insurance Policies Underwritten

Item	2010	2011	2012	2013	2014	2015	2016	2017
No of Policies	66	371	490	242	193	108	155	217
Sum Insured (MK million)	1,922.7	2,223.3	792.60	6775.6	4,147.4	1,458.0	4,546.4	15,613.9
Annual Premium (MK million)	343.1	1,379.3	81.4	292.2	168.7	4,205.00	3,526	4,183.2

Table 11.30: Life Insurance Policies Terminated by Surrender

	2010	2011	2012	2013	2014	2015	2016	2017
No of Policies	469	579	610	3,282	1,117	820	953	1226
Sum Insured (MK million)	110.60	83.90	293.20	790.90	1,065.00	549.2	1.018	0.819
Annual Premium (MK million)	11.2	6.85	28.8	163.9	100.8	65.6	105.5	0.774

Table 11.31: Group Life Insurance Policies Termination by Surrender

	2010	2011	2012	2013	2014	2015	2016	2017
No of Policies	9	3	3	1	8	10	26	28
Sum Insured (MK million)	1,304.0	3.70	154.0	3.70	4,520.9	1,465.0	1,136.8	31.8
Annual Premium (MK million)	28.1	7.24	2.6	342.4	66.59	15.2	150.1	126.8

Table 11.32: Life Insurance Policies Terminated by Laspse

	2010	2011	2012	2013	2014	2015	2016	2017
No of Policies	1,064	1,639.0	1,029	2,273	1,786	2,787	3,336	1,058
Sum Insured (K'million)	299.8	443.6	725.5	2,351.0	359.4	1,500.3	2,041.4	560.5
Annual Premium (K'million)	5.9	37.1	83.6	602.5	134.7	141.7	223.4	48.8

Table 11.33: Group Life Insurance Policies Terminated by Lapse

	2010	2011	2012	2013	2014	2015	2016	2017
No of Policies	2.3	2	0	3	2	0	0	0
Sum Insured (K million)	3.70	3.7	0	27.40	482.26	0	0	0
Annual Premium (K million)	2.3	2.3	0	34.2	6.9	0	0	0

Table 11.34: Selected Stock Market Statistics

	2013	2014	2015	2016	2017
MASI (points)	12,531.0	14,886.1	14,562.5	13,320.5	21,598.1
DSI (points)	9,850.2	11,720.4	11,462.9	10,456.9	16,272.6
FSI (points)	1,709.3	1,759.6	1,762.1	2,026.1	3,519.4
Market Capitalisation (MK billion)	7,179.9	7,489.0	7,522.1	8,516.5	10,609.5
Market Capitalisation (US$ billion)	16.6	15.7	11.3	11.7	14.6
Number of transactions	1,261	1,673	1,220	913	1,189
Volume traded (million)	4,409.2	1,724.3	2,355.3	410.9	698.9
Value traded (MK million)	13,331.0	10,865.2	48,592.1	6,196.1	13,516.2
Value traded (US$ million)	34.6	26.7	101.9	8.6	19.0

Table 11.35: Assets for Financial Cooperatives (K'million)

	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
Mar-17	772.3	675.0	6,316.8	2,423.5	10,187.6
Jun-17	587.7	682.5	7,102.9	2,757.7	11,130.9
Sep-17	684.3	556.4	7,818.4	3,147.8	12,206.9
Dec-17	945.0	642.1	9,003.0	3,529.4	14,119.5

Table 11.36: Liabilities for Financial Literacy (K'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
Mar-17	7,184.2	302.1	376.7	2,324.6	10,187.6
Jun-17	8,142.2	337.8	309.1	2,341.8	11,130.9
Sep-17	8,937.8	234.9	361.0	2,673.2	12,206.9
Dec-17	10,215.6	221.4	532.4	3,150.1	14,119.5

Table 11.37: Selected Income and Expenses for Financial Cooperatives (K'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
Mar-17	799.0	798.8	195.5	18.1	538.5	242.4
Jun-17	1,636.3	1,631.8	4.5	51.0	1,102.1	483.1
Sep-17	2,623.6	2,619.7	3.9	86.8	1,670.6	866.3
Dec-17	3,926.5	3,782.1	144.4	127.6	2,528.9	1,270.0

12.0

12.1 LIST OF LICENSED MARKET PLAYERS AS AT 31ST DECEMBER 2017

BANKS

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

DISCOUNT HOUSES

1. First Discount House Ltd

CREDIT REFERENCE BUREAUS

1. Trans Union Limited
2. Credit Data Credit Reference Bureau Ltd

GENERAL INSURANCE COMPANIES

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

LIFE INSURANCE COMPANIES

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

REINSURANCE COMPANIES

1. Malawi Reinsurance Company Limited

REINSURANCE BROKERS

1. Equity Reinsurance Brokers Limited

INSURANCE BROKERS

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

AGENTS FOR BROKERS

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

GENERAL INSURANCE AGENTS

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

10. Direct Insurance Agency
11. Donatti Insurance Agency
12. Equatorial Insurance Agency
13. Falcon Insurance Agency
14. Favour Insurance Agency
15. Future Insurance Agency
16. Gateway Insurance Agency
17. Hamax Insurance Agency
18. Ibex Insurance Agency
19. Infinity Insurance Agency
20. Lingalithu Insurance Agency
21. Mandate Insurance Agency
22. Milanzi Insurance Agency
23. Nata Insurance Agency
24. Orama Insurance Agency
25. Premier Insurance Agency
26. Progressive Insurance Agency
27. Ranila Insurance Agency
28. Reliable Insurance Agency
29. Resilient Insurance Agency
30. Rossal Insurance Agency
31. RZ Insurance Agency
32. Senate Insurance Agency
33. Sun Insurance Agency
34. Tepak International Insurance Agency
35. Ultimate Insurance Agency
36. Vision Insurance Agency
37. Vitu Insurance Agency
38. Vivid Insurance Agency
39. W.T. Thundu Insurance Agency

LIFE INSURANCE AGENTS AND REPRESENTATIVES

NICO Life Insurance Agents

1. Banda Favour
2. Banda Innocent
3. Banda Luyness
4. Banda Mphatso
5. Becha Hadwell
6. Benito Martha
7. Bilale James
8. Bvumbwe Sophie
9. Chado Aubrey
10. Chafumuka Daniel
11. Chakalamba Lydia
12. Chanza Milliam
13. Chapweteka Fortune
14. Chikaonda Chikondi
15. Chikoko Sylvester
16. Chikwera Rodney
17. Chilenje Enerst
18. Chimphonda Charles
19. Chinseu Daniel
20. Chinseu Patricia
21. Chinthenga Yamikani
22. Chinyama Beatrice
23. Chipangula Ron Ellen
24. Chipinda Victor
25. Chirambo Watson
26. Chirwa Lester Carlolyne
27. Chirwa Makoko
28. Chithumba Dina
29. Chiunge Grace
30. Chizaka Solomoni
31. Dalo Andrew
32. Dodoma Robert
33. Dzanja Thokozile
34. Fatch Carolyne
35. Gadama Joana
36. Ghambi Iris
37. Ghambi Paul
38. Golden Lucia
39. Govati Zenasi
40. Gumbo Chimwemwe
41. Hau Ellen
42. Kachere Khumbo
43. Kadammanja McDonald
44. Kadewele Sphiwe
45. Kadzombe Esther
46. Kadzuwa Ellen
47. Kafaamweka Misozi
48. Kalembera Peter
49. Kalinga Rodrick
50. Kalulu Bridget
51. Kalumba Elizaberth
52. Kambadzo chimwemwe
53. Kamwenje Beatrice
54. Kandodo Cyrus
55. Kanyika Gibson
56. Kanyika Lupakisho
57. Kapapa Lusungu
58. Kapira Beatrice
59. Kapyanga Ian
60. Kataika Grey
61. Kili Esther
62. Kishindo Sungeni
63. Kodo Dorothy
64. Kumdana Phalyce
65. Kumwenda Chrissie
66. Kundaje Reinhard
67. Kunkhanda Florence
68. Kuyokwa Amonie

69. Kwizombe Mable
70. Laban Doris
71. Limbani Phadress
72. Limula Renee
73. Limula Renee
74. Liwera Steve
75. Lungu Beatrice
76. Mahiyo Chimwemwe
77. Makumba Nellie
78. Manda Brian
79. Manda Neezar
80. Mandula Ronald
81. Maunda Blessings
82. Mbendera Sarah
83. Mbiri Linda
84. McJessie Peter
85. Mhango Dan
86. Mhango Keffa
87. Misomali Clara
88. Misoya Fraser
89. Korongo George
90. Mlaka Zelesi
91. Mlambala Pilirani
92. Mmanga Arthur
93. Mnenula Janet
94. Mpaso Peter
95. Mphamba Alex
96. Mphande Martha
97. Mpomba Sosten
98. Msachi Linly
99. Msekandiana Luckson
100. Mselu Brenda
101. Msisi Josephine
102. Msukwa Moses
103. Mtalika Gastern
104. Mtanga Gladys
105. Mtawali Oliver
106. Mtonga Chikuse Bezita
107. Mughogho Lusekero
108. Mulima Victoria
109. Mumba Mirriam
110. Munthali Benard
111. Musopole Sibongile
112. Muwira Rhoda
113. Mwakiseghile Esco
114. Mwale Ackim
115. Mwale Marc
116. Mwambila Binna
117. Mwamondwe Kondwani
118. Mwandira Ison
119. Mwase Chupa Chrissy
120. Mwayang'ana Regina
121. Mwenda Lenton
122. Mwiba Fyalimuka
123. Nalia Thomas
124. Namondwe Amos
125. Nampota Thoko
126. Nandolo Olive
127. Nankwenya Shanny
128. Ndakoiwa Petros
129. Ndamuwa Chimwemwe
130. Ndovi Leslie
131. Ndovie Teddie
132. Ng'ambi Linda
133. Ng'oma Anthony
134. Ngonga Atusaye
135. Ngwira Stewart
136. Njobvu Gertrude
137. Nkangala Nellie
138. Nkata John
139. Nkhata Tiwonge
140. Nkhoma Evelyn
141. Nkowani Colless
142. Nkwanzi Henry
143. Nsanama Catherine
144. Nthala Jimmy
145. Nyasulu Daniel
146. Nyirenda Constence
147. Nyirenda Meynard
148. Nyirongo Pacharo
149. Nyirongo Tainess
150. Padzala Patrick
151. Pete Alice
152. Phalula Chimwemwe
153. Phiri Edith
154. Phiri Edwin
155. Phiri Jane
156. Phuza Dingase
157. Sadyalunda Phillip
158. Sangala Pamela
159. Shaba David
160. Shaba Josephy
161. Shonga Chally
162. Sitima Henderson
163. Sumani Kenneth
164. Symon Christopher
165. Tambala Titani
166. Tamvekenji Olive
167. Tenthani Ulemu
168. Thom Ollen
169. Umali Aubrey
170. Waya Walter
171. Zgambo Isabel
172. Zimba Joshua

173. Zimpita Mwayi

Old Mutual Life Assurance Agents

1. Banda Innocent
2. Banda Lonely
3. Bulla Angella
4. Chagoma Lawrence
5. Chagunda Kingsley
6. Chapempha Fanuel
7. Chidyaonga Erica
8. Chikapa Chris
9. Chikuse John
10. Chilapondwa Lizzie
11. Chilombo Richard
12. Chioza Brenda
13. Chipewa Phyness
14. Chiphe Dalitso
15. Chirwa Katrina
16. Chirwa Loif
17. Chirwa Prudence
18. Chirwa Victoria
19. Chisale Sellina
20. Chisi Dingani
21. Chisiza Ndawa
22. Chiyendawaka Fiskani
23. Dulla Captain
24. Galetta Vitallian
25. Galloway Ann
26. Gondwe Getrude
27. Gondwe Mercy
28. Gondwe Molles
29. Iphani Rholita
30. Jere Christina
31. Jimusole Kumbukani
32. Kachala Josephine
33. Kambova Mirriam
34. Katsache Chimwemwe
35. Kaunda Ellen
36. Kawalala Janet
37. Khauya Patricia
38. Khulupilire Harold
39. Kumwenda Kondwani
40. Kwangwanya Tito
41. Liabunya Uzayani
42. Lichapa Chiuzeni Stella
43. Lopez Madalitso
44. Lumwira Thokozani
45. Maiden Spencer
46. Majawa Peter
47. Makakala Wyclif
48. Makande Precious
49. Makwinja Elipher
50. Makwiti Clever
51. Manyenje Eddah
52. Maseko Daniel
53. Maulidi Ronnie
54. Mazonde Eunice
55. Mbale Mtende
56. Milongwe Jooma
57. Minjale Jean
58. Kandawire Martha
59. Mlambala Khomba
60. Moyo Chimwemwe
61. Mphezu Joyce
62. Msiska Kennedy
63. Msuku Patricia
64. Mtalika Denis
65. Mughogho Nadi
66. Mwafulirwa Steve
67. Mwandira Rosario
68. Mzungu Aaron
69. Nayeja Tiwonge
70. Nguluwe Timothy
71. Nkhoma Gift
72. Nkhoma Martin
73. Nkhwazi Synoden
74. Nsokho Blessings
75. Nyirongo Treza
76. Salapa Yamikani
77. Sekeni Judith
78. Selemani Sigele
79. Semele Edda
80. Sibale Jarvis
81. Sineta Madalitso
82. Sokela Ceasaria
83. Stain Akimu
84. Tchale Kingsley
85. Teki Jessie
86. Tembo Happy
87. Time Louis
88. Chimbalango Melvin
89. Chingson Mwayiwawo
90. Chipala Sphiwe
91. Chirwa Prudence
92. Bandawe Eneless
93. Gama Geoffrey
94. Iphani Rholita
95. Kawalala Janet
96. Jere Christina
97. Kamalizeni Nicolas
98. Katsache Chimwemwe
99. Chagunda Kingsley
100. Lambulira Martin Moyowina

101. Mabutawo Mphatso
102. Magola Chrispine
103. Majawa Dorothy
104. Makakala Wycliff
105. Mandala Isaac
106. Kandawire Chimwemwe Natasha
107. Moyo Gift
108. Mtalika Denis
109. Mukhwapa Rufina
110. Muphuwa Takondwa
111. Mvaya Getrude
112. Chisiza Ndawa
113. Nguluwe timothy
114. Nyasulu Jessy
115. Reuben Ruth
116. Seken Judith
117. Nkhwazi synoden
118. Sokela Ceasaria
119. Thenyela Alick Wakhenya
120. Time Louis
121. Kwangwanya Tito
122. Yobe Patrick Lingwalanya

Vanguard Life Assurance agents

1. Baluwa Memory
2. Banda Bessie
3. Banda Charley
4. Beyard Harry
5. Chakwana Andrew
6. Chatepa Eunice
7. Chavula Salomy
8. Chibisa Stanley
9. Chigooh Sarah
10. Chikaya Precious
11. Chilamwa Mirriam
12. Chimombo Maggie
13. Chipeta Sharon
14. Chirwa Martha
15. Chirwa Moses
16. Chiumia Lauryn
17. Gadi Tiyamike
18. Ganunga Flora
19. Gillion Justice
20. Kabvumbula Charles
21. Kachiraman Believe
22. Kachiwala Stella
23. Kalombola Vanessa
24. Kaluwa Lonely
25. Kambadzo Chimwemwe
26. Kamphonje Enock
27. Kandulu Jacqueline
28. Kangama Nayo
29. Kantchowa Mercy
30. Kantepa Violet
31. Kanyimbi Chinsinsi
32. Kaoloka Limbikani
33. Kawalewale Johannes
34. Kayamba Maggie
35. Kayamba Truth
36. Kuntaja Maxwell
37. Lallubhai Towera
38. Lallubhai Maggie
39. Magalasi Elizabeth
40. Magwira Litness
41. Malonje Chimwemwe
42. Malunga Chimwemwe
43. Maseko Susan
44. Matabwa Isaac
45. Mbwana Cuthbert
46. Mchenga Felix
47. Meja Osman
48. Mfune Hilda
49. Konda Gloria
50. Moyo Bonface
51. Moyo Memory
52. Msekawanthu Matrida
53. Msiska Yvone
54. Msosa Bright
55. Msosa Evelyn
56. Msowoya Mphatso
57. Msuku Chikumbutso
58. Msukwa MacGiven
59. Msusa Kabinda
60. Mtambo Ansubiye Frank
61. Mtambo Augastine
62. Mtuluka Geofrey
63. Mughogho Edward
64. Mustafa Kumbukani
65. Mustmoir Elizaberth
66. Muva Ethel
67. Mvula Linda
68. Mwang'anda Christina
69. Mwango Tichitenji
70. Mwenda Pendo
71. Ndeule Doreen
72. Nthengwe Thandie
73. Nyirenda Beauty
74. Nyirenda Innocent
75. Nyirenda Peter
76. Nyirenda Vyachi Grayson
77. Phalani Treazer
78. Phiri Alexander
79. Phiri Felistus

80. Phiri Mercy
81. Sabiti Cynthia
82. Sandula Villias
83. Singano Chimwemwe
84. Tchupa Grace
85. Tchuwa Wanangwa
86. Yollam Elijah

Co-operatives Life Assurance agents

1. Daniel Maliwa
2. Gertrude Mpanga
3. Joshua Nkhoma
4. Thokozile Dzanja
5. Cephas Ulemu
6. Ruth Kwinda

INSURANCE LOSS ASSESSORS AND ADJUSTERS

1. A-N Consulting Insurance Loss Assessor
2. Associated Insurance Loss Assessor
3. Ctec LA Loss Adjustors
4. Dynamic Loss Adjusters
5. Fidelity Loss Assessors
6. First Insurance Assessors
7. GM Insurance Assessors
8. Harolds Group
9. JBK Multiplan Loss Assessors
10. Joy Loss Assessors
11. MIC Associates
12. Miles Loss Adjustor
13. MT Insurance Loss Assessor
14. Multipal Insurance Loss Assessor
15. Mzuzu Industrial Loss Assessor
16. PAGES
17. PD Alliance Loss Adjusters
18. PDCA Consultants
19. PTL Insurance Loss Assessor
20. Mobic Loss Assessor

PENSION SERVICES COMPANIES

1. Old Mutual Pension Services Company
2. NICO Pension Services Company
3. NBM Pensions Administration Limited
4. Axis Pensions Limited
5. Continental Pension Services Company

CORPORATE TRUSTEES FOR PENSION FUND

1. Axis Pensions Limited
2. Associated Pension Trust Limited
3. NBM Pensions Administration Limited
4. Old Mutual Pensions Service Company Limited
5. NICO Pension Services Company Limited
6. Continental Pension Services Company Limited
7. Mahogany Insurance Brokers Limited

PENSION BROKERS

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

STANDALONE PENSION FUNDS

1. Christian Health Association of Malawi Pension Fund
2. Limbe Leaf Tobacco Company Limited Group Pension Fund
3. Standard Bank Pension Fund
4. Puma Energy Malawi Limited Pension Fund
5. Aviation Pension Fund
6. Magetsi Pension Fund
7. Telekom Networks Malawi Limited Pension Fund
8. Toyota Malawi Limited Pension Fund
9. Illovo Sugar (Malawi) Limited Pension Fund
10. SUCOMA Group Pension Fund
11. National Bank of Malawi Pension Fund
12. First Merchant Bank Limited Pension Fund
13. Malawi Posts Corporation Pension Fund

SELF-ADMINISTERED PENSION FUNDS

1. Press Corporation Limited Group Pension Fund
2. Reserve Bank of Malawi Pension Fund

UNRESTRICTED PENSION FUNDS

1. Old Mutual Malawi Unrestricted Pension Fund
2. NICO Unrestricted Pension Fund
3. NBM Unrestricted Pension Fund
4. The Associated Pension Trust (APT) Unrestricted Pension Fund
5. Mwafuli Unrestricted Pension Fund
6. Continental Unrestricted Pension Fund
7. Old Mutual Protektor Unrestricted Pension Fund

UMBRELLA FUNDS

1. Old Mutual Malawi Umbrella Fund

RESTRICTED PENSION FUNDS UNDER UMBRELLA FUNDS

1. Madzi Pension Fund
2. Auction Holdings Limited Group Pension Fund
3. Partners in Hope Pension Fund
4. Malawi Telecommunications Limited Pension Fund
5. Alliance One Tobacco (Malawi) Limited Pension and Life Assurance Fund

STOCK EXCHANGES

1. Malawi Stock Exchange Limited.

BROKERS

1. Continental Capital Limited.
2. African Alliance Securities Limited.
3. Stockbrokers Malawi Limited.

COLLECTIVE INVESTMENT SCHEMES

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

INVESTMENT ADVISORS

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

PORTFOLIO MANAGERS

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

TRANSFER SECRETARIES

1. Standard Bank Limited.
2. NICO Asset Managers Limited.
3. National Bank of Malawi Limited.
4. First Merchant Bank Limited.

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. BL Financial Services Limited
2. Business Finance Solutions
3. Chislet Finance Ltd
4. Centre for Advancement of Sustainable Development (CASDE)
5. Circle Microfinance Ltd
6. Community Finance Ltd
7. Citizen Microfinance
8. DF Agency

9. Ecological Research and Outreach Initiative Ltd (ECORET)
10. EPIK Finance Ltd
11. Excel Financial Services Limited
12. Express Microloan Limited
13. First Microfinance Centre
14. FEDOMA Microfinance Project
15. Foundation for Irrigation and Sustainable Development (FISD)
16. Fountain Microfinance
17. GetBucks Malawi
18. Green Gold Finance Ltd
19. Greenroot Finance Ltd
20. Mlatho Financial Services Ltd
21. Moyowathu Financial Services
22. National Association of Business Women (NABW)
23. Nile Flow Ltd
24. Palm Microfinance Limited
25. Pamodzi Finserve Ltd
26. SAILE Financial Services
27. Savanna Financial Services Limited
28. Sono (Now) Microfinance Ltd
29. Tamarh Consult Ltd
30. The Binisons Credit Agency
31. TEECs
32. Ubale Loans Limited
33. Ufulu Finance Ltd
34. Umunthu Microfinance
35. Wealthnet Finance Ltd

FINANCIAL COOPERATIVES

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