

	Consolidated Audited 12 months to 31-Dec-23 MK'million	Consolidated Audited 12 months to 31-Dec-22 MK'million	Separate Audited 12 months to 31-Dec-23 MK'million	Separate Audited 12 months to 31-Dec-22 MK'million		
STATEMENTS OF COMPREHENSIVE INCOME						
Interest income	111,896	77,227	111,897	77,227		
Interest expense	(44,202)	(25,804)	(44,202)	(25,804)		
Net interest income	67,694	51,423	67,695	51,423		
Fees and other non-interest income	37,943	16,052	37,812	16,052		
Fees and commission expense	(2,993)	(1,900)	(2,993)	(1,900)		
Total non-interest income	34,950	14,152	34,819	14,152		
Total Operating Income	102,644	65,575	102,514	65,575		
Depreciation	(3,185)	(3,275)	(3,181)	(3,275)		
Operating expenses	(45,177)	(32,363)	(44,985)	(32,363)		
Profit before impairment losses	54,282	29,937	54,348	29,937		
Impairment provisions	(4,561)	(2,977)	(4,561)	(2,977)		
Profit before tax	49,721	26,960	49,787	26,960		
Income tax expenses	(20,343)	(8,055)	(20,365)	(8,055)		
Profit for the year	29,378	18,905	29,422	18,905		
Earnings per share (tambala)	10.09	6.50				
Weighted average ordinary shares in issue (million)	2,911	2,911				
STATEMENT OF OTHER COMPREHENSIVE INCOME						
Profit for the year	29,378	18,905	29,422	18,905		
Items that may be reclassified subsequently to profit or loss						
Net fair value adjustments on Malawi Government treasury notes	(40)	(278)	(40)	(278)		
Total comprehensive income for the year	29,338	18,627	29,381	18,627		
	Consolidated Audited 31-Dec-23 MK'million	Consolidated Audited Restated 31-Dec-22 MK'million	Consolidated Audited 31-Dec-22 MK'million	Separate Audited 31-Dec-23 MK'million	Separate Audited Restated 31-Dec-22 MK'million	Separate Audited 31-Dec-22 MK'million
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Cash and cash equivalents	104,500	32,812	32,812	104,440	32,812	32,812
Money market investments	282,315	219,802	219,802	282,315	219,802	219,802
Placements with other banks	85,329	54,317	54,317	85,329	54,317	54,317
Loans and advances	153,816	137,796	137,796	153,816	137,796	137,796
Equity investments	131	131	131	431	131	131
Property, plant and equipment	14,240	7,806	7,806	14,163	7,760	7,760
Intangible assets	7,933	2,708	2,708	7,928	2,708	2,708
Other receivables	6,871	4,511	4,511	7,122	4,481	4,481
Right-of-use assets	2,581	2,330	2,330	2,580	2,330	2,330
Total Assets	657,716	462,213	462,213	658,124	462,137	462,137
LIABILITIES AND EQUITY						
Liabilities						
Deposits from customers	538,527	376,484	376,483	538,868	376,496	376,496
Long term borrowings	8,493	6,791	6,791	8,493	6,791	6,791
Lease liabilities	4,811	3,833	3,833	4,811	3,833	3,833
Deferred Tax Liability	447	778	778	440	748	748
Tax Payable	8,982	3,596	3,544	9,012	3,596	3,544
Other borrowings	26,570	25,552	25,552	26,570	25,552	25,552
Other liabilities	19,863	10,378	8,111	19,834	10,290	8,022
Total Liabilities	607,693	427,411	425,092	608,028	427,306	424,986
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
Accumulated profits	36,343	21,039	23,359	36,417	21,069	23,389
Loan Loss Reserve	499	541	541	499	541	541
Other comprehensive loss reserve	(378)	(338)	(338)	(378)	(338)	(338)
	50,023	34,801	37,121	50,097	34,831	37,151
Total Liabilities & Equity	657,718	462,213	462,213	658,126	462,137	462,137
STATEMENT OF CHANGES IN EQUITY						
Balance at beginning of the year as previously stated	37,121	23,151	23,151	37,151	23,181	23,181
Prior year adjustment	(2,320)	-	-	(2,320)	-	-
Balance at beginning of the year as restated	34,801	23,151	23,151	34,831	23,181	23,181
Profit for the year	29,378	18,905	18,905	29,422	18,905	18,905
Other comprehensive income	(40)	(278)	(278)	(40)	(278)	(278)
Dividend declared and paid	(14,116)	(4,657)	(4,657)	(14,116)	(4,657)	(4,657)
As at the end of year	50,023	37,121	37,121	50,097	37,151	37,151

	Consolidated Audited 31-Dec-23 MK'million	Consolidated Audited 31-Dec-22 MK'million	Separate Audited 31-Dec-23 MK'million	Separate Audited 31-Dec-22 MK'million		
STATEMENT OF CASH FLOWS CASHFLOWS FROM						
OPERATING ACTIVITIES						
Profit before income tax expense	49,721	26,960	49,788	26,960		
Adjustments for non-cash items included within the income statement	8,757	7,468	8,749	7,468		
Changes in interest earning and other assets	(108,262)	(90,456)	(108,544)	(90,456)		
Changes in customer deposits and other liabilities	163,878	76,527	164,281	76,527		
Interest paid	44,202	25,804	44,202	25,804		
Interest received	(111,896)	(77,227)	(111,898)	(77,227)		
Net finance income	65,921	41,915	65,593	41,915		
Income tax paid	(15,502)	(5,233)	(15,502)	(5,233)		
Net cash used in operating activities	96,819	5,758	96,669	5,758		
INVESTING ACTIVITIES						
Acquisition of property and equipment and intangible assets	(13,820)	(3,019)	(13,727)	(3,019)		
Proceeds from disposal of property and equipment	22	27	19	27		
Net cash used in investing activities	(13,798)	(2,992)	(13,708)	(2,992)		
FINANCING ACTIVITIES						
Proceeds from /(repayment of) loans and borrowings	1,053	(953)	1,053	(953)		
Dividends declared and paid	(14,116)	(4,657)	(14,116)	(4,657)		
Interest on lease liability	(1,028)	(710)	(1,028)	(710)		
Repayment of lease liabilities	(354)	(526)	(354)	(526)		
Net cash generated from financing activities	(14,445)	(6,846)	(14,445)	(6,846)		
Net movement in cash and cash equivalents	68,576	(4,080)	68,516	(4,080)		
Cash and Cash equivalents at beginning of the year	32,812	34,955	32,812	34,955		
Effects of exchange rate changes	3,112	1,937	3,112	1,937		
Cash and cash equivalents at end of the year	104,500	32,812	104,440	32,812		
REGULATORY DISCLOSURES						
1. IMPAIRMENT LOSSES /NON PERFORMING CREDIT FACILITIES AND EXPECTED CREDIT LOSSES BY INDUSTRY SECTOR						
	Outstanding Amount	31-Dec-23 Impaired Amount	Expected credit loss (stage 3)	Outstanding Amount	31-Dec-22 Impaired Amount	Expected credit loss (stage 3)
	MK'm	MK'm	MK'm	MK'm	MK'm	MK'm
Sector						
Agriculture	2,677	659	652	17,893	559	244
Mining	-	-	-	3	-	-
Manufacturing	8,191	103	103	11,357	80	35
Electricity	8,077	2	1	14,354	2	1
Construction	3,486	1,080	578	3,135	216	94
Wholesale & Retail	21,189	2,556	1,478	10,548	598	261
Restaurants & Hotels	1,616	1,050	461	1,305	41	18
Transport	1,862	213	186	1,685	314	138
Financial Services	7,109	3	3	5,455	5	2
Community	108,022	2,281	578	75,332	1,064	1,129
Real Estate	78	54	54	128	5	2
Total	162,307	8,001	4094	141,195	2,884	1,924
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						
	31-Dec-23 MK'm	% of Core Capital	31-Dec-22 MK'm	% of Core Capital		
Agriculture	-	0%	16,087	44%		
Mining	-	0%	-	0%		
Manufacturing	-	0%	-	0%		
Electricity, gas, water and energy	-	0%	21,915	59%		
Construction	-	0%	-	0%		
Wholesale and retail	-	0%	-	0%		
Restaurants and hotels	-	0%	-	0%		
Transport, storage and communications	-	0%	-	0%		
Financial services	-	0%	-	0%		
Community	-	0%	-	0%		
Real estate	-	0%	-	0%		
Other	-	0%	-	0%		

3. LOANS TO DIRECTORS ,SENIOR MANAGEMENT AND OTHER RELATED PARTIES				
	31-Dec-23 MK'm		31-Dec-22 MK'm	
Directors				
Balance at the beginning of the period	246.1		82	
Loans granted during the period	28		171.9	
Repayments	(41)		(8)	
Balance at end the of period	233.1		246.1	
Senior management officials				
Balance at the beginning of the period	561		597	
Loans granted during the period	969		157	
Repayments	(693)		(193)	
Balance at end the of period	837		561	
Total related party lending as a % of Capital	2.1%		2.17%	
INVESTMENTS IN SUBSIDIARIES				
	Number of shares 31-Dec-23	Percentage Holding 31-Dec-23	Number of shares 31-Dec-22	Percentage Holding 31-Dec-22
Name of subsidiary				
NBS Forex Bureau	7,000,000	100%	7,000,000	100%
LENDING RATES				
Malawi Kwacha facilities	31-Dec-23		31-Dec-22	
Reference rate	23.6%		17.3%	
Lending Rate Spread	0% to 10%		0% to 10%	
Foreign Currency facilities	8% to 10%		8% to 10%	
DIRECTORS' REMUNERATION BONUSES AND MANAGEMENT FEES				
	31-Dec-23 MK'm		31-Dec-22 MK'm	
Directors' remuneration	38		30	
Total bonuses payable to staff	5,532		2,988	
Management fees to related party	452		698	
	MK' million		MK' million	
Capital Expenditure	13,820		2,461	
Capital Commitments	17,237		16,100	
Contingent Liabilities including off balance items	25,447		22,072	
DEPOSIT RATES				
	31-Dec-23 Rate %		31-Dec-22 Rate %	
Type of Deposit				
Malawi Kwacha				
Current account	0.1		0.1	
Savings	2		2	
7 Day Notice	5		5	
30 Day Notice	5.5		5.5	
2 Months	6.5		6.5	
3 Months	6		6	
6 Months	Negotiable		Negotiable	
9 Months	Negotiable		Negotiable	
12 Months	Negotiable		Negotiable	
Foreign Currency Denominated Accounts(FCDAs)				
USD	4		4	
GBP	2.25		2.25	
ZAR	3		3	
EUR	1.5		1.5	
FINANCIAL REVIEW				

The Board is pleased to present the summary audited financial statements of the Group for the year ended 31 December 2023.

The Operating Environment
Banks worldwide faced a challenging business environment marked by high inflation, high interest rates, low demand for goods and services, tight credit conditions and supply chain disruptions caused by the Russia-Ukraine war and climate change. Central banks responded by raising interest rates to control inflation and tried to address widening trade deficits and acute foreign currency shortages by devaluing local currencies to reduce demand for forex. The Malawi economy was severely impacted by Cyclone Freddy, which destroyed crops, critical infrastructure and displaced many people. Additionally, the Malawi Kwacha was devalued by 64% during the year to match the parallel market rate, leading to high inflation. As a result, by December 31st, 2023, the Monetary Policy Committee (MPC) had increased the policy rate from 18% to 24% and raised the Liquidity Reserve Requirement from 3.75% to 7.75%. On the fiscal side, the income tax rate was raised from 30% to 40% on bank profits above MK10 billion.

Financial Performance
The Group recorded a consolidated Profit After Tax (PAT) of MK29.38 billion in the 12-month period ended 31st December 2023 compared to MK18.91 billion reported in a similar period of 2022 representing an increase of 55% year-on-year. Net interest income amounted to MK67.69 billion, 31.6% above Net interest income of MK51.42 billion reported in the prior year. The strong performance was attributable to the growth in money market investments and the loan book which increased by MK93.53 billion and MK21.11 billion to MK367.64 billion and MK162.31 billion respectively.

Non-interest income grew from MK14.15 billion to MK34.82 billion on the back of trade finance, increased usage of digital systems and a higher volume of forex trading. The Bank saw a notable uptake in retail customer numbers for both accounts and wallets which would form the basis for higher transaction volumes and fees going forward.

Total operating expenses went up from MK32.36 billion to MK45.18 billion representing an increase of 39.6%. The primary drivers of increase in operating expenses were the depreciation of the Kwacha, recruitment of managers to fill vacancies and the high inflation recorded in 2023. The majority of the Bank's licenses are imported and paid for in foreign currency.

Credit impairments rose by 53% year-on-year. The increase emanated from defaults by some clients, especially in the wholesale and tourism sectors. The growth of the loan book also meant additional impairments on performing loans to comply with International Financial Reporting Standard 9, Financial Instruments.

The Group's balance sheet closed at MK657.72 billion as at 31st December 2023, up 42% from MK462.21 billion as at 31st December 2022. Growth was driven by customer deposits, which went up by MK162.04 billion year-on-year. Current and Savings accounts mix improved from 47% of total deposits in 2022 to 52% in 2023. The Bank's loan book closed at MK162.31 billion, up by MK21.11 billion compared to the prior year. The additional loans were largely in the retail segment.

Outlook
Malawi's economic performance is expected to improve in 2024 on the back of the resumption of donor budgetary support and prudent macroeconomic policies that are aligned with the International Monetary Fund's Extended Credit Facility program. The IMF forecasts Malawi's Gross Domestic Product growth rate for 2024 to improve to 3.3% from 1.7% in 2023. The improved economic outlook for the global and regional economies is further expected to support local economic activities through low imported inflation and rising demand for the country's exports. Downside risks may arise from weak agricultural output because of the adverse impact of El Nino weather and a tight monetary policy stance to tame inflation rate. The exchange rate regime is expected to be market-determined which increases the likelihood of mild currency depreciations in the year to correct supply and demand imbalances. The resumption of budgetary support will likely boost foreign exchange supply over time and the level of economic activity. It may also attract foreign direct investments. The Bank expects inflation to remain elevated throughout 2024 owing to currency depreciation and relatively low agricultural output. The Russia-Ukraine war and the instability in the Middle East will likely contribute to continued supply chain disruptions and volatility of some commodity prices.

The Bank will continue to monitor significant developments locally and internationally and remain adaptable to ensure it mitigates changing risks.

Dividend
The Board of Directors at its meeting of 20 March 2024 approved the payment of a 3rd interim dividend of MK4.37 billion, representing a dividend of MK1.50 per share (2022: 3rd interim dividend: K0.00), and has recommended the payment of a final dividend for the year ended 31 December 2023 of MK1.88 billion representing MK0.64 per share (2022 final dividend: MK2.62 billion representing MK0.90 per share). The first interim and second interim dividends paid amounted to MK3.49 billion each representing a dividend per share of MK1.20 each. Total dividend for the year ended 31 December 2023 has been proposed at MK13.21 billion, representing MK4.54 per share (2022 total dividend: MK9.6 billion, representing MK3.30 per share). The proposed final dividend for 2023 is subject to shareholders approval at the forthcoming Annual General Meeting.


V. Kumwenda
Chairman


M. Mtumbuka
Chairman- Finance and Audit Committee


K. Ngwenya
Chief Executive Officer


E. Tembo
Chief Finance Officer