

## SUMMARY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	GROUP		COMPANY	
	31-Dec-19 K'm	31-Dec-18 K'm	31-Dec-19 K'm	31-Dec-18 K'm
Interest income and similar income	50,904	47,079	50,234	46,604
Interest expense	(5,207)	(6,315)	(5,232)	(6,335)
<b>Net interest income</b>	<b>45,697</b>	<b>40,764</b>	<b>45,002</b>	<b>40,269</b>
Other income	24,546	22,255	23,025	20,060
<b>Net income</b>	<b>70,243</b>	<b>63,019</b>	<b>68,027</b>	<b>60,329</b>
Operating expenses	(40,480)	(38,032)	(39,015)	(36,670)
<b>Profit before impairment losses on loans and advances</b>	<b>29,763</b>	<b>24,986</b>	<b>29,012</b>	<b>23,659</b>
Net impairment losses on loans and advances	(4,412)	(1,970)	(4,412)	(1,950)
Profit before taxation	25,351	23,016	24,600	21,709
Taxation	(8,196)	(7,051)	(7,778)	(6,403)
<b>Profit after tax</b>	<b>17,155</b>	<b>15,965</b>	<b>16,822</b>	<b>15,306</b>

## Other Comprehensive Income

Gains on property valuations	2,985	2,509	2,985	2,509
Deferred tax on revalued assets	(146)	641	(146)	641
Other Comprehensive Income net of tax	<b>2,839</b>	<b>3,150</b>	<b>2,839</b>	<b>3,150</b>
<b>Total Comprehensive Income for the year</b>	<b>19,994</b>	<b>19,115</b>	<b>19,661</b>	<b>18,456</b>

## Profit attributable to shareholders

Owners of the Parent	17,106	15,881		
Non-Controlling Interest (Minorities)	49	84		
<b>Total</b>	<b>17,155</b>	<b>15,965</b>		

## Comprehensive income attributable to shareholders

Owners of the Parent	19,945	19,031		
Non-Controlling Interest (Minorities)	49	84		
<b>Total</b>	<b>19,994</b>	<b>19,115</b>		

## DIVIDENDS PAID

Interim	2,498	2,498	2,498	2,498
Final (for prior year)	5,001	5,697	5,001	5,697
<b>Total</b>	<b>7,499</b>	<b>8,195</b>	<b>7,499</b>	<b>8,195</b>

Earnings per share (Kwacha)	36.63	34.01		
Dividend per share (Kwacha)	16.06	17.55		
Number of ordinary shares in issue (millions)	467	467		

## SUMMARY STATEMENTS OF FINANCIAL POSITION

### LIABILITIES & EQUITY

Customer deposits	318,470	294,525	298,279	271,026
Current income tax liabilities	3,501	874	3,357	685
Other liabilities	16,434	14,080	15,943	13,471
Lease liability	3,551	9	3,551	0
Deferred tax	5	0	0	0
Loans and borrowings	16,335	19,428	16,335	19,428
Equity attributable to equity holders of the parent company	100,762	88,316	98,469	86,307
Minority interest	98	98	0	0
<b>Total liabilities and equity</b>	<b>459,156</b>	<b>417,330</b>	<b>435,934</b>	<b>390,917</b>

### ASSETS

Cash and funds with Reserve Bank of Malawi	18,345	25,023	18,345	25,267
Government of Malawi Treasury Bills and Treasury Notes	133,278	96,403	123,489	82,315
Government of Malawi Promissory Notes	0	1,441	0	1,441
Equity investments	4,102	3,891	4,102	3,891
Investment in associate	1,390	1,336	992	992
Investment in subsidiaries	0	0	6,444	6,444
Placements with other banks	17,826	22,899	17,826	22,899
Loans and advances to customers	188,324	166,621	188,178	166,621
Other money market investments	32,997	40,314	18,498	26,426
Other assets	5,424	9,761	4,790	9,178
Property and equipment	32,236	29,380	32,154	29,296
Intangible assets	10,274	8,436	10,160	8,320
Right of use assets	3,140	0	3,140	0
Deferred tax	7,861	7,866	7,816	7,827
Goodwill	3,959	3,959	0	0
<b>Total assets</b>	<b>459,156</b>	<b>417,330</b>	<b>435,934</b>	<b>390,917</b>

### Memorandum items

Contingent liabilities: Letters of credit and guarantees	22,550	35,799	22,550	35,799
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## SUMMARY STATEMENTS OF CHANGES IN EQUITY

As at beginning of period	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Transition adjustment from IAS 39 to IFRS 9	0	(3,420)	0	(3,420)
Total comprehensive income for the year	19,994	19,115	19,661	18,456
Dividends paid	(7,548)	(8,244)	(7,499)	(8,195)
Eliminated on disposal of Indetrust Holdings Limited	0	(1,250)	0	0
<b>As at end of period</b>	<b>100,860</b>	<b>88,414</b>	<b>98,469</b>	<b>86,307</b>

## SUMMARY STATEMENTS OF CASH FLOWS

<b>Cash flows from operating activities</b>				
<b>Profit before tax</b>	<b>25,351</b>	<b>23,016</b>	<b>24,600</b>	<b>21,709</b>
Adjustments for:				
Depreciation of property and equipment	2,621	2,407	2,597	2,389
Amortisation of intangible assets	1,066	955	1,054	944
Amortisation of right of use of assets	634	0	634	0
Interest on lease liability	677	0	677	0
Net gains on financial instruments classified as held for trading	(144)	(796)	(144)	(796)
Gains on disposal of financial instruments classified as held for trading	(5)	(120)	(5)	(120)
Profit on disposal of property and equipment	(60)	(990)	(60)	(271)
Dividends received	(208)	(114)	(618)	(617)
Share of profits of associate	(100)	(254)	0	0
Impairment loss on intangible assets	96	503	96	503
Net fair value loss on revaluation of properties	139	150	139	150
Net (gains) losses on modified and restructured loans	198	(522)	198	(522)
Movement in allowance for impairment in loans and advances	5,825	2,596	5,825	2,576
<b>Operating cashflows before working capital movements</b>	<b>36,090</b>	<b>26,831</b>	<b>34,993</b>	<b>25,945</b>
Increase in operating assets	(23,221)	(38,056)	(23,070)	(38,186)
Increase in operating liabilities	27,061	15,971	30,487	15,711
<b>Net cash flow from operating activities</b>	<b>39,930</b>	<b>4,746</b>	<b>42,410</b>	<b>3,470</b>
Tax paid	(5,714)	(7,662)	(5,241)	(7,081)
<b>Net cash from operating activities</b>	<b>34,216</b>	<b>(2,916)</b>	<b>37,169</b>	<b>(3,611)</b>
<b>Net cash used in investing activities</b>	<b>(41,006)</b>	<b>(68,892)</b>	<b>(44,863)</b>	<b>(56,145)</b>
<b>Net cash outflow from financing activities</b>	<b>(11,516)</b>	<b>(3,001)</b>	<b>(11,467)</b>	<b>(2,952)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(18,306)</b>	<b>(74,809)</b>	<b>(19,161)</b>	<b>(62,708)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>86,822</b>	<b>161,631</b>	<b>73,178</b>	<b>135,886</b>
<b>Cash and cash equivalents at end of the year</b>	<b>68,516</b>	<b>86,822</b>	<b>54,017</b>	<b>73,178</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 26 March 2020, 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 AND COMPANY					
	31st December 2019			31st December 2018		
	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	36,769	43	2482	27,957	40	787
Manufacturing	24,102	2,112	1824	28,581	60	827
Mining and Quarrying	5	-	0	17	1	1
Construction and Engineering	1,231	90	198	2,129	500	233
Energy/Electricity, Gas, Air conditioning, Water supply & Waste management	20,858	9,622	1363	26,414	-	517
Transport/Storage	9,031	259	377	5,005	185	208
Communication	2,205	107	112	53	-	2
Financial/Insurance/Professional/Scientific & Technical services	3,071	8	70	3,188	210	90
Wholesale/Retail	45,436	8,743	3402	37,970	6,487	2,593
Individual/Households	35,091	642	909	24,123	517	628
Real Estate	4,829	1	184	1,662	18	202
Tourism	13,665	22	277	13,387	4	275
Other	3,653	922	424	2,687	165	189
<b>TOTAL</b>	<b>199,946</b>	<b>22,571</b>	<b>11,622</b>	<b>173,173</b>	<b>8,187</b>	<b>6,552</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

Sector	31st December 2019		31st December 2018	
	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

	31st December 2019 K'm	31st December 2018 K'm
<b>DIRECTORS:</b>		
Balance at beginning of year	488	495
Loans granted during the year	235	133
Repayments	(147)	(140)
<b>Balance at end of year</b>	<b>576</b>	<b>488</b>

## OTHER RELATED PARTIES:

Balance at beginning of year	8,425	10,877
Loans granted during the year	6,766	4,226
Repayments	(7,364)	(6,678)
<b>Balance at end of year</b>	<b>7,827</b>	<b>8,425</b>

## SENIOR MANAGEMENT OFFICIALS:

Balance at beginning of year	1,011	1,035
Loans granted during the year	110	160
Repayments	(242)	(184)
<b>Balance at end of year</b>	<b>879</b>	<b>1,011</b>

## INVESTMENTS IN SUBSIDIARIES

Name of Subsidiary	Percentage Holding	
	31st December 2019	31st December 2018
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 December 2019	31st December 2018
<b>Malawi Kwacha facilities</b>		
Base Lending Rate	12.5%	23.00%
Lending Rate Spread	+1.1% to +11%	-5.00% to +8.00%
<b>Foreign Currency facilities</b>	7.00% to 12.00%	7.00% to 12.00%

## DIRECTORS REMUNERATION, BONUSES AND MANAGEMENT FEES

	2019 K'm	2018 K'm
Directors Remuneration	1,006	867
Total Bonuses Paid by the Group	1,824	2,366
Management Fees	Nil	Nil

## DEPOSIT RATES

Type of Deposit	31st December 2019 Rate %	31st December 2018 Rate %
<b>Malawi Kwacha</b>		
Current Account	0.00	0.10
Savings	3.00	5.00
Special savings	1.00	1.00
Savings Bond	6.50	13.00
Student Save	2.50	3.50
Fiesta Save	6.00	8.00
7 Day Call	2.50	5.00
30 Day Call	2.25	4.50
2 Months	5.50	8.50
3 Months	5.25	7.50
6 Months	4.00	5.50
9 Months	Negotiable	Negotiable
12 Months	Negotiable	Negotiable
<b>Foreign Currency Denominated Accounts (FCDA's)</b>		
USD	0.50	0.50
GBP	1.75	1.75
ZAR	4.00	4.00
EUR	0.50	0.50

## SUMMARY OF THE AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Board is pleased to announce the audited financial results of the Group for the year ended 31 December 2019.

### PERFORMANCE

The Bank registered a group profit after tax of K17.16b from K15.97b reported in 2018 representing an increase of 7%. Non-interest income grew by 10% while Net interest and investment income grew by 12%. Overall Net revenue grew by 11% while Operating expenses increased by 6%, notwithstanding staff rationalisation costs that were incurred during the first half of the year. The loan book grew by 13% and customer deposits increased by 8% year on year.

### THE OPERATING ENVIRONMENT

The economy experienced some negative shocks as a result of cyclone Idai which ravaged parts of the southern region coupled with poor tobacco export receipts compared to the previous year. Inflation averaged 9.4% in 2019 (2018: 9.2%) but closed the year 2019 at 11.5% (2018: 9.9%) as a result of increases in food inflation attributed to seasonal factors.

In the second half of the year, the banking industry adopted the use of a reference rate which has ranged from 12% to 13.4%. The Reserve Bank of Malawi has been gradually dropping the Policy Rate from 16% January 2019 to the current 13.5%. Correspondingly commercial Banks have gradually reduced their lending rates.

The Malawi Kwacha appreciated in the last quarter of 2019 from about K761/1USD at the beginning of July 2019 to K732/1USD at the end of 2019. Economic activity for the year remained subdued largely on account of both the pre and post-election activities which included a series of demonstrations which disrupted business activity and raised the country risk.

### DIVIDEND

The Bank paid an interim dividend of K2.5b in September 2019 (2018: K2.5b) and a second interim dividend amounting to K1.5b on 30 March 2020 (2018: K1.5b). The directors recommend a final dividend of K4.3b (2018: K3.5b) making a total dividend of K8.3b in respect of 2019 profits representing K17.78 per ordinary share (2018: K16