

SUMMARY OF AUDITED RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2015

	GROUP		COMPANY	
	31-Dec-15 K'm	31-Dec-14 K'm	31-Dec-15 K'm	31-Dec-14 K'm
STATEMENTS OF COMPREHENSIVE INCOME				
Interest income	32,758	25,473	32,050	25,408
Interest expense	(4,660)	(3,773)	(4,404)	(3,773)
Net interest income	28,098	21,700	27,646	21,635
Other income	15,826	17,587	14,595	16,847
Net income	43,924	39,287	42,241	38,482
Operating expenses	(22,493)	(17,956)	(21,114)	(17,589)
Profit before recoveries on impaired loans and advances	21,431	21,331	21,127	20,893
Net recoveries/(expense) on impaired loans and advances	(1,816)	(670)	(1,502)	(670)
Profit before taxation	19,615	20,661	19,625	20,223
Taxation	(6,246)	(6,132)	(6,374)	(6,002)
Profit after tax	13,369	14,529	13,251	14,221
Other Comprehensive Income				
Gains on Property valuations	1,383	1,901	1,365	1,901
Deferred tax on revalued assets	1,263	1,033	1,243	1,033
Fair value movement on available for sale assets	(191)	19	(191)	19
Other Comprehensive Income net of tax	2,455	2,953	2,417	2,953
Total Comprehensive Income for the period	15,824	17,482	15,668	17,174
Profit attributable to shareholders				
Owners of the Parent	13,329	14,505		
Non-Controlling Interest (Minorities)	40	24		
	13,369	14,529		
Comprehensive income attributable to shareholders				
Owners of the Parent	15,769	17,458		
Non-Controlling Interest (Minorities)	55	24		
	15,824	17,482		
DIVIDENDS PAID				
Interim	1,504	2,498	1,504	2,498
Final (for prior year)	4,669	2,895	4,669	2,895
Total	6,173	5,393	6,173	5,393
Earnings per share (Kwacha)	28.54	31.06		
Dividend per share (Kwacha)	13.22	11.55		
Number of ordinary shares in issue (millions)	467	467		

	GROUP			COMPANY		
	31-Dec-15 K'm	31-Dec-14 K'm	31-Dec-13 K'm	31-Dec-15 K'm	31-Dec-14 K'm	31-Dec-13 K'm
STATEMENTS OF FINANCIAL POSITION						
LIABILITIES & EQUITY						
Customer deposits	214,989	144,967	123,855	184,093	136,937	119,481
Current income tax liabilities	1,229	1,930	1,740	1,192	1,884	1,743
Other liabilities	13,710	14,302	9,336	12,043	14,175	9,237
Deferred tax	600	0	0	0	0	0
Loans and borrowings	3,551	5,582	8,348	3,340	5,582	8,348
Equity attributable to equity holders of the parent company	53,778	44,182	32,117	53,199	43,704	31,923
Minority interest	1,043	59	46	0	0	0
Total liabilities and equity	288,900	211,022	175,442	253,867	202,282	170,732
ASSETS						
Cash and funds with Reserve Bank of Malawi	30,550	28,992	18,830	27,570	28,992	18,854
Government of Malawi Treasury Bills	28,592	22,208	4,892	26,223	22,208	4,892
Reserve Bank of Malawi bill bonds and treasury notes	817	1,315	3,317	817	1,315	3,317
Government of Malawi Promissory Notes	2,285	6,552	10,765	2,285	6,552	10,765
Equity investments	2,761	2,483	1,577	2,697	2,440	1,476
Investment in associate	527	454	380	233	233	233
Investment in subsidiaries	0	0	0	6,904	122	142
Placements with other banks	24,129	26,516	33,784	18,878	26,516	33,784
Loans and advances to customers	113,975	79,322	62,918	109,610	79,322	62,929
Other money market deposits	40,023	8,412	13,039	29,437	0	8,514
Other assets	5,985	7,543	2,878	5,021	7,458	2,796
Investment properties	133	0	0	0	0	0
Property, plant and equipment	25,619	20,031	17,650	21,259	19,938	17,619
Intangible assets	5,003	3,772	2,912	4,758	3,772	2,912
Deferred tax	4,590	3,422	2,500	4,175	3,414	2,499
Goodwill	4,011	0	0	0	0	0
Total assets	288,900	211,022	175,442	253,867	202,282	170,732
Memorandum items						
Contingent liabilities	20,635	18,529	11,551	20,147	18,529	11,552

	GROUP		COMPANY	
	31-Dec-15 K'm	31-Dec-14 K'm	31-Dec-15 K'm	31-Dec-14 K'm
STATEMENTS OF CHANGES IN EQUITY				
As at beginning of period				
Net profit for the period	13,329	14,505	13,251	14,221
Dividends paid	(6,173)	(5,393)	(6,173)	(5,393)
Surplus on revaluation of property	1,383	1,901	1,365	1,901
Fair value movement on available for sale assets	(191)	19	(191)	19
Transfer to loan loss reserve	0	0	0	0
Deferred tax on revalued assets	1,248	1,033	1,243	1,033
As at end of period	53,778	44,182	53,199	43,704

	GROUP			COMPANY		
	31-Dec-15 K'm	31-Dec-14 K'm	31-Dec-13 K'm	31-Dec-15 K'm	31-Dec-14 K'm	31-Dec-13 K'm
STATEMENTS OF CASH FLOWS						
Cash flows from operating activities						
Profit before tax	19,615	20,661	18,446	19,625	20,223	18,219
Adjustments for:						
Depreciation	2,286	2,056	1,732	2,208	2,045	1,721
Fair value (profit)/loss on equity investments	(74)	(686)	(646)	(67)	(683)	(646)
Profit on disposal of fixed assets	(21)	(65)	(69)	(18)	(57)	(69)
(Profit)/Loss on disposal of equity investments	0	(6)	(36)	0	(18)	(18)
Dividends received	(121)	(97)	(43)	(160)	(135)	(42)
Share of profits of associate	(91)	(87)	(80)	0	0	0
Loss/(Gain) on revaluation of properties	(15)	(616)	(396)	(15)	(616)	(406)
Increase in operating assets	(23,192)	(11,026)	5,931	(28,027)	(11,134)	5,802
Increase in operating liabilities	52,243	11,202	28,937	47,105	7,518	24,493
Cash generated from operating activities	50,630	21,319	53,776	40,651	17,161	49,054
Tax paid	(6,644)	(5,831)	(4,930)	(6,584)	(5,743)	(4,898)
Net cash from operating activities	43,986	15,488	48,846	34,067	11,418	44,156
Net cash flow from investing activities	(2,906)	(14,067)	(14,527)	(9,194)	(13,919)	(14,282)
Net cash used in financing activities	(8,417)	(8,170)	1,457	(8,415)	(8,159)	1,457
Net increase/(decrease) in cash and cash equivalents	32,663	(6,749)	35,776	16,458	(10,660)	31,331
Cash and cash equivalents at beginning of the period	58,692	65,441	29,665	50,280	60,940	29,609
Cash and cash equivalents at end of the period	91,355	58,692	65,441	66,738	50,280	60,940

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

Sector	31st December 2015			31st December 2014		
	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	23,094	231	244	16,433	1,145	934
Manufacturing	30,576	708	509	20,070	913	692
Mining and Quarrying	0	-	0	0	-	0
Construction and Engineering	726	137	105	964	645	23
Emergency/Electricity, Gas, Air conditioning, Water supply & Waste management	2,362	-	7	2,654	-	0
Transport/Storage	3,276	555	158	1,340	104	41
Communication	2,247	-	0	5,136	24	0
Financial/Insurance/Professional/Scientific & Technical services	797	2	5	752	13	0
Wholesale/Retail	27,571	1,153	240	16,307	549	34
Individual/Households	13,948	614	326	9,096	702	61
Real Estate	2,571	3	0	3,735	-	0
Tourism	7,033	181	42	2,462	599	41
Other	1,485	325	75	2,204	15	5
TOTAL	115,686	3,909	1,711	81,153	4,709	1,831

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	31st December 2015		31st December 2014	
	K'm	% OF CORE CAPITAL	K'm	% OF CORE CAPITAL
Wholesale and Retail	14,736	52%	8,586	34%

LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES

	31st December 2015 K'm	31st December 2014 K'm
DIRECTORS:		
Balance at beginning of year	197	50
Loans granted during the year	257	234
Repayments	(113)	(87)
Balance at end of year	341	197
OTHER RELATED PARTIES:		
Balance at beginning of year	5,832	11,572
Loans granted during the year	8,745	2,539
Repayments	(9,566)	(8,279)
Balance at end of year	5,011	5,832
SENIOR MANAGEMENT OFFICIALS:		
Balance at beginning of year	617	230
Loans granted during the year	364	691
Repayments	(78)	(304)
Balance at end of year	903	617

INVESTMENTS IN SUBSIDIARIES

Name of Subsidiary	Percentage Holding	
	31st December 2015	31st December 2014
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	97%	0%
NBM Pension Administration Limited	100%	0%
Stockbrokers Malawi Limited	75%	75%

LENDING RATES

	31st December 2015	31st December 2014
Malawi Kwacha facilities		
Base Lending Rate	34.00%	37.00%
Lending Rate Spread	-5.00% to +8.00%	-5.00% to +8.00%
Foreign Currency facilities	8.00% to 12.00%	8.5% to 12.00%

DIRECTORS REMUNERATION, BONUSES AND MANAGEMENT FEES

	2015 K'm	2014 K'm
Directors Remuneration	738	549
Total Bonuses Paid by the Bank	2,537	1,920
Management Fees	Nil	Nil

DEPOSIT RATES

Malawi Kwacha	31st December 2015	31st December 2014
	Rate %	Rate %
Current Account	0.15	0.15
Savings	9.00	7.00
Special savings	5.00	3.00
Savings Bond	9.00	9.00
Student Save	7.00	5.00
Fiesta Save	12.00	0.00
7 Day Call	8.00	6.00
30 Day Call	9.00	7.00
2 Months	13.00	11.00
3 Months	12.00	10.00
6 Months	9.50	7.50
9 Months	Negotiable	Negotiable
12 Months	Negotiable	Negotiable

Foreign Currency Denominated Accounts (FCDAs)

	2015	2014
USD	0.50	0.50
GBP	1.75	1.75
ZAR	4.00	4.00
EUR	0.50	0.50

PERFORMANCE

All economic parameters of 2015 reflect a challenging economic environment. Inflation and interest rates remained persistently high. The exchange rate was unstable and the Malawi Kwacha depreciated significantly against all major currencies. Direct budgetary support from cooperating partners continued to be suspended. Consistent with this environment, the Reserve Bank of Malawi continued with its tight monetary policy stance in line with demand management policies aimed at containing money supply growth, credit growth, inflation and stabilizing the exchange rate. Consequently, utilization of approved facilities and attendant fee income were comparably low, especially in the first half of the year.

Against this background, the Board announces a group pre-tax profit of K19.6b (2014:K20.7b), representing a 5% reduction.

The Bank experienced mixed results on revenue targets from treasury operations. While performance exceeded expectation on money market income upon leveraging on better investment yields and excess liquidity as a result of low demand of credit products due to high interest rates, the Bank underperformed on the income from foreign exchange activities and equity investments. The underperformance on the forex income was largely as a result of reduced volumes and low margins partly due to budgetary-support withdrawal and regulatory changes on foreign exchange trading, respectively.

During the year, the Bank acquired 97.05% of Indebank, an underperforming bank at K6.59b. The rationale for the acquisition is to position the Bank for future growth by leveraging on the synergies between the two banks. Integration of the operations of Indebank into NBM is expected to be completed by the third quarter of 2016.

In spite of the challenging economic environment, the opportunity cost emanating from the Indebank outlay, and the absorption of its losses, the Bank has shown remarkable resilience in its performance. At group level, organic growth for NBM and the impact of the acquisition registered significant growth on both deposits and the loan book of 48% and 44%, respectively, which bodes well as an investment for future growth.

DIVIDEND

An interim dividend of K1.5b was paid in September 2015 in respect of 2015 profits in addition to a final dividend of K4.67b in respect of 2014 profits. In total the dividend paid out in 2015 amounted to K6.17b.</