

	Consolidated and Separate Unaudited 6 months to 30-Jun-23 MK'Million	Consolidated and Separate Unaudited 6 months to 30-Jun-22 MK'Million	Consolidated and Separate Audited 2 months to 31-Dec-22 MK'Million
SUMMARY STATEMENT OF COMPREHENSIVE INCOME			
Interest income received	49,865	30,455	77,227
Interest payable	(17,390)	(12,477)	(25,804)
Net Interest Income	32,475	17,978	51,423
Other income	10,204	5,656	14,152
Net Income	42,679	23,634	65,575
Operating expenses	(21,615)	(15,452)	(35,638)
Profit before impairment losses	21,064	8,182	29,937
Impairment provisions	(2,109)	(500)	(2,977)
Profit before tax	18,955	7,682	26,960
Income tax expenses	(6,798)	(2,592)	(8,055)
Profit for the period	12,157	5,090	18,905
Earnings per share (MK)	4.19	1.71	6.50
Weighted average ordinary shares in issue (million)	2,911	2,911	2,911

STATEMENT OF OTHER COMPREHENSIVE INCOME			
Profit for the period	12,156	5,090	18,905
Items that may be reclassified subsequently to profit or loss			
Net Fair value adjustments on Malawi Government treasury notes	43	(117)	(278)
Total Comprehensive Income	12,200	4,973	18,627

	Consolidated Unaudited 30-Jun-23 MK'million	Consolidated Unaudited 30-Jun-22 MK'million	Consolidated Audited 31-Dec-22 MK'million	Separate Unaudited 30-Jun-23 MK'million	Separate Unaudited 30-Jun-22 MK'million	Separate Audited 31-Dec-22 MK'million
ASSETS						
Cash and cash equivalents	44,168	32,512	32,812	44,168	32,512	32,812
Other receivables	10,931	6,717	4,511	10,900	6,686	4,480
Money market investments	319,281	211,377	274,119	319,281	211,377	274,119
Equity investments	131	50	131	131	50	131
Loans and advances	132,226	106,349	137,796	132,226	106,349	137,796
Right of use assets	3,121	2,683	3,121	2,683	2,330	
Intangible assets	6,435	3,714	2,708	6,435	3,714	2,708
Property, plant and equipment	11,302	6,192	7,806	11,256	6,147	7,760
Total Assets	527,595	369,594	462,213	527,518	369,518	462,136

LIABILITIES AND EQUITY						
Liabilities						
Deposits from customers	417,513	280,724	376,483	417,525	280,736	376,495
Other borrowings	6,161	7,217	6,791	6,161	7,217	6,791
Deferred tax liability	1,095	1,491	778	1,065	1,460	748
Deposits from other banks	45,008	41,835	25,552	45,008	41,835	25,552
Lease liability	4,996	4,118	3,833	4,996	4,118	3,833
Other liabilities	8,042	6,113	11,654	7,953	6,026	11,566
Total Liabilities	482,815	341,498	425,091	482,708	341,392	424,985

Equity						
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	204	(175)	203	204	(175)	203
Retained earnings	31,017	14,712	23,360	31,047	14,742	23,389
	44,780	28,096	37,122	44,810	28,126	37,151

SUMMARY STATEMENTS OF CHANGES IN EQUITY						
As at the beginning of the year	37,122	23,152	23,151	37,151	23,181	23,181
Other equity movements	13	(146)	(277)	14	(146)	(278)
Profit for the year	12,157	5,090	18,905	12,157	5,090	18,905
Dividend paid	(4,511)	-	(4,657)	(4,511)	-	(4,657)
As at the end of year	44,781	28,096	37,122	44,811	28,125	37,151

	Consolidated and Separate Unaudited 6 months to 30-Jun-23 MK'Million	Consolidated and Separate Unaudited 6 months to 30-Jun-22 MK'Million	Consolidated and Separate Audited 2 months to 31-Dec-22 MK'Million
SUMMARY STATEMENT OF CASH FLOWS			
CASHFLOWS FROM OPERATING ACTIVITIES			
Profit before income tax expense	18,954	7,682	26,960
Adjustments for non-cash items included within the income statement	39,767	18,144	49,383
Increase in interest earning and other assets	(55,283)	(6,575)	(90,456)
Increase/(decrease) in deposits and other liabilities	59,160	(5,272)	76,527
Interest paid	17,390	12,477	25,804
Interest received	(49,865)	(30,455)	(77,227)
Direct taxation paid	(7,691)	(248)	(5,233)
Net cash generated from operating activities	22,433	(4,247)	5,758

INVESTING ACTIVITIES			
Acquisition of property and equipment	(8,480)	(1,313)	(3,019)
Proceeds from disposal of property and equipment	15	11	27
Net cash used in investing activities	(8,465)	(1,302)	(2,992)

FINANCING ACTIVITIES			
Net proceeds from loans and borrowings	(526)	(527)	(953)
Dividends declared and paid	(4,511)	-	(4,657)
Interest on lease liability	(520)	(339)	(710)
Repayment of lease liabilities	(168)	(240)	(526)
Net cash used in financing activities	(5,725)	(1,106)	(6,846)

Net movement in cash and cash equivalents			
	8,243	(6,655)	(4,080)
Cash and cash equivalents at beginning of the year	32,812	34,955	34,955
Effects of exchange rate changes	3,113	4,212	1,937
Cash and cash equivalents at end of the year	44,167	32,512	32,812

REGULATORY DISCLOSURES

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

	30-Jun-23			30-Jun-22		
	Outstanding Amount	Impaired Amount	Expected credit loss stage 3)	Outstanding Amount	Impaired Amount	Expected credit loss (stage 3)
	MK'm	MK'm	MK'm	MK'm	MK'm	MK'm
Sector						
Agriculture	2,507	606	406	21,315	1,165	753
Mining	-	-	-	70	5	3
Manufacturing	7,864	90	61	8,404	77	50
Electricity	11,140	0	0	18,037	14	9
Construction	3,434	956	641	2,845	288	187
Wholesale&Retail	10,465	2,362	1,108	13,208	1,584	1,024
Restaurants & Hotels	1,328	824	552	727	137	88
Transport	2,472	280	189	1,861	552	357
Financial Services	7,482	5	3	11,407	297	192
Community	90,979	2,099	1,368	31,600	637	412
Real Estate	99	99	66	316	304	197
Other	-	-	-	-	-	-
Total	137,770	7,321	4,394	109,790	5,060	3,272

Included in the 30 June 2023 specific provision of MK1,150 billion are stage 1 and stage 2 impairment provisions on performing loans in line with IFR9.

PAT MK12.2 BN, UP BY 139%	NET INTEREST INCOME MK32.5 BN, UP BY 81%	NON-FUNDED REVENUE MK10.2 BN, UP BY 80%	COST-TO-INCOME RATIO 51%, DOWN FROM 65%	TOTAL ASSETS MK483 BN, UP BY 41%	CUSTOMER DEPOSITS MK418 BN, UP BY 49%	RETURN ON EQUITY 54% ,UP FROM 36%
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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-23		30-Jun-22	
	MK'm	%of Core Capital	MK'000	% of Core Capital
Agriculture	-	0.0%	17,247	66.1%
Gas	-	0.0%	8,209	31.5%
Electricity	11,140	27.9%	17,641	67.6%

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

Directors	30-Jun-23 MK'm	30-Jun-22 MK'm
Balance at the beginning of the period	195	28
Loans granted during the period	51	201
Repayments	(15)	(34)
Balance at end the of period	231	195

Other related parties		
Balance at the beginning of the period	391	2,313
Loans granted during the period	2,608	258
Repayments	(1,409)	(2,180)
Balance at end the of period	1,590	391

Senior management officials		
Balance at the beginning of the period	664	521
Loans granted during the period	371	323
Repayments	(240)	(180)
Balance at end the of period	795	664

Total related party lending as a % of Capital	7%	5%
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INVESTMENTS IN SUBSIDIARIES

	Number of Shares 30-Jun-23	Percentage Holding 30-Jun-23	Number of Shares 30-Jun-22	Percentage Holding 30-Jun-22
Name of subsidiary				
NBS Forex Bureau	7,000,000	100%	7,000,000	100%

LENDING RATES		
Malawi Kwacha facilities		
Reference rate	21.0%	13.8%
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-23 MK'm	30-Jun-22 MK'm
Directors' remuneration	26	21
Total bonuses payable to employees	2,131	692

DEPOSIT RATES

	30-Jun-23 Rate %	30-Jun-22 Rate %
Type of Deposit		
Malawi Kwacha		
Current account	0.10	0.10
Savings	2.00	1.55
7 Day Notice	5.00	4.00
30 Day Notice	5.50	4.50
2 Months	6.50	5.50
3 Months	6.00	5.00
6 Months	Negotiable	Negotiable
9 Months	Negotiable	Negotiable
12 Months	Negotiable	Negotiable

Foreign Currency Denominated Accounts(FCDAs)

USD	0.75	0.75
GBP	1	1
ZAR	0.6	0.6
EUR	0.75	0.75

FINANCIAL REVIEW

Performance

The Bank recorded a Profit After Tax of MK12.16 billion in the six months ended 30th June 2023 compared to a Profit After Tax of MK5.09 billion reported in a similar period in 2022 representing an increase of 139%. The remarkable growth of Profit After Tax stemmed from an increase of the loan book and money market investments, a rise of interest rates, improved uptake of digital products and trading income.

The results were achieved in a business environment characterised by Cyclone Freddy, the effects of the war in Ukraine, rising inflation and interest rates, foreign currency shortages, and an increase of the tax rate from 30% to 40 for banks. The Bank continues to focus on becoming a digital-led retail bank, and growth registered in the six months under review arose primarily in the retail segment.

Net interest income grew by 81% year-on-year to MK32.5 billion following an increase of the loan book and investments in money market instruments coupled with rising interest rates. Non-interest income grew by 80% due to improved uptake of digital products and forex trading.

Operating expenses amounted to MK21.6 billion, up by 40% year-on-year. The significant increase in expenses was triggered by the high inflation rate in the market following the 25% devaluation of the kwacha in the first half of 2022. The Bank also filled vacancies for senior roles to ensure it remains on the growth path going forward in line with the 2022-2026 strategy. The Bank's cost-to-income ratio decreased from 65% at 50.6% on the back of prudent management of costs and growth of revenue.

Credit impairments at MK2.1 billion were up 321% year-on-year on the back of loan book growth and downgrades of loans and advances due to the prevailing economic conditions. The Bank has in place tools and policies to guide lending decisions to various sectors and effectively manage credit risk in this environment.

Customer deposits went up from MK281 million to MK418 billion representing growth of 49%. The Bank's focus going forward is on growing cheap deposits with a view to reducing cost of funding. Loans and advances to customers grew by 24% to close at MK132 billion whilst money market investments rose from MK211 billion to MK319 billion. New loans and advances were mainly in the retail segment.

Dividend

The Board of Directors approved an interim dividend for the half year ended 30 June 2023 of MK3.49 billion representing MK1.20 per share (June 2022: MK2.47 billion representing 85 tambala per share). Shareholders recorded in the members' register of the Company at the close of business on Friday, 22 September 2023 will be eligible for the dividend payable on Friday, 6 October 2023. The register will be closed from 23 September 2023 to 25 September 2023 and no transfers will be registered during that time.

Outlook

Growth prospects of the Malawi economy are forecast to remain low with Gross Domestic Product for 2023 estimated at 1.9% by Reserve Bank of Malawi. Forex shortages, Kwacha depreciation and rising inflation and interest rates will contribute to a challenging business environment. The Bank will continue to offer solutions to its clients to navigate through some of the challenges facing businesses and continue to employ policies that mitigate the negative impacts of the risks identified in the market.

The Bank continues to respond positively to an evolving operating environment to deliver superior shareholder values whilst holding sufficient liquidity and capital levels that will support its growth targets.

 V. Kumwenda Chairman	 M. Mtumbuka Director	 K. Ngwenya Chief Executive Officer	 E. Tembo Chief Finance Officer
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