

	GROUP			COMPANY		
	30-Jun-17 Unaudited K'm	30-Jun-16 Unaudited K'm	31-Dec-16 Audited K'm	30-Jun-17 Unaudited K'm	30-Jun-16 Unaudited K'm	31-Dec-16 Audited K'm
STATEMENTS OF COMPREHENSIVE INCOME						
Interest income	25,945	22,496	46,211	25,745	21,300	44,678
Interest expense	(3,227)	(3,116)	(6,148)	(3,227)	(2,876)	(5,908)
Net interest income	22,718	19,380	40,063	22,518	18,424	38,770
Other income	9,856	8,737	19,329	9,505	7,675	17,724
Net income	32,574	28,117	59,392	32,023	26,099	56,494
Operating expenses	(16,607)	(16,330)	(33,362)	(16,164)	(14,224)	(30,754)
Profit before recoveries on impaired loans and advances	15,967	11,787	26,030	15,859	11,875	25,740
Net recoveries/(expense) on impaired loans and advances	(1,564)	44	(783)	(1,564)	169	(659)
Profit before taxation	14,403	11,831	25,247	14,295	12,044	25,081
Income tax expense	(4,876)	(3,673)	(8,642)	(4,725)	(3,694)	(8,415)
Profit after tax	9,527	8,158	16,605	9,570	8,350	16,666
Other comprehensive income						
Gains on property valuations	0	0	1,706	0	0	1,706
Deferred tax on revalued assets	0	0	2,171	0	0	2,171
Fair value movement on available for sale assets	0	(11)	(11)	0	(11)	(11)
Other comprehensive income net of tax	0	(11)	3,866	0	(11)	3,866
Total comprehensive income for the year	9,527	8,147	20,471	9,570	8,339	20,532
Profit attributable to shareholders						
Owners of the Parent	9,494	8,133	16,391			
Non-Controlling Interest (Minorities)	33	25	214			
	9,527	8,158	16,605			
Comprehensive income attributable to shareholders						
Owners of the Parent	9,494	8,122	20,257			
Non-Controlling Interest (Minorities)	33	25	214			
	9,527	8,147	20,471			
DIVIDENDS PAID						
First Interim for 2016	0	0	3,007	0	0	3,007
Second Interim for 2016	1,541	0	0	1,541	0	0
Final (for prior year)	3,801	3,199	3,199	3,801	3,199	3,199
Total	5,342	3,199	6,206	5,342	3,199	6,206
Earnings per share (Kwacha)	20.33	17.42	35.10	20.49	17.88	35.69
Dividend per share (Kwacha)	11.44	6.85	13.29	11.44	6.85	13.29
Number of ordinary shares in issue (millions)	467	467	467	467	467	467
STATEMENTS OF FINANCIAL POSITION						
LIABILITIES & EQUITY						
Customer deposits	242,814	226,821	231,282	227,838	204,881	218,069
Current income tax liabilities	2,940	2,021	3,184	2,849	1,894	2,997
Other liabilities	23,450	22,431	25,281	23,876	23,080	25,685
Deferred tax	681	594	593	0	0	0
Loans and borrowings	209	1,421	209	209	1,421	209
Equity attributable to equity holders of the parent company	71,981	58,701	67,829	71,209	58,339	66,981
Non-controlling interest	1,092	1,031	1,123	0	0	0
Total liabilities and equity	343,167	313,020	329,501	325,981	289,615	313,941
ASSETS						
Cash and funds with Reserve Bank of Malawi	25,343	25,923	29,774	25,343	25,923	29,650
Government of Malawi Treasury Bills	22,912	29,326	25,590	22,716	29,326	23,581
Reserve Bank of Malawi bill bonds and treasury notes	314	853	253	314	853	253
Government of Malawi Promissory Notes	1,619	0	1,100	1,619	0	1,100
Equity investments	2,500	2,240	1,969	2,441	2,180	1,904
Investment in associates	408	517	398	233	233	233
Investment in subsidiaries	-	-	0	6,444	6,962	6,444
Placements with other banks	27,100	29,085	21,683	27,100	29,085	21,683
Loans and advances to customers	133,254	130,437	133,287	133,254	130,437	133,287
Other money market deposits	76,407	43,304	59,077	60,769	20,411	46,882
Other assets	6,676	9,611	10,545	5,973	9,055	9,975
Property, plant and equipment	28,291	27,120	28,211	25,526	24,577	25,329
Intangible assets	7,135	5,870	6,098	7,051	5,870	6,098
Non-current assets held for sale	254	0	711	254	0	711
Investment properties	133	133	0	133	133	0
Deferred tax assets	6,862	4,590	6,846	6,811	4,570	6,811
Goodwill	3,959	4,011	3,959	0	0	0
Total assets	343,167	313,020	329,501	325,981	289,615	313,941
Memorandum items						
Contingent liabilities - guarantees	20,788	15,554	17,854	20,788	15,554	17,854
STATEMENTS OF CHANGES IN EQUITY						
As at beginning of period						
Net profit for the period	9,494	8,133	16,391	9,570	8,350	16,666
Dividends paid	(3,801)	(3,199)	(6,206)	(3,801)	(3,199)	(6,206)
Surplus on revaluation of property	0	0	1,706	0	0	1,706
Fair value movement on available for sale assets	0	(11)	(11)	0	(11)	(11)
Deferred tax on revalued assets	0	0	2,171	0	0	2,171
Partial derecognition of investment in Indebank						(544)
As at end of period	73,522	58,701	67,829	72,750	58,339	66,981
STATEMENTS OF CASH FLOWS						
Cash flows from operating activities						
Profit before tax	14,403	11,831	25,247	14,295	12,044	25,081
Adjustments for:						
Depreciation	1,402	1,299	2,782	1,389	1,157	2,610
Fair value (profit)/loss on equity investments	(326)	516	562	(326)	516	562
Profit on disposal of fixed assets	(75)	(6)	(95)	(66)	(4)	(70)
(Profit)/Loss on disposal of equity investments	2	0	0	-	-	0
Dividends received	(35)	(16)	(41)	(399)	(128)	(509)
Share of loss (profits) of associate	(21)	26	184	-	-	0
Impairment loss on property	0	0	478	-	-	478
Net fair value loss/(gain) on revaluation of properties	0	0	(206)	-	-	181
Decrease/(Increase) in operating assets	3,964	(19,671)	(23,917)	4,033	(17,560)	(25,846)
Increase in operating liabilities	15,199	11,506	16,641	13,460	9,558	22,499
Cash generated from operating activities	34,513	5,485	21,635	32,386	5,583	24,986
Tax paid	(5,119)	(2,881)	(6,779)	(4,871)	(2,792)	(6,585)
Net cash from/(used in) operating activities	29,394	2,604	14,856	27,515	2,791	18,401
Net cash outflow from investing activities	(174)	(2,676)	(643)	(1,678)	(1,180)	2,959
Net cash inflow/(outflow) from financing activities	(5,405)	(5,366)	(9,604)	(5,342)	(5,326)	(9,542)
Net increase/(decrease) in cash and cash equivalents	23,815	(5,438)	4,609	20,497	(3,715)	11,818
Cash and cash equivalent transferred from Indebank	0	0	0	0	0	5,089
Cash and cash equivalents at beginning of the period	95,964	91,355	91,355	83,645	66,738	66,738
Cash and cash equivalents at end of the period	119,779	85,917	95,964	104,142	63,023	83,645

Sector	30th June 2017			30th June 2016		
	Outstanding Amount	Impaired Amount	Specific Provision	Outstanding Amount	Impaired Amount	Specific Provision
	K'm	K'm	K'm	K'm	K'm	K'm
Agriculture, Forestry, Livestock and Fishing	26,214	1	0	30,318	39	43
Manufacturing	27,484	3,313	1737	25,806	1,304	571
Mining and Quarrying	3	-	0	2	-	0
Construction and Engineering	1,072	107	13	960	95	56
Energy/Electricity, Gas, Air conditioning, Water supply & Waste management	3,242	0	0	2,950	0	8
Transport/Storage	4,495	566	25	6,190	484	66
Communication	2,451	461	0	2,918	10	5
Financial/Insurance/Professional/Scientific & Technical services	3,188	1	0	1,051	0	0
Wholesale/Retail	39,147	2,913	87	36,881	1,218	224
Individual/Households	14,515	674	160	13,025	485	352
Real Estate	898	0	0	1,920	4	1
Tourism	10,806	20	7	8,009	108	34
Other	1,777	34	9	1,794	59	27
TOTAL	135,292	8,090	2038	131,824	3,806	1387

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 2017		30th June 2016	
	K'm	% OF CORE CAPITAL	K'm	% OF CORE CAPITAL
Wholesale/Retail	16,175	39%	10,195	30%

LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES		
	30th June 2017 K'm	30th June 2016 K'm
DIRECTORS:		
Balance at beginning of half year	393	341
Loans granted during the half year	123	91
Repayments	(148)	(162)
Balance at end of half year	368	270
SENIOR MANAGEMENT OFFICIALS:		
Balance at beginning of year	1,015	903
Loans granted during the year	182	79
Repayments	(148)	(161)
Balance at end of year	1,049	821
OTHER RELATED PARTIES:		
Balance at beginning of half year	4,192	5,011
Loans granted during the half year	7,978	4,147
Repayments	(1,814)	(2,606)
Balance at end of half year	10,356	6,552
Total related party lending	11,773	7,643
Total related party lending as a percentage of core capital	28%	22%

INVESTMENTS IN SUBSIDIARIES		
Name of Subsidiary	Percentage Holding	
	30th June 2017	30th June 2016
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%
Inde Bank Limited	100%	97%
NBM Pension Administration Limited	100%	100%
Stockbrokers Malawi Limited	75%	75%

LENDING RATES		
	30th June 2017	30th June 2016
Malawi Kwacha facilities		
Base Lending Rate	30.5%	34.0%
Lending Rate Spread	-5% to 8%	-4% to 8%
Foreign Currency facilities		
	7.5% to 12.0%	7.5% to 12.0%

PERFORMANCE

The Board is pleased to announce the unaudited interim results for the Group for the six months period ended 30th June, 2017.

The Bank registered 22% growth in the Group pre-tax profit to K14.4b (2016: K11.8b).

THE OPERATING ENVIRONMENT

The year started on a fairly positive note with inflation continuing to trend downwards from 18.2% in January 2017 to 11.3% in June, 2017. Agricultural production improved following good weather conditions. The banks' lending rates were reduced following the policy rate reduction. Tobacco prices have been better than the previous year due to relatively low supply and better quality. The Malawi Kwacha foreign exchange rates have been fairly stable.

In spite of the foregoing, demand for lending and related products remained subdued due to the generally high interest rate regime. Consequently loans and advances grew by a mere 2% while other money market deposits grew by 76%. The Bank continued with deliberate efforts to manage the growth of its lending book as the risk of bad debts increased. Customer deposits grew by 7%.

The Bank successfully upgraded its core banking system that went live on 1st July, 2017.

DIVIDEND


The directors have resolved to pay an interim dividend amounting to K3.32b (2016: K3.0b) representing K7.10 per share (2016: K6.44 per share). The Dividend will be paid on 29th September 2017 to members whose names appear on the register as at the close of business on 22nd September 2017.

OUTLOOK

Economic growth outlook for 2017 is projected at 4.5% compared to 2.7% in 2016 on the back of favourable weather conditions and a stable macroeconomic environment. Inflation is expected to continue on a downward trajectory that should provide room for a further reduction in interest rates that in turn is expected to spur demand for lending and other related products.

The Bank expects an improved operating environment in the second half of the year the down side risk of which remains how the 2017/18 national budget will be implemented. The upgrade of the bank's core banking system is expected to improve customer service delivery and product innovation. The Bank is therefore optimistic about future business prospects and expects to deliver equally satisfactory 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



M. Msiska
Director

31st July, 2017
Registered Office:
7 Henderson Street,
BLANTYRE