

	GROUP			COMPANY		
	30-Jun-21 Unaudited K'm	30-Jun-20 Unaudited K'm	31-Dec-20 Audited K'm	30-Jun-21 Unaudited K'm	30-Jun-20 Unaudited K'm	31-Dec-20 Audited K'm
SUMMARY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME						
Interest income and similar income	36,634	26,636	55,253	32,098	26,237	54,456
Interest expense	(3,895)	(2,523)	(5,314)	(2,699)	(2,523)	(5,314)
Net interest income	32,739	24,113	49,939	29,399	23,714	49,142
Other income	19,414	12,847	28,610	17,867	12,398	27,254
Net income	52,153	36,960	78,549	47,266	36,112	76,396
Operating expenses	(28,037)	(19,908)	(43,297)	(22,612)	(19,017)	(41,527)
Profit before impairment losses on loans and advances	24,116	17,052	35,252	24,654	17,095	34,869
Net impairment losses on loans and advances	(4,784)	(3,787)	(2,444)	(4,203)	(3,787)	(2,436)
Profit before taxation	19,332	13,265	32,808	20,451	13,308	32,433
Income tax expense	(6,578)	(4,194)	(10,359)	(6,340)	(4,092)	(10,075)
Profit after tax	12,754	9,071	22,449	14,111	9,216	22,358
Other comprehensive income						
Gains on property valuations	0	0	2,239	0	0	2,239
Deferred tax on revalued assets	0	0	761	0	0	761
Translation differences	438	0	0	0	0	0
Other comprehensive income net of tax	438	0	3,000	0	0	3,000
Total comprehensive income for the year	13,192	9,071	25,449	14,111	9,216	25,358
Profit attributable to shareholders						
Owners of the Parent	13,469	9,050	22,406			
Non-Controlling Interest (Minorities)	(715)	21	43			
	12,754	9,071	22,449			
Comprehensive income attributable to shareholders						
Owners of the Parent	13,907	9,050	25,406			
Non-Controlling Interest (Minorities)	(715)	21	43			
	13,192	9,071	25,449			
DIVIDENDS PAID						
Interim	2,498	1,569	2,498	2,498	1,569	2,498
Final (for prior year)	0	0	5,865	0	0	5,865
Total	2,498	1,569	8,363	2,498	1,569	8,363
Earnings per share (Kwacha)	28.84	19.38	47.98	30.22	19.73	47.88
Dividend per share (Kwacha)	5.35	3.36	17.91	5.35	3.36	17.91
Number of ordinary shares in issue (millions)	467	467	467	467	467	467
SUMMARY STATEMENTS OF FINANCIAL POSITION						
LIABILITIES & EQUITY						
Customer deposits	477,536	334,187	403,703	390,357	308,710	367,721
Current income tax liabilities	3,761	3,059	4,306	3,486	2,990	4,212
Other liabilities	39,507	20,804	29,895	37,438	20,099	29,100
Lease liability	9,285	3,376	3,158	2,767	3,376	3,158
Deferred tax	0	4	0	0	0	0
Loans and borrowings	12,325	14,687	13,713	12,325	14,687	13,713
Equity attributable to equity holders of the parent company	129,213	111,031	117,805	127,076	108,906	115,464
Non-controlling interest	4,133	112	113	0	0	0
Total liabilities and equity	675,760	487,260	572,693	573,449	458,768	533,368
ASSETS						
Cash and funds with Reserve Banks	41,146	26,315	26,267	28,606	26,315	26,267
Treasury Bills and Treasury Notes	208,501	139,888	180,435	187,668	130,556	172,274
Government of Malawi Promissory Notes	16,849	0	5,196	16,849	0	5,196
Equity investments	4,817	4,936	4,744	4,803	4,936	4,744
Investment in associates	1,538	1,301	1,339	992	992	992
Investment in subsidiaries	-	-	0	12,029	6,444	6,444
Placements with other banks	41,253	26,257	44,231	39,847	26,257	44,231
Loans and advances to customers	226,366	205,439	200,170	198,939	204,927	199,161
Other money market investments	50,774	19,495	37,752	16,126	0	7,099
Other assets	15,974	6,975	12,439	13,069	5,879	11,065
Property and equipment	34,906	31,951	35,053	34,345	31,866	34,978
Intangible assets	9,921	10,181	10,047	9,596	10,078	9,945
Right of use assets	7,924	2,702	2,355	1,963	2,702	2,355
Deferred tax	11,192	7,861	8,706	8,617	7,816	8,617
Goodwill	4,599	3,959	3,959	0	0	0
Total assets	675,760	487,260	572,693	573,449	458,768	533,368
Memorandum items						
Contingent liabilities - Letters of credit and guarantees	32,974	16,548	33,639	32,974	16,548	33,639
SUMMARY STATEMENTS OF CHANGES IN EQUITY						
As at beginning of period						
Total comprehensive income for the year	13,192	9,071	25,449	14,111	9,216	25,358
Dividends paid	(2,514)	(1,578)	(8,392)	(2,498)	(1,569)	(8,364)
Transfer of minority interest from Akiba	4,751	0	0	0	0	0
Reinstatement of Expected Credit Losses as at 31st December 2019	0	2,790	0	0	2,790	0
As at end of period	133,346	111,143	117,917	127,076	108,906	115,463
SUMMARY STATEMENTS OF CASH FLOWS						
Cash flows from operating activities						
Profit before tax	19,332	13,265	32,808	20,451	13,308	32,433
Adjustments for:						
Depreciation of property and equipment	1,387	1,102	2,403	1,208	1,085	2,377
Amortisation of intangible assets	571	559	1,134	571	559	1,122
Amortisation of right of use of assets	662	393	785	393	393	785
Interest on lease liability	596	306	615	278	306	615
Net gains on financial instruments classified as held for trading	93	(462)	(286)	93	(462)	(286)
Profit on disposal of property and equipment	(6)	(10)	(18)	(6)	(10)	(20)
Gains on disposal of financial instruments classified as held for trading	0	0	(57)	0	0	(57)
Dividends received	(51)	22	(33)	(379)	(188)	(471)
Share of (profits)/loss of associate	(219)	113	85	-	-	0
Net fair value loss on revaluation of property	0	0	89	0	0	89
Net losses on modified and restructured loans	304	25	20	304	25	20
Movement in allowance for impairment in loans and advances	5,353	5,183	3,153	4,772	5,183	3,145
Operating cashflows before working capital movements	28,022	20,496	40,698	27,685	20,199	39,752
Increase in operating assets	(11,049)	(17,148)	(16,480)	(12,446)	(20,082)	(14,835)
Increase in operating liabilities	32,271	10,342	86,789	23,337	8,568	70,694
Cash generated from operating activities	49,244	13,690	111,007	38,576	8,685	95,611
Tax paid	(7,298)	(4,673)	(9,643)	(7,298)	(4,660)	(9,260)
Net cash from operating activities	41,946	9,017	101,364	31,510	4,225	86,351
Net cash outflow from investing activities	(32,751)	(8,422)	(62,166)	(27,611)	(8,635)	(63,335)
Net cash outflow from financing activities	(5,041)	(3,715)	(12,021)	(4,554)	(3,706)	(11,993)
Net increase /(decrease) in cash and cash equivalents	4,154	(3,120)	27,177	(655)	(8,116)	11,023
Cash and cash equivalents at beginning of the period from Akiba	12,887					
Cash and cash equivalents at beginning of the period	95,693	68,516	68,516	65,040	54,017	54,017
Cash and cash equivalents at end of the period	112,734	65,396	95,693	64,385	45,901	65,040

KEY PERFORMANCE HIGHLIGHTS



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

Sector	GROUP					
	30th June 2021			30th June 2020		
	Outstanding Amount K'm	Impaired Amount K'm	Expected Credit Losses K'm	Outstanding Amount K'm	Impaired Amount K'm	Expected Credit Losses K'm
Agriculture, Forestry, Livestock and Fishing	39,010	1,071	1,099	47,949	137	1,221
Manufacturing	24,461	8,728	960	22,235	2,430	752
Mining and Quarrying	951	1	14	25	8	9
Construction and Engineering	4,394	627	239	1,743	277	57
Energy/Electricity, Gas, Air conditioning, Water supply & Waste management	15,086	11	128	23,863	10,221	1,360
Transport/Storage	7,388	810	162	8,149	484	273
Communication	2,578	72	156	1,685	96	143
Financial/Insurance/Professional/Scientific & Technical services	8,771	2,271	193	3,360	71	64
Wholesale/Retail	53,157	11,520	4,565	42,301	10,863	4,185
Individual/Households	49,141	1,591	2,289	38,202	1,025	1,322
Real Estate	6,562	1	7	6,080	13	46
Tourism	18,676	1,172	323	14,001	1,433	181
Other	6,652	290	326	5,830	570	371
TOTAL	236,827	28,165	10,461	215,423	27,628	9,984

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 2021		30th June 2020	
	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 2021	30th June 2020
	K'm	K'm
DIRECTORS:		
Balance at beginning of the half year	407	576
Loans granted during the half year	322	68
Repayments	(147)	(96)
Balance at end of half year	582	548

SENIOR MANAGEMENT OFFICIALS:

Balance at beginning of year	888	879
Loans granted during the half year	263	96
Repayments	(95)	(59)
Balance at end of half year	1,056	916

OTHER RELATED PARTIES:

Balance at beginning of half year	7,811	7,827
Loans granted during the half year	7,409	1,888
Repayments	(913)	(4,184)
Balance at end of half year	14,307	5,531
Total related party lending	15,945	6,995
Total related party lending as a percentage of core capital	20%	10%

INVESTMENTS IN SUBSIDIARIES

Name of Subsidiary	Percentage Holding	
	30th June 2021	30th June 2020
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	51%	0%
Stockbrokers Malawi Limited	75%	75%



PERFORMANCE

The Board is pleased to announce unaudited interim results for the Group for the six months period ended 30th June 2021.

The Bank registered a Group after tax profit of K12.8b (2020: K9.1b) representing an increase of 41%. The results incorporate for the first time the performance of Akiba, the recently acquired subsidiary in Tanzania which conducted a clean-up of the loan book that resulted in a loss of K1.5 billion. Net interest income increased by 36% while non-interest income increased by 51%. Operating expenses increased by 41% whereas Net impairment on loans and advances grew by 26% to K4.8b (2020: K3.8b). Customer deposits and the loan book grew by 43% and 10% respectively, year on year. Investment in Treasury bills and Treasury notes grew by 49%.

THE OPERATING ENVIRONMENT

The economy continued to be negatively impacted by the COVID-19 pandemic and scarcity of foreign currency which resulted into upward pressure on the exchange rate and inflation. While some sectors are showing some signs of rebounding, Tourism and Service sectors remained depressed. The demand for the Bank's credit products in these sectors remained subdued while the expected credit losses increased. On the other hand, the Bank registered growth in volumes of electronic transactions as customers used self-service channels more in view of the prevailing COVID-19 environment.

DIVIDEND

Directors have resolved to pay an interim dividend amounting to K5.0b (2020: K2.5b) representing K10.71 per share (2020: K5.35 per share). The Dividend will be paid on 24th September 2021 to members whose names appear on the register as at the close of business on 3rd September 2021.

OUTLOOK

The economy is officially projected to grow by 3.8% in 2021. In the absence of long-term safety nets, the impending closure of the tobacco selling season and the supply and demand imbalances being experienced on foreign exchange, continued pressure on the exchange rate is expected. This coupled with the impact of the third wave of COVID-19, may dampen the growth prospects.

In spite of the above, the Bank remains optimistic and expects to continue with its strong performance in the second half of the year.

BY ORDER OF THE BOARD

M.M.Kawawa, Chief Executive Officer

M. Katsala, Chief Financial Officer

Dr G.B. Partridge, Chairman

Mrs D. Ngwira, Director

26th July, 2021

Registered Office:
7 Henderson Street,
BLANTYRE