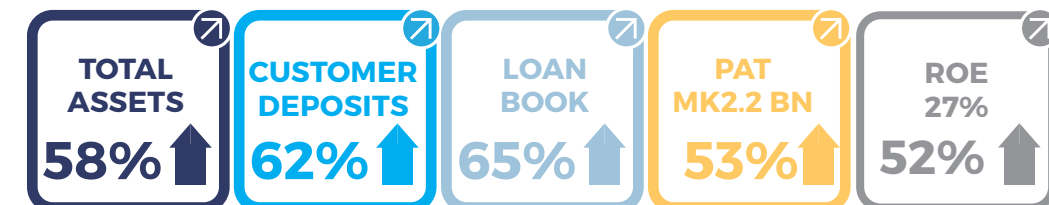


SUMMARY OF AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31st DECEMBER 2020

KEY HIGHLIGHTS



STATEMENTS OF COMPREHENSIVE INCOME

In thousands of Kwacha

	GROUP		BANK	
	Year ended 31 December 2020	Year ended 31 December 2019 Restated	Year ended 31 December 2020	Year ended 31 December 2019 Restated
INCOME				
Interest and similar income	16,593,065	13,151,239	16,593,178	13,149,728
Interest expense and similar charges	(8,750,730)	(6,615,675)	(8,749,743)	(6,615,675)
Net interest income	7,842,335	6,535,564	7,843,435	6,534,053
Fee and commission income	4,565,044	1,871,205	4,565,044	1,871,205
Fee and commission expense	(933,693)	(1,013,001)	(933,693)	(1,013,001)
Net fee and commission income	3,631,351	858,204	3,631,351	858,204
Net (loss)/gains on derecognition of financial assets	(21,331)	2,517,522	(21,331)	2,517,522
Profit from dealing in foreign currencies	1,622,970	103,715	1,311,174	82,406
Gain on bargain purchase	2,459,206	-	2,459,206	-
Total income	15,534,531	10,015,005	15,223,835	9,992,185
EXPENDITURE				
Staff costs	(6,617,847)	(3,223,890)	(6,359,123)	(3,211,898)
Other operating expenditure	(5,700,050)	(3,608,237)	(5,681,851)	(3,611,512)
Depreciation and Amortisation	(1,723,894)	(923,861)	(1,712,716)	(923,612)
Total expenditure	(14,041,791)	(7,755,988)	(13,753,690)	(7,747,022)
Profit before recoveries and impairment losses	1,492,740	2,259,017	1,470,145	2,245,163
Impairment credit/(losses) on loans to customers	255,664	(345,130)	255,664	(345,130)
Profit before tax	1,748,404	1,913,887	1,725,809	1,900,033
Tax credit/(expense)	494,905	(445,167)	501,135	(441,971)
Profit for the year	2,243,309	1,468,720	2,226,944	1,458,062
OTHER COMPREHENSIVE INCOME				
Items that may not be reclassified to profit or loss				
Items that may not be reclassified to profit or loss				
Total comprehensive income for the year net of tax	2,243,309	1,468,720	2,226,944	1,458,062
Attributable to:				
Equity owners of the parent entity	2,243,309	1,468,720	2,226,944	1,458,062
Earnings per share (K)	412	270	409	268

STATEMENTS OF FINANCIAL POSITION

In thousands of Kwacha

	GROUP		BANK	
	Year ended 31 December 2020	Year ended 31 December 2019 Restated	Year ended 31 December 2020	Year ended 31 December 2019 Restated
ASSETS				
Cash and funds with Reserve Bank of Malawi	4,038,113	1,503,374	3,528,315	1,264,497
Government of Malawi treasury bills and notes	43,019,986	34,524,192	43,019,986	34,524,192
Placements with other banks	10,651,088	1,292,513	10,651,088	1,292,513
Loans and advances	43,246,136	26,213,601	43,246,136	26,213,601
Other assets	5,155,557	3,947,606	5,507,451	4,037,352
Investment in subsidiary	-	-	207,800	207,800
Tax receivable	229,677	147,021	229,677	147,021
Plant and equipment	2,362,170	1,602,743	2,334,688	1,591,814
Intangible assets	2,217,786	1,276,285	2,207,882	1,271,559
Right of use asset	1,945,694	739,728	1,952,615	739,728
Deferred tax asset	1,264,035	769,130	1,259,393	758,258
Total assets	114,130,242	72,016,193	114,145,031	72,048,335
LIABILITIES AND EQUITY				
LIABILITIES				
Customer deposits	79,193,555	48,993,323	79,193,555	48,993,323
Other liabilities	1,285,799	624,070	1,285,799	624,070
Lease liability	1,742,820	769,362	1,741,833	769,362
Medium term bond note	15,866,001	12,192,788	15,866,001	12,192,788
External borrowings	6,594,502	2,148,278	6,594,502	2,148,278
Total liabilities	104,682,677	64,727,821	104,681,690	64,727,821
EQUITY				
Capital and reserves				
Share capital	5,444	5,444	5,444	5,444
Share premium	8,256,658	8,256,658	8,256,658	8,256,658
Capital contribution	1,500,000	1,500,000	1,500,000	1,500,000
Accumulated losses	(314,537)	(2,473,730)	(298,761)	(2,441,588)
Total equity	9,447,565	7,288,372	9,463,341	7,320,514
Total equity and liabilities	114,130,242	72,016,193	114,145,031	72,048,335

STATEMENTS OF CASHFLOWS

In thousands of Kwacha

	CONSOLIDATED		SEPARATE	
	Year ended 31 December 2020	Year ended 31 December 2019 Restated	Year ended 31 December 2020	Year ended 31 December 2019 Restated
Cash flows from operating activities				
Profit before tax	1,748,404	1,913,887	1,725,809	1,900,033
Adjustments for:				
Depreciation/amortisation	1,723,894	923,861	1,712,716	923,612
Interest on lease liability	160,823	84,530	159,836	84,701
Common control fair value movement	-	258,502	-	258,502
Changes in customer deposits	30,200,232	7,164,596	30,200,232	7,164,596
Changes in other liabilities and provisions	661,729	(7,899)	661,729	(1,365)
Changes in loans and advances	(17,032,535)	(10,146,143)	(17,032,535)	(10,146,143)
Changes in other assets	(1,207,951)	(737,742)	(1,470,099)	(731,275)

Net cash generated from/used in operating activities

Interest received	3,233,985	5,000,284	3,233,984	5,000,284
Interest paid	(1,838,220)	(3,401,011)	(1,838,220)	(3,401,011)
Income tax paid	306,749	(147,021)	306,749	(147,021)
Net cash generated from operating activities	17,957,110	905,844	17,660,201	904,913
Cash flows from investing activities				
Investments with maturity over three months	(8,495,794)	(764,361)	(8,495,794)	(764,361)
Purchase of plant, equipment and intangible assets	(2,838,533)	(1,466,708)	(2,812,545)	(1,450,972)
Net cash used in investing activities	(11,334,327)	(2,231,069)	(11,308,339)	(2,215,333)
Cash flows from financing activities				
Capital contribution proceeds from equity owners	-	1,500,000	-	1,500,000
Issuance of medium term bond note	8,119,437	8,439,780	8,119,437	8,439,780
Repayment of lease liabilities	(979,619)	(300,672)	(979,619)	(300,672)
External borrowings	(1,869,287)	(9,606,852)	(1,869,287)	(9,606,852)
Net cash generated from financing activities	5,270,531	32,256	5,270,531	32,256
Net increase/(decrease) in cash and cash equivalents	11,893,314	(1,292,969)	11,622,393	(1,278,164)
Cash and cash equivalents at beginning of the year	2,795,887	4,088,856	2,557,010	3,835,174
Cash and cash equivalents at end of the year	14,689,201	2,795,887	14,179,403	2,557,010

STATEMENTS OF CHANGES IN EQUITY

In thousands of Kwacha

	Share Capital	Share Premium	Capital Contribution	Loan Loss Reserves	Accumulated Losses	Totals
2020						
Group						
As at 1 January 2020	5,444	8,256,658	1,500,000	-	(2,473,730)	7,288,372
Comprehensive income for the year	-	-	-	-	2,243,309	2,243,309
Regulatory reserve	-	-	-	(84,116)	-	(84,116)
As at 31 December 2020	5,444	8,256,658	1,500,000	(84,116)	(230,421)	9,447,565
2019						
As at 1 January 2019	5,444	8,256,658	-	-	(4,216,552)	4,045,550
IFRS 9 Transition Adjustment	-	-	-	-	15,600	15,600
Capital Contribution	-	-	1,500,000	-	-	1,500,000
Comprehensive income for the year	-	-	-	-	1,468,720	1,468,720
Common control gain	-	-	-	-	258,502	258,502
As at 31 December 2019	5,444	8,256,658	1,500,000	-	(2,473,730)	7,288,372
2020						
Bank						
As at 1 January 2020	5,444	8,256,658	1,500,000	-	(2,441,588)	7,320,514
Comprehensive income for the year	-	-	-	-	2,226,944	2,226,944
Transfer from loan loss reserve	-	-	-	(84,117)	-	(84,117)
As at 31 December 2020	5,444	8,256,658	1,500,000	(84,117)	(214,644)	9,463,341
2019						
As at 1 January 2019	5,444	8,256,658	-	-	(4,173,752)	4,088,350
IFRS 9 Transitional Adjustment	-	-	-	-	15,600	15,600
Capital Contribution	-	-	1,500,000	-	-	1,500,000
Comprehensive income for the year	-	-	-	-	1,458,062	1,458,062
Common control gain	-	-	-	-	258,502	258,502
As at 31 December 2019	5,444	8,256,658	1,500,000	-	(2,441,588)	7,320,514

NOTE TO THE SUMMARY FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Directors have prepared the summary consolidated and separate financial statements to meet the requirements of the Financial Services Act, 2010. The Directors have considered the requirements of the Financial Services Act, 2010 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 18 March 2021.

Loans to Senior Management

	31 December 2020	31 December 2019
Net Loans	92,295	199,354
Total Related Party Balances	99,549	206,051

Investments in Subsidiaries

Name of Subsidiary	Number of Shares	Percentage Holding	Current Year	Previous Year
MyBucks Bureau De Charge		100%	207,800,000	207,800,000

Base Lending Rate

	31 December 2020	31 December 2019
Base Lending Rate (local currency)	12.30%	12.50%
Maximum Applicable Range (percentage points)	11.60%	11.60%
Base Lending Rate (foreign currency)	8.10%	8.10%
Reserve Bank of Malawi Bank Rate	12.00%	13.50%

Deposit Rates

Type of Deposit	31 December 2020 Rate	31 December 2019 Rate
Savings accounts	2.0%	4.0%
Current accounts	0.05%	0.15%
1 month fixed deposit	3.5%	4.0%
2 months fixed deposit	4.0%	4.5%
3 months fixed deposit	5%	5.0%
6 months fixed deposit	Negotiable	Negotiable
Over 6 months fixed deposit	Negotiable	Negotiable

Credit Concentrations

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 our core capital.

In thousands of Kwacha

Sector of Borrower	Group		Bank	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
	Exposure	% of Core Capital	Exposure	Exposure
Agriculture	-	-	-	-

Impairment Losses/Non-Performing Credit Facilities and Provisions for Losses by Industry Sector

Sector of Borrower	As at 31 December 2020		As at 31 December 2019	
	Exposure	Impaired Amount	Exposure	Impaired Amount
Agriculture	4,242,803	(164,069)	2,695,701	(657,102)
Manufacturing	1,252,616	(48,440)	795,860	(21,916)
Construction	835,078	(32,290)	530,574	(14,610)
Wholesale and retail trade	12,526,165	(484,396)	7,958,606	(219,153)
Tourism	417,539	(16,149)	265,287	(7,305)
Transport and communications	1,252,616	(48,440)	795,860	(21,915)
Financial services	835,078	(32,290)	530,574	(14,610)
Personal	22,788,797	(881,258)	14,479,056	(1,397,270)
Other	835,078	(32,302)	530,574	(14,610)
	44,985,770	(1,739,634)	28,582,092	(2,368,491)

KEY GROWTH AREAS

