



NBS Bank plc
("NBS" or the "Company")

Company registered number: **6614**

Public Announcement
Terms and conditions of the proposed Rights Issue
(Pursuant to the MSE Listings Requirements)

Shareholders are referred to the announcement released in the papers on 12 May 2017 which dealt with the fully underwritten renounceable rights offer of 2,182,930,017 ordinary shares ("Rights Shares") at a discounted issue price of K5.40 per Rights Share in the ratio of 3 Rights Shares for every 1 existing ordinary share held (the "Rights Issue").

The proposed Rights Issue is underwritten by NICO Holdings plc, Continental Holdings Limited, Alliance Capital Limited, and National Bank of Malawi.

The details and terms and conditions of the proposed Rights Issue are as follows:-

1. Reasons for the Rights Issue

This Rights Issue is being undertaken to recapitalize the Company (being a bank) so that it can be compliant with the capital adequacy regulations applicable to banks in Malawi.

As of 31 December 2016 the Company's Tier 1 and Total Capital ratios were -6.7% and -6.7% respectively. As of 31 March 2017 the Company's Tier 1 and Total Capital ratios were -7.38% and -7.38% respectively. All these ratios are below the regulatory benchmarks of 10% for Tier 1 and 15% for Total Capital.

The Board believes that injection of K11.8 billion equity capital into the Company is sufficient to render the Company compliant with the capital adequacy regulations.

2. Use of proceeds

The proceeds from the Rights Issue of K11.8 billion will be used to augment the Company's working capital thereby enabling the Company resume offering normal banking services including lending.

The Company is in the process of implementing a turn around strategy which is embodied in the Company's 2017 to 2021 business plan. It is transforming itself into a leaner (staff reduction is ongoing), innovative, customer centric bank offering

the best breed of retail services in Malawi. To shorten the journey of transformation, the Company has entered into a technical partnership arrangement with Rabobank. It is also strengthening management. In that regard it has recruited a new Chief Executive Officer from 1 April 2017 to champion the change into a performance culture at all levels of the Company. It is reorganizing senior management by separating with a number of senior managers and replacing them with new managers with talent and skills best suited for the new performance culture being adopted by the Company. It is expected that the Company will be profitable from 2017 onwards, generating sufficient capital from its own operations and delivering a decent return for the shareholders of the Company.

3. Terms of the Proposed Rights Issue

- 3.1 The Company will offer a total of 2,182,930,017 Rights Shares by way of a renounceable fully underwritten rights offer at a discounted price of K5.40 per Rights Share on the basis of 3 Rights Shares for every 1 existing ordinary share of the Company held by shareholders as at close of business on the Record Date (26 May 2017).
- 3.2 Shareholders whose names appear on the Company's register of members by close of business on the Record Date ("Entitled Shareholders") will be eligible to participate in the Rights Issue.
- 3.3 Entitled Shareholders will be at liberty to:-
 - 3.3.1 accept all the Rights Shares allocated to them.
 - 3.3.2 accept part and sell part of the Rights Shares allocated to them.
 - 3.3.3 apply for more Rights Shares in addition to those allocated to them in terms of the Rights Issue.
 - 3.3.4 trade in nil paid rights and fully paid rights from the opening of the subscription period up to the close of the subscription period.
 - 3.3.5 renounce their rights in favour of their preferred renounees.
- 3.4 The subscription price of K5.40 per Rights Share is payable in full, in Malawi Kwacha, by Entitled Shareholders or their respective renounees on acceptance of the offer.
- 3.5 The Rights Shares will, upon allotment and issue, rank pari passu with all other existing ordinary shares in terms of both voting rights and dividends save for any dividends, rights, allotments or other distribution, the record date for which falls before the date of the allotment and issue of the Rights Shares.

4 Further details

Further details and final terms and conditions of the proposed Rights Issue will be contained in the Rights Issue Prospectus to be circulated to all shareholders on or about 26 May 2017.

5 Participation by the majority shareholder

NICO Holdings plc has undertaken to take up its rights and will not dilute its holding less than 50.1% of the Company's issued share capital.

6 Approvals

The proposed Rights Issue was approved by Shareholders on 29 December 2016 and by the Directors of the Company on 9 May 2017.

7 Action to be taken

If you are an Entitled Shareholder, a Letter of Allocation with a Form of Subscription Instructions for completion by Entitled Shareholders will be enclosed with the Rights Issue Prospectus and the relevant procedure for participation in the Rights Issue is set out in the said form and the Prospectus.

8 Listing and trading

Application has been made to the MSE for listing of the Letters of Allocation and the shares proceeding from the acceptance thereof. Subject to the MSE granting its approval, dealing in the Letters of Allocation (nil paid or fully paid) will commence on Monday 29 May 2017 and the Rights Shares once issued will be listed on the MSE for trading on or about 3 July 2017.

Dated the 22nd day of May 2017

Marsha Machika
Company Secretary
NBS Bank plc

Thoko Mkavea
Chief Investment Banking Officer
CDH Investment Bank Limited
Lead financial advisors

**Lead financial
advisors**



Legal advisors



**Reporting
accountants**



Sponsoring broker



Underwriter



Underwriter



Underwriter



Underwriter



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This announcement is an advertisement. It is not a prospectus, disclosure document or offering document under the laws of Malawi or any other law and does not purport to be complete. This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to require, the Nil Paid Rights, Fully Paid Rights, or Rights Shares offered by any person in any jurisdiction in which such an offer or solicitation is unlawful.

The transfer of the Nil Paid Rights, Fully Paid Rights or Rights Shares into jurisdiction other than Malawi may be restricted by law. Persons into whose possession this announcement comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any jurisdiction.

Neither the content of the NBS Bank website nor any website accessible by hyperlink on the NBS Bank's website is incorporated in, or forms part of this announcement.

Certain statements made in these announcements constitute forward-looking statements. These statements include information with respect to NBS Bank's condition, NBS Bank's results of operations and business strategy, plans and objectives. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "targets", "may", "will", "continue", "project" and similar expressions, as well as statements in the future tense, identify forward-looking statements. These forward-looking statements are not guarantees of NBS Bank's future performance and are subject to assumptions, risks and uncertainties that could cause actual future results to differ materially from those expressed in or implied by such forward-looking statements. Many of these assumptions, risks and uncertainties relate to factors that are beyond NBS Bank's ability to control or estimate precisely, such as changes in laws or regulations and decisions by governmental bodies or regulators; performance against regulatory targets and standards, including delivery of costs and efficiency savings; customers and counterparties failing to perform their obligations; and unreasonable weather affecting agricultural production. Other factors that could cause actual results to differ materially from those described in this document include fluctuations in exchange rates, interest rates and commodity price indices. The effect of those factors are difficult to predict. New factors emerge from time to time and NBS Bank cannot assess the potential impact of any such factor on NBS Bank's activities or to the extent to which any factor, or combination of factors, any cause to differ materially from those contained in any forward-looking statement.

Except as may be required by law or regulation, NBS Bank undertakes no obligation to update any of its forward-looking statements, which speak only as of the date of this announcement.