



	GROUP			COMPANY		
	30-Jun-13 Unaudited K'm	30-Jun-12 Unaudited K'm	31-Dec-12 Audited K'm	30-Jun-13 Unaudited K'm	30-Jun-12 Unaudited K'm	31-Dec-12 Audited K'm
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>						
Interest income	12,808	4,479	12,270	12,794	4,452	12,274
Interest expense	(2,522)	(645)	(2,407)	(2,522)	(645)	(2,408)
<b>Net interest income</b>	<b>10,286</b>	<b>3,834</b>	<b>9,863</b>	<b>10,272</b>	<b>3,807</b>	<b>9,866</b>
Other income	6,397	6,124	13,070	6,203	6,045	12,808
<b>Net income</b>	<b>16,683</b>	<b>9,958</b>	<b>22,933</b>	<b>16,475</b>	<b>9,852</b>	<b>22,674</b>
Operating expenses	(7,328)	(4,864)	(11,321)	(7,237)	(4,809)	(11,177)
<b>Profit before recoveries on impaired loans and advances</b>	<b>9,355</b>	<b>5,094</b>	<b>11,612</b>	<b>9,238</b>	<b>5,043</b>	<b>11,497</b>
Net provisions on impaired loans and advances	(119)	(203)	(607)	(119)	(203)	(607)
<b>Profit before taxation</b>	<b>9,236</b>	<b>4,891</b>	<b>11,005</b>	<b>9,119</b>	<b>4,840</b>	<b>10,890</b>
Income tax expense	(2,955)	(1,474)	(3,418)	(2,908)	(1,447)	(3,399)
<b>Profit after tax</b>	<b>6,281</b>	<b>3,417</b>	<b>7,587</b>	<b>6,211</b>	<b>3,393</b>	<b>7,491</b>
<b>Other comprehensive income</b>						
(Losses)/gains on property valuations	0	0	1,111	0	0	1,111
Deferred tax on previously revalued assets	0	58	762	0	58	762
Other comprehensive income net of tax	0	58	1,873	0	58	1,873
<b>Total comprehensive income for the year</b>	<b>6,281</b>	<b>3,475</b>	<b>9,460</b>	<b>6,211</b>	<b>3,451</b>	<b>9,364</b>
<b>Profit attributable to shareholders</b>						
Equity holders of the company	6,270	3,413	7,575	-	-	-
Non-controlling interest (formerly minority interest)	11	4	12	-	-	-
<b>6,281</b>	<b>3,417</b>	<b>7,587</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Comprehensive income attributable to shareholders</b>						
Equity holders of the company	6,270	3,471	9,448	-	-	-
Non-controlling interest	11	4	12	-	-	-
<b>6,281</b>	<b>3,475</b>	<b>9,460</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>DIVIDENDS PAID</b>						
Interim	0	0	2,334	0	0	2,334
Final (for prior year)	1,499	1,261	1,261	1,499	1,261	1,261
<b>Total</b>	<b>1,499</b>	<b>1,261</b>	<b>3,595</b>	<b>1,499</b>	<b>1,261</b>	<b>3,595</b>
Earnings per share (Kwacha)	13.43	7.31	16.22	13.30	7.27	16.04
Dividend per share (Kwacha)	3.21	2.70	7.70	3.21	2.70	7.70
Number of ordinary shares in issue (millions)	467	467	467	467	467	467
<b>STATEMENTS OF FINANCIAL POSITION</b>						
<b>LIABILITIES &amp; EQUITY</b>						
Liabilities to customers	91,987	74,993	87,480	92,001	75,023	87,512
Current income tax liabilities	2,038	716	1,303	2,014	698	1,304
Other liabilities	20,093	12,428	15,743	20,028	12,397	15,682
Loans and borrowings	6,809	0	3,395	6,809	0	3,395
Equity attributable to equity holders of the parent company	26,320	17,906	21,549	26,204	17,913	21,492
Non-controlling interest	29	10	19	-	-	-
<b>Total liabilities and equity</b>	<b>147,276</b>	<b>106,053</b>	<b>129,489</b>	<b>147,056</b>	<b>106,031</b>	<b>129,385</b>
<b>ASSETS</b>						
Cash and funds with Reserve Bank of Malawi	7,720	11,514	8,797	7,720	11,514	8,797
Malawi Government Treasury Bills	1,465	0	3,741	1,465	0	3,741
Reserve Bank of Malawi bill bonds	4,358	4,241	4,060	4,358	4,241	4,060
Government of Malawi Local Registered Stocks	0	444	372	0	444	372
Government of Malawi Promissory Notes	19,602	0	0	19,602	0	0
Equity investments	795	800	732	794	797	731
Investment in associate	344	175	214	233	123	123
Investment in subsidiaries	-	-	-	142	142	142
Placements with other banks	19,729	12,121	19,347	19,729	12,121	19,347
Loans and advances to customers	62,127	52,932	63,001	62,127	52,934	63,001
Other money market deposits	142	648	2,104	0	605	2,048
Other assets	11,456	8,563	8,539	11,395	8,543	8,486
Property, plant and equipment	15,777	12,900	15,366	15,731	12,852	15,321
Intangible assets	2,627	1,241	2,082	2,627	1,241	2,082
Deferred tax assets	1,134	474	1,134	1,133	474	1,134
<b>Total assets</b>	<b>147,276</b>	<b>106,053</b>	<b>129,489</b>	<b>147,056</b>	<b>106,031</b>	<b>129,385</b>
<b>Memorandum items</b>						
Contingent liabilities - guarantees	6,879	4,656	5,551	6,879	4,656	5,551
<b>STATEMENTS OF CHANGES IN EQUITY</b>						
<b>As at beginning of period</b>	<b>21,549</b>	<b>15,696</b>	<b>15,696</b>	<b>21,492</b>	<b>15,723</b>	<b>15,723</b>
Net profit for the period	6,270	3,413	7,575	6,211	3,393	7,491
Dividends paid	(1,499)	(1,261)	(3,595)	(1,499)	(1,261)	(3,595)
Other comprehensive income	0	0	1,111	0	0	1,111
Deferred tax on disposed assets	0	58	762	0	58	762
<b>As at end of period</b>	<b>26,320</b>	<b>17,906</b>	<b>21,549</b>	<b>26,204</b>	<b>17,913</b>	<b>21,492</b>
<b>STATEMENTS OF CASH FLOWS</b>						
<b>Cash flows from operating activities</b>						
<b>Profit before tax</b>	<b>9,236</b>	<b>4,891</b>	<b>11,005</b>	<b>9,119</b>	<b>4,840</b>	<b>10,890</b>
Adjustments for:						
Depreciation	807	644	1,392	801	640	1,383
Fair value (gain)/loss on equity investments	(52)	(112)	(76)	(52)	(112)	(76)
Profit on disposal of fixed assets	(27)	(559)	(554)	(27)	(559)	(554)
(Profit)/Loss on disposal of equity investments	1	(5)	(14)	1	0	(8)
Dividends received	(11)	(17)	(51)	(11)	(17)	(50)
Share of (profits)/loss of associate	(29)	13	(26)	-	-	(838)
Impairment loss on property	0	0	(838)	0	0	(838)
Increase in operating assets	(2,057)	(10,722)	(20,744)	(2,034)	(10,707)	(20,704)
Increase in operating liabilities	6,795	13,433	30,137	6,774	13,459	30,134
<b>Cash generated from operating activities</b>	<b>14,663</b>	<b>7,566</b>	<b>20,231</b>	<b>14,571</b>	<b>7,544</b>	<b>20,177</b>
Tax paid	(2,196)	(1,780)	(3,090)	(2,196)	(1,779)	(3,080)
<b>Net cash from operating activities</b>	<b>12,467</b>	<b>5,786</b>	<b>17,141</b>	<b>12,375</b>	<b>5,765</b>	<b>17,097</b>
<b>Net cash outflow from investing activities</b>	<b>(19,101)</b>	<b>3,229</b>	<b>(2,319)</b>	<b>(19,095)</b>	<b>3,219</b>	<b>(2,320)</b>
<b>Net cash inflow from financing activities</b>	<b>1,916</b>	<b>(1,261)</b>	<b>(200)</b>	<b>1,916</b>	<b>(1,261)</b>	<b>(200)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(4,718)</b>	<b>7,754</b>	<b>14,622</b>	<b>(4,804)</b>	<b>7,723</b>	<b>14,577</b>
Cash and cash equivalents at beginning of the period	29,665	15,043	15,043	29,609	15,032	15,032
<b>Cash and cash equivalents at end of the period</b>	<b>24,947</b>	<b>22,797</b>	<b>29,665</b>	<b>24,805</b>	<b>22,755</b>	<b>29,609</b>

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

Sector	30th June 2013			30th June 2012		
	Outstanding amount K'm	Impaired Amount K'm	Specific Provision K'm	Outstanding Amount K'm	Impaired Amount K'm	Specific Provision K'm
Agriculture, Forestry, Livestock and Fishing	8,639	22	1	8,214	62	9
Manufacturing	12,420	18	0.2	5,121	26	19
Mining and Quarrying						
Construction and Engineering	1,003	399	34	447	43	3
Energy/Electricity, Gas, Air conditioning, Water supply & Waste management	630			389		
Transport/Storage	887	88	4	3,246	113	22
Communication	5,058	40	13			
Financial/Insurance/Professional/Scientific & Technical services	2,671	7	0.4	79		
Wholesale/Retail	15,589	800	47	18,453	226	34
Individual/Households	8,884	120	55	1,695	181	41
Real Estate	1,710	3	0	4,001		
Tourism	3,713	1	1	1,582	158	27
Other	1,120	384	41	10,295	106	437
<b>TOTAL</b>	<b>62,324</b>	<b>1,882</b>	<b>197</b>	<b>53,524</b>	<b>913</b>	<b>592</b>

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 2013		30th June 2012	
	K'm	% OF CORE CAPITAL	K'm	% OF CORE CAPITAL
Wholesale/Retail	8,610	45%	9,721	68%
Wholesale/Retail	5,611	29%		
Other	4,804	25%	4,203	30%

LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES

	30th June 2013 K'm	30th June 2012 K'm
<b>DIRECTORS:</b>		
Balance at beginning of half year	70	44
Loans granted during the half year	5	8
Repayments	(37)	(3)
<b>Balance at end of half year</b>	<b>38</b>	<b>49</b>
<b>OTHER RELATED PARTIES:</b>		
Balance at beginning of half year	5,935	2,423
Loans granted during the half year	5,515	49
Repayments	(873)	(68)
<b>Balance at end of half year</b>	<b>10,577</b>	<b>2,404</b>
<b>SENIOR MANAGEMENT OFFICIALS:</b>		
Balance at beginning of year	115	79
Loans granted during the year	11	13
Repayments	(6)	(5)
<b>Balance at end of year</b>	<b>120</b>	<b>87</b>

DIRECTORS REMUNERATION, BONUSES AND MANAGEMENT FEES

	30th June 2013 K'm	30th June 2012 K'm
Directors Remuneration	86	56
Total Bonuses Paid by the Bank	1,746	438

DEPOSIT RATES

Type of Deposit	30th June 2013 Rate %	30th June 2012 Rate %
<b>Malawi Kwacha</b>		
Current Account	1.00	0.50
Savings	11.00	6.50
Special savings	5.00	1.00
Savings Bond	20.00	8.50
7 Day Call	12.00	4.50
30 Day Call	15.00	5.00
2 Months	19.00	5.50
3 Months	20.00	6.00
6 Months	25.00	6.50
9 Months	Negotiable	Negotiable
12 Months	Negotiable	Negotiable
<b>Foreign Currency Denominated Accounts (FCDA's)</b>		
USD	0.50	0.50
GBP	1.75	1.75
ZAR	4.00	4.00
EUR	0.50	0.50

PERFORMANCE

The Board is pleased to announce a group pre-tax profit of K9.2 billion, compared with K4.9 billion earned during a similar period in 2012, representing an 89% increase. Profit after tax at K6.3 billion represents an increase of 85% on 2012 performance.

The operating environment in the first half of 2013 was fairly positive, signalling some modest economic recovery evidenced by increased capacity utilization in most sectors. This is in spite of liquidity challenges experienced in the banking industry as a direct result of the Reserve Bank's continued tight monetary policy stance through mopping-up operations and the maintenance of a high interest rate regime. This is consistent with demand management policies aimed at containing money supply, credit and inflation growth and exchange rate stabilization.

In line with the improved capacity utilization of its clientele, the Bank registered satisfactory growth in almost all its business lines, notwithstanding the said liquidity challenges in the market. Both deposit and loan books exceeded expectations. Year-on-year deposits grew by 23%, while loans registered 17% growth despite repayment of a significant portion of parastatal Government guaranteed loans through issuance of Malawi Government promissory notes.

DIVIDEND

The Board has resolved to pay an interim dividend amounting to K2 billion (2012 first interim: K1.1 billion) representing K4.28 per share (2012 first interim: K2.43 per share). The dividend will be paid on 13th September 2013 to members whose names appear on the register as at the close of business on 30th August, 2013

OUTLOOK

Official estimates point to the rebounding of real GDP growth to 5% in 2013 from 1.8% recorded in 2012. This growth will mainly emanate from improvements in agriculture, manufacturing, construction and telecommunications sectors. The major downside risk to this growth estimate as we approach the general election due in May, 2014 remains the possibility of fiscal slippages and the accompanying adverse macroeconomic consequences.

Overall, inflation looks to have peaked and is now on a downward trend and so too are interest rates. It is therefore expected that interest rates will on average be lower in the second half than the closing rates of the first half although monetary policy is still expected to remain tight. The Bank is poised to continue with the good performance in the second half due to the envisaged sustained improvements in capacity utilization of clients' businesses, leading to increased demand for lending and related products especially in the strategic growth areas of corporate and SME products.

The Board is confident that the Bank is well positioned to sustain its profitability record and increase its market share through customer service improvements, product innovation, and efficiencies through cost containment in the context of recovering market demand. The trend in the reported results is therefore expected to continue into the second half of the year.

BY ORDER OF THE BOARD

M. M. Kawawa, Chief Financial Officer and Director

G. B. Partridge, Chief Executive Officer and Director

M. A. P. Chikaonda Ph D, Chairman

25th July 2013

Registered Office:  
7 Henderson Street,  
BLANTYRE