

	GROUP			COMPANY		
	30-Jun-16 Unaudited K'm	30-Jun-15 Unaudited K'm	31-Dec-15 Audited K'm	30-Jun-16 Unaudited K'm	30-Jun-15 Unaudited K'm	31-Dec-15 Audited K'm
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>						
Interest income	22,496	15,336	32,758	21,300	15,295	32,050
Interest expense	(3,116)	(1,950)	(4,660)	(2,876)	(1,950)	(4,404)
<b>Net interest income</b>	<b>19,380</b>	<b>13,386</b>	<b>28,098</b>	<b>18,424</b>	<b>13,345</b>	<b>27,646</b>
Other income	8,737	8,733	15,826	7,675	8,423	14,595
<b>Net income</b>	<b>28,117</b>	<b>22,119</b>	<b>43,924</b>	<b>26,099</b>	<b>21,768</b>	<b>42,241</b>
Operating expenses	(16,330)	(10,611)	(22,493)	(14,224)	(10,408)	(21,114)
<b>Profit before recoveries on impaired loans and advances</b>	<b>11,787</b>	<b>11,508</b>	<b>21,431</b>	<b>11,875</b>	<b>11,360</b>	<b>21,127</b>
Net recoveries/(expense) on impaired loans and advances	44	267	(1,816)	169	267	(1,502)
<b>Profit before taxation</b>	<b>11,831</b>	<b>11,775</b>	<b>19,615</b>	<b>12,044</b>	<b>11,627</b>	<b>19,625</b>
Income tax expense	(3,673)	(3,637)	(6,246)	(3,694)	(3,582)	(6,374)
<b>Profit after tax</b>	<b>8,158</b>	<b>8,138</b>	<b>13,369</b>	<b>8,350</b>	<b>8,045</b>	<b>13,251</b>
<b>Other comprehensive income</b>						
Gains on property valuations	0	0	1,383	0	0	1,365
Fair value movement on available for sale assets	(11)	(97)	(191)	(11)	(97)	(191)
Deferred tax on revalued assets	0	0	1,263	0	0	1,243
Other comprehensive income net of tax	(11)	(97)	2,455	(11)	(97)	2,417
<b>Total comprehensive income for the year</b>	<b>8,147</b>	<b>8,041</b>	<b>15,824</b>	<b>8,339</b>	<b>7,948</b>	<b>15,668</b>
<b>Profit attributable to shareholders</b>						
Owners of the Parent	8,133	8,121	13,329			
Non-Controlling Interest (Minorities)	25	17	40			
	<b>8,158</b>	<b>8,138</b>	<b>13,369</b>			
<b>Comprehensive income attributable to shareholders</b>						
Owners of the Parent	8,133	8,024	15,769			
Non-Controlling Interest (Minorities)	25	17	55			
	<b>8,158</b>	<b>8,041</b>	<b>15,824</b>			
<b>DIVIDENDS PAID</b>						
Interim	0	0	1,504	0	0	1,504
Final (for prior year)	3,198	4,669	4,669	3,198	4,669	4,669
<b>Total</b>	<b>3,198</b>	<b>4,669</b>	<b>6,173</b>	<b>3,198</b>	<b>4,669</b>	<b>6,173</b>
Earnings per share (Kwacha)	17.42	17.39	28.54	17.88	17.23	28.37
Dividend per share (Kwacha)	6.85	10.00	13.22	6.85	10.00	13.22
Number of ordinary shares in issue (millions)	467	467	467	467	467	467
<b>STATEMENTS OF FINANCIAL POSITION</b>						
<b>LIABILITIES &amp; EQUITY</b>						
Customer deposits	226,821	145,547	214,989	204,881	136,357	184,093
Current income tax liabilities	2,021	2,322	1,229	1,894	2,282	1,192
Other liabilities	22,430	25,999	13,710	23,079	25,807	12,043
Deferred tax	594	600	0	0	0	0
Loans and borrowings	1,421	3,720	3,551	1,421	3,720	3,340
Equity attributable to equity holders of the parent company	58,702	47,675	53,778	58,340	47,121	53,199
Non-controlling interest	1,031	61	1,043	0	0	0
<b>Total liabilities and equity</b>	<b>313,020</b>	<b>225,324</b>	<b>288,900</b>	<b>289,615</b>	<b>215,287</b>	<b>253,867</b>
<b>ASSETS</b>						
Cash and funds with Reserve Bank of Malawi	25,923	30,041	30,550	25,923	30,041	27,570
Government of Malawi Treasury Bills	29,326	47,635	28,592	29,326	47,537	26,223
Reserve Bank of Malawi bill bonds and treasury notes	853	1,360	817	853	1,360	817
Government of Malawi Promissory Notes	0	4,514	2,285	0	4,514	2,285
Equity investments	2,240	3,002	2,761	2,180	2,932	2,697
Investment in associates	517	478	527	233	233	233
Investment in subsidiaries	-	-	0	6,962	315	6,904
Placements with other banks	29,085	11,094	24,129	29,085	11,094	18,878
Loans and advances to customers	130,437	71,736	113,975	130,437	71,736	109,610
Other money market deposits	43,304	9,678	40,023	20,411	0	23,437
Other assets	9,611	18,621	5,985	9,055	18,469	5,021
Investment properties	133	0	133	133	0	0
Property, plant and equipment	27,120	19,690	25,519	24,577	19,600	21,259
Intangible assets	5,870	4,042	5,003	5,870	4,042	4,758
Deferred tax assets	4,590	3,433	4,590	4,570	3,414	4,175
Goodwill	4,011	0	4,011	0	0	0
<b>Total assets</b>	<b>313,020</b>	<b>225,324</b>	<b>288,900</b>	<b>289,615</b>	<b>215,287</b>	<b>253,867</b>
<b>Memorandum items</b>						
Contingent liabilities - letters of credit and guarantees	15,554	14,396	20,635	15,554	14,396	20,147
<b>STATEMENTS OF CHANGES IN EQUITY</b>						
<b>As at beginning of period</b>	<b>53,778</b>	<b>44,182</b>	<b>44,182</b>	<b>53,199</b>	<b>43,704</b>	<b>43,704</b>
Net profit for the period	8,133	8,121	13,329	8,350	8,045	13,251
Dividends paid	(3,198)	(4,669)	(6,173)	(3,198)	(4,669)	(6,173)
Surplus on revaluation of property	0	0	1,383	0	0	1,365
Fair value movement on available for sale assets	(11)	(97)	(191)	(11)	(97)	(191)
Transfer to loan loss reserve	0	138	0	0	138	0
Deferred tax on revalued assets	0	0	1,248	0	0	1,243
<b>As at end of period</b>	<b>58,702</b>	<b>47,675</b>	<b>53,778</b>	<b>58,340</b>	<b>47,121</b>	<b>53,199</b>
<b>STATEMENTS OF CASH FLOWS</b>						
<b>Cash flows from operating activities</b>						
<b>Profit before tax</b>	<b>11,831</b>	<b>11,775</b>	<b>19,615</b>	<b>12,044</b>	<b>11,627</b>	<b>19,625</b>
Adjustments for:						
Depreciation	1,299	1,010	2,286	1,157	1,003	2,208
Fair value (profit)/loss on equity investments	516	(372)	(74)	516	(372)	(67)
Profit on disposal of fixed assets	(6)	(18)	(21)	(4)	(18)	(18)
(Profit)/Loss on disposal of equity investments	0	0	0	0	0	0
Dividends received	(16)	(33)	(121)	(128)	(72)	(160)
Share of profits of associate	26	(28)	(91)	-	-	(15)
Loss/(Gain) on revaluation of properties	0	0	(15)	0	0	(15)
Decrease/(Increase) in operating assets	(19,671)	13,903	(23,192)	(17,560)	13,816	(28,027)
Increase/(decrease) in operating liabilities	11,506	(2,820)	52,243	9,558	(4,045)	47,105
<b>Cash generated from operating activities</b>	<b>5,485</b>	<b>23,417</b>	<b>50,630</b>	<b>5,583</b>	<b>21,939</b>	<b>40,651</b>
Tax paid	(2,881)	(3,246)	(6,644)	(2,792)	(3,184)	(6,584)
<b>Net cash from/(used in) operating activities</b>	<b>2,604</b>	<b>20,171</b>	<b>43,986</b>	<b>2,791</b>	<b>18,755</b>	<b>34,067</b>
<b>Net cash outflow from investing activities</b>	<b>(2,676)</b>	<b>(24,453)</b>	<b>(2,906)</b>	<b>(1,180)</b>	<b>(24,303)</b>	<b>(9,194)</b>
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(5,366)</b>	<b>(6,532)</b>	<b>(8,417)</b>	<b>(6,532)</b>	<b>(8,415)</b>	<b>(8,415)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(5,438)</b>	<b>(10,814)</b>	<b>32,663</b>	<b>(3,715)</b>	<b>(12,080)</b>	<b>16,458</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>91,355</b>	<b>58,692</b>	<b>58,692</b>	<b>58,692</b>	<b>50,280</b>	<b>50,280</b>
<b>Cash and cash equivalents at end of the period</b>	<b>85,917</b>	<b>47,878</b>	<b>91,355</b>	<b>63,023</b>	<b>38,200</b>	<b>66,738</b>

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

Sector	30th June 2016			30th June 2015		
	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	30,318	39	43	19,231	1,257	842
Manufacturing	25,806	1,304	571	14,929	1,571	623
Mining and Quarrying	2	-	0	0	-	0
Construction and Engineering	960	95	56	646	105	7
Energy/Electricity, Gas, Air conditioning, Water supply & Waste management	2,950	0	8	1,797	0	0
Transport/Storage	6,190	484	66	1,499	215	2
Communication	2,918	10	5	3,343	0	0
Financial/Insurance/Professional/Scientific & Technical services	1,051	0	0	1,451	0	0
Wholesale/Retail	36,881	1,218	224	13,776	1,335	67
Individual/Households	13,025	485	352	10,165	847	256
Real Estate	1,920	4	1	3,454	0	0
Tourism	8,009	108	34	2,075	149	47
Other	1,794	59	27	1,239	63	25
<b>TOTAL</b>	<b>131,824</b>	<b>3,806</b>	<b>1387</b>	<b>73,605</b>	<b>5,542</b>	<b>1869</b>

## 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 2016		30th June 2015	
	K'm	% OF CORE CAPITAL	K'm	% OF CORE CAPITAL
Wholesale/Retail	10,195	30%	8,950	34%

## LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES

	30th June 2016 K'm	30th June 2015 K'm
<b>DIRECTORS:</b>		
Balance at beginning of half year	341	197
Loans granted during the half year	91	372
Repayments	(162)	(196)
<b>Balance at end of half year</b>	<b>270</b>	<b>373</b>
<b>OTHER RELATED PARTIES:</b>		
Balance at beginning of half year	5,011	5,832
Loans granted during the half year	4,147	12,286
Repayments	(2,606)	(11,702)
<b>Balance at end of half year</b>	<b>6,552</b>	<b>6,416</b>
<b>SENIOR MANAGEMENT OFFICIALS:</b>		
Balance at beginning of year	903	617
Loans granted during the year	79	735
Repayments	(161)	(757)
<b>Balance at end of year</b>	<b>821</b>	<b>595</b>

## INVESTMENTS IN SUBSIDIARIES

Name of Subsidiary	Percentage Holding	
	30th June 2016	30th June 2015
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%	100%
Stockbrokers Malawi Limited	75%	75%

## LENDING RATES

	30th June 2016	30th June 2015
<b>Malawi Kwacha facilities</b>		
Base Lending Rate	34.0%	37.0%
Lending Rate Spread	-4% to 8.0%	-4% to +8.0%
Foreign Currency facilities	7.5% to 12.0%	7.5% to 12.0%

## DIRECTORS REMUNERATION, BONUSES AND MANAGEMENT FEES

	30th June 2016 K'm	30th June 2015 K'm
Directors Remuneration	479	494
Total Bonuses Paid by the Bank	1,677	2,465

## DEPOSIT RATES

Type of Deposit	30th June 2016 Rate %	30th June 2015 Rate %
<b>Malawi Kwacha</b>		
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	10.00
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	8.00
9 Months	Negotiable	Negotiable
12 Months	Negotiable	Negotiable
<b>Foreign Currency Denominated Accounts (FCDAs)</b>		
USD	0.50	0.50
GBP	1.75	1.75
ZAR	4.00	4.00
EUR	0.50	0.50

## PERFORMANCE

We announce a group pre-tax profit of K11.8b (2015: K11.8b). These results are after taking into account one-off integration costs following the acquisition of Indebank.

Among other integration costs, the Bank incurred a severance pay amounting to K937m. In addition Indebank continued to incur unplanned overheads due to delays in obtaining certain regulatory approvals which resulted in losses amounting to K400m. Net Income reflected a strong year-on-year growth of 27%, with Net Interest Income increasing by 44%, partly on account of business inherited from Indebank. Despite a high interest rate environment, the quality of the Bank's loan book at below 3% non-performing ratio remains good in relation to the industry.

## THE OPERATING ENVIRONMENT

The operating environment has continued to be challenging, characterized by high inflation, drought, food shortages and high interest rates.

Unsatisfactory tobacco proceeds due to the low quality crop as reflected in high rejection rates by buyers at the auction floors, low tea output and prices, lower than expected sugar production and exports, together with the continued suspension of direct budgetary donor support, have all contributed to foreign currency challenges consequently affecting economic performance and in turn the Bank's business.

Notwithstanding the operating environment and integration costs, the Bank's performance during the period under review was satisfactory