2021 ANNUAL REPORT

Your Bank

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1. Chairman's Statement

After yet another year impacted by the Covid-19, we managed to excel and remain strong as an institution. We learnt lessons and modeled the best ways of ensuring that business went on seamlessly for the good of our customers across the network.

I am pleased to present this annual report. The report highlights the Bank's execution of its strategic objectives that was anchored on several pillars, including digital transformation.

We are firmly committed to our value proposition premised on innovation, customers first, stewardship, engaged staff, professionalism, and inclusiveness. Further, we pledge to deliver impeccable value to our shareholder as we meet the needs of ourstakeholders.

I am proud to serve on the Board of this progressive institution that is positioned to serve the ever-changing financial needs of all Zambians without discrimination.

I would like to thank the NATSAVE management team and all staff for the achievements scored in the year. This resilience and dedication to work demonstrates that the bank's transformation agenda shall be achieved.

I would also like to acknowledge my fellow Board members for their unwavering support in ensuring that the Bank is kept on course in achieving its strategic commitments.

All in all, I am grateful to our customers for their patronage. We are committed to ensuring that the Bank continues on its innovation path in order to meet your needs.

George Mwambazi

Board Chairman

2. Chief Executive Officer's Statement

2021 was a year of transformation for NATSAVE. Amidst the unprecedented COVID-19 pandemic which created challenging conditions across the globe and continues to dictate how we work and do things. The Bank adjusted and adapted to the most effective and efficient ways of operating.

The year saw the expansion of our digital capabilities leading to the enhancement of the Bank's efficiency in service delivery. The strides in digitisation have also seen us evolve and remain relevant in the market.

We witnessed growth in our Corporate, Retail and Credit banking portfolios. Innovation in credit products addressed our customers' pain points across the network. This led to the on boarding of more salaried and non-salaried customers across products who desired to access credit facilities.

On the branding side, we continued rolling out the new corporate identity across channels;covering 36 branches out of 38 and all the money windows.

We also commenced crafting the Bank's corporate strategy for the period 2022 to 2024. Our strategy will, among other interventions, focus on achieving;

1. Digital transformation

2. Exceptional customer experience

3. Profit maximization and

4. Augmentation of strategic partnerships

Over the year, diversity and inclusion continued to be a priority in our operations. I am grateful for the relentless efforts shown by staff who have continued to ensure that the Bank delivers financial inclusion across the 10 provinces of Zambia.

I wish to thank the Board for its guidance and unwavering support in many ways throughout 2021. I also acknowledge and appreciate our shareholder, the government of the Republic of Zambia. We pledge to ensure that NATSAVE remains a key strategic partner of government as it delivers its economic programmes to the nation.
As we aim for higher heights, we hope to position ourselves as a Bank of choice in the market.

In 2022, we shall continue to leverage on growth opportunities and deliver value to our stakeholders.

Malcolm Chabala

Global Economy

The global economy began recovering in 2021 due to improved levels of vaccinations which have allowed for easing of COVID-19 restrictions. Most economies benefited from increased business optimism and consumer confidence, strengthened global demand, and rising international trade. In 2021, the global economy grew by 5.9 percent. However, global economic growth is expected to slow down slightly going forward in 2022 and 2023 due to weaker prospects for growth in major economies, lingering supply chain disruptions, and possible emergence of new and highly transmissible COVID-19 strains.

Domestic Economy

Zambia recorded positive 3.3 percent growth in 2021, after recovering from a negative growth in 2020 of 3.5 percent. The first positive growth after the effects of COVID-19 pandemic disrupted almost all sectors. The growth in 2021 was due to favourable performance in the agriculture, energy, construction, and information and communication technology sectors, based on performance in the first three quarters of the year. The mining sector was projected to record lower output relative to 2020, as open pit mines faced operational challenges due to heavy rains in the preceding season, coupled with reduced ore grades at some mines. Tourism activities were projected to remain low, on account of the resurgence in the COVID-19 pandemic which had led to low international tourist arrivals.

Gross international reserves which had declined to $1.45 billion by December 2020 due to debt servicing obligations, increased to close at $2.8 billion by December 2021 mainly due to the receipt of Special Drawing Rights (SDR) of $1.3 billion from the International Monetary Fund(IMF) in the fourth quarter of 2021.

The Kwacha initially depreciated from December 2020 close of K21.09 to touch a low of K22.64 in July 2021, and then started retracted appreciating to close the year at K17.27. The Kwacha appreciated strongly during the third quarter due to supply from offshore investors participating in government securities due to Attractive positive real yields and economic prospects of the country after the SDR payment and supported by positive sentiments after a Staff-Level Agreement was reached with the IMF.

The central government external borrowings amounted to $13.04 billion as at end December 2021 up from $11.97 billion in June 2020 mainly attributed to disbursements on existing project loans. The proportion of commercial debt out of the total central government external debt was 45.7 percent, while multilateral (including plurilateral) and bilateral debt accounted for 24.2 percent and 30.1 percent, respectively.

Monetary & Financial Sector policies

To strengthen the resilience of the financial sector, the Bank of Zambia (BoZ) continued disbursements under the Targeted Medium-Term Refinancing Facility (TMRF) introduced in 2020. Inflation, however, continued on an upward trend from December 2020 close of 19.2 percent to touch a low of 24.6 percent in Q3 2021, before declining to close at 16.4 percent largely due to continuing base effect as well as increased supply of selected food items, mainly fruits and vegetables.

In December growth in Kwacha lending to the private sector moderated to 19.4 percent, year-on-year. This was mainly on account of reduced disbursements under the TMRF as available funds were nearly exhausted. Lending to Government increased by19.4 percent, year-on-year. The slowdown is largely explained by reduced loans and advancesto Government.

1.0 Corporate Governance

1.1 Introduction

NATSAVE strives to uphold and promote high standards of integrity, responsibility, and accountability. These standards are achieved by adherence to the highest levels of corporate governance.

1.2The Board of Directors

In order for NATSAVE to achieve its strategic objectives, it has in place a board of directors with a vast range of skills and expertise. The Board comprises eight members, that is one executive director, and seven non- executive directors.

The Board was composed of the following:

1. Mr. George Mwambazi Board Chairperson
2. Womba K. Phiri Board Member
3. Makasa L. Luombe Board Member
4. Musata Kunda Ndhlovu Board Member
5. Meamui G. Kongwa Board Member
6. Edna M. Mudenda Board Member
7. O'brien Siame Katai Board Member
8. Malcolm Chabala Board Member/ CEO (Appointed in June 2021)

The directors continued to be committed to high standards of corporate governance which is fundamental to discharging their leadership responsibilities. The Board applies integrity, principles of good governance, and accountability in the discharge of its activities.

1.3 The Management Team

The management team is composed of the following members:

1. Malcolm Chabala Chief Executive Officer (Appointed in June 2021)
2. Charles Sinkala Bank Secretary
3. Lucas Hara Chief Finance Officer
4. Keith H Hamusute Chief Risk Officer
5. Fatma Abad Chief Operating Officer
6. David Mukwavi Head – Marketing
7. Mebelo Mebelo Head - Retail Banking
8. Aaron Chongwe Head – Credit
9. Joshua Milinga Head – Human Capital and Administration
10. Sarah B Kamoto Head - Corporate Banking
11. Fridah Phiri Head- Internal Audit
12. Alex Sakala Head – Compliance

2.0 Financial Inclusion

In an effort to improve financial inclusion, NATSAVE aligned its activities with the 2019-2021 Strategic Vision and Mission of "Delivering financial inclusion" and "To provide innovative, convenient and affordable financially inclusive services to our customers."

The Bank developed the following strategic objectives aimed at improving its financial Inclusion :

1. Build Strategic Partnerships
Explore new business funding models and establish strategic partnerships in order to stimulate revenue growth.

2. Maximise Profitability
Reduce costs, increase revenue through new markets and product offerings, and improve employee productivity.

3. Adhere to Governance
Ensure compliance to legislation and regulation embed credit risk management and account reconciliation in our business, develop critical policies, processes and procedures.

4. Engaged People, Culture and Branding
Improve organisational culture, staff morale, working environment, branding, and management model proper project execution.

5. Enhance Operational Efficiencies
Simplify, standardise, and automate the processes to improve operational efficiencies. Introduce a project management office for proper project execution.

6. Deliver Exceptional Customer Experience
Deliver an excellent customer experience that is customer-focused, reliable, and always consistent. Utilise research and business intelligence
develop customer-led products and services.

7. Enable Digital Transformation
Use data and digital technology to enable customer financial services and solutions that focus on innovative customer-centric needs.

3.0 Risk Management
The Bank, through its normal operations, is exposed to several risks. Management devised and embedded the Enterprise Risk Management Framework (ERM) to support its business operations. The objective of the ERM is to entrench a culture of risk management across the Bank's network.

The Bank is exposed to the most significant risks that relate to interest/market, credit, capital, operational, and liquidity risks.

cashflow monitoring, and optimising working capital, and managing of existing credit facilities.

3.1 Capital
The inability of the
The directors approved policies to mitigate these risks by applying controls that are designed to safeguard the Banks' assets while allowing sufficient freedom for the normal conduct of business.

The Audit and Risk teams carry out independent reviews to ensure compliance with financial and operational controls.

3.Our Board

Mr. George Mwambazi
Board Chairperson

Womba K. Phiri
Board Member

Makasa L. Luombe
Board Member

Musata Kaunda Ndhlovu
Board Member

Meamui C. Kongwa
Board Member

Edna M. Mudenda
Board Member

O'brien Siame Katai
Board Member

Malcolm Chabala
Board Member/CEO

4. Management

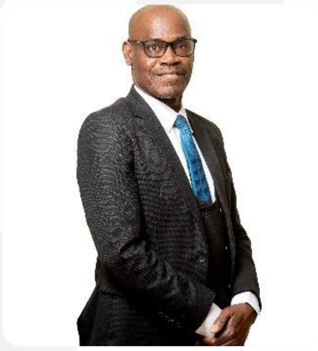
Malcolm Chabala
Chief Executive Officer

Charles Thomas Sinkala
Company Secretary

Lucas Hara
Chief Financial Officer

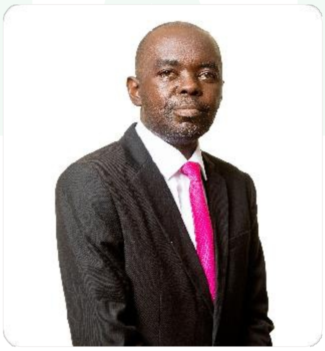
Fatma Abad
Chief Operating Officer

Mebelo Mebelo
Head-Retail Banking



David Mukwavi
Head-Marketing

Joshua Milinga **Head-Human Capital and Administration**



Aaron Chongwe
Head-Credit

Sarah Kamoto
Head-Corporate Banking

Keith Hamusute
Chief Risk Officer

NATSAVE'S trajectory pleases the Vice- President

The NATSAVE team led by CEO Mr. Malcolm Chabala paid a courtesy call on her Honour the Vice - President Mrs. Mutale Nalumango.

In welcoming the team, the Vice- President commended the Bank for being a survivor and changing with time.

Mrs Nalumango was happy to learn that the Bank was a good financial partner, was well positioned and understood the New Dawn Government’s vision.

Mr Chabala said the Bank had made strides in digitisation that had seen the institution evolve and enabled to handle government business competently and effectively.

NATSAVE donation to Lilayi Police Training College

NATSAVE acting CEO Keith Hamusute handing over paint to former Inspector General of Police Kakoma Kanganja (L)

NATSAVE donated paint to Lilayi Police Training College for renovation of the college mess whose structure needed attention. The donation was done as a way of supporting the college renovations aimed at making the learning environment for police recruits more conducive.

Speaking during the donation, NATSAVE acting CEO Keith Hamusute said the Bank would continue to support causes that help better the livelihoods of people.

Mr. Hamusute added that in a bid to cement the already existing relationship, NATSAVE looked forward to more collaborative opportunities between the two institutions.

Receiving the donation, former Inspector General of Police Kakoma Kanganja thanked the Bank for the donation and called on the business community to emulate NATSAVE' s gesture.

Mr Kanganja acknowledged that NATSAVE was the first Bank to render help to the college.

The event was attended by college Commandant and Deputy Commissioner of Police Dr. Charles Musonda Mbita , NATSAVE EXCO members, senior and junior police officers.

NATSAVE and Lilayi Police Training College staff posefor a group photo after the donation.

Former Inspector General of Police Kakoma Kanganja showing the paint to the audience after NATSAVE's handover.

Part of the donation made to Lilayi Police Training College.

NATSAVE GOOD FOR RURAL AND AGRICULTURAL FINANCING

NATSAVE took part in the second national indaba on rural and agriculture finance which was held under the theme, "Making markets work for rural and agricultural finance in the wake of the COVID-19 pandemic".

Minister of Finance and National Planning Dr. Situmbeko Musokotwane, in a speech read on his behalf by Permanent Secretary for Budget and Economic Affairs Mr. Mukuli Chikuba during the official opening, said the indaba was a critical platform that was expectedto reduce information asymmetry in the area of rural and agriculture financing.

He added that the indaba was expected to establish synergies required to overcome challenges in rural finance. On the sidelines of the indaba, NATSAVE got exclusive media coverage from both TV and radio

stations present. The CEO spoke to the strategic positioning of the Bank in the area of rural and agriculture financing.

The indaba took place from November 24 to 25, 2021.

Milestones in Marketing

NATSAVE at 2021 Tourism Expo

NATSAVE C.E.O Malcolm Chabala engaging Minister of Tourism Rodney Sikumba on future prospects of corporate collaborations with the ministry.

NATSAVE participated in the 2021 Zambia Tourism Expo organised by the Tourism Council of Zambia. The three-day event ran from Friday, October 1 to 3, 2021 at Ciela Resort.

Various media organisations such as ZANIS, Radio Phoenix, Zambezi FM, and many others conducted exclusive interviews with NATSAVE C.E.O Malcolm Chabala.

In his address to Hon. Sikumba during the Expotour, Mr. Chabala assured the minister that NATSAVE was committed to working with the tourism sector and all players associated with the ministry.

And Hon. Sikumba commended NATSAVE and expressed interest for future collaborative relations with the Bank in its financial operations.

Customer Service Week

The Bank participated in the global commemoration of the annual Customer Service Week held from October 4 to 8, 2021 under the theme, "Power of service."

NATSAVE Lusaka main branch members of staff during the Customer Service Week.

Chama branch members of staff sharing drinks. customers

Milestones in Marketing

Senior Chief Applauds NATSAVE for Financial Inclusiveness.

Senior Chief Kang'ombe (R) addressing NATSAVE Staff in the board room

Senior Chief Kang'ombe of Kabompo and Manyinga districts paid a courtesy call on NATSAVE CEO Mr. Malcolm Chabala on Tuesday, August 31, 2021. The chief commended NATSAVE for being a national bank that had supported small scale farmers in his district for years.

Mr. Chabala gave Senior Chief Kang'ombe a warm welcome and reiterated that the Bank would ensure customer inclusivity without segregation.

The chief noted that NATSAVE Lukulu Branch had been effectively serving his people at community level and urged the Bank to maintain and promote such consistency.

He added that NATSAVE had created an unbreakable customer loyalty in his district primarily because it was the oldest serving Bank that had educated and assisted many farmers and businessmen and women since it was set up.

He looked forward to more inclusive financial and social benefits and servicesthat the Bank was yet to implement.

Senior Chief Kang'ombe iscurrently serving as the 17th chief of the chiefdom. The CEO was accompanied by Head Retail-Mr Mebelo Mebelo, Manager Public Relations JudithTembo, and Acting Head Marketing - Muzyange Mwiche.

Milestones in Marketing

NATSAVE at the Inspector General of Police's office.

From Left: Inspector General of Police Lemmy Kajoba, Chief Risk Officer Keith Hamusute, Head of Corporate Banking Mrs. Sarah Kamoto, and Head- Retail Banking Mr. Mebelo Mebelo.

The NATSAVE team led by Chief Risk Officer Mr. Keith Hamusute paid a courtesy call on Inspector General of police Mr. Lemmy Kajoba.

Speaking when welcoming the delegation, Mr Kajoba said he knew and understood the symbolic relationship between NATSAVE and the police service,adding that he was aware and grateful for the corporate social responsibility that the Bank had extended through the adoption and rehabilitation of six rooms at Lilayi Police Training College.

He reiterated that the Zambia Police Service had a reservoir of the Bank's clientele that could be tapped into for business. Mr. Kajoba further called on the Bank to work with the Police service and identify more areas of collaboration.

partnership between the Bank and the police service dated back in time, adding that NATSAVE had presence in all the 10 provinces of the country where the police service was also found.

Mr. Hamusute said there was need to explore ways of enhancing the mutually beneficial relationship that existed between the parties. "When you support NATSAVE, you support the people of Zambia."

He added that the Bank was open to giving back to the community as evidenced by the support so far rendered to the police service.

Mr. Hamusute also pointed out that the Bank had now evolved by embracing digital platforms that made banking more convenient.

ZITP OFFICIALLY LAUNCHED

NATSAVE supported the official launch of the Zambia Institute of Trade Policy(ZITP). The event was officiated by Hon. Chipoka Mulenga, the Minister of Commerce, Trade and Industry.

Meanwhile the ZITP, President Mr Edwin Mayuka acknowledged and thanked NATSAVE for co- sponsoring the Institute's launch while calling upon other cooperating partners to emulate the Bank.NATSAVE was represented by C.E.O Mr. Malcolm Chabala, Chief Risk Officer Mr. Keith Hamusute, Head Marketing, Mr David Mukwavi and members of staff from Corporate, Marketing and Retail Departments. Others included Cosmopolitan Branch Manager, Winstone Lungu who is also the ZITP Council Secretary.

The event was co-hosted by NATSAVE Public Relations Manager, Judith Tembo and Radio Phoenix's Paddy Mukando.

Milestones in Marketing

ZNBC Courtesy Call On NATSAVE.

The Zambia National Broadcasting Corporation (ZNBC) paid a courtesy call on NATSAVE C.E.O Mr. Malcolm Chabala.

Former ZNBC Director General Eng. Malolela Lusambo said that then broad caster's decision to pay NATSAVE a courtesy call was motivated by the need for the corporation to diversify its corporate partners in a world that was technologically a global village.

Mr. Lusambo added that the visit was in a quest to work with the Bank in a way that could generate mutual benefits for both parties involved, especially in the area of publicity, image-building, and advertising for the Bank.

In response, Mr. Chabala welcomed the ZNBC team and expressed interest to uphold mutually beneficial corporate relations.

Mr. Chabala explained that the Bank had a primary focus on financial literacy and inclusion, to ensure that people at community level knew how to manage their financial resources.

Mr. Chabala added that for the Bank's financial products and services to reach the intended segmented audiences, the media was in the best position to offer quality support and thus welcomed ZNBC's interest to work with NATSAVE.

NATSAVE interaction with Lusaka media.

NATSAVE hosted a media meet dinner in its quest to embrace collaboration with the press. The media have been supportive to the Bank over the years.

Speaking during the event, NATSAVE CEO Mr. Malcolm Chabala said the Bank recognised the media as partners and not just tools that were called upon to cover the institution when there was information that needed to be shared.

He called on the media to adopt the culture of saving and choose a Bank that would help them achieve their financial goals.

"As the only savings Bank in the country, we take pride in partnering with the media to champion the saving habit. We call upon you to continue with this good gesture as the country looks to achieving development through various channels,including promoting a 'saving culture'," Mr. Chabala said.

Mr. Chabala thanked the media for supporting the Bank and for being available to cover the institution. "We recognise the media as a critical partner of NATSAVE as the Bank cannot deliver on its mandate effectively in the absence of the media. The information dissemination role that you play is vital as no news would reach the intended constituencies without the heraldists like yourselves,"Mr. Chabala said.

The event was attended by media practitioners from television and radio stations, newspapers, and online publications.

Milestones in Marketing

Courtesy call on Zambia Army Commander.

The CEO and some EXCO members paid a courtesy call on Zambia Army Commander, Lt. Gen. Sitali D. Alibuzwi, on November 3, 2021 at Arakan Barracks in Lusaka. Lt. Gen. Alibuzwi and several senior army officers expressed happiness about the NATSAVE visit.

The Army Commander said most of his staff members were banking with NATSAVE. He stated that the Army had enjoyed a cordial relationship with the Bank, which spoke to good customer service rendered by the Bank.

The CEO thanked the Army Commander for the support rendered to NATSAVE and called for growing of the existing relationship. He took the Army personnel through the Bank's journey from inception to where it was now, emphasizing its national character and the financial inclusion mandate placed upon it by the shareholder.

NATSAVE Supports the Zambia Institute of Banking and Financial Services.

Mr. David Mukwavi (R) and Christopher Ndhlovu (L).

NATSAVE partnered with the Zambia Institute of Banking and Financial Services. The partnership saw the Bank contribute K2,000.00 to Christopher Ndhlovu for being the best student in the Certificate in Banking and Finance programme.

Head of Marketing, Mr. David Mukwavi, represented the Bank at the institute's 20th Graduation Ceremony on March 27, 2021 in Lusaka.

NATSAVE supports Chawama Cheshire Homes.

In a bid to uphold the Bank's ethos of supporting and bettering the lives of communities in Zambia, NATSAVE staff took part in a five-kilometre walk to raise funds for Cheshire Home for the aged in Chawama Township.

Speaking after the walk, acting CEO Keith Hamusute said the Bank was proud to be associated with a noble cause inspired by the Bank's grounding as a people's Bank.

And Cheshire Homes of Zambia Chairperson Joseph Ngoma thanked the partners present for the effort made to make the lives of Cheshire Homes senior citizens more bearable.

The event took place under the theme, "Aging challenges of COVID-19", and was attended by Bank of Zambia Deputy Governor Dr. Francis Chipimo.

NATSAVE AT KK'S HOUSE OF MOURNING

NATSAVE team led by CEO Malcolm Chabala visited Zambia's founding father Dr Kenneth Kaunda's house of mourning in State Lodge, Lusaka.

Speaking during the visit, Mr Chabala said NATSAVE considered the late founding President as the pioneer of the concept of savings in Zambia, adding that the Bank would honour him by continuing to deliver financial services to all parts of the country.

He said the history of the Bank could not be written without mentioning Dr Kaunda and his Cabinet that created the bank through an Act of Parliament in 1972.

"The Bank is among other organisations that were created in order to spur the economic development of Zambia".

He said the Bank was created specifically to drive the culture of savings and to mobilise savings thatwould fund development projects in the country.

He added that this was in a quest to ensure citizens' participation in the economy.

Mr Chabala further called on Zambians to honour Dr Kaunda's legacy by embracing the culture of saving.

And in welcoming the NATSAVE team, Dr Kaunda's daughter, Cheswa , thanked the team for finding time to mourn with the family.

The CEO was accompanied by Head Credit-Mr Aaron Chongwe, Manager Public Relations, Judith Tembo, and the marketing and credit teams.

The visit was covered by the media such as ZNBC TV1 and TV2, Radio Phoenix, Zambia Daily Mail, Daily Nation, and Times of Zambia.

Milestones in Retail Banking

Highlights

The branch network recorded notable performance in 2021 in terms of deposit mobilisation and issuance of loans.

- Deposits: Record year-end deposits position of K1.377 billion, a growth of 34.2 percent YoY
- Loans: The retail loan book grew from K131.3 million as of close of 2020 to K288.4 million, a growth of 120 percent.
- Income: Overall income grew by 82 percent, a record high while non-interest income grew by 12 percent.
- Profitability: Branch profitability of K218.8 million was recorded, a growth of 27 percent YoY.
  27 branches out of 38 closed as profit making. In terms of budget performance, 23 branches exceeded their targets.

Organic Growth

While the network missed the deposit target by K223.2 million to close at K1.377 billion, the network still managed to improve the deposit position significantly compared to 2020.

A total of 36 branches recorded growth in their retail loan book (K288.4 million). This growth positively impacted the Bank's bottom line as our interest income surged to K785.4 million from K463.6million in 2020. The Bank opened 14,853 new accounts.

Digital Platform

The Bank saw a surge in the number of customers utilising digital platforms. A total of 972,733 transactions were conducted on our mobile banking with a total of K588.99 million transacted. The year also recorded over 258,000 transactions on the ATM platform valued at K258.8 million. The Bank had 49,750 mobile banking users by the close of 2021.

Milestones in Compliance

Milestones achieved include; publication of the Bank's quarterly financials as this was not being done in the past. Another highlight was the bBank achieving liquidity position of above 15 percent. We also saw a great movement in TPIN compliance, compliance to International Financial Reporting Standard 9 (IFRS9) and EMV compliance.

The Bank also engaged the Financial Intelligence Centre (FIC) for the training of all members of staff which was focused on the 2021 amendments of the FIC Act. The department successfully paid courtesy calls on the Auditor General as well the Competition and Consumer Protection Commission (CCPC).

Milestones in Operations

PROJECTS DELIVERED

ZRA upgrades

- Zambia Revenue Authority (ZRA) was upgrading the ASYCUDA World and Tax Online systems which necessitated the initiation of this project to upgrade to the new system on the Bank side.

GNCZ

- The General Nursing Council of Zambia (GNCZ) developed a system to track payments and through an integration with the Bank, to enable nurses to pay for various GNCZ services through deposits in our branches.

Upgrades for FISP System

- The Ministry of Agriculture through Food and Agriculture Organisation (FAO) and Smart Zambia Institute upgraded the system used for farmers to deposit contributions towards the FISP programme. This development required that the Bank also implements the relevant upgrades to the existing system.

Upgrades for Social Cash System

- The Ministry of Community Development and Social Services, through Smart Zambia, was upgrading the ZISPIS system for social cash transfers and as participants in the social cash payment system, NATSAVE needed to implement system upgrades to ensure continuity of services.

Bulk Payments System - NRFA

- The National Road Fund Agency (NRFA) needed a bulk payment system to facilitate of payments to contractors. This necessitated the beginning of the project to develop an internet based system that allowed for NRFA staff to login and upload a file for bulk payments to be disbursed to applicable contractors.

EFT Stanchart

- At the time, NATSAVE was not a member of the Zambia Electronic Clearing House and opted to ride on Standard Chartered Bank as a sponsor Bank for electronic fund transfers. This was a service that most of our customers had highlighted as a critical need, hence the partnership with Stanchart.

MNO Integration MTN & Airtel

- The goal of this project was to integrate with MTN and Airtel to enable agents of MNOs to deposit physical money into the Trust Account at NATSAVE and later receive an equivalent value on e-Money.

Mobile Banking App

- The purpose of this project was to implement a business model and an OMNI channel digital solution that digitises financial inclusion in the micro merchant supply chain through various channels like the mobile banking app.

Milestones in Corporate Banking

Government Business

The Bank successfully bid to renew the existing GRZ SLA and provision of banking services for the year 2021 to 2022. This milestone enabled the Bank to fully participate in financial service provision to any government department without limitation.

Agricultural Sector

During the year under review, payments made to farmers under the 2021/2022 crop marketing season grew by over 175 percent compared to the 2020/2021 farming season. This represented a market share of around 58 percent over and above the targeted market share of 35 percent from the ZMW 1 billion available.

Social Sector and Others

The Bank has steadily improved payments under the social cash transfers capturing 10 percent of the ZMW 2.3 billion budgeted disbursements during the year under review. The department also successfully integrated with the ZISPIS system for social cash transfers, a situation that ensured our continued participation in service provision to theministry. This was strongly aided by aggressive marketing and recruitment of relationship mangers who played a key role in working with the branch network.

State Owned Enterprises and Other Government Institutions

With a focus on decentralisation from the new government, the bank has moved to onboard councils as a way of positioning itself as a major player in implementation of the policy. This drive will continue in 2022 to ensure that the Bank achieves its mission of delivering financial inclusion.

Pension Funds

To enhance efficiency in disbursement of pensions, a digital payment solution was implemented. This solution enables the payments to be made from the Bank to multiple wallets thereby improving customer experience. This key milestone serves as a strategy to improve further cross-sale business for the Bank.

Telecommunications Sector / Fintech Business

As part of our strategy to build strategic partnership, the department successfully operationalised the MNO Trust accounts in 2021 that are being used by mobile money agents for e-value. This has contributed to deposit growth for the department with total inflows from this sector standing at ZMW 196 million as at close of the year under review.

Microfinance Institutions (MFIs)

During the year under review, the Bank rolled out the DDACC payment solution for collecting loan recoveries on behalf of MFIs. It also managed to onboard ten MFIs during the year as a result of the implementation. These MFIs contributed significantly to non-funded income line.

Deposit Growth

Deposits grew by 28 percent year on year during the year under review. This can be attributed to aggressive marketing efforts that the Bank implemented and recruitment of relationship managers. This is despite the ravaging impact that the COVID-19 brought on the economy.

Customised Solutions

The Bank co-created DDACC collection solutions with customers to provide a collection platform that feeds on our wide footprint. This has enabled the Bank to significantly increase its collection base for fees and deposits during the year under review, thereby contributing to non-funded income.

Another customisation involved a bulk payment solution to enable our customers to pay clients using an internet-based bulk payment system through a file upload.

Development of a Corporate Product Suite

In response to our customer needs, the department successfully developed a corporate product suite to provide our esteemed customers with products that meet their needs. This received Bank of Zambia approval and is earmarked for launch on the market in 2022.

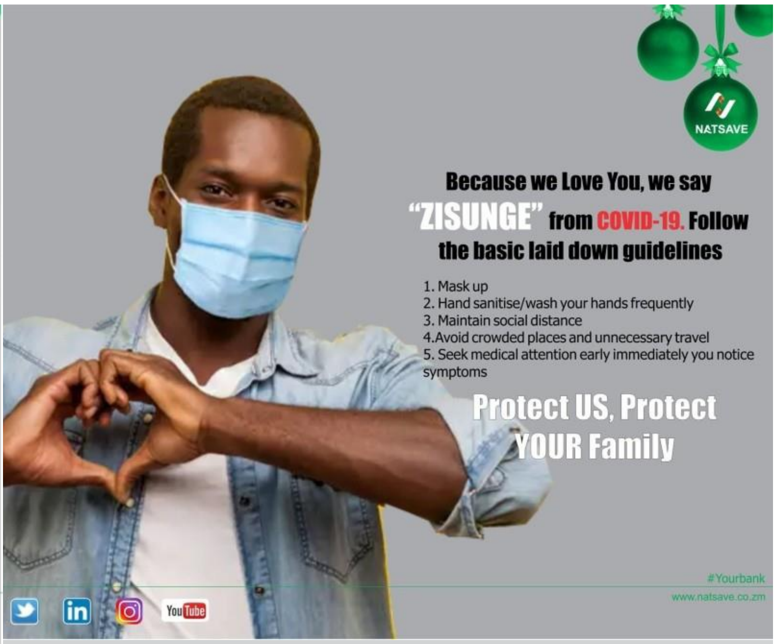
Covid Annual Report

The COVID-19 pandemic continued in the year 2021 and the Bank's operations were negatively affected just like many other organisations. To mitigate this, management emphasized the need to adhere to COVID - 19 health guidelines as directed by the Ministry of Health.

Further to that, the Bank embarked on a programme to fumigate premises across the branch network every fortnight.

The total number of staff that tested positive was 45 during the second wave of COVID 19, between April and July 2021, and the number escalated as the year drew closer to ending.

Between September and December 2021, the number of positive cases had risen to 106 with three fatalities. With the arrival of the vaccines and boosters, management continued to encourage members of staff to go for vaccination and the booster.



SUMMARISED STATEMENT OF FINANCIAL POSITION

	December 2021 K'000	December 2020 K'000
Assets		
Cash and balances with Bank of Zambia	35,936	39,044
Balances with other Banks	257,150	128,481
Investment securities	817,544	695,077
Loans and advances to customers	984,230	908,812
Other assets	90,982	55,128
Property, plant, and equipment	80,054	89,044
Total assets	**2,265,896**	**1,915,586**
Liabilities And Shareholders' Equity		
Liabilities		
Customer deposits	1,379,030	1,201,521
Other liabilities	397,605	163,439
Borrowings	500,000	500,000
Total liabilities	**2,276,635**	**1,864,960**
Total shareholders' equity	**(10,739)**	**50,626**
Total liabilities and shareholders' equity	**2,265,896**	**1,915,586**

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

	December 2021 K'000	December 2020 K'000
Total Operating Income	**210,297**	**76,059**
Loss before income tax	**(65,037)**	**(213,131)**
Income tax expense	-	-
Loss for the year	**(65,037)**	**(213,131)**
Other comprehensive Income/(Loss)		
Fair value gains /(losses)	3,672	19,848
Total comprehensive loss for the year	**(61,365)**	**(193,283)**

SUMMARISED STATEMENT OF CASH FLOWS

	December 2021 K'000	December 2020 K'000
Net cash generated /(used) in operating activities	135,092	(1,184,216)
Net cash generated utilised in investing activities	(14,083)	(29,819)
Net cash generated from financing activities	4,552	1,404,879
Net increase in cash and cash equivalents	**125,561**	**190,844**
Cash and cash equivalents at the beginning of the year	167,525	(23,319)
Cash and cash equivalents at the end of the year	**293,086**	**167,525**

SUMMARISED STATEMENT OF CHANGES IN EQUITY

	December 2021 K'000	December 2020 K'000
Balance at the beginning of the year	**50,626**	**(656,091)**
Capital contribution	-	900,000
Total comprehensive loss for the year	(61,365)	(193,283)
Balance at the end of the period	**(10,739)**	**50,626**

Financial Highlights

Total operating income increased by 176% from K76 million in 2020 to K210 million in 2021. This growth was driven by a 96% growth in interest on loans and advances to customers and 88% growth in interest on investment securities. On the other hand, operating expenses dropped by 5% on account of a reduction of 78% on rental expenses because of the impacts of IFRS 16. Training costs, motor vehicle repair and maintenance costs and cash movement expenses also reduced to contribute to the overall drop.

Growth in balances with other banks and in investment securities by 100% and 18% respectively drove overall growth of 18% in total assets from a closing at K1,916 million in 2020 to K2,266 million in 2021. Customer deposits growth of 15% in 2021 was below the 2020 growth of 32%. This reduction was deliberate to address a high cost of funds. The increase in other liabilities of 143% (K234.2 million) was driven by an increase in interest payable of K197.7 million triggered by high rates on term deposits. Overall increase in liabilities came in at 22%.

NATSAVE Branch Network

Chama	Box 540083,	Chama	T: 0216-482117/8
Chavuma	Box 15,	Chavuma	T: 260-969-222550
Chilubi Island	Box 720017	Chilubi	T: 260-977-961655/0973212695/ T: 2600974487182
Chimwemwe	Box 280157,	Kitwe	T: 0212-214111
Chinsali	Box 480028,	Chinsali	T: 260979194991
Chipata	Box 511158,	Chipata	T: 0216-221170/223421
Choma	Box 630488,	Choma	T: 0213-221130
Chongwe	Box 198,	Chongwe	T: 0211-620081
Kabwe	Box 81070,	Kabwe	T: 0215-224332/224612
Kalabo	Box 930046	Kalabo	T: 260-968-458898
Kaputa	Box 490055,	Kaputa	T: 0211-480007
Kasama	Box 410529,	Kasama	T: 0214-222571/221038
Kasempa	Box 120111,	Kasempa:	T: 021-8-251059
Kazungula	Box Kz 063,	Kazungula	T: 0967-633469/0954-057757
Kitwe	Box 22125,	Kitwe	T: 0212-232044/224281
Livingstone	Box 60999,	Livingstone	T: 0213-320074
Luanshya	Box 90933,	Luanshya	T: 0212-510761/510255
Lumwana	Box 110544	Lumwana	T: 0260967018359
Lufwanyana	Box 84	Lumwana	T: 260-978-485701
Lukulu	Box 950093,	Lukulu	T: 0217-250023
Lsk Chawama	Box 30067,	Lusaka	T: 0211-272821
Lsk Chilenje	Box 39568,	Lusaka	T: 0211-232333/4
Lsk Matero	Box 30067,	Lusaka	T: 0211-2471568
Lsk Main	Box 39568,	Lusaka	T: 0211-232333/4
Lsk Northend	Box 30067,	Lusaka	T: 0211-223298
Luwingu	Box 460132,	Luwingu	T: 0214-235019
Mansa	Box 910518,	Mansa	T: 0212-821977/821231
Mongu	Box 910106,	Mongu	T: 0217-221830/221813
Mpika	Box 450255,	Mpika	T: 0214-370245
Mporokoso	Box 470109,	Mporokoso	T: 0214-680045/222274
Mpongwe	Box 141,	Mpongwe	T: 260-977-403360
Mumbwa	Box 830061,	Mumbwa	T: 0211-800061
Mwense	Box 760039,	Mwense	T: 0212-970042
Nchelenge	Box 740107,	Nchelenge	T: 0217-221830/221813
Ndola	Box 70845,	Ndola	T: 0212-671532
Petauke	Box 56002,	Petauke:	T: 021-6-371022/371554
Solwezi	Box 110222,	Solwezi:	T: 021-8-821118
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GLOSSARY

NATSAVE	National Savings and Credit Bank (3)
MOU	Memorandum of Understanding (3)
GIR	Gross International Reserves (5)
Emerging Market	An economy experiencing major economic growth and possessing some characteristics of a developed economy. (5)
Inflation	A decrease in the purchasing power of money reflected in the increase of prices in goods and services.
Public Debt	The total amount, including total liabilities, borrowed by the government to meet its development budget (5)
External Debt	The portion of a country's debt that is borrowed from foreign lenders, including commercial banks, governments, or international financial institutions.
WFP	World Food Program
FISP	Farmer Input Support Program
AFRACA	The African Rural and Agricultural Credit Association
WSBI	World Savings Banks Institute
GIZ	The Deutsche Gesellschaft für Internationale Zusammenarbeit (9)
FSDZ	Financial Sector Deepening Zambia (9)
SBFIC	Savings Bank Foundation for International Cooperation (10)
SEEP	Small Enterprise Education and Promotion (10)
ZAMCOL	Zambia College of Open Learning (11)
GNCZ	General Nursing Council of Zambia (GNCZ) (13)
CPA	Certified Public Accountant (14)

Notes

Notes

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