

	GROUP		COMPANY	
	31-Dec-17 K'm	31-Dec-16 K'm	31-Dec-17 K'm	31-Dec-16 K'm
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
Interest income	48,804	46,211	48,416	44,678
Interest expense	(6,558)	(6,148)	(6,558)	(5,908)
Net interest income	42,246	40,063	41,858	38,770
Other income	22,895	19,329	21,047	17,724
Net income	65,141	59,392	62,905	56,494
Operating expenses	(33,361)	(33,362)	(32,496)	(30,754)
Profit before impairment losses on loans and advances	31,780	26,030	30,409	25,740
Net impairment losses on loans and advances	(4,230)	(783)	(4,230)	(659)
Profit before taxation	27,550	25,247	26,179	25,081
Taxation	(8,403)	(8,642)	(7,860)	(8,415)
Profit after tax	19,147	16,605	18,319	16,666
Other Comprehensive Income				
Gains on property valuations	2,694	1,706	2,694	1,706
Deferred tax on revalued assets	129	2,171	129	2,171
Fair value movement on available for sale assets	0	(11)	0	(11)
Other Comprehensive Income net of tax	2,823	3,866	2,823	3,866
Total Comprehensive Income for the year	21,970	20,471	21,142	20,532
Profit attributable to shareholders				
Owners of the Parent	18,912	16,391		
Non-Controlling Interest (Minorities)	235	214		
	19,147	16,605		
Comprehensive income attributable to shareholders				
Owners of the Parent	21,735	20,257		
Non-Controlling Interest (Minorities)	235	214		
	21,970	20,471		
DIVIDENDS PAID				
Interim	3,315	3,007	3,315	3,007
Final (for prior year)	5,342	3,199	5,342	3,199
Total	8,657	6,206	8,657	6,206
Earnings per share (Kwacha)				
Dividend per share (Kwacha)	18.54	13.29		
Number of ordinary shares in issue (millions)	467	467		
STATEMENTS OF FINANCIAL POSITION				
LIABILITIES & EQUITY				
Customer deposits	278,492	231,282	254,102	218,069
Current income tax liabilities	2,109	3,184	1,975	2,997
Other liabilities	14,442	25,281	14,984	25,685
Deferred tax	826	593	0	0
Loans and borrowings	14,185	209	14,185	209
Equity attributable to equity holders of the parent company	80,907	67,829	79,466	66,981
Minority interest	1,306	1,123	0	0
Total liabilities and equity	392,267	329,501	364,712	313,941
ASSETS				
Cash and funds with Reserve Bank of Malawi	27,098	29,774	27,098	29,650
Government of Malawi Treasury Bills	24,670	25,590	24,670	23,581
Government of Malawi Treasury Notes	4,808	253	4,808	253
Government of Malawi Promissory Notes	48	1,100	48	1,100
Equity investments	3,698	1,969	3,698	1,904
Investment in associate	487	398	233	233
Investment in subsidiaries	0	0	6,623	6,444
Placements with other banks	32,052	21,683	32,052	21,683
Loans and advances to customers	137,575	133,287	137,575	133,287
OMO Repos and other money market investments	104,195	59,077	78,450	46,882
Other assets	7,673	10,545	6,819	9,975
Property and equipment	30,970	28,211	27,750	25,329
Intangible assets	8,325	6,098	8,226	6,098
Non-current assets held for sale	330	711	330	711
Deferred tax	6,379	6,846	6,332	6,811
Goodwill	3,959	3,959	0	0
Total assets	392,267	329,501	364,712	313,941
Memorandum items				
Contingent liabilities: Letters of credit and guarantees	35,241	17,854	35,241	17,854
STATEMENTS OF CHANGES IN EQUITY				
As at beginning of the year	67,829	53,778	66,981	53,199
Net profit for the year	18,912	16,391	18,319	16,666
Dividends paid	(8,657)	(6,206)	(8,657)	(6,206)
Surplus on revaluation of property	2,694	1,706	2,694	1,706
Fair value movement on available for sale assets	0	(11)	0	(11)
Deferred tax on revalued assets	129	2,171	129	2,171
Partial derecognition of investment in Indebank	0	0	0	(544)
As at end of the year	80,907	67,829	79,466	66,981
STATEMENTS OF CASH FLOWS				
Cash flows from operating activities				
Profit before tax	27,550	25,247	26,179	25,081
Adjustments for:				
Depreciation	2,897	2,782	2,873	2,610
Fair value (profit)/loss on equity investments	(1,493)	562	(1,493)	562
Profit on sale of equity investments	(536)	0	(536)	0
Profit on disposal of fixed assets	(122)	(95)	(102)	(70)
Dividends received	(17)	(41)	(421)	(509)
Share of (profits)/loss of associate	(143)	184	0	0
Impairment loss on property	0	478	0	478
Net fair value (gain)/loss on revaluation of properties	(316)	(206)	142	181
Increase in operating assets	(861)	(23,917)	(812)	(25,846)
Increase in operating liabilities	49,227	16,641	38,188	22,499
Cash generated from operating activities	76,186	21,635	64,018	24,986
Tax paid	(8,649)	(6,779)	(8,274)	(6,585)
Net cash from operating activities	67,537	14,856	55,744	18,401
Net cash flow used in investing activities	(7,137)	(643)	(8,822)	2,959
Net cash inflow/(outflow) from financing activities	5,267	(9,604)	5,319	(9,542)
Net increase in cash and cash equivalents	65,667	4,609	52,241	11,818
Cash and cash equivalent transferred from Indebank	0	0	0	5,089
Cash and cash equivalents at beginning of the year	95,964	91,355	83,645	66,738
Cash and cash equivalents at end of the year	161,631	95,964	135,886	83,645

BASIS OF PREPARATION						
The Directors have prepared the summary consolidated and separate financial statements to meet the requirements of the Financial Services Act, 2010 and the Malawi Stock Exchange. The Directors have considered the requirements of the Financial Services Act, 2010 and the Malawi Stock Exchange and believe that the summary statements of financial position, comprehensive income, changes in equity and cash flows are sufficient to meet the requirements of the users of the summary consolidated and separate financial statements. The amounts in the summary consolidated and separate financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards. The summary consolidated and separate financial statements have been derived from the Annual Consolidated and Separate Financial Statements which were approved by the board of directors on 29 March 2018, and is available on the company's website, www.natbank.co.mw.						
IMPAIRMENT LOSSES/NON PERFORMING CREDIT FACILITIES AND PROVISIONS FOR LOSSES BY INDUSTRY SECTOR						
Sector	31st December 2017			31st December 2016		
	Outstanding Amount K'm	Impaired Amount K'm	Specific Provision K'm	Outstanding Amount K'm	Impaired Amount K'm	Specific Provision K'm
Agriculture, Forestry, Livestock and Fishing	24,980	62	59	28,210	8	0
Manufacturing	28,295	3,167	2309	30,654	56	0
Mining and Quarrying	6	4	0	13	-	0
Construction and Engineering	1,460	83	49	877	23	10
Energy/Electricity, Gas, Air conditioning, Water supply & Waste management	5,304	-	0	2,690	-	0
Transport/Storage	2,813	153	5	5,042	532	438
Communication	1,009	53	27	4,086	-	0
Financial/Insurance/Professional/Scientific & Technical services	1,965	6	0	1,007	8	0
Wholesale/Retail	44,598	3,408	3300	32,073	369	341
Individual/Households	17,342	861	170	16,930	358	291
Real Estate	1,048	18	0	738	-	0
Tourism	12,490	27	14	10,021	7	0
Other	2,226	199	28	2,037	55	11
TOTAL	143,536	8,041	5,961	134,378	1,416	1,091
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 2017		31st December 2016		
		K'm	% OF CORE CAPITAL	K'm	% OF CORE CAPITAL	
Wholesale and Retail		0	0%	12,537		30%
LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES						
		31st December 2017	31st December 2016			
		K'm	K'm			
DIRECTORS:						
Balance at beginning of year		393	341			
Loans granted during the year		303	150			
Repayments		(201)	(98)			
Balance at end of year		495	393			
OTHER RELATED PARTIES:						
Balance at beginning of year		6,880	5,011			
Loans granted during the year		11,367	7,307			
Repayments		(7,370)	(5,438)			
Balance at end of year		10,877	6,880			
SENIOR MANAGEMENT OFFICIALS:						
Balance at beginning of year		1,015	903			
Loans granted during the year		158	407			
Repayments		(138)	(295)			
Balance at end of year		1,035	1,015			
Total related party lending		12,407	8,288			
Total related party lending as a percentage of core capital		25%	14%			
INVESTMENTS IN SUBSIDIARIES						
		Percentage Holding				
Name of Subsidiary	31st December 2017	31st December 2016				
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%				
Indebank Limited	100%	100%				
NBM Pension Administration Limited	100%	100%				
Stockbrokers Malawi Limited	75%	75%				
LENDING RATES						
		31st December 2017	31st December 2016			
Malawi Kwacha facilities						
Base Lending Rate		23.00%	32.00%			
Lending Rate Spread		-5.00% to +8.00%	-5.00% to +8.00%			
Foreign Currency facilities		7.00% to 12.00%	7.00% to 12.00%			
DIRECTORS REMUNERATION, BONUSES AND MANAGEMENT FEES						
		2017	2016			
		K'm	K'm			
Directors Remuneration		555	828			
Total Bonuses Paid by the Group		2,073	1,705			
Management Fees		Nil	Nil			
DEPOSIT RATES						
Type of Deposit	31st December 2017	31st December 2016				
	Rate %	Rate %				
Malawi Kwacha						
Current Account	0.10	0.10				
Savings	5.00	12.00				
Special savings	1.00	2.50				
Savings Bond	15.00	12.00				
Student Save	3.50	5.00				
Fiesta Save	8.00	10.00				
7 Day Call	5.00	6.50				
30 Day Call	4.50	6.00				
2 Months	8.50	10.00				
3 Months	7.50	9.00				
6 Months	5.50	7.00				
9 Months	Negotiable	Negotiable				
12 Months	Negotiable	Negotiable				
Foreign Currency Denominated Accounts (FCDAs)						
USD	0.50	0.50				
GBP	1.75	1.75				
ZAR	4.00	4.00				
EUR	0.50	0.50				

The Board is pleased to announce the audited financial results of the Group for the year ended 31 December 2017.

PERFORMANCE

The Bank registered a growth of 15% in the profit after tax from K16.6bn to K19.15bn and achieved an overall growth of 19% in the Statement of Financial Position.

The year started on a positive note with inflation continuing to trend downwards from 20% in December 2016 to 7.1% in December 2017. Consistent with the inflation trend, the policy rate was reduced three times during the year and commercial banks responded by reducing their base lending rates. Agricultural production improved due to good weather and there was optimism for a rebound of the economy.

Notwithstanding the above positive trends, economic activity was generally subdued mainly due to low productivity levels on account of the challenges with power supply. Demand for goods and services was negatively affected, attributed to low buying power especially among rural farmers as prices of maize and other agricultural commodities crashed. The maize export ban accelerated the crash in maize prices adversely affecting the ability of commodity traders to service debts with the Bank. These developments resulted in reduced demand for certain bank products and worsened the Non- Performing Loans (NPLs) portfolio which necessitated the Bank to make a significant provision of K5.96bn.

In spite of the above developments the Bank has posted commendable results, once again demonstrating its remarkable resilience in performance in an adverse environment.

DIVIDEND

The Bank paid an interim dividend of K3.3b in September 2017 (2016: K3b) and a second interim dividend amounting to K1.5b on 23 March 2018 (2017: K1.5b). The directors recommend a final dividend of K4.2b (2017: K3.8b) making a total dividend of K9.015b in respect of 2017 profits representing K19.30 (2016: K17.88) per ordinary share. The final dividend will be paid after the Annual General Meeting scheduled for June 2018.

OUTLOOK

The Bank has developed a 5 year Strategic Plan for the period 2018 to 2022 with the objective of consolidating its leadership position in the market. With its in-built flexibilities, resources and agility, the Bank is optimistic of strong performance and sustenance of its growth path. This will be achieved through its ability to leverage on its core strengths to exploit opportunities in the market. Going into the future, the focus will be to delight our customers through acceleration of digitalisation of products and processes, driving greater efficiencies and entrenching astute governance and risk management practices.

BY ORDER OF THE BOARD

M.M. Kawawa
Chief Executive Officer

M.N. Katsala
Chief Financial Officer

Dr. G.B. Partridge
Chairman

M. Msiska
Director

29 March, 2018
Registered Office:
7 Henderson Street,
BLANTYRE

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED AND SEPARATEFINANCIAL STATEMENTS

To the members of National Bank of Malawi plc

The summary financial statements of National Bank of Malawi, contained in the accompanying abridged report, which comprise the summary statement of financial position as at 31 December 2017, the summary statements of comprehensive income, changes in equity and cash flows for the 12 months then ended, are derived from the audited financial statements of National Bank of Malawi for the 12 months ended 31 December 2017. We expressed an unmodified audit opinion on those financial statements in our report dated 31 March 2017.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 2013, as applicable to annual financial statements. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of National Bank of Malawi.

Directors' Responsibility for the Summary Financial Statements

The directors are responsible for the preparation of the summary financial statements in accordance with the framework concepts and the measurement and recognition requirements of IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary 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 summary financial statements derived from the audited financial statements of National Bank of Malawi for the 12 months ended 31 December 2017 are consistent, in all material respects, with those financial statements, in accordance with the framework concepts and the measurement and recognition requirements of IFRS.

Deloitte.

Public Accountants
29 March 2018
Blantyre, Malawi