



	GROUP		COMPANY	
	31-Dec-21 K'm	31-Dec-20 K'm	31-Dec-21 K'm	31-Dec-20 K'm
<b>SUMMARY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>				
Interest income and similar income	79,476	55,253	69,441	54,456
Interest expense	(7,778)	(5,314)	(5,462)	(5,314)
Net interest income	71,698	49,939	63,979	49,142
Other income	42,495	28,610	38,807	27,254
<b>Net income</b>	<b>114,193</b>	<b>78,549</b>	<b>102,786</b>	<b>76,396</b>
Operating expenses	(61,106)	(43,297)	(50,011)	(41,527)
<b>Profit before impairment losses on financial assets</b>	<b>53,087</b>	<b>35,252</b>	<b>52,775</b>	<b>34,869</b>
Net impairment losses on financial assets	(2,499)	(2,444)	(1,648)	(2,436)
<b>Profit before taxation</b>	<b>50,588</b>	<b>32,808</b>	<b>51,127</b>	<b>32,433</b>
Taxation	(16,378)	(10,359)	(15,902)	(10,075)
<b>Profit after tax</b>	<b>34,210</b>	<b>22,449</b>	<b>35,225</b>	<b>22,358</b>
<b>Other Comprehensive Income</b>				
Gains on property valuations	4,454	2,239	4,454	2,239
Deferred tax on revalued assets	735	761	735	761
Other Comprehensive Income net of tax	<b>5,189</b>	<b>3,000</b>	<b>5,189</b>	<b>3,000</b>
<b>Total Comprehensive Income for the year</b>	<b>39,399</b>	<b>25,449</b>	<b>40,414</b>	<b>25,358</b>
<b>Profit attributable to shareholders</b>				
Owners of the Parent	34,928	22,406		
Non-Controlling Interest (Minorities)	(718)	43		
	<b>34,210</b>	<b>22,449</b>		
<b>Comprehensive income attributable to shareholders</b>				
Owners of the Parent	40,117	25,406		
Non-Controlling Interest (Minorities)	(718)	43		
	<b>39,399</b>	<b>25,449</b>		
<b>DIVIDENDS PAID</b>				
Interim	5,001	2,498	5,001	2,498
Final (for prior year)	10,501	5,865	10,501	5,865
<b>Total</b>	<b>15,502</b>	<b>8,363</b>	<b>15,502</b>	<b>8,363</b>
Earnings per share (Kwacha)	74.79	47.98		
Dividend per share (Kwacha)	33.19	17.91		
Number of ordinary shares in issue (millions)	467	467		
<b>SUMMARY STATEMENTS OF FINANCIAL POSITION</b>				
<b>LIABILITIES &amp; EQUITY</b>				
Customer deposits	558,245	403,703	456,412	367,721
Current income tax liabilities	4,901	4,306	4,789	4,212
Other liabilities	75,099	29,895	70,730	29,100
Lease liability	7,900	3,158	2,603	3,158
Loans and borrowings	10,596	13,713	10,596	13,713
Equity attributable to equity holders of the parent company	142,958	117,805	140,376	115,464
Minority interest	3,211	113	0	0
<b>Total liabilities and equity</b>	<b>802,910</b>	<b>572,693</b>	<b>685,506</b>	<b>533,368</b>
<b>ASSETS</b>				
Cash and funds with Central Banks	35,768	26,267	26,054	26,267
Treasury Bills, Bonds and Treasury Notes	298,916	180,435	271,254	172,274
Promissory Notes	12,126	5,196	12,126	5,196
Equity investments	5,357	4,744	5,357	4,744
Investment in associate	1,558	1,339	992	992
Investment in subsidiaries	0	0	12,029	6,444
Placements with other banks	31,367	44,231	31,367	44,231
Loans and advances to customers	240,884	200,170	210,320	199,161
Other money market investments	95,681	37,752	49,583	7,099
Other assets	9,554	12,439	7,506	11,065
Income Tax Receivable	839	0	0	0
Property and equipment	40,047	35,053	39,557	34,978
Intangible assets	9,424	10,047	9,143	9,945
Right of use assets	6,293	2,355	1,570	2,355
Deferred tax	11,137	8,706	8,648	8,617
Goodwill	3,959	3,959	0	0
<b>Total assets</b>	<b>802,910</b>	<b>572,693</b>	<b>685,506</b>	<b>533,368</b>
<b>Memorandum items</b>				
Contingent liabilities: Letters of credit and guarantees	35,548	33,639	35,548	33,639
<b>SUMMARY STATEMENTS OF CHANGES IN EQUITY</b>				
<b>As at beginning of the year</b>	<b>117,918</b>	<b>100,860</b>	<b>115,464</b>	<b>98,469</b>
Total comprehensive income for the year	39,399	25,449	40,414	25,358
Transferred of minority interest on acquisition of Akiba Commercial Bank	3,832	0	0	0
Translation differences	538			
Dividends paid	(15,518)	(8,391)	(15,502)	(8,363)
<b>As at end of the year</b>	<b>146,169</b>	<b>117,918</b>	<b>140,376</b>	<b>115,464</b>
<b>SUMMARY STATEMENTS OF CASH FLOWS</b>				
<b>Cash flows from operating activities</b>				
Profit before tax	50,588	32,808	51,127	32,433
Adjustments for:				
Depreciation of property and equipment	2,929	2,403	2,661	2,377
Amortisation of intangible assets	1,326	1,134	1,256	1,122
Amortisation of right of use of assets	1,314	785	785	785
Interest on lease liability	1,078	615	526	615
Net gains on financial instruments classified as held for trading	(606)	(286)	(606)	(286)
Gains on disposal of financial instruments classified as held for trading	(119)	(57)	(119)	(57)
Profit/(loss) on disposal of property and equipment	32	(18)	40	(20)
Dividends received	(175)	(33)	(553)	(471)
Share of loss (profits) of associate	(313)	85	0	0
Net fair value loss/(gain) on revaluation of properties	(105)	89	(105)	89
Net losses on modified and restructured loans	461	20	461	20
Movement in allowance for impairment on financial assets	5,686	3,153	4,497	3,153
<b>Operating cashflows before working capital movements</b>	<b>62,096</b>	<b>40,698</b>	<b>59,970</b>	<b>39,752</b>
Increase in operating assets	(21,390)	(16,480)	(18,133)	(14,835)
Increase in operating liabilities	117,773	86,789	93,368	70,694
<b>Net cash flow from operating activities</b>	<b>158,479</b>	<b>111,007</b>	<b>135,205</b>	<b>95,611</b>
Tax paid	(15,070)	(9,643)	(14,621)	(9,260)
<b>Net cash from operating activities</b>	<b>143,409</b>	<b>101,364</b>	<b>120,584</b>	<b>86,351</b>
<b>Net cash used in investing activities</b>	<b>(107,379)</b>	<b>(62,166)</b>	<b>(108,430)</b>	<b>(63,335)</b>
<b>Net cash outflow from financing activities</b>	<b>(20,584)</b>	<b>(12,021)</b>	<b>(19,700)</b>	<b>(11,993)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>15,446</b>	<b>27,177</b>	<b>(7,546)</b>	<b>11,023</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>95,693</b>	<b>68,516</b>	<b>65,040</b>	<b>54,017</b>
<b>Cash and cash equivalents at end of the year</b>	<b>111,139</b>	<b>95,693</b>	<b>57,494</b>	<b>65,040</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 Listing Requirements. The Directors have considered the requirements of the Financial Services Act, 2010 and the Malawi Stock Exchange Listing Requirements 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 31 March 2022, 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 2021			31st December 2020		
	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	34,311	1,977	451	39,107	1,221	699
Manufacturing	21,950	1,835	191	23,397	2,580	427
Mining and Quarrying	1,112	21	35	55	-	1
Construction and Engineering	4,211	252	164	2,243	272	95
Energy/Electricity, Gas, Air conditioning, Water supply & Waste management	10,692	7,551	1412	20,468	4,193	1217
Transport/Storage	2,613	522	204	7,740	518	228
Communication	13,377	66	301	1,521	304	137
Financial/Insurance/Professional/Scientific & Technical services	8,473	2,340	251	4,432	103	67
Wholesale/Retail	59,671	6,565	2911	47,658	13,057	5235
Individual/Households	55,963	2,197	1847	44,572	1,375	1678
Real Estate	7,403	154	46	6,782	-	19
Tourism	20,577	1,345	170	7,407	751	228
Other	9,228	1,261	714	5,007	218	188
<b>TOTAL</b>	<b>249,581</b>	<b>26,086</b>	<b>8,697</b>	<b>210,389</b>	<b>24,592</b>	<b>10,219</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 2021		31st December 2020	
	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 2021	31st December 2020
	K'm	K'm
<b>DIRECTORS:</b>		
Balance at beginning of year	406	576
Loans granted during the year	179	76
Repayments	(156)	(246)
<b>Balance at end of year</b>	<b>429</b>	<b>406</b>
<b>OTHER RELATED PARTIES:</b>		
Balance at beginning of year	7,811	7,827
Loans granted during the year	6,888	3,083
Repayments	(7,145)	(3,099)
<b>Balance at end of year</b>	<b>7,554</b>	<b>7,811</b>
<b>SENIOR MANAGEMENT OFFICIALS:</b>		
Balance at beginning of year	887	878
Loans granted during the year	377	158
Repayments	(114)	(149)
<b>Balance at end of year</b>	<b>1,150</b>	<b>887</b>
Total related party lending	9,133	9,104
Total related party lending as a percentage of core capital	9%	11%

### DIRECTORS REMUNERATION, BONUSES AND MANAGEMENT FEES

	2021 K'm	2020 K'm
Directors Remuneration	1,233	1,034
Total Bonuses Paid by the Group	3,715	2,965
Management Fees	Nil	Nil

### DEPOSIT RATES

Type of Deposit	31st December 2021	31st December 2020
	Rate %	Rate %
<b>Malawi Kwacha facilities</b>		
Base Lending Rate	12.20%	12.3%
Lending Rate Spread	+1.1% to +11%	+2% to +11%
Foreign Currency facilities	7.5% to 10%	7.00% to 11.00%
<b>Malawi Kwacha</b>		
Current Account	0.00	0.00
Savings	2.00	2.00
Special savings	1.00	1.00
Savings Bond	4.00	4.00
Student Save	2.00	2.00
Fiesta Save	5.00	5.00
7 Day Call	2.50	2.50
30 Day Call	2.25	2.25
2 Months	4.25	4.25
3 Months	4.00	4.00
6 Months	3.00	3.00
9 Months	Negotiable	Negotiable
12 Months	Negotiable	Negotiable
<b>Foreign Currency Denominated Accounts (FCDA's)</b>		
USD	0.50	0.50
GBP	0.50	1.75
ZAR	1.50	4.00
EUR	0.25	0.50

The Board is pleased to announce the audited financial results of the Group for the year ended 31 December 2021.

### Performance

The Group registered a strong performance. It posted a profit after tax of K22.45b representing a 52% increase from K22.45b reported in 2020. Net interest and investment income grew by 44%. These results were driven by volume increases in fixed income securities, made possible by growth in customer deposits. In addition, there was an increase in transaction volumes that resulted in a significant growth in non-interest income of 49%. Overall net revenue grew by 45%. Operating expenses and impairment losses increased by 41% and 2% respectively.

Customer deposits increased by 38% year on year while the loan book grew by 20% (2020: 6%). Investment in Fixed Income securities grew by 66% (2020:35%).

The results have incorporated a full year performance for the recently acquired subsidiary, Akiba Commercial Bank plc in Tanzania.

### The Operating Environment

The Malawi economy continued to recover from the slowdown in real GDP growth experienced in 2020. In 2021, the economy grew by 3.9% up from 0.8% recorded in the previous year. The rebound was driven by enhanced economic activities following the rise in the uptake of COVID-19 vaccinations worldwide that improved business confidence.

The annual average headline inflation was 9.3% in 2021 up from 8.6% recorded the previous year. Food inflation was the main driver of inflation in the country. There was also an increase in non-food inflation mainly on account of the increase in global oil prices and persistent disruptions to global supply chains.

The Malawi Kwacha depreciated against all major currencies during the year. This was exacerbated by low foreign exchange reserves at a time when there was a general increase in global commodity prices driven by a sharp recovery in demand as economies bounced back from the impact of the COVID-19 pandemic.

The Reserve Bank of Malawi maintained Liquidity Reserve Requirement at 3.75%.

### Dividend

The Bank paid a first interim dividend of K5b in September 2021 (2020: K2.5b) and a second interim dividend amounting to K7b on 31 March 2022 (2021: K5.5b). The directors recommend a final dividend of K11.0b (2021: K8b) making a total dividend of K23.0b in respect of 2021 profits representing K49.26 per ordinary share (2021: K27.84 per share). The final dividend will be payable after approval by the Annual General Meeting scheduled for June 2022.

### Outlook

As reported in the National Budget Statement, the economy is expected to grow by 4.1% in 2022. The growth will be supported by an increase in economic activities in mining and quarrying, manufacturing, and construction. However, some downside risks, such as the uncertainty regarding the evolution of the COVID-19 pandemic, the effects of climate change and the war in Ukraine could jeopardize growth prospects and exert pressure on inflation.

As at end of the year, the Bank had a 60.48% controlling stake in Akiba Commercial Bank plc in Tanzania. Negotiations are still ongoing to acquire a further stake to reach 75%.

Looking ahead the Board envisages a challenging operating environment emanating from pressures on inflation, foreign exchange supply, and developments in the other parts of the world. In spite of this, the Group has built-in flexibility, resources, and agility necessary to continue on a growth path.

BY ORDER OF THE BOARD

M.M. Kawawa  
Chief Executive Officer

M.N. Katsala  
Chief Financial Officer

J. Nsomba  
Director

D. Ngwira  
Director

31 March 2022  
Registered Office:  
7 Henderson Street,  
BLANTYRE

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

To the members of National Bank of Malawi plc

### Opinion

The summary consolidated and separate financial statements, which comprise the summary statements of financial position as at 31 December 2021, the summary statements of profit or loss and other comprehensive incomes, summary statements of changes in equity, 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 2021.

In our opinion, the accompanying summary consolidated and separate financial statements are consistent in all material respects, with the consolidated and separate financial statements, and the basis described on the basis of preparation paragraph.

### Summary Consolidated and Separate Financial Statements

The summary