

PERFORMANCE

The Board is pleased to announce unaudited interim results for the Group for the six months period ended 30th June 2022.

The Bank registered a Group after tax profit of K22.1b (2021: K12.8b) representing an increase of 73%. Net Interest Income increased by 48% while Other Income increased by 13%. Operating Expenses increased by 18% whereas Net Impairment on Loans and Advances decreased by 4% to K4.6b (2021: K4.8b). Customer deposits and the loan book grew by 34% and 31% respectively, year on year. Investment in fixed income securities grew by 48%.

THE OPERATING ENVIRONMENT

The economic growth prospects for 2022 were negatively impacted by the effects of weather-related shocks such as the aftereffects of cyclone Ana as well as the delayed and early cessation of rains in most parts of the country. Other factors included the intermittent power supply, spillover effects of the ongoing Russia/Ukraine war, persistent global supply chain disruptions, and the resurgence of new waves of the COVID-19 pandemic. On the foreign exchange front, pressures emanating from demand/supply imbalances persisted despite the devaluation of the Malawi Kwacha by 25%, as the country pursued the securing of an approval for an ECF program with the IMF which is yet to be granted. Overall inflation was on an upward trajectory; the Policy Rate was adjusted upwards by 200 basis points to 14% in May 2022.

DIVIDEND

Directors have resolved to pay an interim dividend amounting to K8.0b (2021: K5b) representing K17.14 per share (2021: K10.71 per share). The Dividend will be paid on 30th September 2022 to members whose names appear on the register as at the close of business on 9th September 2022.

OUTLOOK

Looking ahead, we expect the challenging operating environment to persist. Pressure on inflation is expected to continue, largely driven by the continued spill-over effects of the rising international commodity prices, foreign exchange pressures emanating from the imbalance in the demand and supply, as well as effects of increases in domestic fuel and maize prices.

In spite of the challenging operating environment cited above, the Board remains cautiously optimistic and expects the Bank to continue with its strong performance in the second half of the year.

BY ORDER OF THE BOARD


M. M. Kawawa,
Chief Executive Officer


Mr. J. Lipunga,
Chairman


M. Katsala,
Chief Financial Officer


Mrs. D. Ngwira,
Director

28th July, 2022
Registered Office:
7 Henderson Street,
BLANTYRE

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

Sector	30th June 2022			30th June 2021		
	Outstanding Amount	Impaired Amount	Expected Credit Losses	Outstanding Amount	Impaired Amount	Expected Credit Losses
	K'm	K'm	K'm	K'm	K'm	K'm
Agriculture, Forestry, Livestock and Fishing	58,731	2,043	1,446	39,010	1,071	1,099
Manufacturing	37,416	4,430	804	24,461	8,728	960
Mining and Quarrying	107	2	2	951	1	14
Construction and Engineering	4,190	472	142	4,394	627	239
Energy/Electricity, Gas, Air conditioning, Water supply & Waste management	19,665	12,758	245	15,086	11	128
Transport/Storage	9,129	881	353	7,388	810	162
Communication	9,961	121	512	2,578	72	156
Financial/Insurance/Professional/Scientific & Technical services	8,516	301	337	8,771	2,271	193
Wholesale/Retail	50,038	10,128	3,170	53,157	11,520	4,565
Individual/Households	56,123	1,855	1,681	49,141	1,591	2,289
Real Estate	7,238	5,636	28	6,562	1	7
Tourism	28,096	1,460	716	18,676	1,172	323
Other	18,954	3,017	1,210	6,652	290	326
TOTAL	308,164	43,104	10,646	236,827	28,165	10,461

CREDIT CONCENTRATION

Total Credit Facilities including guarantees, acceptances and other similar commitments extended to any one customer or group of related customers where amounts exceed 25% of core capital.

SECTOR OF BORROWER	30th June 2022		30th June 2021	
	K'm	% OF CORE CAPITAL	K'm	% OF CORE CAPITAL
Wholesale/Retail	0	0%	0	0%

LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES

	30th June 2022	30th June 2021
	K'm	K'm
DIRECTORS:		
Balance at beginning of the half year	429	407
Loans granted during the half year	140	322
Repayments	(361)	(147)
Balance at end of half year	208	582
SENIOR MANAGEMENT OFFICIALS:		
Balance at beginning of year	1,150	888
Loans granted during the half year	157	263
Repayments	(134)	(95)
Balance at end of half year	1,173	1,056

OTHER RELATED PARTIES:		
	30th June 2022	30th June 2021
Balance at beginning of half year	7,554	7,811
Loans granted during the half year	6,726	7,409
Repayments	(2,542)	(913)
Balance at end of half year	11,738	14,307
Total related party lending	13,118	15,945
Total related party lending as a percentage of core capital	15%	23%

INVESTMENTS IN SUBSIDIARIES

Name of Subsidiary	Percentage Holding	
	30th June 2022	30th June 2021
NBM Capital Markets Limited	100%	100%
NBM Securities Limited	100%	100%
National Bank of Malawi Nominees Limited	100%	100%
NBM Bureau De Change Limited	100%	100%
NBM Development Bank Limited	100%	100%
NBM Pension Administration Limited	100%	100%
Akiba Commercial Bank	60.48%	51%
Stockbrokers Malawi Limited	75%	75%

	GROUP			COMPANY		
	30-Jun-22 Unaudited K'm	30-Jun-21 Unaudited K'm	31-Dec-21 Audited K'm	30-Jun-22 Unaudited K'm	30-Jun-21 Unaudited K'm	31-Dec-21 Audited K'm
SUMMARY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME						
Interest income and similar income	53,731	36,634	79,476	47,889	32,098	69,441
Interest expense	(5,308)	(3,895)	(7,778)	(4,265)	(2,699)	(5,462)
Net interest income	48,423	32,739	71,698	43,624	29,399	63,979
Other income	21,851	19,414	42,495	19,943	17,867	38,807
Net income	70,274	52,153	114,193	63,567	47,266	102,786
Operating expenses	(33,031)	(28,037)	(61,106)	(26,850)	(22,612)	(50,011)
Profit before impairment losses on loans and advances	37,243	24,116	53,087	36,717	24,654	52,775
Net impairment losses on loans and advances	(4,586)	(4,784)	(2,499)	(4,050)	(4,203)	(1,648)
Profit before taxation	32,657	19,332	50,588	32,667	20,451	51,127
Income tax expense	(10,539)	(6,578)	(16,378)	(10,127)	(6,340)	(15,902)
Profit after tax	22,118	12,754	34,210	22,540	14,111	35,225
Other comprehensive income						
Gains on property valuations	0	0	4,454	0	0	4,454
Deferred tax on revalued assets	0	0	735	0	0	735
Translation differences	0	438	0	0	0	0
Other comprehensive income net of tax	0	438	5,189	0	0	5,189
Total comprehensive income for the year	22,118	13,192	39,399	22,540	14,111	40,414
Profit attributable to shareholders						
Owners of the Parent	22,280	13,469	34,928			
Non-Controlling Interest (Minorities)	(162)	(715)	(718)			
22,118	12,754	34,210				
Comprehensive income attributable to shareholders						
Owners of the Parent	22,280	13,907	40,117			
Non-Controlling Interest (Minorities)	(162)	(715)	(718)			
22,118	13,192	39,399				
DIVIDENDS PAID						
Interim	7,003	2,498	5,001	7,003	2,498	5,001
Final (for prior year)	11,038	0	10,501	11,001	0	10,501
Total	18,041	2,498	15,502	18,004	2,498	15,502
Earnings per share (Kwacha)	47.71	28.84	74.79	48.27	30.22	75.43
Dividend per share (Kwacha)	38.63	5.35	33.19	38.55	5.35	33.19
Number of ordinary shares in issue (millions)	467	467	467	467	467	467
SUMMARY STATEMENTS OF FINANCIAL POSITION						
LIABILITIES & EQUITY						
Customer deposits	638,953	477,536	558,245	502,931	390,357	456,412
Current income tax liabilities	5,777	3,761	4,901	5,628	3,486	4,789
Other liabilities	52,824	39,507	75,099	43,748	37,438	70,730
Lease liability	7,377	9,285	7,900	2,226	2,767	2,603
Deferred tax	0	0	0	0	0	0
Loans and borrowings	10,651	12,325	10,596	10,651	12,325	10,596
Equity attributable to equity holders of the parent company	149,509	129,213	142,958	144,912	127,076	140,376
Non-controlling interest	3,012	4,133	3,211	0	0	0
Total liabilities and equity	868,103	675,760	802,910	710,096	573,449	685,506
ASSETS						
Cash and funds with Central Banks	51,216	41,146	35,768	38,484	28,606	26,054
Treasury Bills and Treasury Notes	308,637	208,501	298,916	283,058	187,668	271,254
Bonds	12,614	0	0	0	0	0
Promissory Notes	0	16,849	12,126	0	16,849	12,126
Equity investments	4,905	4,817	5,357	4,905	4,803	5,357
Investment in associates	1,450	1,538	1,558	992	992	992
Investment in subsidiaries	-	-	0	15,641	12,029	12,029
Placements with other banks	45,555	41,253	31,367	45,555	39,847	31,367
Loans and advances to customers	297,516	226,366	240,884	257,293	198,939	210,320
Other money market investments	65,869	50,774	95,681	0	16,126	49,583
Other assets	9,633	15,974	9,554	6,057	13,069	7,506
Income Tax Receivable	947	0	839	0	0	0
Property and equipment	40,121	34,906	40,047	39,569	34,345	39,557
Intangible assets	8,965	9,921	9,424	8,717	9,596	9,143
Right of use assets	5,577	7,924	6,293	1,177	1,963	1,570
Deferred tax	11,139	11,192	11,137	8,648	8,617	8,648
Goodwill	3,959	4,599	3,959	0	0	0
Total assets	868,103	675,760	802,910	710,096	573,449	685,506
Memorandum items						
Contingent liabilities - Letters of credit and guarantees	18,283	32,974	35,548	18,283	32,974	35,548
SUMMARY STATEMENTS OF CHANGES IN EQUITY						
As at beginning of period	146,169	117,917	117,918	140,376	115,463	115,464
Total comprehensive income for the year	22,118	13,192	39,399	22,540	14,111	40,414
Dividends paid	(18,041)	(2,514)	(15,518)	(18,004)	(2,498)	(15,502)
Transfer of minority interest from Akiba	0	4,751	3,832	0	0	0
Translation differences	2,275	0	538	0	0	0
As at end of period	152,521	133,346	146,169	144,912	127,076	140,376
SUMMARY STATEMENTS OF CASH FLOWS						
Cash flows from operating activities						
Profit before tax	32,657	19,332	50,588	32,667	20,451	51,127
Adjustments for:						
Depreciation of property and equipment	1,556	1,387	2,929	1,414	1,208	2,661
Amortisation of intangible assets	638	571	1,326	638	571	1,256
Amortisation of right of use of assets	663	662	1,314	393	393	785
Interest on lease liability	500	596	1,078	230	278	526
Net gains on financial instruments classified as held for trading	387	93	(606)	387	93	(606)
(Profit) loss on disposal of property and equipment	3	(6)	(119)	3	(6)	(119)
Gains on disposal of financial instruments classified as held for trading	23	0	32	23	0	40
Dividends received	(48)	(51)	(175)	(558)	(379)	(553)
Share of (profits)/loss of associate	10	(219)	(313)	-	-	0
Net fair value loss on revaluation of property	0	0	(105)	0	0	(105)
Net losses on modified and restructured loans	553	304	461	553	304	461
Movement in allowance for impairment in loans and advances	4,884	5,353	5,686	4,737	4,772	4,497
Operating cashflows before working capital movements	41,826	28,022	62,096	40,487	27,685	59,970
Increase in operating assets	(50,456)	(11,049)	(21,390)	(50,772)	(12,446)	(18,133)
Increase in operating liabilities	71,646	32,271	117,773	46,739	23,337	93,368
Cash generated from operating activities	63,016	49,244				