

SUMMARY OF UNAUDITED CONSOLIDATED RESULTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

PAT

MK4.4 BILLION, UP BY 55%

Customer Deposits

MK174 BILLION, UP BY 26%

Net Interest Income

UP BY 10%

Total Balance Sheet

UP BY MK102 BILLION

Total Operating Costs

UP BY 3%

Total Capital Ratio

AT 19.7%

Annualised Return on Equity

AT 37%



	Consolidated and Separate Unaudited 6 months to 30-Jun-21	Consolidated and Separate Unaudited 6 months to 30-Jun-20	Consolidated and Separate Audited 12 months to 31-Dec-20
	MK'000	MK'000	MK'000

STATEMENT OF COMPREHENSIVE INCOME			
Interest income received	22,868,689	17,533,236	36,570,829
Interest payable	(8,390,791)	(4,274,411)	(9,986,860)
Net Interest Income	14,559,610	13,258,825	26,583,969
Other Income	6,133,001	4,538,304	10,571,167
Net Income	20,692,611	17,797,129	37,155,136
Operating Expenses	(12,944,526)	(12,597,361)	(25,197,840)
Profit before impairment losses	7,748,085	5,199,768	11,957,296
Impairment provisions	(12,793,930)	(1,513,207)	(1,982,578)
Profit/(loss) before tax	4,668,249	3,684,441	9,974,718
Income tax expenses	(2,072,959)	(839,965)	(2,524,967)
Profit/(Loss) for the period	4,395,290	2,844,476	7,049,751
Other comprehensive income	-	-	136,567
Total Comprehensive Income	4,395,290	2,844,476	6,913,184
Earnings per share (MK)	1.51	0.98	2.42
Weighted average ordinary shares in issue (million)	2,913	2,913	2,913

	Consolidated Unaudited 30-Jun-21	Consolidated Unaudited 30-Jun-20	Consolidated Audited 31-Dec-20	Separate Unaudited 30-Jun-21	Separate Unaudited 30-Jun-20	Separate Audited 31-Dec-20
	MK'000	MK'000	MK'000	MK'000	MK'000	MK'000

STATEMENT OF FINANCIAL POSITION						
LIABILITIES AND EQUITY						
Liabilities						
Deposits from Customers	174,244,862	138,155,389	153,861,153	174,257,442	138,155,389	153,873,733
Other Borrowings	6,273,711	7,329,847	6,808,021	6,273,711	7,329,847	6,808,021
Deferred Tax Liability	1,195,967	93,021	674,828	1,165,632	62,686	644,493
Deposits from other Banks	71,321,869	125,046,664	29,741,645	71,321,869	125,046,664	29,741,645
Lease Liability	4,257,971	3,727,503	3,479,034	4,257,971	3,727,503	3,479,034
Other liabilities	3,990,878	2,914,931	4,600,699	3,990,990	2,760,126	4,512,811
Total Liabilities	261,285,258	164,725,355	199,165,380	261,179,615	164,540,215	199,059,737
Equity						
Share capital	1,455,291	1,455,291	1,455,291	1,455,291	1,455,291	1,455,291
Share premium	12,104,183	12,104,183	12,104,183	12,104,183	12,104,183	12,104,183
Fair value through other comprehensive income reserve	(157,913)	-	(136,567)	(157,913)	-	(136,567)
Retained earnings	10,109,357	4,197,792	5,343,482	10,138,748	4,227,183	5,372,873
Other reserves	-	400,036	400,036	-	400,036	400,036
Total Liabilities & Equity	284,796,176	182,882,657	218,331,805	284,719,924	182,726,908	218,255,553

ASSETS						
Cash and Cash equivalents	16,662,238	16,675,429	24,091,941	16,662,238	16,675,429	24,091,941
Other receivables	9,403,786	4,951,654	5,385,818	9,373,045	4,860,243	5,355,077
Money Market Investments	187,958,253	111,036,520	116,513,149	187,958,253	111,036,520	116,513,149
Equity Investments	49,700	49,700	49,700	49,700	49,700	49,700
Loans and Advances	57,472,220	37,556,360	59,034,722	57,472,220	37,556,360	59,034,722
Deferred Tax Asset	-	-	-	-	-	-
Right to Use Assets	3,199,801	3,081,534	2,646,558	3,199,801	3,081,534	2,646,558
Intangible Assets	3,909,595	3,584,732	4,013,802	3,909,595	3,584,732	4,013,802
Property, plant and equipment	6,140,583	5,946,728	6,596,115	6,095,072	5,882,390	6,550,604
Total Assets	284,796,176	182,882,657	218,331,805	284,719,924	182,726,908	218,255,553

STATEMENT OF CHANGES IN EQUITY						
As at the beginning of the year	19,166,425	15,342,218	14,581,699	19,195,816	15,342,218	14,611,090
Other Equity movements	(50,797)	-	(136,567)	(50,797)	-	(136,567)
Profit for the year	4,395,290	2,815,084	7,049,751	4,395,290	2,844,475	7,049,751
Dividend paid	-	-	(2,328,458)	-	-	(2,328,458)
As at the end of year	23,510,918	18,157,302	19,166,425	23,540,309	18,186,693	19,195,816

	Consolidated Unaudited 30-Jun-21	Consolidated Unaudited 30-Jun-20	Consolidated Audited 31-Dec-20
	MK'000	MK'000	MK'000

STATEMENT OF CASH FLOWS			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax expense	6,468,249	3,684,441	9,974,718
Adjustments for non-cash items included within the income statement	2,979,089	3,029,620	4,742,968
Increase in interest earning assets	(75,019,396)	(22,862,953)	(49,075,799)
Increase in deposits and other liabilities	60,334,477	19,124,211	52,879,522
Interest paid	(8,309,079)	(4,274,411)	(9,986,860)
Interest received	(22,868,689)	(17,419,066)	(36,570,829)
Direct taxation paid	(726,824)	(310,308)	(330,188)
Net cash used in operating activities	(20,524,015)	(10,479,644)	(8,392,748)

INVESTING ACTIVITIES			
Net Finance income	15,321,380	15,563,169	25,945,454
Acquisition of property and equipment	(1,281,970)	(1,700,366)	(3,773,524)
Proceeds from disposal of property and equipment	544,719	48,138	109,626
Net cash from/(used) in investing activities	14,584,129	13,910,941	22,281,556

FINANCING ACTIVITIES			
Net proceeds from loans and borrowings	(534,310)	(533,398)	(1,055,224)
Dividends declared and paid	-	-	(2,328,458)
Repayment of lease liabilities	(955,507)	(231,710)	(422,425)
Net cash generated from financing activities	(1,489,817)	(765,108)	(3,806,107)
Net movement in cash and cash equivalents			
	(7,429,703)	2,666,189	10,082,701
Cash and cash equivalents at beginning of the year			
	24,091,941	14,009,240	14,009,240
Cash and cash equivalents at end of the year			
	16,662,238	16,675,429	24,091,941

REGULATORY DISCLOSURES

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

Sector	30-Jun-21		30-Jun-20	
	Outstanding Amount	Specific Provisions	Outstanding Amount	Specific Provisions
	MK'm	MK'm	MK'm	MK'm
Agriculture	4,083	337	181	3,286
Mining	1,212	285	152	641
Manufacturing	4,799	10	5	1,487
Electricity	12,856	4	2	13,328
Construction	2,746	93	50	1,894
Wholesale/Retail	15,712	483	259	10,781
Restaurants & Hotels	1,477	166	88	621
Transport	1,357	68	36	816
Financial Services	4,571	181	97	3,543
Community	10,947	267	143	2,735
Real Estate	631	8	4	398
Other	-	-	477	534
Total	60,390	1,901	1,016	40,007

Included in the 30 June 2021 specific provision of K1 billion are stage 1 and stage 2 impairment provisions on performing loans in line with IFR9.

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

	30-Jun-21	30-Jun-20
	MK'M	MK'000
Electricity	6,822	8,557
	31.1%	48.1%

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

Directors

	30-Jun-21	30-Jun-20
	MK'M	MK'M
Balance at the beginning of the period	23.2	32.2
Loans granted during the period	13.0	10.0
Repayments	(8.6)	(19.0)
Balance at end of the period	27.6	23.2

Other related parties

	30-Jun-21	30-Jun-20
	MK'M	MK'M
Balance at the beginning of the period	207.5	201.1
Loans granted during the period	2,774	15.8
Repayments	(668.5)	(9.4)
Balance at end of the period	2,313	207.5

Senior management officials

	30-Jun-21	30-Jun-20
	MK'M	MK'M
Balance at the beginning of the period	427.0	580.4
Loans granted during the period	164.1	12.1
Repayments	(70.1)	(165.5)
Balance at end of the period	521.0	427.0

INVESTMENTS IN SUBSIDIARIES

Name of subsidiary	30-Jun-21		30-Jun-20	
	Number of shares	Percentage Holding	Number of shares	Percentage Holding
	30-Jun-21	30-Jun-21	30-Jun-20	30-Jun-20
NBS Forex Bureau	7,000,000	100%	7,000,000	100%

LENDING RATES

	30-Jun-21	30-Jun-20
	Rate %	Rate %
Malawi Kwacha facilities		
Base Lending Rate	12.2%	13.4%
Lending Rate Spread	0% to 10%	0% to 10%
Foreign Currency facilities	+5% Libor rate	+5% Libor rate

DIRECTORS' REMUNERATION AND EMPLOYEE BONUSES

	30-Jun-21	30-Jun-20
	MK'000	MK'000
Directors' remuneration	16,822	13,686
Total bonuses paid to employees	884	758

DEPOSIT RATES

Type of Deposit	30-Jun-21		30-Jun-20	
	Rate %	Rate %	Rate %	Rate %
Malawi Kwacha				
Current account	0.50	0.50		
Savings	1.55	1.55		
7 Day Notice	3.73	3.73		
30 Day Notice	5.00	5.00		
2 Months	6.00	6.00		
3 Months	7.00	7.00		
6 Months	7.00	7.00		
9 Months	Negotiable	Negotiable		
12 Months	Negotiable	Negotiable		

Foreign Currency Denominated Accounts (FCDAs)

	30-Jun-21	30-Jun-20
	MK'000	MK'000
USD	0.60	0.60
GBP	0.60	0.60
ZAR	0.60	0.60
EUR	0.60	0.60

FINANCIAL REVIEW

Performance

NBS Bank has successfully navigated many challenges presented by COVID-19 to deliver a robust financial performance in the first half of 2021. This has been driven by the continuous focus and implementation of our five-year strategy that is aimed at accelerating the digital transformation, building a strong balance sheet, and enhancing efficiencies across the bank. This performance trend shows that the Bank's transformation journey continues to be on track and is on a sustainable path.

Net interest income grew by 10% in 2021 compared to a similar period in 2020, largely because of growth of loan book and effective management of investments in money market instruments. On the other hand, non-interest revenue registered a growth of 35% on prior year performance on the back of some one-off income and cash flows. The bank has also been impacted by COVID 19 pandemic and registered a reduction in customer accounts which negatively affected transaction volumes.

The Bank grew profit before tax by 76% to MK6.5 billion for the six months ended 30 June 2021 when compared to a similar period to June 2020. The net profit after tax also grew by 55% to MK 4.4 billion when compared to the prior period to June 2020.

The Group has made very good progress on implementation of its five-year strategy, which places a leading digital offering at the centre of the vision for superior customer experience which has translated to increased transaction volumes and income growth. Operating expenses registered 3% growth on prior year due to planned investments in our operating systems and increases in revenue generating transactional expenses. The financial results show that the Bank is achieving greater efficiencies across the board. The Bank registered a 26% growth of customer deposits during the six months to 30th June 2021. The Bank registered a 13% growth of customer deposits during the six months to 30th June 2021. Money market investments grew by 61% but loans and advances decreased by 3% due to planned repayments of seasonal facilities. The improvement of the Bank's performance in the first half of 2021 amidst the current environmental challenges is due to flexibility in strategy implementation which has enabled the bank to focus on high revenue generating activities.

Outlook

The economic outlook for the second half 2021 is challenging. Malawian Gross Domestic Product (GDP) projections have been revised downwards by over 50% and the same will grow by an estimated average of 2.78% in 2021 from a 6.1% initial projection. The third wave of COVID 19 pandemic will negatively affect GDP growth for 2021 further, though the roll out of vaccines offers some hope. Inflation is expected to drop further from the current 9%, with a major pull-down effect coming from food inflation. However key challenges include weakening of demand due to effects of the Pandemic on the economy and the gradual depreciation of the Malawi Kwacha. The banks strong balance sheet, with strong capital Ratios and liquidity positions, provide solid foundation for future growth.