

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	30-Jun-19 Unaudited K'm	GROUP 30-Jun-18 Unaudited K'm	31-Dec-18 Audited K'm	30-Jun-19 Unaudited K'm	30-Jun-18 Unaudited K'm	31-Dec-18 Audited K'm
Interest and similar income	25,952	23,483	47,079	25,690	23,291	46,604
Interest expense	(2,729)	(3,130)	(6,315)	(2,729)	(3,130)	(6,335)
Net interest income	23,223	20,353	40,764	22,961	20,161	40,269
Other income	11,050	10,348	22,255	10,491	9,943	20,060
Net income	34,273	30,701	63,019	33,452	30,104	60,329
Operating expenses	(19,520)	(17,447)	(38,033)	(19,016)	(16,976)	(36,670)
Profit before impairment losses on loans and advances	14,753	13,254	24,986	14,436	13,128	23,659
Net impairment losses on loans and advances	(1,432)	(430)	(1,970)	(1,432)	(430)	(1,950)
Profit before taxation	13,321	12,824	23,016	13,004	12,698	21,709
Income tax expense	(4,194)	(4,283)	(7,051)	(4,031)	(4,111)	(6,403)
Profit after tax	9,127	8,541	15,965	8,973	8,587	15,306

Other comprehensive income						
Gains on property valuations	0	0	2,509	0	0	2,509
Deferred tax on revalued assets	0	0	641	0	0	641
Other comprehensive income net of tax	0	0	3,150	0	0	3,150
Total comprehensive income for the year	9,127	8,541	19,115	8,973	8,587	18,456

Profit attributable to shareholders						
Owners of the Parent	9,100	8,482	15,881			
Non-Controlling Interest (Minorities)	27	59	84			
	9,127	8,541	15,965			

Comprehensive income attributable to shareholders						
Owners of the Parent	9,100	8,482	19,031			
Non-Controlling Interest (Minorities)	27	59	84			
	9,127	8,541	19,115			

DIVIDENDS PAID

Interim	1,499	1,569	2,498	1,499	1,569	2,498
Final (for prior year)	3,502	4,128	5,697	3,502	4,128	5,697
Total	5,001	5,697	8,195	5,001	5,697	8,195

Earnings per share (Kwacha)	19.49	18.16	34.01	19.21	18.39	32.78
Dividend per share (Kwacha)	10.71	12.20	17.55	10.71	12.20	17.55
Number of ordinary shares in issue (millions)	467	467	467	467	467	467

STATEMENTS OF FINANCIAL POSITION

LIABILITIES & EQUITY						
Customer deposits	311,740	288,633	294,525	288,441	263,294	271,026
Current income tax liabilities	3,325	3,044	874	3,239	2,886	685
Other liabilities	18,412	14,812	14,080	17,965	15,247	13,471
Deferred tax	0	810	9	0	0	0
Loans and borrowings	18,803	20,870	19,428	18,803	20,870	19,428
Equity attributable to equity holders of the parent company	92,415	79,573	88,316	90,279	78,237	86,307
Non-controlling interest	102	1,339	98	0	0	0
Total liabilities and equity	444,797	409,081	417,330	418,727	380,534	390,917

ASSETS

Cash and funds with Reserve Bank of Malawi	37,333	21,035	25,023	37,333	21,035	25,267
Government of Malawi Treasury Bills	82,790	53,376	83,168	70,442	39,497	69,080
Government of Malawi Treasury Notes	26,559	4,975	13,235	26,559	4,975	13,235
Government of Malawi Promissory Notes	0	18	1,441	0	18	1,441
Equity investments	4,440	5,335	3,891	4,440	5,335	3,891
Investment in associates	1,275	624	1,336	992	419	992
Investment in subsidiaries	-	-	0	6,444	6,444	6,444
Placements with other banks	9,942	37,398	22,899	9,942	37,398	22,899
Loans and advances to customers	189,220	156,533	166,621	189,220	156,533	166,621
OMO Repos and other money market deposits	30,558	72,494	40,314	15,760	59,896	26,426
Other assets	11,341	8,631	9,761	10,452	7,712	9,178
Property and equipment	29,730	30,214	29,380	29,646	26,941	29,296
Intangible assets	10,008	8,070	8,436	9,899	7,964	8,320
Non-current assets held for sale	0	35	0	0	35	0
Deferred tax assets	7,642	6,384	7,866	7,598	6,332	7,827
Goodwill	3,959	3,959	3,959	0	0	0
Total assets	444,797	409,081	417,330	418,727	380,534	390,917

Memorandum items						
Contingent liabilities - Letters of credit and guarantees	21,524	27,302	35,799	21,524	27,302	35,799

STATEMENTS OF CHANGES IN EQUITY

As at beginning of period	88,316	80,907	80,907	86,307	79,466	79,466
Transition adjustment on adoption of IFRS 9	0	(4,119)	(3,420)	0	(4,119)	(3,420)
Total comprehensive income for the year	9,100	8,482	19,031	8,973	8,587	18,456
Dividends paid	(5,001)	(5,697)	(8,195)	(5,001)	(5,697)	(8,195)
Minority interest loss eliminated on disposal of Indetrust Holdings Limited	0	0	(7)	0	0	0
As at end of period	92,415	79,573	88,316	90,279	78,237	86,307

STATEMENTS OF CASH FLOWS

Cash flows from operating activities						
Profit before tax	13,321	12,824	23,016	13,004	12,698	21,709
Adjustments for:						
Depreciation	1,770	1,615	3,362	1,754	1,601	3,333
Fair value profit on equity investments	(72)	(1,421)	(796)	(72)	(1,421)	(796)
Profit on disposal of fixed assets	(11)	(229)	(120)	(11)	(229)	(120)
Profit on disposal of equity investments	(159)	0	(990)	(159)	-	(271)
Dividends received	(21)	(24)	(114)	(363)	(466)	(617)
Share of loss (profits) of associate	84	58	(254)	-	-	0
Impairment loss on property	0	502	503	0	502	503
Net fair value loss on revaluation of property	63	0	150	63	-	150
Increase in operating assets	(24,242)	(23,519)	(35,982)	(23,775)	(23,184)	(36,132)
Increase in operating liabilities	22,044	10,404	15,971	22,405	8,982	15,711
Cash generated from operating activities	12,777	(154)	4,746	12,846	(1,517)	3,470
Tax paid	(1,365)	(3,361)	(7,662)	(1,250)	(3,200)	(7,081)
Net cash from/(used in) operating activities	11,412	(3,515)	(2,916)	11,596	(4,717)	(3,611)
Net cash outflow from investing activities	(15,670)	(30,336)	(68,892)	(17,032)	(16,014)	(56,145)
Net cash inflow/(outflow) from financing activities	(5,650)	961	(3,001)	(5,626)	988	(2,952)
Net decrease in cash and cash equivalents	(9,908)	(32,890)	(74,809)	(11,062)	(19,743)	(62,708)
Cash and cash equivalents at beginning of the period	86,822	161,631	161,631	73,178	135,886	135,886
Cash and cash equivalents at end of the period	76,914	128,741	86,822	62,116	116,143	73,178

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

Sector	Outstanding Amount K'm	30th June 2019 Impaired Credit Losses K'm	Expected Amount K'm	Outstanding Amount K'm	30th June 2018 Impaired Amount K'm	Expected Credit Losses K'm
Agriculture, Forestry, Livestock and Fishing	37,990	30	1,193	28,802	388	774
Manufacturing	25,571	1,619	861	32,792	490	1,572
Mining and Quarrying	98	-	-	0	-	-
Construction and Engineering	1,569	619	418	1,921	291	125
Energy/Electricity, Gas, Air conditioning, Water supply & Waste management	23,848	109	994	10,638	73	142
Transport/Storage	7,996	70	221	4,088	187	119
Communication	904	115	107	2,169	19	82
Financial/Insurance/Professional/Scientific & Technical services	4,983	26	33	1,808	52	127
Wholesale/Retail	43,402	2,826	2,301	43,306	9,565	4,734
Individual/Households	33,004	426	854	24,101	1,243	801
Real Estate	1,135	17	894	855	1	128
Tourism	14,731	55	282	12,795	44	190
Other	2,401	284	254	2,242	262	190
TOTAL	197,632	6,196	8,412	165,517	12,615	8,984

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 2019		30th June 2018	
	K'm	% OF CORE CAPITAL	K'm	% OF CORE CAPITAL
Wholesale/Retail	0	0%	12,676	27%

LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES

	30th June 2019 K'm	30th June 2018 K'm
DIRECTORS:		
Balance at beginning of the half year	488	495
Loans granted during the half year	184	55
Repayments	(113)	(63)
Balance at end of half year	559	487
SENIOR MANAGEMENT OFFICIALS:		
Balance at beginning of year	1,011	1,035
Loans granted during the half year	66	42
Repayments	(190)	(155)
Balance at end of half year	887	922
OTHER RELATED PARTIES:		
Balance at beginning of half year	8,425	10,877
Loans granted during the half year	1,834	2,649
Repayments	(1,995)	(3,572)
Balance at end of half year	8,264	9,954
Total related party lending	9,710	11,773
Total related party lending as a percentage of core capital	18%	24%

INVESTMENTS IN SUBSIDIARIES

Name of Subsidiary	Percentage Holding	
	30th June 2019	30th June 2018
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%
Stockbrokers Malawi Limited	75%	75%

PERFORMANCE

The Board is pleased to announce unaudited interim results for the Group for the six months period ended 30th June 2019.

The Bank registered a 7.0% increase in Group after tax profit to K9.1b (2018: K8.5b). The performance took into account costs relating to a staff rationalization program amounting to K812m. Customer deposits and the loan book grew by 8% and 21% respectively contributing to an overall growth in the Statement of Financial Position of 9% to K445b (2017: K409b).

THE OPERATING ENVIRONMENT

The overall macroeconomic environment in the first half of the year was generally stable. Average headline inflation at 8.8% was similar to that for the corresponding prior year period. Inflation is projected to marginally increase during the year due to lagging effects of the currency depreciation in the second quarter and pressure on maize prices. The Malawi Kwacha was stable against all its major trading currencies during the first quarter but lost ground during the second quarter, depreciating by 7% to the US dollar. This was due to front loading of import payments prior to the general elections.

During the period the Policy Rate was reduced to 13.5% from 16%. Similarly, the Liquidity Reserve Requirements (LRR) were also reduced to 5% and 3.75 % for Malawi Kwacha and foreign currency liabilities respectively from a uniform 7.5% rate.

The business environment remained subdued in spite of the generally stable macroeconomic environment and the easing of monetary policy, largely on account of uncertainties pre and post the May 2019 general elections.

DIVIDEND

Directors have resolved to pay an interim dividend amounting to K2.5b (2018: K2.5b) representing K5.35 per share (2018: K5.35 per share). The Dividend will be paid on 20th September 2019 to members whose names appear on the register as at the close of business on 6th September 2019

OUTLOOK

Official projections indicate that the economy will grow by 5% in 2019. Agricultural output, stability of the currency, fiscal discipline, energy supply, macroeconomic and political stability post general elections are key to achieving this target.

Prospects look positive and it is expected that the Bank will deliver satisfactory results in the second half of the year.

BY ORDER OF THE BOARD



M.M.Kawawa,
Chief Executive Officer



Dr G.B. Partridge,
Chairman



M. Katsala,
Chief Financial Officer



Mrs D. Ngwira,
Director

29th July, 2019
Registered Office:
7 Henderson Street,
BLANTYRE