

SUMMARY OF UNAUDITED CONSOLIDATED RESULTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

PAT

MK32.64 BN  
UP BY 169%

TOTAL INCOME

MK90.61 BN  
UP BY 112%

TOTAL  
OPERATING COSTS

MK31.05 BN  
UP 44%

COST TO  
INCOME RATIO

34% DOWN  
FROM 51%

TOTAL  
ASSETS

MK972.88 BN  
UP BY 48%

CUSTOMER  
DEPOSITS

MK648.60 BN  
UP BY 20%

NET  
LOANS

MK185.23 BN  
UP BY 20%

NPL  
RATIO

4.80% DOWN  
FROM 4.9%

SUMMARY STATEMENT OF  
COMPREHENSIVE INCOME

	Consolidated Unaudited 6 months to 30-Jun-24 MK'Million	Consolidated Unaudited 6 months to 30-Jun-23 MK'Million	Consolidated Audited 12 months to 31-Dec-23 MK'Million	Separate Unaudited 6 months to 30-Jun-24 MK'Million	Separate Unaudited 6 months to 30-Jun-23 MK'Million	Separate Audited 12 months to 31-Dec-23 MK'Million
Interest income	98,802	49,865	111,896	98,802	49,865	111,897
Interest expense	(30,887)	(17,390)	(44,202)	(30,887)	(17,390)	(44,202)
Net Interest Income	67,915	32,475	67,694	67,915	32,475	67,695
Total non-interest income	22,694	10,204	34,950	22,335	10,204	34,819
Total operating income	90,609	42,679	102,644	90,250	42,679	102,514
Operating expenses	(31,049)	(21,615)	(48,362)	(30,795)	(21,615)	(48,166)
Profit before impairment losses	59,560	21,064	54,282	59,455	21,064	54,348
Impairment provisions	(3,931)	(2,109)	(4,561)	(3,931)	(2,109)	(4,561)
Profit before tax	55,629	18,955	49,721	55,524	18,955	49,787
Income tax expense	(22,986)	(6,798)	(20,343)	(22,954)	(6,798)	(20,365)
Profit for the period	32,643	12,156	29,378	32,570	12,157	29,422
Earnings per share (MK)	11.10	4.19	10.10	11.08	4.19	10.12
Weighted average ordinary shares in issue (million)	2,911	2,911	2,911	2,911	2,911	2,911

STATEMENT OF OTHER  
COMPREHENSIVE INCOME

Profit for the period	32,643	12,156	29,378	32,570	12,157	29,422
Items that may be reclassified subsequently to profit or loss						
Net Fair value adjustments on Malawi Government treasury notes	(328)	43	(40)	(328)	43	(40)
Total Comprehensive Income	32,315	12,199	29,338	32,242	12,200	29,382

Consolidated Unaudited 30-Jun-24 Mk'million	Consolidated Unaudited 30-Jun-23 Mk'million	Consolidated Audited 31-Dec-23 Mk'million	Separate Unaudited 30-Jun-24 Mk'million	Separate Unaudited 30-Jun-23 Mk'million	Separate Audited 31-Dec-23 Mk'million
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SUMMARY STATEMENTS OF  
FINANCIAL POSITION

ASSETS						
Cash and cash equivalents	145,330	44,168	104,500	144,616	44,168	104,440
Money market investments	596,370	319,281	367,644	596,370	319,281	367,644
Loans and advances	185,231	132,226	153,816	185,231	132,226	153,816
Equity investments	131	131	131	431	131	431
Property, plant and equipment	20,343	11,302	14,240	20,264	11,256	14,163
Intangible assets	11,336	6,435	7,933	11,305	6,435	7,928
Other receivables	9,441	10,931	6,871	9,916	10,900	7,124
Right of use assets	3,671	3,121	2,581	3,633	3,121	2,580
Deferred Tax Asset	1,023	-	-	1,027	-	-
Total Assets	972,876	527,595	657,716	972,793	527,518	658,126
LIABILITIES AND EQUITY						
Liabilities						
Deposits from customers	648,599	417,513	538,527	648,899	417,525	538,868
Other borrowings	8,076	6,161	8,493	8,076	6,161	8,493
Deferred tax liability	-	1,095	447	-	1,065	440
Deposits from other banks and financial institutions	194,366	45,008	26,570	194,366	45,008	26,570
Lease liability	6,431	4,996	4,811	6391	4,996	4,811
Other liabilities	37,432	8,042	28,845	37,088	7,953	28,847
Total Liabilities	894,904	482,815	607,693	894,820	482,708	608,029

Equity

	Consolidated Unaudited 30-Jun-24 Mk'million	Consolidated Unaudited 30-Jun-23 Mk'million	Consolidated Audited 31-Dec-23 Mk'million	Separate Unaudited 30-Jun-24 Mk'million	Separate Unaudited 30-Jun-23 Mk'million	Separate Audited 31-Dec-23 Mk'million
Share capital	1,455	1,455	1,455	1,455	1,455	1,455
Share premium	12,104	12,104	12,104	12,104	12,104	12,104
Fair value through other comprehensive income reserve	(12)	204	121	(12)	204	121
Retained earnings	64,425	31,017	36,343	64,426	31,047	36,417
Total Liabilities & Equity	972,876	527,595	657,716	972,793	527,518	658,126

SUMMARY STATEMENTS OF  
CHANGES IN EQUITY

As at the beginning of the year	50,023	37,122	34,801	50,097	37,151	34,831
Other equity movements	(328)	13	(40)	(328)	14	(40)
Profit for the year	32,643	12,156	29,378	32,570	12,156	29,422
Dividend paid	(4,366)	(4,511)	(14,116)	(4,366)	(4,511)	(14,116)
As at the end of year	77,972	44,780	50,023	77,973	44,810	50,097

SUMMARY STATEMENT OF  
CASH FLOWS

Cashflows from operating activities						
Profit before income tax expense	55,629	18,954	49,721	55,524	18,954	49,788
Adjustments for non-cash items included within the income statement	64,075	39,767	74,678	63,975	39,767	74,342
Increase in interest earning assets	(258,454)	(55,283)	(108,262)	(258,677)	(55,283)	(108,544)
Increase in deposits and other liabilities	276,613	59,160	163,878	276,263	59,160	164,281
Interest paid	30,887	17,390	44,202	30,887	17,390	44,202
Interest received	(98,802)	(49,865)	(111,896)	(98,802)	(49,865)	(111,898)
Direct taxation paid	(16,554)	(7,691)	(15,502)	(16,554)	(7,691)	(15,502)
Net cash generated from operating activities	53,394	22,432	96,819	52,616	22,432	96,669
INVESTING ACTIVITIES						
Acquisition of property and equipment	(11,094)	(8,480)	(13,820)	(11,016)	(8,480)	(13,727)
Proceeds from disposal of property and equipment	-	15	22	-	15	19
Net cash used in investing activities	(11,094)	(8,465)	(13,798)	(11,016)	(8,465)	(13,708)
FINANCING ACTIVITIES						
Net proceeds from loans and borrowings	3,468	(526)	1,053	3,468	(526)	1,053
Dividends declared and paid	(4,366)	(4,511)	(14,116)	(4,366)	(4,511)	(14,116)
Interest on lease liability	(856)	(520)	(1,028)	(850)	(520)	(1,028)
Repayment of lease liabilities	(40)	(168)	(354)	-	(168)	(354)
Net cash used in financing activities	(1,794)	(5,725)	(14,445)	(1,748)	(5,725)	(14,445)
Net movement in cash and cash equivalents	40,506	8,242	68,576	39,852	8,242	68,516
Cash and cash equivalents at beginning of the year	104,500	32,812	32,812	104,440	32,812	32,812
Effects of exchange rate changes	324	3,113	3,112	324	3,113	3,112
Cash and cash equivalents at end of the year	145,330	44,167	104,500	144,616	44,167	104,440

REGULATORY DISCLOSURES

1. IMPAIRMENT LOSSES /NON PERFORMING CREDIT FACILITIES AND EXPECTED CREDIT LOSSES BY  
INDUSTRY SECTOR

	Outstanding Amount MK'm	30-Jun-24 Impaired Amount MK'm	Expected credit loss (stage 3) MK'm	Outstanding Amount MK'm	30-Jun-23 Impaired Amount MK'm	Expected credit loss (stage 3) MK'm
Sector						
Agriculture	6,651	920	717	2,507	606	406
Manufacturing	6,545	509	259	7,864	90	61
Electricity, gas, water and energy	34,218	3	2	11,140	-	-
Construction	2,918	1,593	1,240	3,434	956	641
Wholesale&Retail	16,470	3,411	2,564	10,465	2,362	1,108
Restaurants & Hotels	1,527	1,304	990	1,328	824	552
Transport	1,600	326	254	2,472	280	189
Financial Services	6,758	-	-	7,482	5	3
Community	120,690	4,093	1,979	90,979	2,099	1,368
Real Estate	44	32	13	99	99	66
Total	197,421	12,191	8,018	137,770	7,321	4,394

2. CREDIT CONCENTRATION

Total credit facilities including guarantees, acceptances and other similar commitments extended by the bank to any one customer or group of related customers where amounts exceeded 25% of core capital.

SECTOR OF BORROWER

	MK'm	30-Jun-24 % of Core Capital	MK'm	30-Jun-23 % of Core Capital
Agriculture	-	0.0%	-	0.0%
Water	29,952	47.4%	-	0.0%
Electricity	-	0.0%	11,140	27.9%

3. LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES

	30-Jun-24 MK'm	30-Jun-23 MK'm
Directors		
Balance at the beginning of the period	231	195
Loans granted during the period	400	51
Repayments	(33)	(14)
Balance at end the of period	598	231

Other related parties

Balance at the beginning of the period	1,590	391
Loans granted during the period	48	2,608
Repayments	(1,015)	(1,408)
Balance at end the of period	623	1,590

Senior management officials

Balance at the beginning of the period	795	664
Loans granted during the period	740	370
Repayments	(24)	(240)
Balance at end the of period	1,511	795

Total related party lending as a % of Capital

	Number of shares 30-Jun-24	Number of shares 30-Jun-24	Percentage Holding 30-Jun-23	Percentage Holding 30-Jun-23
Name of subsidiary				
NBS Forex Bureau	7,000,000	100%	7,000,000	100%

LENDING RATES

Malawi Kwacha facilities		
	30-Jun-24	30-Jun-23
Reference rate	25.1%	21.0%
Lending rate spread above reference rate	0% to 10%	0% to 10%
Foreign Currency facilities rate	8% to 10%	8% to 10%

DIRECTORS' REMUNERATION AND  
EMPLOYEE BONUSES

	30-Jun-24 MK'm	30-Jun-23 MK'm
Directors' remuneration	48	26
Total bonuses payable to employees	2,815	2,131

DEPOSIT RATES

Type of Deposit Malawi Kwacha		
	30-Jun-24 Rate %	30-Jun-23 Rate %
Current account	0.10	0.10
Savings	2.00	2.00
7 Day Notice	5.00	5.00
30 Day Notice	5.50	5.50
2 Months	6.50	6.50
3 Months	6.00	6.00
6 Months	Negotiable	Negotiable
9 Months	Negotiable	Negotiable
12 Months	Negotiable	Negotiable
Foreign Currency Denominated Accounts (FCDAs)		
USD	0.75	0.75
GBP	1.00	1.00
ZAR	0.60	0.60
EUR	0.75	0.75

PERFORMANCE

The Bank recorded a consolidated Profit After Tax (PAT) of MK32.65 billion compared to a consolidated PAT of MK12.16 billion reported in a similar period of 2023 representing a year-on-year increase of 169%. Total comprehensive income amounted to MK32.32 billion, 165% above the MK12.20 billion reported in the half year ended 30 June 2023.

Total operating income grew by 112% year-on-year on the back of an increase in net interest income of 109% and non-interest income of 122%. The remarkable performance was driven by the 55% growth of customer deposits which were invested in loans and advances and money market instruments, resulting in higher interest income than the income reported in a similar period of 2023. In addition, the Bank's customer deposit mix improved notably resulting in an improvement in interest margins. The growth of non-interest income arose from acquisition of new clients which contributed to a higher volume of transactions on digital platforms, an increase in the volume and value of forex transactions and guarantees.

Operating expenses at MK31.05 billion were up by 44% compared to the MK21.62 billion reported in similar period in the prior year. The Bank was impacted by the currency devaluation and high inflation since most of the Bank's systems are imported, hence invoiced in foreign currencies. Moreover, local suppliers adjusted prices to cope with the effects of the devaluation and the high inflation. Nevertheless, the Bank's cost-to-income ratio fell from 51% as at 30 June 2023 to 34% as at 30 June 2024 due to effective cost management and growth of income.

Impairment provisions rose from MK2.1 billion to MK3.9 billion representing an increase of 86% due to the 40% growth of the loan book which triggered additional provisions in compliance with International Financial Reporting Standard 9, Financial Instruments, and the downgrade of exposures within the SME segment. The SME clients involved had been severely affected by the devaluation and inflation. Overall, the Bank's non-performing loans were within the Board approved risk appetite.

The Bank's total assets went up by MK315 billion over the six months period ended 30 June 2024 to close at MK973 billion representing an increase of 48%. Customer deposits and deposits from other financial institutions were the primary drivers of the jump in total assets. Looking ahead, the Bank expects continued growth of the balance sheet among others following the continued raising of cheap US Dollar funding for the Food and Agriculture, and drawdowns on related approved facilities.

DIVIDEND

The Board of Directors approved an interim dividend for the half year ended 30 June 2024 of MK4.66 billion representing MK1.60 per share (June 2023: MK3.49 billion representing MK1.20 per share). Shareholders recorded in the members' register of the Company at the close of business on Friday, 4 October 2024 will be eligible for the dividend payable on Wednesday, 23 October 2024. The register will be closed from Saturday, 5 October 2024 to Monday, 7 October 2024 and no transfers will be registered during that time. The ex-dividend date is Wednesday, 2 October 2024.

OUTLOOK

The Reserve Bank of Malawi forecast that the Malawi economy will grow by 2.3% in 2024 higher than 1.9% in 2023. Low foreign exchange availability, high inflation rate and interest rates which characterized the first half of 2024 are expected to continue in the second half. On the back of these challenges, it is likely that the business environment will remain challenging. The Bank continues to adapt its strategy and operations to deliver superior shareholder value despite the challenging economic environment.

 V. Kumwenda Chairman	 H. Kalua Director	 K. Ngwenya Chief Executive Officer	 E. Tembo Chief Finance Officer
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