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

PERFORMANCE
The Board is pleased to announce the unaudited interim results for the Group for the six months period ended 30 June, 2018.

The Bank registered a 10% decrease in the Group after tax profit to K8.5b (2017: K9.3b) but retained growth of 17% and 19% in the loan book and customer deposits respectively, contributing to overall growth in the Statement of Financial Position of 19% to468b (2017: K436b). The results were impacted by reduction in growth of other banking products due to the subdued business environment.

THE OPERATING ENVIRONMENT
Inflation at 8% in June 2018 remained moderate from a peak of 9.9% recorded in March 2018. The authorities are maintaining a target of 5% inflation in the medium term with 9% annual average being projected for 2018. The Kwacha has remained stable against the US Dollar an anchor of a strong reserves position. These positive macroeconomic developments notwithstanding, business activity in the real sector remained slow and consequently demand for some products, especially lending related, were below expectation.

DIVIDEND
The directors have resolved to pay an interim dividend amounting to K5.2b (2017: K5.3b) representing K0.37 per share (2017: K0.35 per share). The Directors will pay on 23rd September 2018 to members whose names appear on the register as at the close of business on 7th September 2018.

OUTLOOK
The economy is projected to grow by 4.1% in 2018. The main driver for growth will be infrastructure initiatives being planned in the current fiscal budget. Inflation is projected to remain above 8% mainly due to general election related expenditure pressures and fuel price increases while the Kachikali US Dollar rate of exchange is expected to remain stable at current levels, bolstered by the reserves position.

The Bank's business prospects look good and is expected to deliver satisfactory results in the second half of the year in spite of the operating environment.

INVESTMENTS IN SUBSIDIARIES

Net income increased by 19% to K6.8 billion (2017: K5.8b) due to significant growth in the group's loan book and customer deposits.

In line with the Bank's strategy of focusing on the core business of banking, the contribution to the overall operating income was further enhanced by a 65% increase in non-interest income.

Operating expenses increased by 17% to K16.9 billion (2017: K14.3b) driven by investments in technology and human resources in line with the Bank's strategic initiatives.

Net interest income remained stable at K18.3 billion (2017: K18.3b) due to the increase in loan book and customer deposits offset by the increase in interest costs.

Net (expenses)/recoveries on impaired loans and advances increased by 93% to K430m (2017: K224m) due to a significant increase in losses in the retail portfolio.