

SUMMARY OF AUDITED RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2014

	GROUP		COMPANY	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
	K'm	K'm	K'm	K'm
STATEMENTS OF COMPREHENSIVE INCOME				
Interest income	25,473	25,008	25,408	24,982
Interest expense	(3,773)	(5,290)	(3,773)	(5,290)
Net interest income	21,700	19,718	21,635	19,692
Other income	17,587	14,322	16,847	13,867
Net income	39,287	34,040	38,482	33,559
Operating expenses	(17,956)	(15,378)	(17,589)	(15,124)
Profit before recoveries on impaired loans and advances	21,331	18,662	20,893	18,435
Net recoveries and impairment on impaired loans and advances	(670)	(216)	(670)	(216)
Profit before taxation	20,661	18,446	20,223	18,219
Taxation	(6,132)	(5,740)	(6,002)	(5,678)
Profit after tax	14,529	12,706	14,221	12,541
Other Comprehensive Income				
Gains on property valuations	1,901	898	1,901	898
Deferred tax on revalued assets	1,033	1,706	1,033	1,706
Fair value movement on available for sale assets	19	183	19	183
Other Comprehensive Income net of tax	2,953	2,787	2,953	2,787
Total Comprehensive Income for the year	17,482	15,493	17,174	15,328
Profit attributable to shareholders				
Owners of the Parent	14,505	12,679		
Non-Controlling Interest (Minorities)	24	27		
	14,529	12,706		
Comprehensive income attributable to shareholders				
Owners of the Parent	17,458	15,466		
Non-Controlling Interest (Minorities)	24	27		
	17,482	15,493		
DIVIDENDS PAID				
Interim	2,498	3,399	2,498	3,399
Final (for prior year)	2,895	1,498	2,895	1,498
Total	5,393	4,897	5,393	4,897
Earnings per share (Kwacha)	31.06	27.15		
Dividend per share (Kwacha)	11.55	10.49		
Number of ordinary shares in issue (millions)	467	467		
STATEMENTS OF FINANCIAL POSITION				
LIABILITIES & EQUITY				
Customer deposits	144,967	123,855	136,937	119,481
Current income tax liabilities	1,930	1,740	1,884	1,743
Other liabilities	31,693	19,196	31,566	19,097
Loans and borrowings	5,582	8,348	5,582	8,348
Equity attributable to equity holders of the parent company	44,182	32,117	43,704	31,923
Minority interest	59	46	0	0
Total liabilities and equity	228,413	185,302	219,673	180,592
ASSETS				
Cash and funds with Reserve Bank of Malawi	28,992	18,830	28,992	18,854
Government of Malawi Treasury Bills	22,208	4,892	22,208	4,892
Reserve Bank of Malawi bill bonds	1,315	3,317	1,315	3,317
Government of Malawi Promissory Notes	6,552	10,765	6,552	10,765
Equity investments	2,483	1,577	2,440	1,476
Investment in associate	454	380	233	233
Investment in subsidiaries	0	0	122	142
Placements with other banks	26,516	33,784	26,516	33,784
Loans and advances	79,322	62,918	79,322	62,929
Other money market deposits	8,412	13,039	0	8,514
Other assets	24,934	12,738	24,849	12,656
Property, plant and equipment	19,984	17,650	19,891	17,619
Intangible assets	3,819	2,912	3,819	2,912
Deferred tax	3,422	2,500	3,414	2,499
Total assets	228,413	185,302	219,673	180,592
STATEMENTS OF CHANGES IN EQUITY				
As at beginning of period				
Net profit for the period	14,505	12,679	14,221	12,541
Dividends paid	(5,393)	(4,897)	(5,393)	(4,897)
Surplus on revaluation of property	1,901	898	1,901	898
Fair value movement on available for sale assets	19	183	19	183
Deferred tax on revalued assets	1,033	1,706	1,033	1,706
As at end of period	44,182	32,117	43,704	31,923
STATEMENTS OF CASH FLOWS				
Cash flows from operating activities				
Profit before tax	20,661	18,446	20,223	18,219
Adjustments for:				
Depreciation	2,056	1,732	2,045	1,721
Fair value profit on equity investments	(686)	(646)	(683)	(646)
Profit on disposal of fixed assets	(65)	(69)	(57)	(69)
Gains on disposal of equity investments	(6)	(36)	-	(18)
Dividends received	(104)	(43)	(135)	(42)
Share of profits of associate	(97)	(80)	-	-
Gain on revaluation of properties	(616)	(396)	(616)	(406)
Increase in operating assets	(28,417)	(3,929)	(28,525)	(4,058)
Increase in operating liabilities	28,593	38,797	24,909	34,353
Cash generated from operating activities	21,319	53,776	17,161	49,054
Tax paid	(5,831)	(4,930)	(5,743)	(4,898)
Net cash from operating activities	15,488	48,846	11,418	44,156
Net cash flow from investing activities	(14,067)	(14,527)	(13,919)	(14,282)
Net cash used in/ (from) financing activities	(8,170)	1,457	(8,159)	1,457
Net increase/(decrease) in cash and cash equivalents	(6,749)	35,776	(10,660)	31,331
Cash and cash equivalents at beginning of the period	65,441	29,665	60,940	29,609
Cash and cash equivalents at end of the period	58,692	65,441	50,280	60,940

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

Sector	31st December 2014			31st December 2013		
	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	16,433	1,145	934	10,434	74	2
Manufacturing	20,070	913	692	13,738	84	2
Mining and Quarrying	0	-	0	0	-	0
Construction and Engineering	964	645	23	897	260	113
Emergy/Electricity, Gas, Air conditioning, Water supply & Waste management	2,654	-	0	188	2	2
Transport/Storage	1,340	104	41	1,003	741	117
Communication	5,136	24	0	5,461	21	13
Financial/Insurance/Professional/Scientific & Technical services	752	13	0	2,942	19	11
Wholesale/Retail	16,307	549	34	14,971	520	42
Individual/Households	9,096	702	61	6,457	277	79
Real Estate	3,735	-	0	1,810	5	4
Tourism	2,462	599	41	4,276	338	3
Other	2,204	15	5	1,181	117	41
TOTAL	81,153	4,709	1,831	63,358	2,458	429

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	31st December 2014		31st December 2013	
	K'm	% OF CORE CAPITAL	K'm	% OF CORE CAPITAL
WHOLESALE AND RETAIL	8,586	34%	5,098	26%

LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES

	31st December 2014	31st December 2013
	K'm	K'm
DIRECTORS:		
Balance at beginning of year	50	70
Loans granted during the year	234	31
Repayments	(87)	(51)
Balance at end of year	197	50
OTHER RELATED PARTIES:		
Balance at beginning of year	11,572	5,935
Loans granted during the year	2,539	9,412
Repayments	(8,279)	(3,775)
Balance at end of year	5,832	11,572
SENIOR MANAGEMENT OFFICIALS:		
Balance at beginning of year	230	115
Loans granted during the year	691	126
Repayments	(304)	(11)
Balance at end of year	617	230

INVESTMENTS IN SUBSIDIARIES

Name of Subsidiary	Percentage Holding	
	31st December 2014	31st December 2013
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%
Stockbrokers Malawi Limited	75%	75%

LENDING RATES

	31st December 2014	31st December 2013
Malawi Kwacha facilities		
Base Lending Rate	37.00%	35.00%
Lending Rate Spread	-5.00% to +8.00%	-2.00% to +4.00%
Foreign Currency facilities	8.5% to 12.00%	8.5% to 9.00%

DIRECTORS REMUNERATION, BONUSES AND MANAGEMENT FEES

	2014	2013
	K'm	K'm
Directors Remuneration	549	380
Total Bonuses Paid by the Bank	1,920	2,312
Management Fees	Nil	Nil

DEPOSIT RATES

Type of Deposit	31st December 2014	31st December 2013
	Rate %	Rate %
Malawi Kwacha		
Current Account	0.15	0.50
Savings	7.00	7.00
Special savings	3.00	4.50
Savings Bond	9.00	13.00
7 Day Call	6.00	8.00
30 Day Call	7.00	9.00
2 Months	11.00	13.50
3 Months	10.00	13.00
6 Months	7.50	Negotiable
9 Months	Negotiable	Negotiable
12 Months	Negotiable	Negotiable

Foreign Currency Denominated Accounts (FCDAs)

	2014	2013
	K'm	K'm
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 K20.7b, representing a growth of 12% compared to that achieved in 2013.

The operating environment during the first half of the year was uncertain and subdued in the run-up to the May 2014 tripartite elections as major investment decisions by most of the Bank's customers were being postponed. In addition, the high cost of borrowing had the adverse effect of dampening demand for most of the Bank's products.

Management took deliberate steps to control the growth of the Bank's lending book as the risk of bad debts increased. Post elections, business started to improve such that towards the end of the second half of the year demand for lending started to increase. Consequently the loan book grew by 26% while deposits grew by 17% by the year end. Non-performing loans at 5.65% were higher compared with 3.80% recorded in 2013, but were much lower than the industry average.

Revenue from treasury operations continued to be one of the major sources of income for the Bank. Foreign exchange earnings met expectations despite relatively low foreign exchange availability, in part attributed to the suspension of the IMF program under the Extended Credit Facility (ECF) as a result of the "Cashgate" scandal in government, which in turn left many bilateral donors withholding aid.

The controlled growth in lending levels cited above resulted in excess liquidity for the Bank for the most part of the year resulting in larger than planned amount of funds being invested on the money markets. Consequently, money market income exceeded budget.

DIVIDEND

An interim dividend of K2.5b was paid in September 2014 in respect of 2014 profits in addition to a final dividend of K2.9b in respect of 2013 profits. In total the dividend paid out in 2014 amounted to K5.4b.

The Board has resolved to recommend to the shareholders payment of a final dividend amounting to K4.67b representing K10 per share, making a total dividend of K7.17b in respect of 2014 profits representing K15.35 per share. The dividend will be payable after the Annual General Meeting scheduled for end of May 2015.

OUTLOOK

2015 is expected to be another year of challenges as resumption of meaningful donor budgetary support is not certain. This is in addition to challenges posed by severe flooding in certain areas of the country. However, the Bank has put in place strategies aimed at containing any adverse effects while taking advantage of any opportunities that may arise in such an environment. Such strategies will ensure that the Bank continues on a sustained growth path as it maintains leadership on key business drivers of service delivery excellence, product innovation, prudent lending, good governance, process efficiency and talent management.

BY ORDER OF THE BOARD


G. B. Partridge, Chief Executive Officer


M.M. Kawawa, Chief Financial Officer


Dr. M. A. P. Chikaonda, Chairman


Ms R. Mkandawire, Director

26th March, 2015
Registered Office:
7 Henderson Street,
Blantyre, Malawi

AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL BANK OF MALAWI

The accompanying summarised consolidated and separate financial statements, which comprise the summarised statement of financial position as at 31 December 2014 and the summarised statement of comprehensive income, the summarised statement of changes in equity and the summarised statements of cash flows for the year then ended, are derived from the audited financial statements of National Bank of Malawi for the year ended 31 December 2014. We expressed an unmodified opinion on those financial statements in our report dated March 2015. Those financial statements, and the summarised financial statements, do not reflect the effect of events that occurred subsequent to the date of our report on those financial statements.

The summarised financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarised financial statements, therefore, is not a substitute for reading the audited financial statements of National Bank of Malawi.

Directors' Responsibility for the summarised Financial Statements

The directors are responsible for the preparation of the summarised financial statements in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the Companies Act, 1984.

Auditors' Responsibility

Our responsibility is to express an opinion on the summarised financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summarised consolidated and separate financial statements derived from the audited financial statements of National Bank of Malawi for the year ended 31 December 2014 are consistent, in all material respects, with those financial statements, in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), and the Companies Act, 1984.

Deloitte.

Public Accountants
30 March 2015
Blantyre, Malawi