



RESERVE BANK OF MALAWI

DEPUTY GOVERNOR'S OFFICE

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HEAD OFFICE
CONVENTION DRIVE
P O BOX 30063
CAPITAL CITY
LILONGWE 3
MALAWI

01 June 2017

The Chief Executive Officer
CDH Investment Bank Limited
P.O. Box 1444
BLANTYRE

Dear Sir

RE: REGISTRATION OF NBS BANK LIMITED RIGHTS OFFER SHARES

Reference is made to your letter on the above subject matter.

Please be advised that the Registrar of Financial Institutions has approved the issue of NBS Bank Limited rights offer shares. You may therefore proceed with other processes.

Nonetheless, the Registrar of Financial Institutions notes that National Bank of Malawi as an underwriter may eventually own some shares in NBS Bank Limited in the event of an under subscription of the rights issue shares. This will be in contravention of Paragraph 15 of the Financial Services (Licensing of Banks) Directive, 2012, which prohibits a licensed bank from holding equity shares in another bank. In such eventuality, National Bank of Malawi will be given a period of three months within which to dispose of the equity shares.

In addition, the Registrar of Financial Institutions notes with concern that you proceeded to publish notice of the rights issue in the Newspapers before he could finalise the review process. In this regard, kindly show cause why the Registrar should not penalise your institution to the tune of K20, 000, 000.00 within seven days of this letter. Please be advised that if we do not hear from you within the stipulated timeframe, the penalty herein becomes automatically payable.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'G. Kabango', written in a cursive style.

Dr. Grant P. Kabango

DEPUTY GOVERNOR,
ECONOMICS AND REGULATION