# **SUMMARY OF UNAUDITED INTERIM RESULTS** FOR THE SIX MONTH PERIOD ENDED 30th JUNE 2023

SUMMARY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME Interest income and similar income Interest expense Net interest income Other income Other income Operating expenses Profit before impairment losses on loans and advances Net impairment losses on loans and advances Net impairment losses on loans and advances Profit before taxation Income tax expense Profit after tax Other comprehensive income Gains on property valuations Deferred tax on revalued assets Other comprehensive income net of tax Total comprehensive income for the year	30-Jun-23 Unaudited K'm  71,449 (10,871) 60,578 40,959 101,537 (42,414) 59,123 (1,787) 57,336 (21,853) 35,483	GROUP 30-Jun-22 Unaudited K'm 53,731 (5,308) 48,423 21,851 70,274 (33,031) 37,243 (4,586)	31-Dec-22 Audited K'm 111,984 (13,111) 98,873 45,232 144,105 (70,747)	30-Jun-23 Unaudited K'm 64,054 (9,267) 54,787 37,085 91,872	COMPANY 30-Jun-22 Unaudited K'm 47,889 (4,265) 43,624 19,943	31-Dec-22 Audited K'm 99,662 (10,775) 88,887
AND OTHER COMPREHENSIVE INCOME Interest income and similar income Interest expense Net interest income Other income Other income Net income Operating expenses Profit before impairment losses on loans and advances Net impairment losses on loans and advances Profit before taxation Income tax expense Profit after tax Other comprehensive income Gains on property valuations Deferred tax on revalued assets Other comprehensive income net of tax	71,449 (10,871) 60,578 40,959 101,537 (42,414) <b>59,123</b> (1,787) <b>57,336</b> (21,853)	53,731 (5,308) 48,423 21,851 70,274 (33,031) <b>37,243</b>	111,984 (13,111) 98,873 45,232 144,105 (70,747)	64,054 (9,267) 54,787 37,085	47,889 (4,265) 43,624	99,662 (10,775)
AND OTHER COMPREHENSIVE INCOME Interest income and similar income Interest expense Net interest income Other income Other income Net income Operating expenses Profit before impairment losses on loans and advances Net impairment losses on loans and advances Profit before taxation Income tax expense Profit after tax Other comprehensive income Gains on property valuations Deferred tax on revalued assets Other comprehensive income net of tax	71,449 (10,871) 60,578 40,959 101,537 (42,414) <b>59,123</b> (1,787) <b>57,336</b> (21,853)	53,731 (5,308) 48,423 21,851 70,274 (33,031) <b>37,243</b>	111,984 (13,111) 98,873 45,232 144,105 (70,747)	64,054 (9,267) 54,787 37,085	47,889 (4,265) 43,624	99,662 (10,775)
Interest income and similar income Interest expense  Net interest income Other income Net income Operating expenses Profit before impairment losses on loans and advances Net impairment losses on loans and advances Profit before taxation Income tax expense Profit after tax Other comprehensive income Gains on property valuations Deferred tax on revalued assets Other comprehensive income net of tax	(10,871) 60,578 40,959 101,537 (42,414) <b>59,123</b> (1,787) <b>57,336</b> (21,853)	(5,308) 48,423 21,851 70,274 (33,031) <b>37,243</b>	(13,111) 98,873 45,232 144,105 (70,747)	(9,267) 54,787 37,085	(4,265) 43,624	(10,775)
Net interest income Other income Net income Net income Operating expenses Profit before impairment losses on loans and advances Net impairment losses on loans and advances Profit before taxation Income tax expense Profit after tax Other comprehensive income Gains on property valuations Deferred tax on revalued assets Other comprehensive income net of tax	60,578 40,959 101,537 (42,414) <b>59,123</b> (1,787) <b>57,336</b> (21,853)	48,423 21,851 70,274 (33,031) <b>37,243</b>	98,873 45,232 144,105 (70,747)	54,787 37,085	43,624	
Other income  Net income Operating expenses Profit before impairment losses on loans and advances Net impairment losses on loans and advances Profit before taxation Income tax expense Profit after tax Other comprehensive income Gains on property valuations Deferred tax on revalued assets Other comprehensive income net of tax	40,959 101,537 (42,414) <b>59,123</b> (1,787) <b>57,336</b> (21,853)	21,851 70,274 (33,031) <b>37,243</b>	45,232 144,105 (70,747)	37,085		
Operating expenses Profit before impairment losses on loans and advances Net impairment losses on loans and advances Profit before taxation Income tax expense Profit after tax Other comprehensive income Gains on property valuations Deferred tax on revalued assets Other comprehensive income net of tax	(42,414) <b>59,123</b> (1,787) <b>57,336</b> (21,853)	(33,031) <b>37,243</b>	(70,747)	91.872	13,343	40,919
Profit before impairment losses on loans and advances Net impairment losses on loans and advances Profit before taxation Income tax expense Profit after tax  Other comprehensive income Gains on property valuations Deferred tax on revalued assets Other comprehensive income net of tax	<b>59,123</b> (1,787) <b>57,336</b> (21,853)	37,243	, .	(34,552)	63,567 (26,850)	129,806 (57,587)
Profit before taxation Income tax expense Profit after tax  Other comprehensive income Gains on property valuations Deferred tax on revalued assets Other comprehensive income net of tax	<b>57,336</b> (21,853)	(4,586)	73,358	57,320	36,717	72,219
Income tax expense Profit after tax  Other comprehensive income Gains on property valuations Deferred tax on revalued assets Other comprehensive income net of tax	(21,853)	32,657	(3,995) <b>69,363</b>	(2,507) <b>54,813</b>	(4,050) <b>32,667</b>	(1,002) <b>71,217</b>
Other comprehensive income Gains on property valuations Deferred tax on revalued assets Other comprehensive income net of tax	35,483	(10,539)	(23,419)	(20,925)	(10,127)	(22,082)
Gains on property valuations Deferred tax on revalued assets Other comprehensive income net of tax	-	22,118	45,944	33,888	22,540	49,135
Other comprehensive income net of tax		-	3,696	_	-	3,696
	-	-	2,032 <b>5,728</b>	-	-	2,032
	35,483	22,118	51,672	33,888	22,540	5,728 54,863
Profit attributable to shareholders						
Owners of the Parent Non-Controlling Interest (Minorities)	35,424	22,280	47,474	33,888	22,540	49,135
Non-Controlling Interest (Minorities)	59 <b>35,483</b>	(162) <b>22,118</b>	(1,530) <b>45,944</b>	33,888	22,540	49,135
Comprehensive income attributable to shareholders Owners of the Parent	35.424	22,280	53,202	33,888	22,540	54,863
Non-Controlling Interest (Minorities)	59	(162)	(1,530)	· -	, -	-
	35,483	22,118	51,672	33,888	22,540	54,863
DIVIDENDS PAID Interim	10,002	7,003	8,003	10,002	7,003	8.003
Final (for prior year)	-	11,038	18,005	· -	11,001	18,005
Total	10,002	18,041	26,008	10,002	18,004	26,008
Earnings per share (Kwacha)	75.85	47.71	101.66	72.57	48.27	105.21
Dividend per share (Kwacha)  Number of ordinary shares in issue (millions)	21.42 467	38.63 467	55.69 467	21.42 467	38.55 467	55.69 467
SUMMARY STATEMENTS OF FINANCIAL POSITION						
LIABILITIES & EQUITY	040.047	600.050	000 500	001.000	F00 001	500044
Customer deposits Current income tax liabilities	819,217 14,979	638,953 5,777	809,562 7,712	631,323 14,034	502,931 5,628	568,644 7,189
Other liabilities Lease liability	47,679 6,057	52,824 7,377	64,292 6,849	35,930 1,335	43,748 2,226	53,276 1,838
Deferred tax	2	· -	2	-	-	-
Loans and borrowings Equity attributable to equity holders of the parent company	13,387 197,470	10,651 149,509	11,108 172,180	5,644 193,117	10,651 144,912	8,105 169,231
Minority interest	1,704	3,012	1,644	-	-	-
Total liabilities and equity	1,100,495	868,103	1,073,349	881,383	710,096	808,283
ASSETS Cash and funds with Central Banks	56,497	51,216	64,650	45,127	38,484	53,604
Placements with other banks	101,507	45,555	83,515	100,692	45,555	83,302
Other money market investments Other assets	139,422 21,436	65,869 9,633	169,277 16,580	19,123 15,709	6,057	11,408
Income Tax Receivable Equity investments	- 15,498	947 4,905	16 6,892	- 15,498	- 4,905	- 6,892
Government of Malawi Promissory Notes	307	· -	· -	307	· -	-
Government Securities Loans and advances to customers	363,249 324,292	321,251 297,516	345,939 310,440	326,933 273,087	283,058 257,293	309,930 262,768
Investment in associates	1,050	1,450	918	992	992	992
Investment in subsidiaries Property and equipment	- 46,675	40,121	44,936	18,169 45,642	15,641 39,569	15,641 44,338
Intangible assets Right of use assets	10,582 4,228	8,965 5,577	9,496 4,946	10,355 401	8,717 1,177	9,268 792
Deferred tax	11,793	11,139	11,785	9,348	8,648	9,348
Goodwill Total assets	3,959 <b>1,100,495</b>	3,959 <b>868,103</b>	3,959 <b>1,073,349</b>	- 881,383	710,096	808,283
Memorandum items	, ,		, , , , ,		.,	
Contingent liabilities - Letters of credit and guarantees	22,536	18,283	29,376	22,536	18,283	29,376
SUMMARY STATEMENTS OF CHANGES IN EQUITY As at beginning of period	173,824	146,169	146,169	169,231	140,376	140,376
Total comprehensive income for the year	35,483	22,118	51,672	33,888	22,540	54,863
Dividends paid Translation differences	(10,002) (131)	(18,041) 2,275	(26,045) 2,028	(10,002)	(18,004)	(26,008)
As at end of period	199,174	152,521	173,824	193,117	144,912	169,231
SUMMARY STATEMENTS OF CASH FLOWS						
Cash flows from operating activities Profit before tax	57,336	32,657	69,363	54,813	32,667	71,217
Adjustments for:						
Depreciation of property and equipment Amortisation of intangible assets	1,885 654	1,556 638	3,146 1,356	1,697 654	1,414 638	2,913 1,288
Amortisation of right of use of assets Interest on lease liability	705 454	663 500	1,347 1,035	395 143	393 230	787 417
Net gains on financial instruments classified as held for trading	(8,606)	387	(931)	(8,606)	387	(931)
Gains on disposal of financial instruments classified as held for trading (Profit) loss on disposal of property and equipment	(76)	23 3	163 3	(76)	23 3	163 3
Dividends received Share of (profits)/loss of associate	(113) (131)	(48) 10	(202) 1,042	(863)	(558)	(731)
Net fair value loss on revaluation of property	-	-	(93)	, <del>-</del>	-	(93)
Net losses on modified and restructured loans  Movement in allowance for impairment in loans and advances	(55) 3,445	553 4,884	126 6,141	(55) 3,345	553 4,737	126 2,785
Operating cashflows before working capital movements	55,498	41,826	82,496	51,447	40,487	77,944
Increase in operating assets Movement in investments	(21,726) -	(50,456) -	(81,201) (2,174)	(17,384) -	(50,772) -	(58,534) 6,173
Movement in liabilities to other banks Increase in operating liabilities	(21,543) 13,793	- 71,646	(16,037) 256,547	(21,692) 66,522	- 46,739	(21,551) 115,564
Net cash flow from operating activities	26,022	63,016	239,631	78,893	36,454	119,596
Tax paid  Net cash from operating activities	(14,560) <b>11,462</b>	(9,647) <b>53,369</b>	(18,511) <b>221,120</b>	(14,080) <b>64,813</b>	(9,288) <b>27,166</b>	(18,350) <b>101,246</b>
Net cash outflow from investing activities	(23,118)	(7,863)	(38,927)	(23,677)	(3,996)	(41,654)
Net cash outflow from financing activities Net increase /(decrease) in cash and cash equivalents	(8,360)	(19,024) 26,482	(27,567) 154,626	(13,100) 28,036	(18,558) 4,612	(29,690) 29,902
Cash and cash equivalents at beginning of the period Cash and cash equivalents at end of the period	317,442 297,426	111,139 137,621	162,816 317,442	136,906 164,942	57,494 62,106	107,004 136,906

MPAIRMENT LOSSES/NON PERFORMING CREDIT FACILITIES AND PROVISIONS FOR LOSSES BY INDUSTRY SECTOR						
	30t	th June 2023		30th June 2022		
Sector	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	49,690	5,825	1,773	58,731	2,043	1,446
Manufacturing	21,470	623	165	37,416	4,430	804
Mining and Quarrying	3,252	2,885	859	107	2	2
Construction and Engineering	6,016	1,623	437	4,190	472	142
Energy/Electricity, Gas, Air conditioning,						
Water supply & Waste management	19,027	863	156	19,665	12,758	245
Transport/Storage	11,818	3,413	466	9,129	881	353
Communication	12,815	133	720	9,961	121	512
Financial/Insurance/Professional/Scientific						
& Technical services	21,340	1,369	1,166	8,516	301	337
Wholesale/Retail	60,913	7,296	2,136	50,038	10,128	3,170
Individual/Households	78,700	2,098	1,788	56,123	1,855	1,681
Real Estate	6,887	4,988	10	7,238	5,636	28
Tourism	29,038	14,984	184	28,096	1,460	716
Other	13,460	601	273	18,954	3,017	1,210
TOTAL	224 426	40700	10104	000104	40104	10.040

Other TOTAL

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.

46,702

273 10,134

334.426

### SECTOR OF BORROWER

		30th June 2023	30th June 2022	
	K'm	% OF CORE CAPITAL	K'm	% OF CORE CAPITAL
Wholesale/Retail	-	0%	-	0%

## LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES

	30th June 2023	30th June 2022
	K'm	K'm
DIRECTORS:		
Balance at beginning of the half year	173	429
Loans granted during the half year	130	140
Repayments	(67)	(361)
. ,		,
Balance at end of half year	236	208
SENIOR MANAGEMENT OFFICIALS:		
Balance at beginning of year	12,861	1,150
Loans granted during the half year	5,266	1,100
Repayments	(68)	(134)
Balance at end of half year	18,059	1,173
balance at ena or mail year	10,009	1,170
OTHER RELATED PARTIES:		
Balance at beginning of half year	1,098	7,554
Loans granted during the half year	135	6,726
Repayments	(325)	(2,542)
Balance at end of half year	908	11,738
		,
Total related party lending	19,203	13,119
Total related party lending as a		
percentage of core capital	16%	15%

INVESTMENTS IN SUBSIDIARIES		
	Name of Subsidiary	Percentage Holding
	30th June 2023	30th June 2022
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%	60.48%
Stockbrokers Malawi Limited	75%	75%

LENDING RATES		
	30th June 2023	30th June 2022
Malawi Kwacha facilities		
Base Lending Rate	21.4%	13.9%
Lending Rate Spread	1% to 11%	1% to 11%
Foreign Currency facilities	7% to 12%	7% to 12%

## RECTORS REMUNERATION, BONUSES AND

308.164

43.104

	30th June 2023	30th June 2022
	K'm	K'm
Directors Remuneration	774	696
Total Bonuses Paid by the Group	6,110	5,959

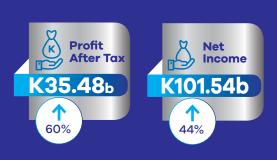
DEPOSIT RATES		
	30th	30th
	June 2023	June 2022
Type of Deposit	Rate %	Rate %
Malawi Kwacha		
Current Account	0.00	0.00
Savings	6.25	3.50
Special savings	4.50	2.00
Savings Bond	12.00	9.00
Student Save	5.50	2.20
Fiesta Save	9.25	6.50
7 Day Call	5.50	3.00
30 Day Call	6.50	3.50
2 Months	7.00	4.50
3 Months	8.00	5.00
6 Months	8.50	5.50
9 Months	Negotiable	Negotiable
10.1.1		

Foreign Currency Denominated Accounts (FCDAs)				
USD		0.50	0.50	
GBP		0.50	0.50	
ZAR		1.50	1.50	
EUR		0.25	0.25	

12 Months



## **Financial Highlights**









#inspiregreatness

### SUMMARY OF UNAUDITED INTERIM RESULTS FOR THE SIX-MONTH PERIOD ENDED 30TH JUNE 2023

The Board is pleased to announce unaudited interim results for the Group for the six-month period ended 30th June 2023.

#### **PERFORMANCE**

1,681 28 716 1,210 10,646

The Group registered a profit after tax of K35.48 bn representing a 60% increase from K22.12 bn reported in 2022. These results were driven by growth in both net interest income and other income which grew by 25% and 87% respectively. Overall net revenue grew by 44%. Operating expenses increased by 28%. Net Impairment losses decreased by 61% on account of

Customer deposits increased by 28% (2022:34%) while the Bank's loan book grew by 9%. (2022: 31%). Investment in Fixed Income securities grew by 13% (2022:48%).

All the subsidiaries and an associate of the Bank posted profits that contributed positively to the Group half year performance.

### THE OPERATING ENVIRONMENT

The growth in the first half of 2023 was adversely affected by exogenous weather-related shocks in the aftermath of tropical cyclone Freddy and dry weather conditions in the Northern Region. The excess foreign exchange demand conditions remain the catalyst for continued local currency depreciation against currencies of the major trading partners despite the ongoing tobacco auction season. The monetary policy authorities signaled the introduction of a foreign exchange rate price discovery initiative by introducing currency auctions, the first one of which was conducted mid-June 2023. The auction resulted in a mild 3% depreciation of the Malawi Kwacha. The country also experienced fuel supply shortages.

Headline inflation edged up to an average of 26.5% in the first quarter of 2023 from 26.0% in the last quarter of 2022. It closed at 27.30% in June 2023 and the reference rate closed at 21% (December 2022: 17.3%).

The directors declared an interim dividend of K11.0bn (2022: K8bn) for the half year ended 30 June 2023 representing K23.50 per share (2022: K17.14 per share). The Dividend will be paid on 29th September 2023 to members whose names appear on the register as at the close of business on 15th September 2023.

The outlook for 2023 is for inflation to remain elevated, premised on the short crop size and heightened demand side inflationary pressures emanating from fiscal risks, second round effects of cyclone Freddy and the exchange rate

The economy is expected to grow by approximately 1.9% in 2023. This is a revision downwards from a preliminary estimate of 2.7%. The downward revision resulted from exogenous weather-related shocks as explained above. It is expected that these conditions will contribute to lower-than-projected agriculture output and affect non-agricultural output as well.

The Board envisages a continuing challenging operating environment. Pressure on inflation and foreign exchange is expected to continue. In spite of this, 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, Chairm

28th July, 2023 Registered Office: 7 Henderson Street, BLANTYRE

M. Katsala, Chief Financial Officer

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