



KEY PERFORMANCE HIGHLIGHTS



Profit After Tax
K71.96b



56.62%



Customer Deposits
K969.41b



20%



Net Interest & Investment Income
K131.45b



33%



Loan Book
K405.86b



31%



Net Revenue
K215.76b



50%



Corporate Tax
K48.17b

105.7%

SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Interest income and similar income

Interest expense

Net interest income

Other income

Net income

Operating expenses

Profit before impairment losses on financial assets

Net impairment losses on financial assets

Profit before taxation

Taxation

Profit after tax

Other Comprehensive Income

Gains on property valuations

Deferred tax on revalued assets

Other Comprehensive Income net of tax

Total Comprehensive Income for the year

Profit attributable to shareholders

Owners of the Parent

Non-Controlling Interest (Minorities)

Comprehensive income attributable to shareholders

Owners of the Parent

Non-Controlling Interest (Minorities)

DIVIDENDS PAID

Interim

Final (for prior year)

Total

Earnings per share (Kwacha)

Dividend per share (Kwacha)

Number of ordinary shares in issue (millions)

SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

LIABILITIES & EQUITY

Customer deposits

Current income tax liabilities

Other liabilities

Loans and borrowings

Lease liability

Deferred tax

Equity attributable to equity holders of the parent company

Minority interest

Total liabilities and equity

ASSETS

Cash and funds with Central Banks

Placements with other banks

Other money market investments

Other assets

Income Tax Receivable

Equity investments

Government of Malawi Promissory Notes

Government Securities

Loans and advances to customers

Investment in associate

Investment in subsidiaries

Property and equipment

Intangible assets

Right of use assets

Deferred tax

Goodwill

Total assets

Memorandum items

Contingent liabilities: Letters of credit and guarantees

SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

As at beginning of period

Total comprehensive income for the year

Translation differences

Dividends paid

As at end of period

SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

Cash flows from operating activities

Profit before tax

Adjustments for:

Depreciation of property and equipment

Amortisation of intangible assets

Amortisation of right of use of assets

Interest on lease liability

Interest payable on loans

Net gains on financial instruments classified as held for trading

Gains on disposal of financial instruments classified as held for trading

Profit(loss) on disposal of property and equipment

Dividends received

Share of loss (profits) of associate

Net fair value loss(gain) on revaluation of properties

Net (gains) losses on modified and restructured loans

Movement in allowance for impairment on financial assets

Operating cashflows before working capital movements

Movement in operating assets

Movement in investments

Movement in liabilities to other banks

Movement in operating liabilities

Net cash flow from operating activities

Tax paid

Net cash from operating activities

Net cash used in investing activities

Net cash outflow used in financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at beginning of the year

Cash and cash equivalents at end of the year

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, summary statement of comprehensive income, summary statement of changes in equity and summary statement of 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 28 February 2024, 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 2023			31st December 2022		
	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	60,679	4,381	690	36,740	2,926	693
Manufacturing	41,407	595	130	28,412	1,190	184
Mining and Quarrying	2,530	2,243	667	2,193	1	1
Construction and Engineering	7,115	1,756	486	5,227	889	346
Energy/Electricity, Gas, Air conditioning, Water supply & Waste management	19,012	1,205	173	18,834	375	123
Transport/Storage	11,701	3,628	361	14,601	935	477
Communication	14,399	118	34	8,204	26	658
Financial/Insurance/Professional/Scientific & Technical services	13,539	3,551	2441	9,367	703	488
Wholesale/Retail	69,945	4,861	1564	65,821	9,835	3629
Individual/Households	106,825	2,313	1022	81,037	1,760	1241
Real Estate	6,973	167	3	7,016	5,323	29
Tourism	40,699	23,096	54	30,286	15,185	168
Other	19,140	1,945	479	11,903	4,059	1165
TOTAL	413,964	49,858	8,104	319,641	43,207	9,202

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 2023		31st December 2022	
	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 2023	31st December 2022
	K'm	K'm

DIRECTORS:

Balance at beginning of year	173	429
Loans granted during the year	193	123
Repayments	(61)	(379)
Balance at end of year	305	173

OTHER RELATED PARTIES:

Balance at beginning of year	12,861	7,554
Loans granted during the year	4,971	7,877
Repayments	(38)	(2,570)
Balance at end of year	17,794	12,861

SENIOR MANAGEMENT OFFICIALS:

Balance at beginning of year	1,098	1,150
Loans granted during the year	140	311
Repayments	(338)	(363)
Balance at end of year	900	1,098

Total related party lending	18,999	14,132
Total related party lending as a percentage of core capital	12%	11%

INVESTMENTS IN SUBSIDIARIES

Name of Subsidiary	Percentage Holding	
	31st December 2023	31st December 2022
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	60.48%	60.48%
Stockbrokers Malawi Limited	75%	75%

The Board is pleased to announce the audited financial results of the National Bank Group for the year ended 31 December 2023.

PERFORMANCE

The Group registered a profit after tax of K71.96b representing a 56.62% increase from K45.9b reported in 2022. These results were largely driven by growth in customer deposits which resulted in increases in the loan book and fixed income securities. Consequently, Net interest and investment income grew by 33%. In addition, there was 86% increase in Other Income mainly arising from growth in foreign exchange commissions by (99%) from K12.8b to K25.5b. Overall net revenue grew by 50%. Operating expenses increased by 25%, within the average inflation for the year. On the other hand, net impairment losses continue to increase reflecting the realities of the tough operating environment.

Customer deposits increased by 20% (2022: 45%) year on year while the Bank's loan book grew by 31% (2022: 29%). Investment in Fixed Income securities grew by 10% (2022:16%).

All the subsidiaries of the Bank posted profits that contributed positively to the Group performance except for Akiba Commercial Bank (ACB) in Tanzania and an associate company, United General Insurance which posted losses. Positive trends continue to be registered in the two entities where the results improved significantly from the previous period. Consequently, the losses registered for Akiba Commercial Bank amounting to K0.98b and UGI amounting to K0.05b were much lower than those of the prior period which were K4.07b and K1.36b respectively.

THE OPERATING ENVIRONMENT

The Malawi economy grew by 1.5% in 2023 (2022: 11%). The growth in 2023 was adversely affected by the prevailing high inflation as well as continued foreign exchange supply challenges.

The average headline inflation accelerated from 26.1% in the first quarter to 31.5% in the last quarter. Similarly, interest rates were on the rise, with the Policy rate being raised from 18% in the first quarter to 24% in the second quarter of the year.

The Malawi kwacha devalued by 63% between January 2023 and December 2023. Despite the devaluation, foreign exchange supply challenges persisted. Generally, the operating environment was very challenging.

Weather shocks and geo-political landscape also affected the operating environment.

DIVIDEND

The Bank paid a first interim dividend of K11b in September 2023 (2022: K8b) and a second interim dividend amounting to K14b to be paid in April 2024 (2023: K10b). The directors recommend a final dividend of K23b (2023: K15b) making a total dividend of K48.0b in respect of 2023 profits representing K102.80 per ordinary share (2022: K70.67 per share). The final dividend will be payable after approval by the Annual General Meeting scheduled for June 2024.

OUTLOOK

The economy is expected to grow by 3.2% in 2024 from 1.5% in 2023, supported by an increase in public investment and recovery in mining and quarrying, manufacturing, information and communication, financial and insurance activities, and education sectors. The resumption of the IMF-supported ECF program is expected to unlock foreign exchange inflows going into 2024, which will in turn support importation of raw materials and promote economic activity. The positive outlook is, however, clouded by El Niño-induced weather conditions, and a highly uncertain global economic and geopolitical environment. Inflation is likely to remain elevated in 2024.

The Board envisages a continuing challenging operating environment due to the factors enumerated above. This notwithstanding, the Bank is expected to sustain its enviable performance through its ability to leverage on its core strengths, address challenges and exploit opportunities in the market.

BY ORDER OF THE BOARD

M.M. Kawawa
Chief Executive Officer

J. K. Lupa
Chairman

28 February 2024
Registered Office:
7 Henderson Street,
BLANTYRE

M.N. Katsala
Chief Financial Officer

D. Ngwira
Director

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

The summary consolidated and separate financial statements, which comprise the summary statements of financial position as at 31 December 2023, 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 2023.

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 International Financial Reporting Standards and in compliance with the Companies Act, 2013.

SUMMARY FINANCIAL STATEMENTS

The summary consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting 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 FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 22 March 2024. 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 FINANCIAL STATEMENTS

Directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with International Financial Reporting Standards 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

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*.

Chartered Accountants (Malawi)
Chiwemi Chihana
Registered Practicing Accountant
25 March 2024