

CEO's MESSAGE



I am pleased to present to you the 2010 accounts for the Bank. The profit after tax was K3,472m, below both the 2010 budget of K4,853m and K3,823m achieved in 2009.

This underperformance, as some of you might be aware, is attributed to some challenges that ranged from persistent forex shortages and intermittent fuel supplies on the market, among several others.

Despite the above challenges, in 2010 we progressed well with the new Business Centre and Office Complex project. We expect to occupy this new building by August this year. This move will enable the Bank to have all divisions/departments of Head Office under one roof and will result in better synergies and communication among them. In addition, our customers will be served in a modern service centre situated on the ground floor.

Having said the above, I wish to emphasize that, it is up to us all as members of staff of National Bank to work very hard so that we should get back to earnings growth in line with our Mission Statement.

George Partridge
CEO

Highlights of the Bank's performance as at 31st December 2010

	ACTUAL 2009 K'm	ACTUAL 2010 K'm	BUDGET 2010 K'm
INTEREST AND INVESTMENT INCOME			
Interest on loans and advances	5,336	6,325	6,458
Income from investments	1,760	843	1,624
Income from leasing	718	713	881
Interest on placements with other banks	82	108	61
Total interest income	7,896	7,989	9,024
INTEREST EXPENSE			
Banks and customers	814	692	928
Money market loans and deposits	302	458	614
Total interest expense	1,116	1,150	1,542
Net interest income	6,780	6,839	7,482
OTHER INCOME			
Commission and other income	2,618	2,831	3,406
Profit on foreign exchange dealings	1,803	1,503	2,177
Total other income	4,421	4,334	5,583
Total income	11,201	11,173	13,065
OPERATING COSTS			
Staff	2,608	2,980	2,807
Other operating expenditure	3,127	3,205	3,355
Operating Expenses	5,735	6,185	6,162
Working profit	5,466	4,988	6,903
PROVISIONS AND RECOVERIES			
Provision for impaired debts	(264)	(206)	(273)
Recoveries	433	326	303
Net (provisions) and recoveries	169	120	30
Profit before taxation	5,635	5,108	6,933
Taxation	(1,812)	(1,636)	(2,080)
Profit after tax	3,823	3,472	4,853

LONG SERVICE AWARDS



Rose Chikadya (L) of Chichiri and Humphrey Mophiwa of Zomba Zomba Service Centres receiving their awards from the CEO



On 25th February, the Chief Executive Officer (CEO), Mr George Partridge presented Long Service Awards to 25 members of staff who had qualified for the Awards in 2009 and 2010 at a function held at the Learning and Growth Centre. In his speech, when presenting the awards, the CEO commended the awardees for their sacrifice in ensuring good customer service, good ideas to ensure smooth delivery of operations and timely accomplishment of set goals which enabled the Bank to continue providing excellent service to its customers.

Each awardee received a certificate and K60,000 cheque



The CEO (C), Management and Awardees pose for a group photo

LIST OF LONG SERVING EMPLOYEES

- | | |
|-----------------------|----------------------|
| 1 Ackim Mkandawire | 11 Rose Chikadya |
| 2 Andrew Magombo | 12 Rose Silungwe |
| 3 Mary Kanchiputu | 13 Peter Goodson |
| 4 Madalo Maziya | 14 Dorothy Mlozi |
| 5 Agness Ndala | 15 Patricia Menyere |
| 6 Dorothy Nyirenda | 16 Annie Magola |
| 7 Agatha Zingani | 17 Conwell Msyamboza |
| 8 Christopher Chizuma | 18 Johnston Mandota |
| 9 Humphrey Mopiwa | 19 Nkhondo Mathotho |
| 10 Andrew Sesani | 20 Dylline Namisengo |



STAFF MATTERS

FOR FEBRUARY 2011

CONFIRMATION OF PROMOTIONS

EFFECTIVE 1ST FEBRUARY 2011

NAME	DIVISION / SERVICE CENTRE
1 Kawelama Arthur (G)	Vic Avenue
2 Mungoni Haggai (G)	Vic Avenue
3 Mwayang'ana Annie (G)	Vic Avenue
4 Chamanga Sara (G)	Chichiri
5 Dambolachepe Alex (F)	Chichiri
6 Kawiya Madalitso (G)	Chichiri
7 Mwale Linda (F)	Chichiri
8 Ndaou Kennedy (E)	Chichiri
9 Njolomole Bekani (G)	Chichiri
10 Kaphuka Sella (G)	Chichiri
11 Thombozi Richard (G)	Chichiri
12 Banda Sithembile (G*)	Customs
13 Kalulu Mwayi (G)	Customs
14 Kalua Mtsunge (G)	Capital City
15 Mwenfumbo Peggy (G)	Capital City
16 Kamwinda Chifundo (G)	Lilongwe
17 Kumwenda Albert (G)	Lilongwe
18 Khembo Mercy (G)	Mzuzu
19 Munthali Alinane (G)	Mzuzu
20 Phiri Clement (F)	Mangochi
21 Gama Clement (F)	Karonga
22 Bonyonga Joyce (E)	Human Resources (L&G)
23 Khanganya Peter (D)	Customer Service
24 Kazembe Tomex (E)	Treasury
25 Nandolo Noel (F)	Treasury
26 Chiumia Stella (F*)	Credit Management
27 Khonje Joseph (G)	Operations
28 Kuntaja Ian (G)	Operations
29 Falakeza Jeremiah (F)	P & BB

NEW STAFF MEMBERS

NAME	DIVISION / SERVICE CENTRE	DATE OF JOINING
1 Chikankheni Carol (H)	Vic Avenue	1-Feb-11
2 Kumbuyo Charity (H)	Vic Avenue	15-Feb-11
3 Saima Samuel (H)	Vic Avenue	15-Feb-11
4 Nakanga Lossie (H)	Chichiri	0 Feb 2011
5 Chisoza Olive C (H)	ustoms	1-Feb-11
6 Dausi Mwai (H)	Customs	16-Feb-11
7 Mkandawire Wanangwa (H)	Customs	7-Feb-11
8 Nakoma Dolla (H)	Zomba	4-Feb-11
9 Simfukwe Neema (H)	Zomba	1-Feb-11
10 Botomani Robert (H)	Capital City	4-Feb-11
11 Mwangolera Ofwa (H)	Karonga	21-Feb-11
12 Maganga Arnold (H)	Mulanje	21-Feb-11
13 Mhango Fwasani (H)	Mulanje	21-Feb-11
14 Juma Linly (H)	Customer Service	15-Feb-11

Key: Letters in Red and in brackets are Grades

- Lack of courage to remove obstacles - there is need for the bank to remove obstacles that it encounters and recognises as impediments to the desired change if it is to be a leader in the banking industry.

To conclude the ceremony and officially open the training, George Partridge, the CEO of the bank reflected on how long it had taken the bank to talk about having an initiative such as cultural transformation. The reason for this, he said, was the difficulty that the bank had been facing in articulating what it wanted. In talking about the culture that the bank desires, George acknowledged that it is not easy to define culture yet it is easy to see and experience it. However, to illustrate the bank's ability to bring about change, he used the example of Project Horizon carried out by the bank 18 years ago which effectively addressed culture change. However, due to lack of renewal mechanisms the momentum of change gained through that initiative was soon lost. Hence, the main reason for this initiative which is to renew the bank's culture

The cultural transformation process, has therefore commenced with heads of divisions and senior managers intervention, in order to lay a foundation for leadership and direction for the change. In addition, this intervention has prepared heads of divisions and the managers for the roles that they will need to play by providing day-to-day support, on the spot coaching and mentoring to the change agents.

After the official opening, the facilitators went straight into the program that started with participants getting to know each other while also bringing in energy in the room. Participants then shared some of their expectations of the program and agreed on some freedoms that would enable the effective running of the workshop. From the expectations, it was clear and evident that all the participants were looking forward to explore the current culture of National Bank and identify ways for changing it. Underlying the whole program was the Appreciative Inquiry Approach. This approach has two goals which state "You have the responsibility to honour and celebrate your success" and that "We learn best from what is working".

During the workshop, participants explored their understanding of the current National Bank culture both positive as well as negative. On the second day, participants had the chance to do three different assignments that enabled them to understand their organization from stakeholders' perspective as well as allow them to do a mystery shopping exercise in some of their service centres in Blantyre. Some had an opportunity to administer questionnaires amongst staff that helped to understand the National Bank culture from their perspective. All this information was analyzed and participants had an opportunity to share their findings. On the third day, participants worked on the issues identified to propose solutions for dealing with these issues. Lastly participants had a chance to give each other appreciative feedback.

It was noted during the workshop that, National Bank has great potential to build high performance teams and to be a great place to work. The current challenges experienced by the bank are clearly not insurmountable given that a lot of things are working well in the institution.

It is also pleasing to note that the heads of divisions and the senior management of the bank are experts in their own right and are very open to learning and not only that, but have tremendous commitment and energy to work towards bringing about change in National Bank of Malawi.

The seriousness and commitment demonstrated by participants during the analytical and planning phases of the workshop processes provides evidence that the need for a quantum leap through cultural transformation is desired.

The dates for the next workshops are as follows:-

- Managers: 18-20 April, 2011
- Change Agents (Module 2) 16- 18 May, 2011
- Change Agents (Module 3) 11- 13 July, 2011.

NATIONAL BANK LAUNCHES GREEN WEEK



The CEO, Mr George Partridge (R) distributing a seedling to Hon. Felix Njawala (C), MP Blantyre Kabula



Fathers, mothers and children all participated in the tree planting exercise

Deforestation is a term used to describe the removing of trees in forests and converting the land to other uses. One serious issue that surrounds deforestation is that trees act as carbon sinks - i.e. they absorb carbon dioxide and help reduce the amount of carbon in the atmosphere. Carbon dioxide is one of the many atmospheric gases that contribute to global warming. Reducing these gases will help to slow and stop the greenhouse effect and mitigate climate change in the long term.

Realising that in most parts of the country, we have cut down trees and caused deforestation, National Bank of Malawi, decided to join the rest of the world and of course Malawi in a deforestation campaign by introducing a Green Week.

Our Green Week was thus introduced on 24th January 2011 and it will be part of our Corporate Social Responsibility activities each year. In the first year of the programme, our target

was to distribute and plant 5,000 seedlings to communities and our customers within Blantyre District. We therefore partnered with Wildlife and Environmental Society of Malawi and Government Department of Forestry, who assisted in identifying the seedlings and community where we planted the tree seedlings.

The CEO, Mr George Partridge led staff in the exercise by distributing tree seedlings to our customers who did their banking at Chichiri Service Centre on 25th January. Seedlings were given to customers after their business in the banking halls or at the ATM. We also distributed seedlings to customers at Victoria Avenue and Customs Road Service Centres. At Chichiri, each member of staff

was also given a seedling to go and plant at their homes.

On 28th January, Mr. Tayemu Masikini Head of Information Technology Division represented the bank when he and other staff went to plant trees at Katchakwala Village, T/A Kuntaja just a few kilometers after Chileka Airport.

Going forward, next year the programme will be carried in all our service centres and members of staff are being encouraged to look forward and participate in this exercise because this will be our contribution to the protection of the environment to fight against deforestation and climate change which is a global challenge.

Strategic Plan CONTRIBUTIONS

In our last edition of the Moneymail, the Chief Executive Officer called upon all staff to contribute towards our next Strategic Plan.

Do you have an idea that should be included in this Plan?

Remember, no idea is silly.

Send your proposal in a sealed envelope to Marketing Department and all successful ideas will be recognised



Front Row (left to right): Brian Chirwa, MacFussy Kawawa (NBM General Manager), Julian Baker (Country Director British Council), Patience Mahlalela (British Council) Daphter Namandwa, George Partridge (NBM Chief Executive), Gladys Ganda, Joyce Mataya (Facilitator) Eluphy Salamba, Charles Sawasawa **Second row (left to right):** Austin Musyani, Harold Jiya, Harry Mukaka, Ketsile Molokomme (facilitator) Daniel Jere, Tayemu Masikini, Isaac Kanje, Hans Muhome, Wilkins Mijiga, William Mabulekesi **Third Row (left to right):** Ephraim Nayeja, Annie Magola, Oswin Kasunda, Nimia Kambili-Mzembe, George Nyirenda, Wilson Mulauzi, Moses Ganiza, Brian Boby

CULTURAL TRANSFORMATION WORKSHOP FOR HEADS AND SENIOR MANAGERS

'If you want change be the change that you want to see.'
- Mahatma Ghandi



By Ephraim Nayeja

The venue was the Learning and Growth Centre, the time was 8.45 am and the date was 22nd February, 2011 when all heads of divisions and senior managers of the bank converged in the Auditorium ready for the official opening of cultural transformation programmes which are being facilitated by the British Council consultants. In his welcome remarks, Ephraim Nayeja, the Learning and Growth Manager for the National Bank, stated that one of the key strategic issues to be achieved is to inculcate a culture of service excellence in the bank. This is in view of the numerous complaints we get from our customers.

In order to try and address the shortfalls in customer service delivery standards, there is

need to facilitate workshops on cultural transformation and total quality management from a service perspective involving all heads of divisions, senior managers, all other managers and the change agents. By way of encouragement to the group Ephraim quoted Mahatma Ghandi who said 'If you want change be the change that you want to see.'

Expanding on British Council's facilitation role in this intervention, the British Council Country Director, Julian Baker emphasised that as a cultural agency, British Council engages in such interventions with the aim to interact and share its values and principles. In addition, British Council aims to facilitate organisations' achievement of their goals and to share in that success.

"A change in the operating context and environment in the banking industry in Malawi has necessitated the need for a culture transformation process for the National Bank

of Malawi". According to the Head of Human Resources, Daphter Namandwa, if this was to be achieved it was recognised that National Bank needed to improve its customer service delivery. Daphter recounted that over the years, the bank has undergone a number of training interventions, restructuring and even creation of a fully fledged customer service division. However, the bank is facing some obstacles that are impeding sustained change which, based on John Kotter's 1995 article include:

- Lack of urgency - National Bank seems to be slow to respond to change
- Absence of a powerful guiding team or agent
- Under communication - there is need to always communicate and help employees understand the bank's vision and mission

To Page 3