

SUMMARY OF UNAUDITED CONSOLIDATED AND SEPARATE RESULTS

for the six months ended 30 June 2022

BOTSWANA MALAWI MOZAMBIQUE ZAMBIA ZIMBABWE

SUMMARY STATEMENTS OF COMPREHENSIVE INCOME

SUMMARY STATEMENTS OF COMPREHENSIVE IN			. 1			
		ONSOLIDATE			SEPARATE	
	30-Jun-22	30-Jun-21	31-Dec-21	30-Jun-22	30-Jun-21	31-Dec-21
In millions of Malawi Kwacha	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
Interest income	17,837	15,151	31,337	17,837	15,151	31,337
Interest expense	(4,160)	(3,352)	(6,228)	(4,160)	(3,352)	(6,228)
Net interest income	13,677	11,799	25,109	13,677	11,799	25,109
Fees and commissions	8,267	7,140	15,995	8,267	7,140	15,995
Income from investments	724	347	2,422	724	347	2,422
	8,991	7,487	18,417	8,991	7,487	18,417
Total operating income	22,668	19,286	43,526	22,668	19,286	43,526
Staff and training costs	4,643	4,183	8,672	4,643	4,183	8,672
Premises and equipment costs	1,855	1,533	3,241	1,855	1,533	3,241
Depreciation expense	1,115	1,096	2,197	1,115	1,096	2,197
Other expenses	4,759	3,972	7,629	4,759	3,972	7,629
Impairment loss on financial assets	(56)	759	1,401	(56)	759	1,401
Total expenses	12,316	11,543	23,140	12,316	11,543	23,140
Profit before income tax expense	10,352	7,743	20,386	10,352	7,743	20,386
Income tax expense	(2,992)	(2,295)	(5,619)	(2,992)	(2,295)	(5,619)
Profit for the period	7,360	5,448	14,767	7,360	5,448	14,767
Other comprehensive income						
Items that will never be classified to profit or loss						
Deferred tax on revalued property	-	(120)		-	(120)	-
Total comprehensive income for the period	7,360	5,328	14,767	7,360	5,328	14,767
Profit or loss attributable to:						
Owners of the parent	7,360	5,448	14,767	7,360	5,448	14,767
Non-controlling interest	_	_	_	-	-	_
Profit for the period	7,360	5,448	14,767	7,360	5,448	14,767
Total comprehensive income attributable to:						
Owners of the parent	7,360	5,328	14,767	7,360	5,328	14,767
Non-controlling interest	-	-	_	-	-	-
Total comprehensive income for the period	7,360	5,328	14,767	7,360	5,328	14,767
Basic and diluted earnings per share (tambala)	315	233	632			

SUMMARY STATEMENTS OF FINANCIAL POSITION

	cc	NSOLIDATE	D		SEPARATE		
	30-Jun-22	30-Jun-21	31-Dec-21	30-Jun-22	30-Jun-21	31-Dec-21	
In millions of Malawi Kwacha	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited	
Assets							
Cash and cash equivalents	48,685	18,624	46,300	48,685	18,624	46,300	
Money market investments	105,532	152,545	134,816	105,532	152,545	134,816	
Loans and advances to customers	121,669	104,502	101,043	121,669	104,502	101,043	
Amounts due from related parties	562	327	379	562	327	379	
Repurchase agreements	29,577	54,101	45,129	29,577	54,101	45,129	
Current tax asset	44	44	44	_	-		
Investments at fair value through profit or loss	3,483	3,949	5,387	3,483	3,949	5,387	
Investment in subsidiary companies	_	_	_	209	209	209	
Right of use assets	452	540	431	452	540	431	
Intangible assets	2,402	3,269	2,867	2,402	3,269	2,867	
Property and equipment	19,367	19,159	19,155	19,367	19,159	19,15	
Assets held for sale	216	216	216	216	216	210	
Other assets	2,645	1,271	1,477	2,618	1,244	1,450	
Total assets	334,634	358,547	357,244	334,772	358,685	357,382	
Liabilities and equity							
Liabilities							
Balances due to other banks	66,144	142,960	123,168	66,144	142,960	123,168	
Customer deposits	204,134	162,427	172,901	204,452	162,745	173,21	
Income tax payable	1,516	795	1,822	1,505	785	1,81	
Other payables	10,516	8,708	8,731	10,697	8,888	8,91	
Lease liabilities	580	640	526	580	640	52	
Provisions	908	608	843	908	608	84	
Deferred tax liabilities	555	1,627	1,532	558	1,630	1,53	
Total liabilities	284,353	317,765	309,523	284,844	318,256	310,01	
Equity							
Share capital	117	117	117	117	117	11	
Share premium	1,565	1,565	1,565	1,565	1,565	1,56	
Property revaluation reserve	7,717	7,597	7,717	7,717	7,597	7,71	
Loan loss reserve	737	1,374	515	737	1,374	51	
Retained earnings	40,145	30,129	37,807	39,792	29,776	37,45	
Total equity	50,281	40,782	47,721	49,928	40,429	47,36	
Total equity and liabilities	334,634	358,547	357,244	334,772	358,685	357,38	

SUMMARY STATEMENTS OF CHANGES IN EQUITY						
	CC	NSOLIDATE	:D	SEPARATE		
In millions of Malawi Kwacha	30-Jun-22 Unaudited	30-Jun-21 Unaudited	31-Dec-21 Audited	30-Jun-22 Unaudited	30-Jun-21 Unaudited	31-Dec-21 Audited
As at the beginning of the period	47,721	37,554	37,554	47,368	37,201	37,201
Net profit for the period	7,360	5,448	14,767	7,360	5,448	14,767
Other comprehensive income	-	(120)	-	-	(120)	_
	In millions of Malawi Kwacha As at the beginning of the period Net profit for the period	In millions of Malawi Kwacha As at the beginning of the period Net profit for the period 7,360	CONSOLIDATE 30-Jun-22 30-Jun-21 Unaudited As at the beginning of the period Net profit for the period As at the period 7,360 CONSOLIDATE 30-Jun-22 30-Jun-21 Unaudited Unaudited 7,360 5,448	CONSOLIDATED In millions of Malawi Kwacha 30-Jun-22 Unaudited 31-Dec-21 Unaudited Audited As at the beginning of the period 47,721 37,554 37,554 37,554 14,767 Net profit for the period 7,360 5,448 14,767	CONSOLIDATED 30-Jun-22 30-Jun-21 31-Dec-21 30-Jun-22 In millions of Malawi Kwacha Unaudited Unaudited Audited Unaudited As at the beginning of the period 47,721 37,554 37,554 47,368 Net profit for the period 7,360 5,448 14,767 7,360	CONSOLIDATED SEPARATE 30-Jun-22 In millions of Malawi Kwacha 30-Jun-22 Unaudited 30-Jun-21 Unaudited 31-Dec-21 Audited 30-Jun-22 Unaudited 30-Jun-21 Unaudited As at the beginning of the period 47,721 37,554 37,554 47,368 37,201 Net profit for the period 7,360 5,448 14,767 7,360 5,448

(4,800)

50,281

42,882

(2,100)

40,782

CONSOLIDATED

52,321

(4,600)

47,721

54,728

(4,800)

49,928

42,529

(2,100)

40,429

SEPARATE

51,968

(4,600)

47,368

SUMMARY STATEMENTS OF CASH FLOWS

Balance at the end of the period

Comprehensive income attributable to owners

Dividends paid

In millions of Malawi Kwacha	30-Jun-22 Unaudited	30-Jun-21 Unaudited	31-Dec-21 Audited	30-Jun-22 Unaudited	30-Jun-21 Unaudited	31-Dec-21 Audited
Cash flows from operating activities						
Interest and fees received	26,276	21,134	44,865	26,276	21,134	44,865
Interest paid	(4,160)	(3,352)	(6,228)	(4,160)	(3,352)	(6,228)
Cash paid to suppliers and employees	(10,209)	(9,126)	(18,833)	(10,209)	(9,126)	(18,833)
	11,907	8,656	19,804	11,907	8,656	19,804
Increase in net customer balances	(44,662)	36,098	30,754	(44,662)	36,098	30,754
Cash generated from operations	(32,755)	44,754	50,558	(32,755)	44,754	50,558
Dividend received net of tax	47	76	229	47	76	229
Income taxes paid	(4,276)	(3,534)	(5,806)	(4,276)	(3,534)	(5,806)
Cash flows from operating activities	(36,984)	41,296	44,981	(36,984)	41,296	44,981
Cash flows from investing activities						
Maturities/(purchases) of investment securities	29,283	(62,337)	(44,591)	29,283	(62,337)	(44,591)
Maturities of repurchase agreements	15,552	3,814	12,786	15,552	3,814	12,786
Proceeds from sale of equipment	-	-	113	-	-	113
Sale of shares in listed companies	2,581	114	599	2,581	114	599
Acquisition of property and equipment	(863)	(421)	(1,110)	(863)	(421)	(1,110)
Cash outflows applied to investing activities	46,553	(58,830)	(32,203)	46,553	(58,830)	(32,203
Cash flows from financing activities						
Dividend paid to shareholders of the parent	(4,800)	(2,100)	(4,600)	(4,800)	(2,100)	(4,600)
Repayment of long-term borrowings and lease liabilities	(2,211)	(1,738)	(3,184)	(2,211)	(1,738)	(3,184)
Cash flows from financing activities	(7,011)	(3,838)	(7,784)	(7,011)	(3,838)	(7,784)
Net increase in cash and cash equivalents	2,558	(21,372)	4,994	2,558	(21,372)	4,994
Cash and cash equivalents at 1 January	46,300	38,840	38,840	46,300	38,840	38,840
Effect of changes in exchange rates	(173)	1,156	2,466	(173)	1,156	2,466
Cash and cash equivalents at 30 June	48,685	18,624	46,300	48,685	18,624	46,300

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

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		30-Jun-22			30-Jun-21	
In millions of Malawi Kwacha Industry Sector	Out- standing amount	Impaired amount	Specific provision	Out- standing amount	Impaired amount	Specific provision
Agriculture	26,985	510	131	29,138	477	39
Mining	21	-	-	61	-	-
Financial Services	338	39	16	1,032	12	12
Construction	7,004	313	18	8,070	92	5
Energy/Electricity/Gas /Water	6,512	-	-	3,541	_	-
Manufacturing	29,219	-	-	17,850	288	54
Wholesale and Retail	29,653	2,836	2,038	27,442	2,639	1,585
Individual/Households	17,998	468	334	8,926	534	404
Real Estate	274	-	-	216	_	-
Tourism and Leisure	3,082	319	17	3,349	1,055	-
Transport and Communication	3,506	52	15	7,405	2,399	238
	124,592	4,537	2,569	107,030	7,496	2,337

CREDIT	CONCENTRAT	IONS

In thousands of Malawi Kwacha Sector of Borrower	30-Jun-22	% of Core Capital	30-Jun-21	% of Core Capital
Agriculture	20,099,701	64.54%	-	_
Transport and Communication	10,260,901	26.72%	-	_
Wholesale and Retail	8,758,556	31.78%	-	-

Note: Credit concentration represents 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.

LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES

In thousands of Malawi Kwacha	30-Jun-22	30-Jun-21	31-Dec-21
Corporate bodies directly or indirectly related to directors:			
Balance at the beginning of the year	1,902,029	1,745,586	1,745,586
Loans granted during the period	-	652,588	156,443
Repayments	6,869	-	-
Balance at the end of the period	1,895,160	2,398,174	1,902,029
Senior management			
Balance at the beginning of the year	316,004	306,297	306,297
Loans granted during the period	59,395	50,188	83,965
Repayments	(78,761)	(45,701)	(74,258)
Balance at the end of the period	296,638	310,784	316,004

All loans to bodies directly or indirectly linked to directors were made on arm's length commercial terms.

INVESTMENT IN SUBSIDIARY COMPANIES

Institution	Shares ('000)	Holding	2022 (K'000)	2021 (K'000)
ICB Malawi Limited	7,149	100.0%	148,791	148,791
FMB Capital Markets Limited	500	100.0%	50,000	50,000
FMB Forex Bureau	10,000	100.0%	10,000	10,000
FMB Pensions Limited	1,000	100.0%	-	-

BASE LENDING RATE

		30-Jun-22	30-Jun-21	31-Dec-21
	Base lending rate (local currency loans)	13.80%	12.20%	12.20%
l	Maximum applicable range (percentage points)	11.10%	11.10%	11.10%
l	Base lending rate (foreign currency loans)	0.00	0.00	0.00
l	Maximum applicable range (percentage points)	9.50	9.50	9.50
	Reference rate	13.80%	12.20%	12.20%
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30-Jun-22 30-Jun-21 31-Dec-21

124,704 264,124

DEPOSIT RATES

In thousands of Malawi Kwacha

Fees paid to non-executive directors

Savings Accounts (Balances above K10,000)	4.00%	4.00%	4.00%
Fast Accounts (Balances above K10,000)	2.00%	2.00%	2.00%
Call Accounts			
7-day call	3.00%	3.00%	3.00%
30-day call	3.00%	3.00%	3.00%
Fixed Deposits (Balances above K25,000)			
1 Month	3.50%	3.50%	3.50%
2 Months	5.50%	5.50%	5.50%
3 Months	5.00%	5.00%	5.00%
Above 3 Months	Negotiable	Negotiable	Negotiable
Current account (balances above K500,000)	0.00%	0.00%	0.00%
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DIRECTORS! DENIINED ATION AND DONINGES			
DIRECTORS' REMUNERATION AND BONUSES			

FINANCIAL PERFORMANCE

The first six months of 2022 have proven to be challenging economically for the country. The headline inflation at 19.1% is at the highest point since December 2016. The country continues to experience foreign exchange shortages and high debt levels. The engagements with IMF to start the next phase of the extended credit facility have yet to be concluded.

Notwithstanding the challenges, the bank performed above expectations in the first half of 2022 driven by growth in the quality lending book, close monitoring of operating expenses and recovery efforts of previously impaired loan assets. Profit after tax for the period was K7.4 billion against K5.4 billion recorded in the same period in 2021.

Our deposit base continues to grow mainly driven by the current and savings accounts. We closed the period with deposits totaling K204.5 billion, a 26% increase year on year, giving us an opportunity to deploy funds in quality lending activities. Net loans and advances grew by 16% year on year to close the period at K121.7 billion.

ECONOMIC OUTLOOK

The recent 25% devaluation of Malawi Kwacha against the US Dollar was expected but foreign currency scarcity on the market remains a challenge for all sectors of the economy. This is having a negative impact on most of the country's productive sectors.

Food, commodities and fuel prices are expected to maintain their upward trajectory and will exert pressure on the inflation rate for the rest of the year. Should a new loan facility from the IMF materialize soon, this will provide short-term relief and act as a signaling mechanism for some multilateral and bi-lateral donors to resume funding to Malawi.

Spyridon Georgopoulos Chief Executive Officer

Terence Davidson Chairman

Michael Kadumbo Chief Finance Officer