

SUMMARY OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE 2018

STATEMENTS OF COMPREHENSIVE INCOME

	GROUP			COMPANY		
	30-Jun-18 Unaudited K'm	30-Jun-17 Unaudited K'm	31-Dec-17 Audited K'm	30-Jun-18 Unaudited K'm	30-Jun-17 Unaudited K'm	31-Dec-17 Audited K'm
Interest income	21,371	25,945	48,804	21,179	25,745	48,416
Interest expense	(3,130)	(3,227)	(6,558)	(3,130)	(3,227)	(6,558)
Net interest income	18,241	22,718	42,246	18,049	22,518	41,858
Other income	12,460	9,856	22,895	12,055	9,505	21,047
Net income	30,701	32,574	65,141	30,104	32,023	62,905
Operating expenses	(17,447)	(16,607)	(33,361)	(16,976)	(16,164)	(32,496)
Profit before (expenses)/recoveries on impaired loans and advances	13,254	15,967	31,780	13,128	15,859	30,409
Net (expenses)/recoveries on impaired loans and advances	(430)	(1,564)	(4,230)	(430)	(1,564)	(4,230)
Profit before taxation	12,824	14,403	27,550	12,698	14,295	26,179
Income tax expense	(4,283)	(4,876)	(8,403)	(4,111)	(4,725)	(7,860)
Profit after tax	8,541	9,527	19,147	8,587	9,570	18,319

Other comprehensive income

Gains on property valuations	0	0	2,694	0	0	2,694
Deferred tax on revalued assets	0	0	129	0	0	129
Fair value movement on available for sale assets	0	0	0	0	0	0
Other comprehensive income net of tax	0	0	2,823	0	0	2,823
Total comprehensive income for the year	8,541	9,527	21,970	8,587	9,570	21,142

Profit attributable to shareholders

Owners of the Parent	8,482	9,494	18,912			
Non-Controlling Interest (Minorities)	59	33	235			
	8,541	9,527	19,147			

Comprehensive income attributable to shareholders

Owners of the Parent	8,482	9,494	21,735			
Non-Controlling Interest (Minorities)	59	33	235			
	8,541	9,527	21,970			

DIVIDENDS PAID

Interim	1,569	1,541	3,315	1,569	1,541	3,315
Final (for prior year)	4,128	3,801	5,342	4,128	3,801	5,342
Total	5,697	5,342	8,657	5,697	5,342	8,657

Earnings per share (Kwacha)	18.16	20.33	40.50	18.39	20.49	39.23
Dividend per share (Kwacha)	12.20	11.44	18.54	12.20	11.44	18.54
Number of ordinary shares in issue (millions)	467	467	467	467	467	467

STATEMENTS OF FINANCIAL POSITION

	30-Jun-18 Unaudited K'm	30-Jun-17 Unaudited K'm	31-Dec-17 Audited K'm	30-Jun-18 Unaudited K'm	30-Jun-17 Unaudited K'm	31-Dec-17 Audited K'm
LIABILITIES & EQUITY						
Customer deposits	288,633	242,814	278,492	263,294	227,838	254,102
Current income tax liabilities	3,044	2,940	2,109	2,886	2,849	1,975
Other liabilities	14,812	23,450	14,442	15,247	23,876	14,984
Deferred tax	810	681	826	0	0	0
Loans and borrowings	20,870	209	14,185	20,870	209	14,185
Equity attributable to equity holders of the parent company	79,573	71,981	80,907	78,237	71,209	79,466
Non-controlling interest	1,339	1,092	1,306	0	0	0
Total liabilities and equity	409,081	343,167	392,267	380,534	325,981	364,712

ASSETS

Cash and funds with Reserve Bank of Malawi	21,035	25,343	27,098	21,035	25,343	27,098
Government of Malawi Treasury Bills	53,376	22,912	24,670	39,497	22,716	24,670
Reserve Bank of Malawi bill bonds and treasury notes	4,975	314	4,808	4,975	314	4,808
Government of Malawi Promissory Notes	18	1,619	48	18	1,619	48
Equity investments	5,335	2,500	3,698	5,335	2,441	3,698
Investment in associates	624	408	487	419	233	233
Investment in subsidiaries	-	-	0	6,444	6,444	6,623
Placements with other banks	37,398	27,100	32,052	37,398	27,100	32,052
Loans and advances to customers	156,533	133,254	137,575	156,533	133,254	137,575
Other money market deposits	72,494	76,407	104,195	59,896	60,769	78,450
Other assets	8,631	6,676	7,673	7,712	5,973	6,819
Property, plant and equipment	30,214	28,291	30,970	26,941	25,526	27,750
Intangible assets	8,070	7,135	8,325	7,964	7,051	8,226
Non-current assets held for sale	35	254	330	35	254	330
Investment properties	0	133	0	0	133	0
Deferred tax assets	6,384	6,862	6,379	6,332	6,811	6,332
Goodwill	3,959	3,959	3,959	0	0	0
Total assets	409,081	343,167	392,267	380,534	325,981	364,712

Memorandum items

Contingent liabilities - guarantees	27,302	20,788	35,241	27,302	20,788	35,241
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STATEMENTS OF CHANGES IN EQUITY

	30-Jun-18 Unaudited K'm	30-Jun-17 Unaudited K'm	31-Dec-17 Audited K'm	30-Jun-18 Unaudited K'm	30-Jun-17 Unaudited K'm	31-Dec-17 Audited K'm
As at beginning of period	80,907	67,829	67,829	79,466	66,981	66,981
Adjustment for Adoption of IFRS 9	(4,119)	0	0	(4,119)	0	0
Net profit for the period	8,482	9,494	18,912	8,587	9,570	18,319
Dividends paid	(5,697)	(5,342)	(8,657)	(5,697)	(5,342)	(8,657)
Surplus on revaluation of property	0	0	2,694	0	0	2,694
Deferred tax on revalued assets	0	0	129	0	0	129
As at end of period	79,573	71,981	80,907	78,237	71,209	79,466

STATEMENTS OF CASH FLOWS

	30-Jun-18 Unaudited K'm	30-Jun-17 Unaudited K'm	31-Dec-17 Audited K'm	30-Jun-18 Unaudited K'm	30-Jun-17 Unaudited K'm	31-Dec-17 Audited K'm
Cash flows from operating activities						
Profit before tax	12,824	14,403	27,550	12,698	14,295	26,179
Adjustments for:						
Depreciation	1,615	1,402	2,897	1,601	1,389	2,873
Fair value profit on equity investments	(1,421)	(326)	(1,493)	(1,421)	(326)	(1,493)
Profit on disposal of fixed assets	(229)	(75)	(536)	(229)	(66)	(536)
(Profit)/Loss on disposal of equity investments	0	2	(122)	-	-	(102)
Dividends received	(24)	(35)	(17)	(466)	(399)	(421)
Share of loss (profits) of associate	58	(21)	(143)	-	-	0
Impairment loss on property	502	0	0	502	0	0
Net fair value loss/(gain) on revaluation of properties	0	0	(316)	-	-	142
Decrease/(Increase) in operating assets	(23,519)	3,964	(861)	(23,184)	4,033	(812)
Increase in operating liabilities	10,040	15,199	49,227	8,982	13,460	38,188
Cash generated from operating activities	(154)	34,513	76,186	(1,517)	32,386	64,018
Tax paid	(3,361)	(5,119)	(8,649)	(3,200)	(4,871)	(8,274)
Net cash from/(used in) operating activities	(3,515)	29,394	67,537	(4,717)	27,515	55,744
Net cash outflow from investing activities	(30,336)	(174)	(7,137)	(16,014)	(1,676)	(8,822)
Net cash inflow/(outflow) from financing activities	961	(5,405)	5,267	988	(5,342)	5,319
Net increase/(decrease) in cash and cash equivalents	(32,890)	23,815	65,667	(19,743)	20,497	52,241
Cash and cash equivalents at beginning of the period	161,631	95,964	95,964	135,886	83,645	83,645
Cash and cash equivalents at end of the period	128,741	119,779	161,631	116,143	104,142	135,886

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

Sector	30th June 2018			30th June 2017		
	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	28,802	388	131	26,214	1	0
Manufacturing	32,792	490	132	27,484	3,313	1737
Mining and Quarrying	0	-	-	3	-	0
Construction and Engineering	1,921	291	69	1,072	107	13
Energy/Electricity, Gas, Air conditioning, Water supply & Waste management	10,638	73	17	3,242	0	0
Transport/Storage	4,088	187	53	4,495	566	25
Communication	2,169	19	4	2,451	461	0
Financial/Insurance/Professional/Scientific & Technical services	1,808	52	17	3,188	1	0
Wholesale/Retail	37,542	9,565	2,318	39,147	2,913	87
Individual/Households	24,101	1,243	367	14,515	674	160
Real Estate	855	1	-	898	0	0
Tourism	12,795	44	11	10,806	20	7
Other	2,242	262	101	1,777	34	9
TOTAL	159,753	12,615	3,220	135,292	8,090	2038

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 2018 K'm	% OF CORE CAPITAL	30th June 2017 K'm	% OF CORE CAPITAL
Wholesale/Retail	12,676	27%	16,175	39%

LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES

	30th June 2018 K'm	30th June 2017 K'm
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DIRECTORS:

Balance at beginning of half year	495	393
Loans granted during the half year	55	123
Repayments	(63)	(148)
Balance at end of half year	487	368

SENIOR MANAGEMENT OFFICIALS:

Balance at beginning of year	1,035	1,015
Loans granted during the year	42	182
Repayments	(155)	(148)
Balance at end of year	922	1,049

OTHER RELATED PARTIES:

Balance at beginning of half year	10,877	4,192
Loans granted during the half year	2,649	7,978
Repayments	(3,572)	(1,814)
Balance at end of half year	9,954	10,356

Total related party lending	11,363	11,773
Total related party lending as a percentage of core capital	24%	28%

INVESTMENTS IN SUBSIDIARIES

Name of Subsidiary	Percentage Holding	
	30th June 2018	30th June 2017
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%	100%
NBM Pension Administration Limited	100%	100%
Stockbrokers Malawi Limited	75%	75%

LENDING RATES

	30th June 2018	30th June 2017
Malawi Kwacha facilities		
Base Lending Rate	23.0%	30.5%
Lending Rate Spread	-5% to 8%	-5% to 8%
Foreign Currency facilities	7.0% to 12.0%	7.5% to 12.0%

PERFORMANCE