



|  | GROUP            |                  | COMPANY          |                  |
|--|------------------|------------------|------------------|------------------|
|  | 31-Dec-20<br>K'm | 31-Dec-19<br>K'm | 31-Dec-20<br>K'm | 31-Dec-20<br>K'm |
| <b>SUMMARY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b> |                  |                  |                  |                  |
| Interest income and similar income   | 55,253           | 50,904           | 54,456           | 50,234           |
| Interest expense   | (5,314)          | (5,207)          | (5,314)          | (5,232)          |
| <b>Net interest income</b>   | <b>49,939</b>    | <b>45,697</b>    | <b>49,142</b>    | <b>45,002</b>    |
| Other income   | 28,610           | 24,546           | 27,254           | 23,025           |
| <b>Net income</b>  | <b>78,549</b>    | <b>70,243</b>    | <b>76,396</b>    | <b>68,027</b>    |
| Operating expenses   | (43,297)         | (40,480)         | (41,527)         | (39,015)         |
| <b>Profit before impairment losses on financial assets</b>                 | <b>35,252</b>    | <b>29,763</b>    | <b>34,869</b>    | <b>29,012</b>    |
| Net impairment losses on financial assets                                  | (2,444)          | (4,412)          | (2,436)          | (4,412)          |
| <b>Profit before taxation</b>  | <b>32,808</b>    | <b>25,351</b>    | <b>32,433</b>    | <b>24,600</b>    |
| Taxation   | (10,359)         | (8,196)          | (10,075)         | (7,778)          |
| <b>Profit after tax</b>  | <b>22,449</b>    | <b>17,155</b>    | <b>22,358</b>    | <b>16,822</b>    |
| <b>Other Comprehensive Income</b>  |                  |                  |                  |                  |
| Gains on property valuations   | 2,239            | 2,985            | 2,239            | 2,985            |
| Deferred tax on revalued assets  | 761              | (146)            | 761              | (146)            |
| Other Comprehensive Income net of tax                                      | <b>3,000</b>     | <b>2,839</b>     | <b>3,000</b>     | <b>2,839</b>     |
| <b>Total Comprehensive Income for the year</b>                             | <b>25,449</b>    | <b>19,994</b>    | <b>25,358</b>    | <b>19,661</b>    |
| <b>Profit attributable to shareholders</b>                                 |                  |                  |                  |                  |
| Owners of the Parent   | 22,406           | 17,106           |                  |                  |
| Non-Controlling Interest (Minorities)                                      | 43               | 49               |                  |                  |
|  | <b>22,449</b>    | <b>17,155</b>    |                  |                  |
| Comprehensive income attributable to shareholders                          |                  |                  |                  |                  |
| Owners of the Parent   | 25,406           | 19,945           |                  |                  |
| Non-Controlling Interest (Minorities)                                      | 43               | 49               |                  |                  |
|  | <b>25,449</b>    | <b>19,994</b>    |                  |                  |
| <b>DIVIDENDS PAID</b>  |                  |                  |                  |                  |
| Interim  | 2,498            | 2,498            | 2,498            | 2,498            |
| Final (for prior year)   | 5,865            | 5,001            | 5,865            | 5,001            |
| <b>Total</b>   | <b>8,363</b>     | <b>7,499</b>     | <b>8,363</b>     | <b>7,499</b>     |
| Earnings per share (Kwacha)  | 47.98            | 36.63            |                  |                  |
| Dividend per share (Kwacha)  | 17.91            | 16.06            |                  |                  |
| Number of ordinary shares in issue (millions)                              | 467              | 467              |                  |                  |
| <b>SUMMARY STATEMENT OF FINANCIAL POSITION</b>                             |                  |                  |                  |                  |
| <b>LIABILITIES &amp; EQUITY</b>  |                  |                  |                  |                  |
| Customer deposits  | 403,703          | 318,470          | 367,721          | 298,279          |
| Current income tax liabilities   | 4,306            | 3,501            | 4,212            | 3,357            |
| Other liabilities  | 29,895           | 16,434           | 29,100           | 15,943           |
| Lease liability  | 3,158            | 3,551            | 3,158            | 3,551            |
| Deferred tax   | 0                | 5                | 0                | 0                |
| Loans and borrowings   | 13,713           | 16,335           | 13,713           | 16,335           |
| Equity attributable to equity holders of the parent company                | 117,805          | 100,762          | 115,464          | 98,469           |
| Minority interest  | 113              | 98               | 0                | 0                |
| <b>Total liabilities and equity</b>  | <b>572,693</b>   | <b>459,156</b>   | <b>533,368</b>   | <b>435,934</b>   |
| <b>ASSETS</b>  |                  |                  |                  |                  |
| Cash and funds with Reserve Bank of Malawi                                 | 26,267           | 18,345           | 26,267           | 18,345           |
| Government of Malawi Treasury Bills and Treasury Notes                     | 180,435          | 133,278          | 172,274          | 123,489          |
| Government of Malawi Promissory Notes                                      | 5,196            | 0                | 5,196            | 0                |
| Equity investments   | 4,744            | 4,102            | 5,744            | 4,102            |
| Investment in associate  | 1,339            | 1,390            | 992              | 992              |
| Investment in subsidiaries   | 0                | 0                | 6,444            | 6,444            |
| Placements with other banks  | 44,231           | 17,826           | 44,231           | 17,826           |
| Loans and advances to customers  | 200,170          | 188,324          | 199,161          | 188,178          |
| Other money market investments   | 37,752           | 32,997           | 7,099            | 18,498           |
| Other assets   | 12,439           | 5,424            | 11,065           | 4,790            |
| Property and equipment   | 35,053           | 32,236           | 34,978           | 32,154           |
| Intangible assets  | 10,047           | 10,274           | 9,945            | 10,160           |
| Right of use assets  | 2,355            | 3,140            | 2,355            | 3,140            |
| Deferred tax   | 8,706            | 7,861            | 8,617            | 7,816            |
| Goodwill   | 3,959            | 3,959            | 0                | 0                |
| <b>Total assets</b>  | <b>572,693</b>   | <b>459,156</b>   | <b>533,368</b>   | <b>435,934</b>   |
| <b>Memorandum items</b>  |                  |                  |                  |                  |
| Contingent liabilities: Letters of credit and guarantees                   | <b>33,639</b>    | <b>22,550</b>    | <b>33,639</b>    | <b>22,550</b>    |
| <b>SUMMARY STATEMENTS OF CHANGES IN EQUITY</b>                             |                  |                  |                  |                  |
| <b>As at beginning of period</b>   | <b>100,860</b>   | <b>88,414</b>    | <b>98,469</b>    | <b>86,307</b>    |
| Total comprehensive income for the year                                    | 25,449           | 19,994           | 25,358           | 19,661           |
| Dividends paid   | (8,392)          | (7,548)          | (8,364)          | (7,499)          |
| <b>As at end of period</b>   | <b>117,917</b>   | <b>100,860</b>   | <b>115,463</b>   | <b>98,469</b>    |
| <b>SUMMARY STATEMENTS OF CASH FLOWS</b>                                    |                  |                  |                  |                  |
| Cash flows from operating activities                                       |                  |                  |                  |                  |
| Profit before tax  | 32,808           | 25,351           | 32,433           | 24,600           |
| Adjustments for:   |                  |                  |                  |                  |
| Depreciation of property and equipment                                     | 2,403            | 2,621            | 2,377            | 2,597            |
| Amortisation of intangible assets  | 1,134            | 1,066            | 1,122            | 1,054            |
| Amortisation of right of use of assets                                     | 785              | 634              | 785              | 634              |
| Interest on lease liability  | 615              | 677              | 615              | 677              |
| Net gains on financial instruments classified as held for trading          | (286)            | (144)            | (286)            | (144)            |
| Gains on disposal of financial instruments classified as held for trading  | (57)             | (5)              | (57)             | (5)              |
| Profit on disposal of property and equipment                               | (18)             | (60)             | (20)             | (60)             |
| Dividends received   | (33)             | (208)            | (471)            | (618)            |
| Share of loss (profits) of associate                                       | 85               | (100)            | 0                | 0                |
| Impairment loss on intangible assets                                       | 0                | 96               | 0                | 96               |
| Net fair value loss on revaluation of properties                           | 89               | 139              | 89               | 139              |
| Net losses on modified and restructured loans                              | 20               | 198              | 20               | 198              |
| Movement in allowance for impairment on financial assets                   | 3,153            | 5,825            | 3,145            | 5,825            |
| <b>Operating cashflows before working capital movements</b>                | <b>40,698</b>    | <b>36,090</b>    | <b>39,752</b>    | <b>34,993</b>    |
| Increase in operating assets   | (16,480)         | (23,271)         | (14,835)         | (23,070)         |
| Increase in operating liabilities  | 86,789           | 27,061           | 70,694           | 30,487           |
| <b>Net cash flow from operating activities</b>                             | <b>111,007</b>   | <b>39,930</b>    | <b>95,611</b>    | <b>42,410</b>    |
| Tax paid   | (9,643)          | (5,714)          | (9,260)          | (5,241)          |
| <b>Net cash from operating activities</b>                                  | <b>101,364</b>   | <b>34,216</b>    | <b>86,351</b>    | <b>37,169</b>    |
| <b>Net cash used in investing activities</b>                               | <b>(62,166)</b>  | <b>(41,006)</b>  | <b>(63,335)</b>  | <b>(44,863)</b>  |
| <b>Net cash outflow from financing activities</b>                          | <b>(12,021)</b>  | <b>(11,516)</b>  | <b>(11,993)</b>  | <b>(11,467)</b>  |
| <b>Net increase/ (decrease) in cash and cash equivalents</b>               | <b>27,177</b>    | <b>(18,306)</b>  | <b>11,023</b>    | <b>(19,161)</b>  |
| <b>Cash and cash equivalents at beginning of the year</b>                  | <b>68,516</b>    | <b>86,822</b>    | <b>54,017</b>    | <b>73,178</b>    |
| <b>Cash and cash equivalents at end of the year</b>                        | <b>95,693</b>    | <b>68,516</b>    | <b>65,040</b>    | <b>54,017</b>    |

**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, profit or loss and other 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 25th March 2021, and are available on the company's website, www.natbank.co.mw.

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

| Sector   | GROUP                  |                     |                            |                        |                     |                            |
|--|------------------------|---------------------|----------------------------|------------------------|---------------------|----------------------------|
|  | 31st December 2020     |                     |                            | 31st December 2019     |                     |                            |
|  | Outstanding Amount K'm | Impaired Amount K'm | Expected Credit Losses K'm | Outstanding Amount K'm | Impaired Amount K'm | Expected Credit Losses K'm |
| Agriculture, Forestry, Livestock and Fishing                               | 39,107                 | 1,221               | 699                        | 38,684                 | 43                  | 2,482                      |
| Manufacturing  | 23,397                 | 2,580               | 427                        | 22,397                 | 2,112               | 1,824                      |
| Mining and Quarrying   | 55                     | -                   | 1                          | 5                      | -                   | -                          |
| Construction and Engineering   | 2,243                  | 272                 | 95                         | 1,231                  | 90                  | 198                        |
| Energy/Electricity, Gas, Air conditioning, Water supply & Waste management | 20,468                 | 4,193               | 1217                       | 4,183                  | 9,622               | 1,363                      |
| Transport/Storage  | 7,740                  | 518                 | 228                        | 11,613                 | 259                 | 377                        |
| Communication  | 1,521                  | 304                 | 137                        | 1,205                  | 107                 | 112                        |
| Financial/Insurance/Professional/Scientific & Technical services           | 4,432                  | 103                 | 67                         | 7,788                  | 8                   | 70                         |
| Wholesale/Retail   | 47,658                 | 13,057              | 5235                       | 65,838                 | 8,743               | 3,402                      |
| Individual/Households  | 44,572                 | 1,375               | 1678                       | 32,671                 | 642                 | 909                        |
| Real Estate  | 6,782                  | -                   | 19                         | 5,013                  | 1                   | 184                        |
| Tourism  | 7,407                  | 751                 | 228                        | 5,665                  | 22                  | 277                        |
| Other  | 5,007                  | 218                 | 188                        | 3,653                  | 922                 | 424                        |
| <b>TOTAL</b>   | <b>210,389</b>         | <b>24,592</b>       | <b>10,219</b>              | <b>199,946</b>         | <b>22,571</b>       | <b>11,622</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 | 31st December 2020 |                   | 31st December 2019 |                   |
|--------------------|--------------------|-------------------|--------------------|-------------------|
|                    | K'm                | % OF CORE CAPITAL | K'm                | % OF CORE CAPITAL |
| Wholesale and Sale | 0                  | 0%                | 0                  | 0%                |

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

|                               | 31st Dec 2020 | 31st Dec 2019 |
|-------------------------------|---------------|---------------|
|                               | K'm           | K'm           |
| <b>DIRECTORS:</b>             |               |               |
| Balance at beginning of year  | 576           | 488           |
| Loans granted during the year | 76            | 235           |
| Repayments                    | (246)         | (147)         |
| <b>Balance at end of year</b> | <b>406</b>    | <b>576</b>    |

|                               | 31st Dec 2020 | 31st Dec 2019 |
|-------------------------------|---------------|---------------|
|                               | K'm           | K'm           |
| <b>OTHER RELATED PARTIES:</b> |               |               |
| Balance at beginning of year  | 7,827         | 8,425         |
| Loans granted during the year | 3,083         | 6,766         |
| Repayments                    | (3,099)       | (7,364)       |
| <b>Balance at end of year</b> | <b>7,811</b>  | <b>7,827</b>  |

**SENIOR MANAGEMENT OFFICIALS:**

|                               | 31st Dec 2020 | 31st Dec 2019 |
|-------------------------------|---------------|---------------|
| Balance at beginning of year  | 878           | 1,011         |
| Loans granted during the year | 158           | 110           |
| Repayments                    | (149)         | (243)         |
| <b>Balance at end of year</b> | <b>887</b>    | <b>878</b>    |

**INVESTMENTS IN SUBSIDIARIES**

| Name of Subsidiary                       | Percentage Holding |               |
|--|--------------------|---------------|
|  | 31st Dec 2020      | 31st Dec 2019 |
| 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%          |
| NBM Development Bank Limited             | 100%               | 100%          |
| NBM Pension Administration Limited       | 100%               | 100%          |
| Stockbrokers Malawi Limited              | 75%                | 75%           |

**LENDING RATES**

|                                 | 31st Dec 2020   | 31st Dec 2019   |
|---------------------------------|-----------------|-----------------|
| <b>Malawi Kwacha facilities</b> |                 |                 |
| Base Lending Rate               | 12.3%           | 12.5%           |
| Lending Rate Spread             | +2% to +11%     | +1.1% to +11%   |
| Foreign Currency facilities     | 7.00% to 11.00% | 7.00% to 12.00% |

**DIRECTORS REMUNERATION, BONUSES AND MANAGEMENT FEES**

|                                 | 31st Dec 2020 | 31st Dec 2019 |
|---------------------------------|---------------|---------------|
|                                 | K'm           | K'm           |
| Directors Remuneration          | 1,034         | 1,006         |
| Total Bonuses Paid by the Group | 2,965         | 1,824         |
| Management Fees                 | Nil           | Nil           |

**DEPOSIT RATES**

| Type of Deposit      | 31st Dec 2020 | 31st Dec 2019 |
|----------------------|---------------|---------------|
|                      | Rate %        | Rate %        |
| <b>Malawi Kwacha</b> |               |               |
| Current Account      | 0.00          | 0.00          |
| Savings              | 2.00          | 3.00          |
| Special savings      | 1.00          | 1.00          |
| Savings Bond         | 4.00          | 6.50          |
| Student Save         | 2.00          | 2.50          |
| Fiesta Save          | 5.00          | 6.00          |
| 7 Day Call           | 2.50          | 2.50          |
| 30 Day Call          | 2.25          | 2.25          |
| 2 Months             | 4.25          | 5.50          |
| 3 Months             | 4.00          | 5.25          |
| 6 Months             | 3.00          | 4.00          |
| 9 Months             | Negotiable    | Negotiable    |
| 12 Months            | Negotiable    | Negotiable    |

**FOREIGN CURRENCY DENOMINATED ACCOUNTS (FCDA)**

|     | 31st Dec 2020 | 31st Dec 2019 |
|-----|---------------|---------------|
| 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 2020.

**Performance**  
The Bank registered a group profit after tax of K22.45b from K17.16b in 2019 representing an increase of 31%. There was a significant growth in non-interest income of 17% while net interest and investment income grew by 9%. Overall net revenue grew by 12%. The Bank continued to control expenses within inflation. Operating expenses increased by 7% while impairment losses reduced by 45%.

Customer deposits increased by 27% year on year while the Bank's loan book grew by 6% largely on account of the COVID-19 pandemic. Excess funds were invested in Treasury Bills and Treasury Notes which grew by 35%.

**The Operating Environment**  
The expected economic growth for year 2020 was revised downwards to 0.9% from an earlier estimate of 5.0%. Economic activity for the year remained subdued largely on account of both the political uncertainty in the run up to the Fresh Presidential Election and the impact of the COVID-19 pandemic. The Reserve Bank of Malawi (RBM) and the Bankers Association of Malawi implemented some measures to help businesses mitigate the impact of the COVID-19 pandemic. These included the reduction of the domestic Liquidity Reserve Requirement from 5% to 3.75% by RBM with a view to releasing some liquidity into the economy, 40% reduction of service fees for digital banking products, and restructuring of loans which included the granting of at least 3 months loan repayment moratoria to businesses that would be affected by the pandemic.

Inflation averaged 8.6% in the year down from 9.6% recorded the previous year, anchored by non-food inflation which averaged about 3.8% in the year.

During the year, the Malawi Kwacha gradually depreciated against all major trading currencies. The weakening of the Kwacha reflected the scarcity of foreign exchange supply amidst the COVID-19 pandemic and a weak exports performance.

Subsequent to year end, the Bank completed the acquisition of a 51% controlling stake in Akiba Commercial Bank (ACB) in Tanzania for a consideration of USD7.31 million. Negotiations are still on going to acquire a further 24%.

**Dividend**  
The Bank paid an interim dividend of K2.5b in September 2020 (2019: K2.5b) and a second interim dividend amounting to K2.5b on 31 March 2021 (2019: K1.5b). The directors recommend a final dividend of K8.0b (2019: K4.3b) making a total dividend of K13.0b in respect of 2020 profits representing K27.84 per ordinary share (2019: K17.78 per share). The final dividend will be payable after approval by the Annual General Meeting scheduled for June 2021.

**Outlook**  
The economy is expected to grow by 3.5% in 2021 driven by an improved macro-economic environment following availability of COVID-19 vaccines.

Looking ahead the Board envisages a continuing stable macroeconomic environment. This, however, is dependent on how quickly the COVID 19 situation is brought under control and economic activity return to normality. In addition, the acquisition of controlling stake in ACB has opened the door for the Group to realize its regional diversification strategy.

**BY ORDER OF THE BOARD**

**M.M. Kawawa**  
Chief Executive Officer