

	CONSOLIDATED AND SEPARATE AUDITED 12 months to 31-Dec-21 MK'000	CONSOLIDATED AND SEPARATE AUDITED 12 months to 31-Dec-20 MK'000 Restated		
• STATEMENTS OF COMPREHENSIVE INCOME				
Interest income	49,512,300	36,570,829		
Interest expense	(18,717,974)	(9,986,860)		
Net interest income	30,794,326	26,583,969		
Fees and commission income	9,246,062	7,049,631		
Fees and commission expense*	(2,464,700)	(1,818,619)		
Net fees and commission income	6,781,362	5,231,012		
Profit on foreign exchange transactions	4,437,545	3,521,536		
Total operating Income	42,013,233	35,336,517		
Depreciation	(3,796,425)	(3,051,608)		
Operating expenses	(23,534,018)	(20,327,613)		
Profit before impairment losses	14,682,790	11,957,296		
Impairment provisions	(3,193,103)	(1,982,578)		
Profit before tax	11,489,687	9,974,718		
Income tax expenses	(3,797,314)	(2,924,967)		
Profit for the year	7,692,373	7,049,751		
Earnings per share (tambala)	2.64	2.42		
Weighted average ordinary shares in issue (million)	2,911	2,911		
• STATEMENT OF OTHER COMPREHENSIVE INCOME				
Profit for the year	7,692,373	7,049,751		
Items that may be reclassified subsequently to profit or loss				
Net fair value adjustments on Malawi Government treasury notes	76,916	(136,567)		
Total comprehensive income for the year	7,769,289	6,913,184		
* Fee and commission expenses have been restated from operating expenses.				
	CONSOLIDATED AUDITED 31-Dec-21 MK'000	CONSOLIDATED AUDITED 31-Dec-20 MK'000	SEPARATE AUDITED 31-Dec-21 MK'000	SEPARATE AUDITED 31-Dec-20 MK'000
• STATEMENT OF FINANCIAL POSITION				
LIABILITIES AND EQUITY				
Liabilities				
Deposits from customers	224,857,719	153,861,153	224,857,719	153,861,153
Long term borrowings	7,743,933	6,808,021	7,743,933	6,808,021
Lease liabilities	4,252,465	3,479,034	4,252,465	3,479,034
Deferred tax liability	1,092,470	674,828	1,062,135	644,493
Tax payable	526,928	258,510	526,928	258,510
Other borrowings	96,652,013	29,741,645	96,652,013	29,741,645
Other liabilities	5,054,434	4,342,189	4,979,126	4,266,881
Total liabilities	340,179,962	199,165,380	340,074,319	199,059,737
Equity				
Share capital	1,455,291	1,455,291	1,455,291	1,455,291
Share premium	12,104,183	12,104,183	12,104,183	12,104,183
Accumulated losses	9,652,147	5,343,482	9,681,538	5,372,873
Other comprehensive loss reserve	(59,651)	(136,567)	(59,651)	(136,567)
Other reserves	-	400,036	-	400,036
	23,151,970	19,166,425	23,181,361	19,195,816
Total liabilities & equity	363,331,932	218,331,805	363,255,680	218,255,553
ASSETS				
Cash and cash equivalents	34,955,484	24,091,941	34,955,484	24,091,941
Other receivables	11,434,186	5,385,818	11,403,445	5,355,077
Money market investments	193,131,047	104,694,819	193,131,047	104,694,819
Equity investments	49,700	49,700	49,700	49,700
Placements with other banks	28,454,738	11,818,330	28,454,738	11,818,330
Loans and advances	82,182,625	59,034,722	82,182,625	59,034,722
Right-of-use assets	2,929,788	2,646,558	2,929,788	2,646,558
Intangible assets	4,010,413	4,013,802	4,010,413	4,013,802
Property, plant and equipment	6,183,951	6,596,115	6,138,440	6,550,604
Total assets	363,331,932	218,331,805	363,255,680	218,255,553
• STATEMENT OF CHANGES IN EQUITY				
As at the beginning of the year	19,166,425	14,581,699	19,195,816	14,611,090
Profit for the year	7,692,373	7,049,751	7,692,373	7,049,751
Other comprehensive income	76,916	(136,567)	76,916	(136,567)
Dividend declared and paid	(3,783,744)	(2,328,458)	(3,783,744)	(2,328,458)
As at the end of year	23,151,970	19,166,425	23,181,361	19,195,816

	CONSOLIDATED AUDITED 31-Dec-21 MK'000	CONSOLIDATED AUDITED 31-Dec-20 MK'000
STATEMENT OF CASH FLOWS		
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit before income tax expense	11,489,687	9,974,718
Adjustments for non-cash items included within the income statement	6,897,752	4,742,968
Increase in interest earning assets	(134,202,451)	(48,996,168)
Increase in deposits and other liabilities	138,064,929	52,413,115
Interest paid	18,717,974	9,986,860
Interest received	(49,512,300)	(36,570,829)
Income tax paid	(3,144,218)	(330,188)
Net cash used in operating activities	(11,688,627)	(8,779,524)
INVESTING ACTIVITIES		
Net finance income	27,775,331	25,945,454
Acquisition of property and equipment	(2,956,799)	(3,773,524)
Proceeds from disposal of property and equipment	509,959	109,626
Net cash from/(used) in investing activities	25,328,491	22,281,556
FINANCING ACTIVITIES		
Net proceeds from loans and borrowings	935,912	(1,055,224)
Dividends declared and paid	(3,783,744)	(2,328,458)
Repayment of lease liabilities	(352,055)	(422,425)
Net cash generated from financing activities	(3,199,887)	(3,806,107)
Net movement in cash and cash equivalents	10,439,977	9,695,925
Cash and cash equivalents at beginning of the year	24,091,941	14,009,240
Effects of exchange rate changes	423,566	386,776
Cash and cash equivalents at end of the year	34,955,484	24,091,941

REGULATORY DISCLOSURES						
1. IMPAIRMENT LOSSES /NON PERFORMING CREDIT FACILITIES AND EXPECTED CREDIT LOSSES BY INDUSTRY SECTOR						
	Outstanding Amount	31-Dec-21 Impaired Amount	Expected credit loss (stage 3)	Outstanding Amount	31-Dec-20 Impaired Amount	Expected credit loss (stage 3)
Sector	MK'm	MK'm	MK'm	MK'm	MK'm	MK'm
Agriculture	20,242	551	200	3,675	213	39
Mining	88	2	1	674	20	7
Manufacturing	6,802	60	67	5,513	578	59
Electricity	9,153	14	90	12,891	10	138
Construction	2,185	178	22	2,789	160	30
Wholesale & Retail	10,142	1,018	100	15,363	558	165
Restaurants & Hotels	677	12	7	1,497	347	16
Transport	1,460	11	14	1,423	189	15
Financial Services	8,728	232	86	4,307	295	46
Community	25,337	187	249	11,443	353	123
Real Estate	358	218	4	642	11	7
Other	-	-	-	961	347	11
Total	85,172	2,483	840	61,178	3,081	656

2. CREDIT CONCENTRATION				
Total credit facilities including guarantees, acceptances and other similar commitments extended by the bank to any one customer or group of related customers where amounts exceeded 25% of core capital.				
SECTOR OF BORROWER				
	31-Dec-21 MK'm	31-Dec-21 % of Core Capital	31-Dec-20 MK'm	31-Dec-20 % of Core Capital
Agriculture	16,961	73%	-	0%
Mining	-	0%	-	0%
Manufacturing	-	0%	-	0%
Electricity, gas, water and energy	8,839	38%	11,595	61%
Construction	-	0%	-	0%
Wholesale and retail	-	0%	-	0%
Restaurants and hotels	-	0%	-	0%
Transport, storage and communications	-	0%	-	0%
Financial services	-	0%	-	0%
Community	-	0%	-	0%
Real estate	-	0%	-	0%
Other	-	0%	-	0%

3. LOANS TO DIRECTORS, SENIOR MANAGEMENT AND OTHER RELATED PARTIES

Directors	31-Dec-21 MK'm	31-Dec-20 MK'm
Balance at the beginning of the period	70	21
Loans granted during the period	19	52
Repayments	(7)	(3)
Balance at end the of period	82	70
Senior management officials	44,561 MK'm	44,196 MK'm
Balance at the beginning of the period	456	423
Loans granted during the period	328	205
Repayments	(187)	(172)
Balance at end the of period	597	456
Total related party lending as a % of Capital	0.0%	0.00%

INVESTMENTS IN SUBSIDIARIES

Name of subsidiary	Number of shares 31-Dec-21	Percentage Holding 31-Dec-21	Number of shares 31-Dec-20	Percentage Holding 31-Dec-20
NBS Forex Bureau	7,000,000	100%	7,000,000	100%

LENDING RATES

Malawi Kwacha facilities	31-Dec-21	31-Dec-20
Reference rate	12.2%	12.3%
Lending rate spread	0% to 10%	0% to 10%
Foreign currency facilities	8% to 10%	8% to 10%

DIRECTORS' REMUNERATION BONUSES AND MANAGEMENT FEES

	31-Dec-21 MK'm	31-Dec-20 MK'm
Directors' remuneration	23	24
Total bonuses payable to staff	1,277	1,114
Management fees to related party	36	102
	MK' million	MK' million
Capital expenditure	2,461	3,774
Capital commitments	5,160	4,904
Contingent liabilities	20,360	3,061

DEPOSIT RATES

Type of Deposit	31-Dec-21 Rate %	31-Dec-20 Rate %
Malawi Kwacha		
Current account	0.10	0.50
Savings	1.55	1.55
7 Day Notice	4.00	3.73
30 Day Notice	4.50	5.00
2 Months	5.50	6.00
3 Months	5.00	7.00
6 Months	Negotiable	7.00
9 Months	Negotiable	Negotiable
12 Months	Negotiable	Negotiable
Foreign Currency Denominated Accounts(FCDAs)		
USD	4.00	2.00
GBP	2.25	2.25
ZAR	3.00	3.00
EUR	1.50	1.50

FINANCIAL REVIEW

Financial Performance

The Bank registered good operational and financial performance in 2021, reporting a 9% growth in profit after tax to K7.692 billion compared to K7.050 billion reported in prior year. This was achieved against a back-drop of Covid-19 pandemic and resultant challenging economic environment.

The Bank's balance sheet growth remains a source of institutional strength. The Bank grew its balance sheet size by MK145 billion from MK218 billion to MK363 billion. The total capital adequacy ratio was 18.97%, comfortably above the regulatory requirements. The Bank's net interest income grew by 16% against prior year performance. Non-interest income which is made up of transaction fees and forex trading income increased by 28% from prior year. During the year, the quality of credit improved, and the non-performing ratio closed at 2.9%.

Operating expenses went up by 17% year on year impacted by an upgrade of the infrastructure supporting the core banking system, COVID 19 preventative safety measures for our staff and customers and other investments made towards staff capacity building. The Cost to income ratio dropped by 100 basis points year on year from 66% to 65% in 2021 which is within our medium-term objective as we continue to improve on efficiencies and productivity.

Operating Environment and Achievements

The COVID-19 pandemic continued to have a significant impact on the country as firms and policymakers remain concerned about a range of risks that could present a threat to financial stability and, ultimately, economic recovery. Digital transformation is at the core of the Bank's five-year strategy, powering enhancements to Consumer and Corporate Banking platforms, greater customer engagement and operational efficiencies.

**Operating Environment and Achievements** (continued)

To reinforce its drive towards financial inclusion, the Bank through its Agency Banking arm Bank Pafupi, and its ongoing partnership with Financial Access for Rural Markets, Smallholders and Enterprises (FARMSE) prioritised a plan to increase visibility of the channel and educate local communities about the value of banking formally. To this end, the Bank rapidly expanded its agency banking footprint from 852 agents in 2020 to 1441 agents by December 2021.

**Strategy**


2021 was the final year in the Bank's transformation journey set out in the 5-year strategic plan which has been successfully executed. The Bank will continue to provide customers with banking services in new and innovative ways, embrace technology as a means of making banking simpler, more transparent, and more secure. The Bank's strategic intent remains customer centric.

**Outlook**


The International Monetary Fund (IMF) has slashed Malawi's gross domestic product (GDP) projection by 0.8 percentage points, from the 3.5 percent projected in December last year to 2.7 percent. Headline inflation is expected to increase with heightened pressures emanating from food and non-food inflation as fuel pump prices, fertilizers, utilities, and food prices rise. The Malawi kwacha has weakened against its major trading currencies, a situation which is projected to continue into 2022 as uncertainty grows amidst the war between Ukraine and Russia whose effects will be felt at a global scale. The Bank will continue managing around the challenges in the operating environment.

**Dividend**


The Board of Directors has recommended the payment of a dividend for the year ended 31 December 2021 amounting to K 3.93 billion representing 135 tambala per share (2020: K 3.35 billion representing 115 tambala). Interim dividend paid for 2021 was K1.746 billion representing 60 tambala per share (2020: K1.310 billion representing 45 tambala). A final dividend of K2.18 billion representing 75 tambala per share (2020: K2.04 billion representing 70 tambala per share) will be paid upon approval at the Annual General Meeting.




**V. Kumwenda**  
Chairman



**M. Mtumbuka**  
Chairman- Finance & Audit Committee



**K. Ngwenya**  
Chief Executive Officer



**V. Zulu**  
Chief Finance Officer

**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, 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 13 April 2022, and is available on the company's website, [www.nbs.mw](http://www.nbs.mw).

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**INDEPENDENT AUDITOR'S REPORT ON SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**To the shareholders of NBS Bank plc**

**Opinion**

The summary consolidated and separate financial statements of NBS Bank Plc and its subsidiary, which comprise the summary consolidated and separate statements of financial position as at 31 December 2021, the summary consolidated and separate statements of comprehensive income, summary consolidated and separate statements of changes in equity and summary consolidated and separate statements of cash flows for the year then ended and related notes, are derived from the audited consolidated and separate financial statements of NBS Bank plc and its subsidiary for the year ended 31 December 2021.

In our opinion, the accompanying summary consolidated, and separate financial statements are a fair summary of the audited consolidated and separate financial statements, and on the basis described on the basis of preparation paragraph.

**Summary Consolidated and Separate Financial Statements**

The summary consolidated, and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards. 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 of NBS Bank Plc 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 .....April 2022. 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.

**Director's Responsibility for the Summary Consolidated and Separate Financial Statements**

The directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with the 'basis described on the basis for preparation' paragraph.

**Auditor's Responsibility**

Our responsibility is to express an opinion on whether the summary consolidated, and separate financial statements are a fair summary of the audited consolidated and separate financial statements, which were conducted in accordance with International Standard on Auditing ISA 810 (Revised), *Engagements to Report on Summary Financial Statements*.



Chartered Accountants  
 Madalo Mwenelupembe  
 Partner  
 .....April 2022