National Bank of Malawi plc

SUMMARY OF AUDITED RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2024

	GROUP 31-Dec-2024 K'm	GROUP 31-Dec-2023 K'm	COMPANY 31-Dec-2024 K'm	COMPANY 31-Dec-2023 K'm
SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
Interest and similar income	236,516	158,129	210,164	141,456
Interest expense and similar charges	(36,851)	(26,683)	(30,847)	(23,174)
Net interest and similar income	**199,665**	**131,446**	**179,317**	**118,282**
Insurance revenue	10,628	-	-	-
Other income	103,954	84,313	92,559	76,216
Net Revenue	**314,247**	**215,759**	**271,876**	**194,498**
Operating expenses	(134,437)	(88,385)	(100,198)	(71,276)
Profit before impairment losses on financial assets	**179,810**	**127,374**	**171,678**	**123,222**
Net impairment losses on financial assets	(12,663)	(7,245)	(10,896)	(8,102)
Profit before taxation	**167,147**	**120,129**	**160,782**	**115,120**
Taxation	(65,437)	(48,170)	(61,624)	(45,934)
Profit after tax	**101,710**	**71,959**	**99,158**	**69,186**
Other Comprehensive Income				
Surplus on revaluation of properties	9,183	6,965	9,127	6,965
Fair value gain on investment in unquoted shares	946		946	
Deferred tax on revaluation and fair value gains	(3,613)	(13,527)	(3,619)	(13,527)
Other Comprehensive Income net of tax	**6,516**	**(6,562)**	**6,454**	**(6,562)**
Total Comprehensive Income for the year	**108,226**	**65,397**	**105,612**	**62,624**
Profit attributable to shareholders				
Owners of the Parent	102,283	72,245	99,158	69,186
Non-Controlling Interest (Minorities)	(573)	(286)	-	-
	101,710	**71,959**	**99,158**	**69,186**
Comprehensive income attributable to shareholders				
Owners of the Parent	108,799	65,683	105,612	62,624
Non-Controlling Interest (Minorities)	(573)	(286)	-	-
	108,226	**65,397**	**105,612**	**62,624**
DIVIDENDS PAID				
Interim	12,999	10,973	12,999	10,973
Final (for prior year)	37,000	25,000	37,000	25,000
Total	**49,999**	**35,973**	**49,999**	**35,973**
Earnings per share (Kwacha)	217.79	154.70	212.33	148.17
Dividend per share (Kwacha)	107.06	77.03	107.06	77.03
Number of ordinary shares in issue (millions)	467	467	467	467
SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION				
LIABILITIES & EQUITY				
Customer deposits	1,328,427	969,413	1,034,137	752,542
Current income tax liabilities	34,287	19,008	32,623	18,030
Other liabilities	66,044	53,060	43,651	41,955
Insurance Contracts Liabilities	9,488	-	-	-
Re-Insurance Contracts Liabilities	203	-	-	-
Loans and borrowings	11,349	12,447	209	4,587
Lease liability	8,761	5,227	4,132	578
Deferred tax	972	5,067	726	5,067
Equity attributable to equity holders of the parent company	268,481	206,475	251,495	195,882
Non-controlling interest	2,193	1,299	-	-
Total liabilities and equity	**1,730,205**	**1,271,996**	**1,366,973**	**1,018,641**
ASSETS				
Cash and funds with Central Banks	171,927	76,755	142,136	54,007
Placements with other banks	101,662	136,197	100,778	135,155
Other money market investments	181,617	150,516	8,746	43,758
Other assets	52,940	32,636	48,055	25,923
Insurance Contracts Assets	109	-	-	-
Reinsurance Contracts Assets	2,605	-	-	-
Equity investments	18,761	9,803	17,081	9,803
Government Securities	628,542	380,397	573,132	341,895
Loans and advances to customers	467,783	405,860	372,467	321,929
Investment in associate	-	892	-	992
Investment in subsidiaries	-	-	20,966	18,170
Property and equipment	69,126	57,107	66,203	55,352
Intangible assets	18,606	12,033	14,296	11,648
Investment properties	1,240	-	-	-
Right of use assets	6,132	3,638	3,113	9
Deferred tax	4,508	2,203	-	-
Goodwill	4,647	3,959	-	-
Total assets	**1,730,205**	**1,271,996**	**1,366,973**	**1,018,641**
Memorandum items				
Contingent liabilities: Letters of credit and guarantees	**81,894**	**32,448**	**77,616**	**32,448**
SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY				
As at beginning of period	**207,774**	**173,824**	**195,882**	**169,231**
Total comprehensive income for the year	108,226	65,397	105,612	62,624
Translation differences	3,206	4,585	-	-
Transfer of minority interest from UGI	1,515	-	-	-
Dividends paid	(50,047)	(36,032)	(49,999)	(35,973)
As at end of period	**270,674**	**207,774**	**251,495**	**195,882**
SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS				
Cash flows from operating activities				
Profit before tax	**167,147**	**120,129**	**160,782**	**115,120**
Adjustments for:				
Depreciation of property and equipment	6,293	4,322	5,319	3,894
Amortisation of intangible assets	1,645	1,413	1,451	1,337
Amortisation of right of use of assets	2,289	1,421	1,234	790
Interest on lease liability	2,274	976	1,271	225
Interest payable on loans	339	440	59	225
Net gains on financial instruments classified as held for trading	(7,299)	(5,346)	(6,807)	(5,346)
Gains on disposal of financial instruments classified as held for trading	56	(2,986)	56	(2,986)
Profit(loss) on disposal of property and equipment	(64)	(207)	(38)	(139)
Write-off of property and equipment	9	7	9	7
Dividends received	(426)	(323)	(1,603)	(1,336)
Share of loss of associate	-	26	-	-
Net fair value loss(gain) on revaluation of properties	(353)	(130)	(153)	(130)
Net(gains) losses on modified and restructured loans	(59)	(102)	(59)	(102)
Movement in allowance for impairment on financial assets	16,950	11,200	14,057	10,779
Operating cashflows before working capital movements	**188,801**	**130,840**	**175,578**	**122,338**
Movement in customer deposits	359,014	159,851	281,595	183,898
Movement in investments	87,536	14,846	103,362	17,338
Movement in liabilities to other banks	732	(21,658)	(6,103)	(19,722)
Movement in other liabilities and provisions	14,546	8,804	11,353	7,141
Movement in loans and advances to customers	(78,873)	(106,620)	(64,595)	(69,940)
Movement in other assets	(19,713)	(9,707)	(25,735)	(13,144)
Net cash flow from operating activities	**552,043**	**176,356**	**475,455**	**227,909**
Tax paid	(58,019)	(35,770)	(54,991)	(34,205)
Net cash from operating activities	**494,024**	**140,586**	**420,464**	**193,704**
Net cash used in investing activities	**(347,918)**	**(56,716)**	**(344,495)**	**(53,953)**
Net cash outflow used in financing activities	**(54,368)**	**(37,844)**	**(57,229)**	**(43,737)**
Net increase in cash and cash equivalents	**91,738**	**46,026**	**18,740**	**96,014**
Cash and cash equivalents at beginning of the year	**363,468**	**317,442**	**232,920**	**136,906**
Cash and cash equivalents at end of the year	**455,206**	**363,468**	**251,660**	**232,920**

FINANCIAL HIGHLIGHTS

41%	37%	52%	46%	65%
PROFIT AFTER TAX	CUSTOMER DEPOSITS	NET INTEREST AND SIMILAR INCOME	NET REVENUE	INVESTMENT IN FIXED INCOME SECURITIES
K101.71b	K 1,328.43b	K199.67b	K314.25b	K628.54b

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

	GROUP					
	31st December 2024			31st December 2023		
Sector	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	70,255	8,283	2837	60,679	4,380	690
Manufacturing	34,331	628	276	41,407	595	130
Mining and Quarrying	2,355	2,522	221	2,530	2,243	667
Construction and Engineering	8,858	555	193	7,115	1,756	486
Energy/Electricity, Gas, Air conditioning, Water supply & Waste management	23,945	15,628	54	19,012	1,205	173
Transport/Storage	17,924	3,074	118	11,701	3,628	361
Communication	13,979	11,045	4138	14,399	118	34
Financial/Insurance/Professional/Scientific & Technical services	12,250	111	97	13,539	3,551	2441
Wholesale/Retail	65,559	4,379	1510	69,945	4,861	1564
Individual/Households	138,386	2,717	4033	106,825	2,313	1022
Real Estate	8,508	489	5	6,973	167	3
Tourism	52,621	26,212	129	40,699	23,096	54
Other	32,965	2,131	542	19,140	1,945	479
TOTAL	**481,936**	**77,774**	**14,153**	**413,964**	**49,858**	**8,104**

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 2024		31st December 2023	
	K'm	% OF CORE CAPITAL	K'm	% OF CORE CAPITAL
Wholesale and Retail	0	0%	0	0%

LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES

	GROUP AND COMPANY	
	31st December 2024 K'm	31st December 2023 K'm
DIRECTORS:		
Balance at beginning of year	305	173
Loans granted during the year	121	193
Repayments	(70)	(61)
Balance at end of year	**356**	**305**
OTHER RELATED PARTIES:		
Balance at beginning of year	17,794	12,861
Loans granted during the year	13,461	4,971
Repayments	(4,117)	(38)
Balance at end of year	**27,138**	**17,794**
SENIOR MANAGEMENT OFFICIALS:		
Balance at beginning of year	900	1,098
Loans granted during the year	522	140
Repayments	(154)	(338)
Balance at end of year	**1,268**	**900**
Total related party lending	28,762	18,999
Total related party lending as a percentage of core capital	15%	12%

INVESTMENTS IN SUBSIDIARIES

Name of Subsidiary	Percentage Holding 31st December 2024	Percentage Holding 31st December 2023
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%
Akiba Commercial Bank (Tanzania) plc	60.48%	60.48%
Stockbrokers Malawi Limited	75%	75%
United General Insurance Company Limited	57%	47%

LENDING RATES

	31st December 2024	31st December 2023
Malawi Kwacha facilities		
Base Lending Rate	25.30%	23.60%
Lending Rate Spread	+1.1% to +11%	+1.1% to +11%
Foreign Currency facilities	7% to 12.5%	7% to 12%

DIRECTORS REMUNERATION, BONUSES AND MANAGEMENT FEES

	2024 K'm	2023 K'm
Directors Remuneration	1,885	1,631
Total Bonuses Paid by the Group	5,881	6,054
Management Fees	Nil	Nil

DEPOSIT RATES

Type of Deposit	31st December 2024 Rate %	31st December 2023 Rate %
Malawi Kwacha		
Current Account	0.00	0.00
Savings	5.75	5.75
Special savings	4.00	4.00
Savings Bond	12.00	12.00
Student Save	5.00	5.00
Fiesta Save	8.75	8.75
7 Day Call	5.00	5.00
30 Day Call	6.00	6.00
2 Months	6.50	6.50
3 Months	7.50	7.50
6 Months	8.00	8.00
9 Months	Negotiable	Negotiable
12 Months	Negotiable	Negotiable
Foreign Currency Denominated Accounts (FCDAs)		
USD	0.50	0.50
GBP	0.50	0.50
ZAR	1.50	1.50
EUR	0.25	0.25

The Board is pleased to announce the audited results for the Group for the year ended 31 December 2024.

PERFORMANCE

The Group's profit after tax of K101.71b was 41% above the K71.96b reported in 2023. These results were largely driven by growth in customer deposits which fueled growth of the loan book and fixed income securities. Consequently, net interest and similar income grew by 52%. Net revenue rose by 46% arising from growth in fees and commissions, and consolidation of revenue from insurance operations of United General Insurance Company Limited (UGI), which became a subsidiary in 2024 following the Group's increase in its stake from 47% to 57%. UGI, therefore, changed from being an associate to a subsidiary company. Operating expenses increased by 52%, due to, amongst other things, high inflation in Malawi, consolidation of UGI's operating expenses, and once-off staff rationalization costs at the Group's subsidiary in Tanzania, Akiba Commercial Bank plc. Due to a difficult operating environment characterized by foreign exchange scarcity and high interest rates, the Group's performance was adversely affected by an increase in net impairment losses both in Malawi and Tanzania which increased by 75%.

Customer deposits increased by 37% (2023: 20%) year-on-year while the Bank's loan book grew by 15% (2023: 31%). Investment in fixed income securities increased by 65% (2023:10%).

All subsidiaries of the Bank reported profits that contributed positively to the Group performance except for Akiba in Tanzania. The Tanzanian operations posted a loss of K3.94b largely driven by weak revenue performance, staff rationalization costs, and increase in expected credit loss provisions.

THE OPERATING ENVIRONMENT

The Malawi economy grew by an estimated 1.8% in 2024 (2023: 1.9%). Significant challenges were encountered, primarily due to El Niño-induced weather conditions which severely impacted agricultural output leading to low GDP growth, food insecurity, high inflation, and high public debt levels.

Annual average year-on-year inflation rose to 32.2% from 28.8% recorded in the previous year, fueled by increases in both food and non-food inflation. Inflation rates for food and non-food items increased to average 40.2% and 21.2%, up from 37.1% and 18.8% respectively in 2023. However, during the year, average headline inflation decelerated from 33.4% in the first quarter to 29.2% in the fourth quarter. Interest rates were on the other hand relatively stable, though still high, with the Reserve Bank of Malawi maintaining a policy rate of 26% per annum from February 2024 to 31 December 2024.

The Malawi Kwacha devalued by 3% against the US Dollar in March 2024 resulting in the official exchange rate per US Dollar rising from K1,700 to K1,751. Despite the market being consistently characterized by foreign exchange scarcity, the official Malawi Kwacha exchange rate to the US Dollar remained uncharacteristically stable. This resulted in the widening of the gap between the official and the parallel foreign exchange rates with the latter trading at more than K3,000 per US dollar as at 31 December 2024. This resulted in tightening of the foreign exchange market regulations with the authorities directing all public entities and NGOs to transfer their foreign currency denominated accounts from commercial banks to the Reserve Bank of Malawi.

DIVIDEND

The Bank paid a first interim dividend of K13.0b in September 2024 (2023: K11.0b) and a second interim dividend amounting to K17.4b is proposed to be paid in April 2025 (2024: K14.0b). The directors recommend a final dividend of K28.6b (2024: K23.0b) making a total dividend of K59.0b in respect of 2024 profits representing K126.35 per ordinary share (2023: K102.80 per share). The final dividend will be payable after approval by the Annual General Meeting scheduled for June 2025.

OUTLOOK

The economy is expected to grow by 3.2% in 2025 from an estimated 1.8% in 2024, mainly due to continued normal to above normal rainfall across the country, which coupled with increased public investment in agriculture, is expected to boost food production and earnings from export crops like tobacco, tea, sugar, etc. In addition, positive contribution is expected from increased public investment in tourism, mining and manufacturing sectors as well as growth enabling sectors of energy and infrastructure. This positive outlook is, however, clouded by prevailing high inflation, general elections in 2025, which pose the risk of fiscal slippages due to increased government expenditure, and La Niña-induced weather shocks, amongst other things. Uncertainty over renewal of the IMF-supported ECF program following the mid-review late in 2024 may slow down foreign exchange inflows in 2025, which in turn may adversely affect importation of raw materials and economic activity. In addition, a reduction in international donor support fueled by foreign policy shift by the United States of America (USA) which has suspended operations of the United States Agency for International Development (USAID) globally. Furthermore, the dramatic geopolitical shift by the USA on the Russia – Ukraine war, is likely to result in increased pressure, and inevitably, reduced donor support from the European Union as it is likely to increase its expenditure on its own security and support to Ukraine.

BY ORDER OF THE BOARD

Harold N. Jiya
Chief Executive Officer

Daniel C. W. Jere
Chief Financial Officer

Jimmy K. Lipunga
Chairman

Macleod Nkhoma
Director

17 March 2025
Registered Office:
7 Henderson Street,
BLANTYRE

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REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The summary consolidated and separate financial statements, which comprise the summary statements of financial position as at 31 December 2024, the summary statements of profit or loss and other comprehensive income, summary statements of changes in equity and summary statements of cash flows for the year then ended and related notes, are derived from the audited consolidated and separate financial statements of National Bank of Malawi Plc for the year ended 31 December 2024.

In our opinion, the accompanying summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements, in accordance with *IFRS Accounting Standards* as issued by the International Accounting Standards Board (IASB), *IAS 29 Directive* as issued by the Institute of Chartered Accountants in Malawi (ICAM) and in compliance with the Companies Act, 2013.

SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The summary consolidated and separate financial statements do not contain all the disclosures required by *IFRS Accounting Standards* and the requirements of the Companies Act 2023. Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report thereon. The summary consolidated and separate financial statements and the audited consolidated and separate financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated and separate financial statements.

THE AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 28 March 2025. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with *IFRS Accounting Standards* as issued by the International Accounting Standards Board (IASB), *IAS 29 Directive* as issued by the Institute of Chartered Accountants in Malawi (ICAM) and in compliance with the Companies Act, 2013; and for such internal control as the directors determine is necessary to enable the preparation of the summary consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our responsibility is to express an opinion on whether the summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*

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Shape the future with confidence
Chartered Accountants (Malawi)
Chiwemi Chihana
Registered Practicing Accountant
28th March 2025