

Important disclaimer:

The views expressed in this report are those of the authors and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank Limited (CDHIB) and are given with an express disclaimer of responsibility and no right of action shall arise against any of the authors, CDHIB, its directors or its employees either directly or indirectly out of any views, advice or information. The report presented is for information purposes only and does not constitute and should not be construed as investment advice or recommendation. The statistics have been obtained from third party data sources. We believe these sources to be reliable but cannot guarantee their accuracy or completeness. Recipients of this report shall be solely responsible for making their own independent appraisal and investigation into all matters herein.

<http://www.cdh-malawi.com>

1. Executive summary

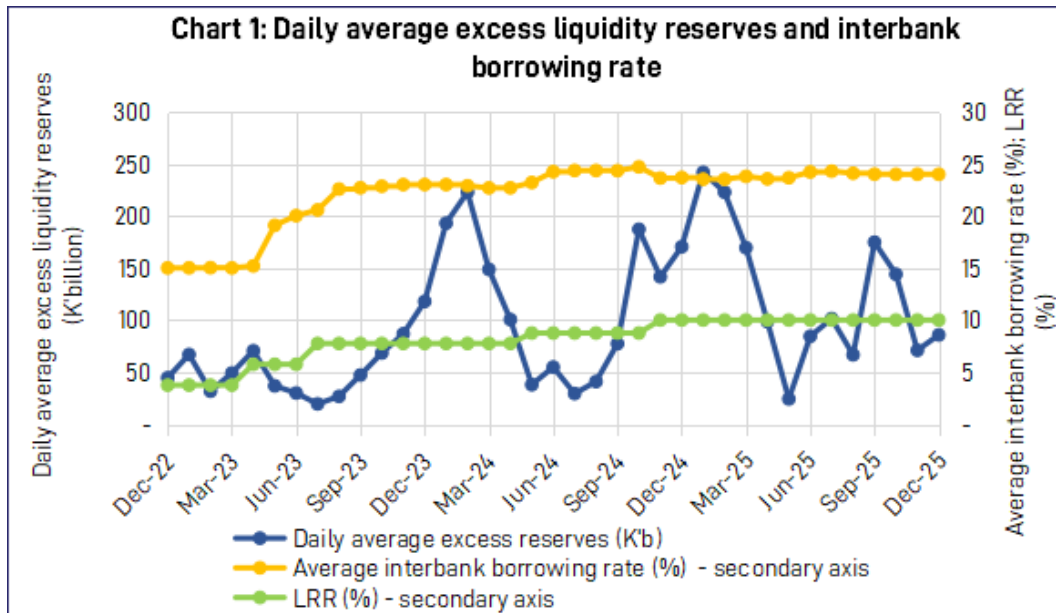
- 1.1 The Reserve Bank of Malawi (RBM) took a cautious approach to monetary policy in 2025 and held the Policy rate at 26.0% throughout the year.
- 1.2 With a stable Policy rate, market interest rates and yields on Government securities were generally stable during the year.
- 1.3 The level of liquidity on the interbank market was slightly higher in 2025 compared to 2024, with banks' excess reserves held with the RBM averaging K123.69 billion per day during the year compared to an average of K117.01 billion per day in 2024, representing an increase of 5.71%.
- 1.4 The Kwacha was relatively stable against the United States Dollar (USD) in 2025, with the USD/MWK exchange rate for Telegraphic Transfers (TT) averaging K1750.21 per USD during the year, representing a marginal depreciation of the Kwacha of 0.68%.
- 1.5 Foreign exchange supply remained subdued relative to demand during 2025. Total forex reserves stood at USD530.00 million (2.10 months of import cover) as of 30th November 2025.
- 1.6 Inflationary pressures remained elevated but started to ease during the year. Headline inflation rate decreased to an average of 28.4% in 2025 from an average of 32.2% in 2024 and closed the year at 26.0%. The Government expects inflation rate to decelerate further in 2026 to below 21.0%.
- 1.7 The Government projected a real GDP growth rate of 2.8% for 2025, higher than 1.7% in 2024. Growth in 2025 was largely supported by better agricultural harvest during the 2024/2025 season than the previous season and scaling up of infrastructure activities. In 2026, the Government expects the country's economic growth to improve further to 3.8%, while the World Bank and the Economist Intelligence Unit (EIU) project growth rates of 2.6% and 2.0%, respectively.
- 1.8 The stock market registered a positive return on the Malawi All Share Index (MASI) of 247.63% in 2025, significantly higher than a return of 55.06% recorded in 2024.
- 1.9 2025 was an election year for Malawi. The September 2025 general elections ushered in a change in government administration following the victory of Prof. Arthur Peter Munthalika of the Democratic Progressive Party.
- 1.10 The Government introduced new tax measures which became effective on 30th December 2025.

2. Interbank market

- 2.1 Liquidity conditions in the banking system were higher in 2025 compared to the level registered in 2024. Banks' excess reserves held with the Reserve Bank of Malawi (RBM) averaged K123.69 billion per day in 2025, compared to the average of K117.01 billion per day in 2024, representing an increase of 5.71%. Liquidity conditions were highest in the first quarter of 2025 when banks' excess reserves averaged K211.32 billion per day and were lowest in the second quarter when excess reserves averaged K69.01 billion per day.
- 2.2 The volume of borrowing among banks on the interbank market increased by 71.31% in nominal terms to a total of K23.74 trillion in 2025 from K13.86 trillion in 2024. Funds accessed through the Lombard Facility of the RBM increased by 50.22% in nominal terms to K12.88 trillion in 2025 compared to K8.57 trillion in 2024.
- 2.3 The interbank borrowing rate was generally stable, increasing slightly to an average of 23.89% during the year from an average of 23.65% in 2024. The Lombard rate was also stable at 26.20% throughout the year 2025 from an average of 25.87% in 2024. The stability in market interbank rates followed a stable Policy rate which was last adjusted in February 2024 from 24.0% to 26.0%.
- 2.4 To manage liquidity in the banking system, the RBM injected funds through issuance of OMO reverse repos which amounted to K273.50 billion in 2025 (K180.00 billion in 2024) and through the Rediscounting Standing Facility on which K228.94 billion was accessed

(K189.01 billion in 2024). To mop up liquidity, the RBM issued OMO repos that amounted to K225.00 billion during the year (K164.60 billion in 2024).

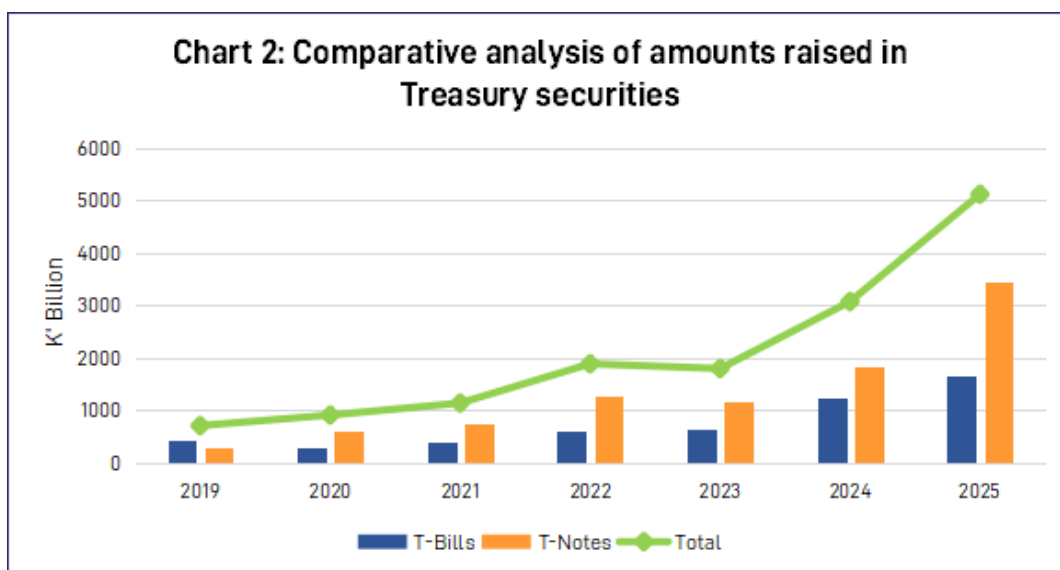
- 2.5 Chart 1 provides a summary of excess liquidity reserves and interbank rate movements over the immediate past three years. The Chart shows slightly higher liquidity levels in 2025 relative to 2024 and the stability in the interbank borrowing rate in 2025.



(Data source: Reserve Bank of Malawi)

3. Government securities

- 3.1 The Government raised K1,668.64 billion in auctions of Treasury Bills (TB) in 2025, representing an increase of 35.56% from K1,230.95 billion raised in 2024. The rejection rate was at 9.75% in 2025 compared to 0.44% in 2024.
- 3.2 K3,441.61 billion was raised in auctions of Treasury Notes (TNs) during 2025, compared to K1,832.17 billion raised in 2024, representing a nominal increase of 87.84%. Rejection rate for TNs was at 0.62% in 2025 compared to 0.10% in 2024.
- 3.3 Overall, the total amount raised by Government in the domestic market through issuance of Treasury securities (TBs and TNs combined) increased by 66.83% in nominal terms in 2025 (K5,110.25 billion) relative to 2024 (K3,063.12 billion) as shown in Chart 2:



(Data source: Reserve Bank of Malawi)

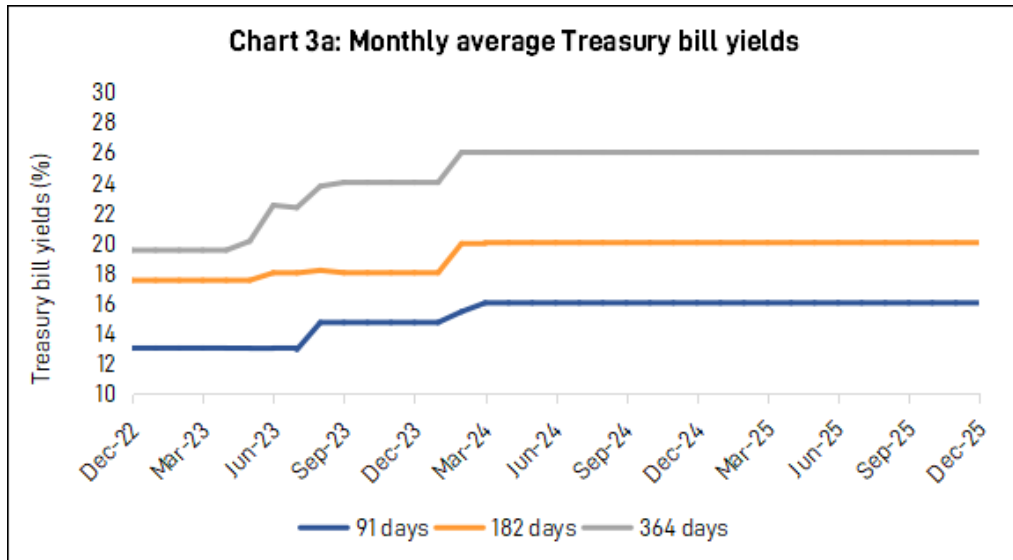
3.4 Yields on Government securities were stable in 2025, reflecting a stable Policy rate. The 91-day, 182-day and 364-day TB yields were at 16.00%, 20.00% and 26.00%, respectively, throughout the year 2025, increasing from an average of 15.84%, 19.83% and 25.83%, respectively, in 2024. The average all-type TB yield was at 20.67% in 2025 from an average of 20.50% in 2024. Yields for TNs were also stable throughout the year 2025, although annual averages indicate an increase in 2025 compared to 2024, as shown in Table 1 below:

Table 1: Annual average and year-end yields of Treasury Bills and Notes

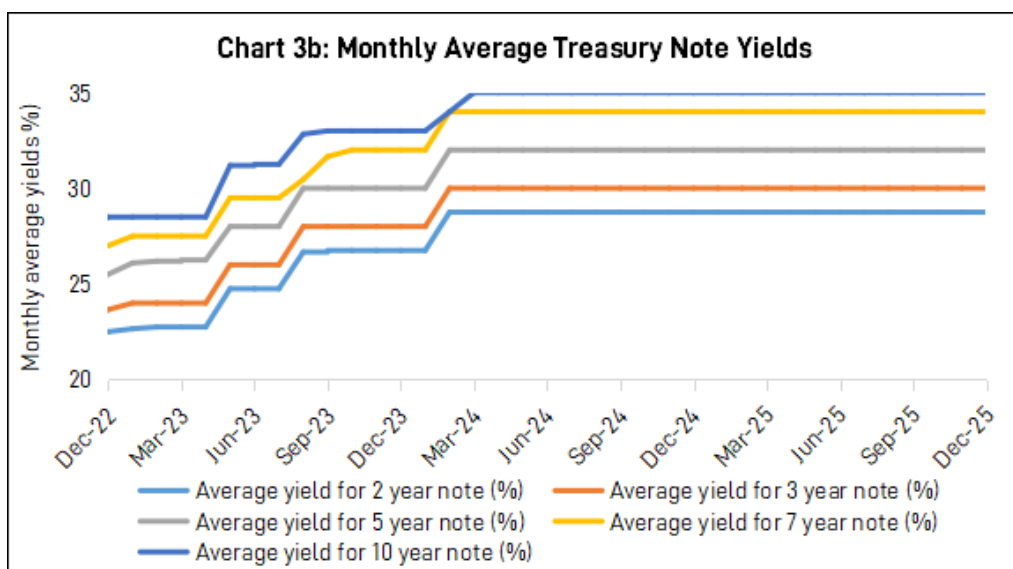
Tenor	Year-end yields			Annual average yields		
	As at 31 December 2025	% points change	As t 31 December 2024	2025 Average	% points change	2024 Average
91-days	16.00%	→ 0.00	16.00%	16.00%	↑ 0.16	15.84%
182-days	20.00%	→ 0.00	20.00%	20.00%	↑ 0.17	19.83%
364-days	26.00%	→ 0.00	26.00%	26.00%	↑ 0.17	25.83%
2-years	28.75%	→ 0.00	28.75%	28.75%	↑ 0.17	28.58%
3-years	30.00%	→ 0.00	30.00%	30.00%	↑ 0.17	29.83%
5-years	32.00%	→ 0.00	32.00%	32.00%	↑ 0.17	31.83%
7-years	34.00%	→ 0.00	34.00%	34.00%	↑ 0.17	33.83%
10-years	35.00%	→ 0.00	35.00%	35.00%	↑ 0.25	34.75%

(Data source: Reserve Bank of Malawi)

3.5 Chart 3a and 3b below depict the stability in Government securities yields across all tenors in 2025.



(Data source: Reserve Bank of Malawi)



(Data source: Reserve Bank of Malawi)

4. Foreign exchange market

- 4.1 In the year 2025, the Malawi Kwacha was generally stable against the United States Dollar (USD) but continued to weaken against other major trading currencies as the imbalance between supply and demand of foreign currencies remained high.
- 4.2 The Malawi Kwacha to USD TT middle exchange rate averaged K1,750.21 per USD in 2025, from an average of K1,738.34 per USD in 2024, representing a depreciation of 0.68% of the Kwacha. The Malawi Kwacha to GBP TT average middle exchange rate increased by 3.83% to K2,373.08 per GBP from K2,285.61 per GBP; the Malawi Kwacha to EUR TT average middle exchange rate increased by 5.16% to K2,035.03 per EUR from K1,935.22

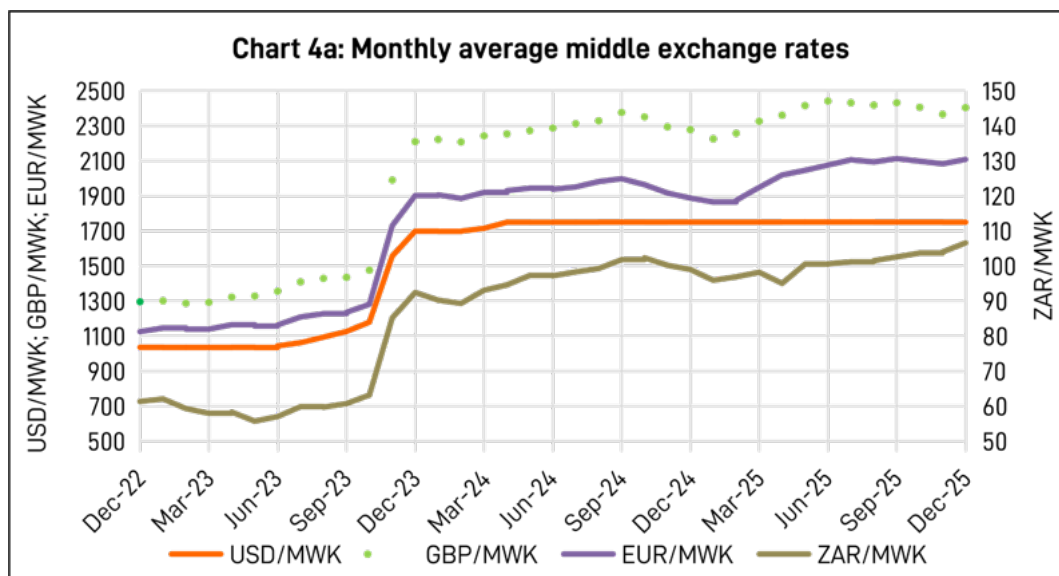
per EUR; and the Malawi Kwacha to ZAR TT average middle exchange rate increased by 3.90% to K100.45 per ZAR from K96.68 per ZAR.

- 4.3 A comparison of end-of-year TT exchange rates indicates that the Kwacha marginally appreciated against the USD by 0.05%, but depreciated against the GBP, EUR and ZAR by 7.37%, 12.72% and 12.49% respectively. The USD/MWK TT middle exchange rate closed the year at K1,749.00 per USD.
- 4.4 Table 2a and Chart 4a depict the depreciation of the Kwacha in 2025 compared to 2024. **(Note:** downward arrows represent depreciation of the Kwacha and the upward arrow represents appreciation of the Kwacha).

Currency	Table 2a: TT middle exchange rates					
	Annual averages			End-year		
	2025	change	2024	31-Dec-25	change	31-Dec-24
USD/MKW	1750.21	↓ 0.68%	1736.34	1749.00	-0.05%	↑ 1749.93
GBP/MKW	2373.08	↓ 3.83%	2285.61	2416.04	7.37%	↓ 2250.25
EUR/MKW	2035.03	↓ 5.16%	1935.22	2107.54	12.72%	↓ 1868.77
ZAR/MKW	100.45	↓ 3.90%	96.8	107.87	12.4%	↓ 95.89

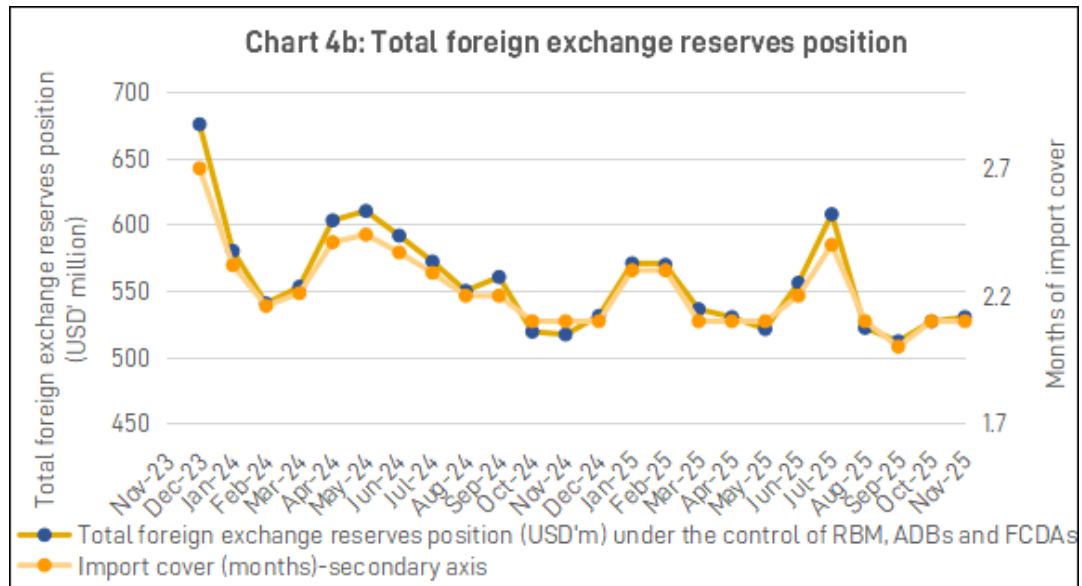
Upward arrow represents appreciation and downward arrows represent depreciation of the Kwacha

(Data source: Reserve Bank of Malawi)



(Data source: Reserve Bank of Malawi)

- 4.5 Month-end balances of total foreign exchange reserves averaged USD543.75 million (2.16 months import cover) in 2025, down from an average of USD560.58 million (2.24 months import cover) in 2024. As of 30th November 2025, the total reserves were at USD530.00 million (2.10 months of import cover), compared to USD530.90 million (2.10 months of import cover) as of 31st December 2024 and USD516.90 million (2.10 months import cover) as of 30th November 2024.
- 4.6 The persistent foreign currency shortages continued to constrain the importation of essential goods, including fuel, thereby affecting business operations.



(Data source: Reserve Bank of Malawi)

- 4.7 The country's earnings from tobacco sales, the country's largest forex earner, increased by 36.62% in 2025 compared to 2024 due to an increase of 65.90% in sales volume, while the average price decreased by 17.79% as shown in Table 2b below:

	2025	%change (2025-2024)	2024	%change (2024-2023)	2023	%change (2023-2022)	2022	%change (2022-2021)	2021
Volume (million kg)	221.27	↑ 65.90%	133.38	↑ 10.66%	120.53	↑ 41.67%	85.07	↓ -31.20%	123.65
Average price (USD/kg)	2.45	↓ -17.79%	2.98	↑ 26.81%	2.35	↑ 9.81%	2.14	↑ 34.59%	1.59
Value (USD 'million)	542.31	↑ 36.62	396.94	↑ 39.88%	283.76	↑ 55.88%	182.04	↓ -7.62%	197.05

(Data source: Tobacco Commission (TC))

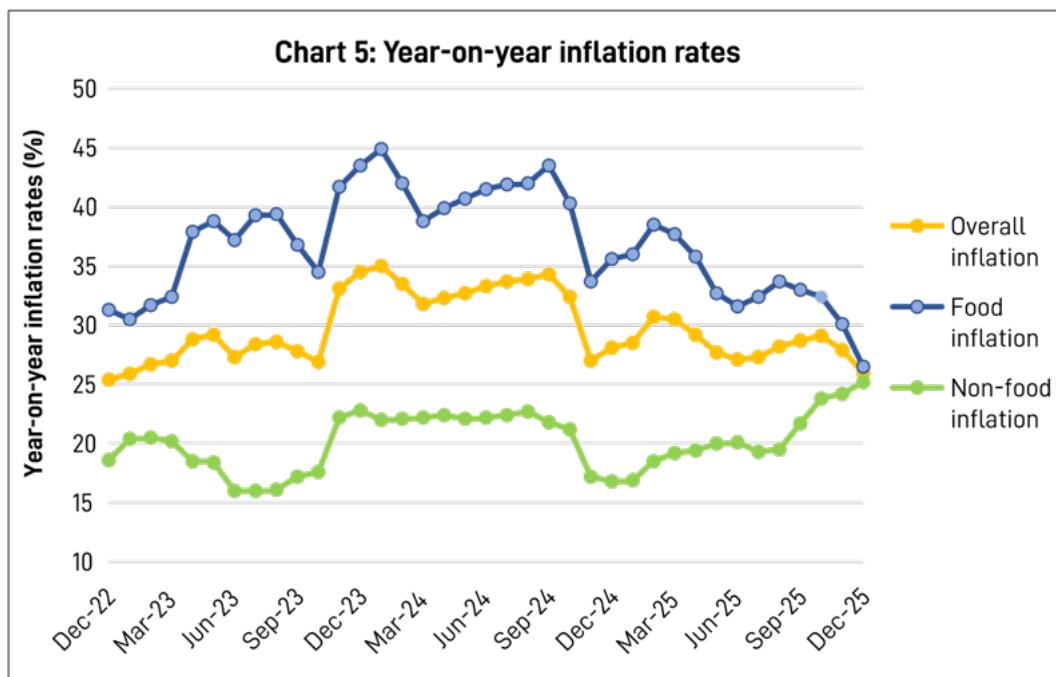
- 4.8 Looking forward, in 2026 depreciation pressures on the Kwacha are expected to remain prevalent as the imbalance between demand and supply of forex remains high due to exports remaining weak relative to imports, and as support from development partners remains unstable.
- 4.9 The EIU expects the USD/MWK exchange rate to remain broadly stable in 2026 but gradually increase to an average of K1,853 per USD in 2027 and K2,792 per USD in 2030.

Year	2024	2025	2026	2027	2028	2029	2030
USD/MWK annual average	1734	1734	1734	1853	2127	2514	2792
USD/MWK end-period	1734	1734	1734	2007	2324	2690	2213

Source: EIU One-click report: Malawi - December 2025

5. Inflation

- 5.1 Inflationary pressures remained high in 2025, with headline inflation rate averaging 28.4% in 2025, but down from 32.2% in 2024. The rate closed the year at 26.0% compared to a rate of 28.1% at the end of 2024.
- 5.2 The easing inflationary pressures emanated from both food and non-food factors. Food inflation rate decreased to an average of 33.4% in 2025 from 40.4% in 2024 and non-food inflation rate decreased to an average of 20.65% in 2025 compared to 21.2% in 2024, despite rising prices of utilities.
- 5.3 Chart 6 depicts the trend of inflation rate in the past three years.



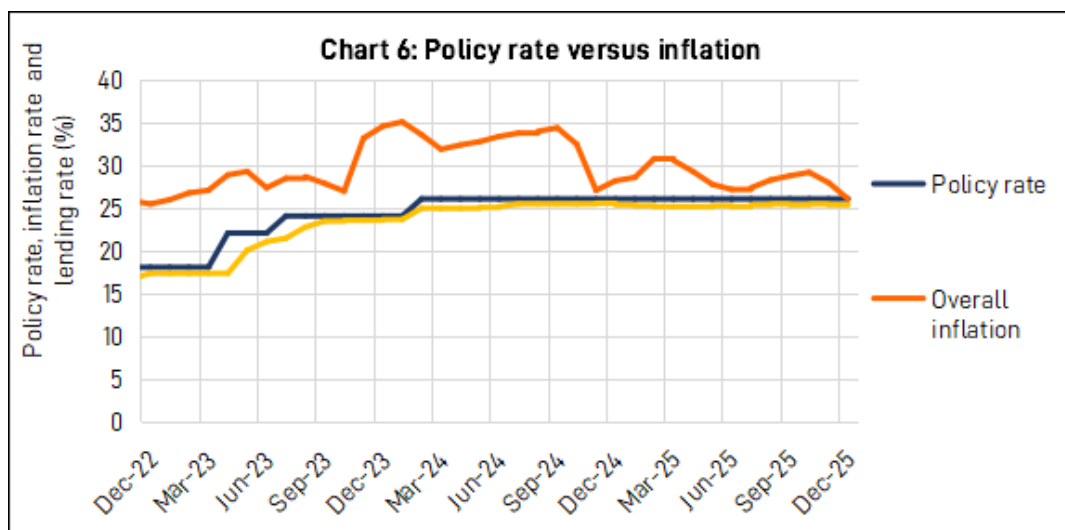
(Data source: National Statistical Office)

- 5.4 Looking ahead, Inflation is generally expected to relatively decline in 2026, supported by a strong will and efforts of the Government to lower inflation, including ensuring the availability of maize at low prices. Risks to the outlook include effects of the upward adjustment in fuel prices and the new tax measures.
- 5.5 The Government expects inflation to fall below 21.0% in 2026. The IMF projects an annual average inflation rate of 23.3% while the EIU projects an annual average of 29.0% in 2026.

Table 3: Projected annual average inflation rates							
	2024	2025	2026f	2027f	2028f	2029f	2030f
Government	32.2%	28.4%	21.0%				
International Monetary Fund (IMF)			23.3%				
Economist Intelligence Unit (EIU)			29.0%	27.0%	26.0%	25.0%	24.0%
Sources:							
<i>Government: National Statistical Office (NSO) for actual 2024 and 2025 statistics and State of the Nation Address (SONA) for the 2026 projection.</i>							
<i>IMF: World Economic Outlook - October 2025</i>							
<i>EIU: One-click report: Malawi - December 2025</i>							

6. Monetary policy

- 6.1 The RBM held the Policy rate at 26.0% throughout the year 2025. The Policy rate was last adjusted on 1st February 2024 from 24.0% to 26.0%.
- 6.2 The Lombard rate was maintained at 0.2 percentage points above the Policy rate (26.2%) in 2025.
- 6.3 The Liquidity Reserve Requirement (LRR) ratio on domestic currency deposits was maintained at 10.00% throughout the year. In 2024, the LRR was adjusted twice, from 7.75% to 8.75% on 3rd May 2024 and to 10.0% on 4th November 2024. The LRR on foreign currency deposits was also held constant at 3.75% in 2025.
- 6.4 Chart 7 depicts the trend of the Policy rate relative to inflation rate over the past three years. The chart shows that although inflation was above the Policy rate most of the year, the gap closed by December 2025, as both inflation rate and Policy rate were at 26.0% in December 2025.



(Data source: Reserve Bank of Malawi, National Statistical Office)

- 6.5 With a stable Policy rate, most market interest rates were stable during the year. The Market Reference Rate (MRR) for commercial banks slightly increased from an average of 25.1% in 2024 to an average of 25.2% in 2025 and closed the year at 25.3%, the same rate as of December 2024.
- 6.6 Looking ahead, market interest rates are generally expected to decline in 2026 as inflation pressures subside. Government has indicated determination to reduce inflation and interest rates.

7. Economic growth

- 7.1 According to the International Monetary Fund's (IMF) January 2026 World Economic Outlook, global growth is projected to remain resilient at 3.3% in 2026 and at 3.2% in 2027: rates similar to the estimated 3.3% outturn in 2025. The steady performance is resulting from the balancing of divergent forces; headwinds from shifting trade policies are offset by tailwinds from surging investment related to technology, fiscal and monetary support, broadly accommodative financial conditions, and adaptability of the private sector.

- 7.1.1 Growth in advanced economies is estimated to have moderated to 1.7% in 2025 from 1.8% in 2024 and is projected at 1.8% in 2026 and 1.7% in 2027.
- 7.1.2 In emerging markets and developing economies, growth is estimated to have slightly picked up to 4.4% in 2025 from 4.3% in 2024 and is projected at 4.2% in 2026 and 4.1% in 2027.
- 7.1.3 In sub-Saharan Africa growth is estimated to have increased to 4.4% in 2025 from 4.1% in 2024 and is projected at 4.6% in 2026 and 2027.
- 7.2 For the domestic economy, in the 3rd Monetary Policy Statement published in October 2025, the RBM projected a GDP growth rate of 2.8% for 2025, compared to 1.7% registered in 2024. The EIU and the World Bank projected a growth rate of 1.6% and 1.9%, respectively, for 2025. Growth in 2025 was mainly supported by a relatively better agricultural harvest in the 2024/25 season and scaling up of infrastructure activities in the construction sector.
- 7.3 For 2026, the Government expects growth to pick up to 3.8%. The EIU projects 2.0% and the World Bank projects a 2.6% growth rate. The improvement in growth from 2026 is expected to be mainly supported by improving macroeconomic conditions, an improvement in agricultural output and development of the mining sector. Major constraints to growth are expected to remain foreign exchange shortages and related external pressures, and low access to electricity.

Table 4a: World Bank Projections					
	2023	2024	2025e	2026f	2027f
GDP at constant market prices (% change)	1.9	1.7	1.9	2.6	3.1

Source: Global Economic Prospects - January 2026

Table 4b: IMF projections				
	2023	2024	2025f	2026f
Real GDP growth	1.9	1.8	2.4	2.7

Source: IMF World Economic Outlook - October 2025

Table 4c: Projections by the Economist Intelligence Unit							
	2024e	2025f	2026f	2027f	2028f	2029f	2030f
Real GDP growth	1.3	1.6	2.0	1.8	2.6	2.9	2.9
Agriculture	-1.0	1.3	1.6	1.6	2.3	2.8	3.3
Industry	2.2	2.0	2.2	2.7	2.9	2.9	3.0
Services	2.2	1.6	2.6	2.9	3.0	3.2	2.7

Source: Malawi One-click Report - December 2025

8. Social and political environment

- 8.1 Malawi held its presidential, parliamentary and local government elections on 16th September 2025. President Professor Arthur Peter Munthalika of the Democratic Progressive Party (DPP) won the presidential vote, ushering in a change in government administration.
- 8.2 The DPP 2025 – 2030 Manifesto highlights the following:
 - 8.2.1 Vision: To make Malawi a self-reliant, inclusive and industrialised upper-middle-income country by the year 2063
 - 8.2.2 Development pillars:
 - i. Agricultural productivity & commercialization

- ii. Industrialisation: 5 special economic zones, agro-processing, textiles, mining, technology & renewable energy
 - iii. Urbanisation: development of secondary cities and rural growth centres, improved housing, water, digital infrastructure
 - iv. Decentralisation: K5 billion per constituency annually
- 8.2.3 Economic strategy:**
- i. Reduce inflation
 - ii. Achieve high GDP growth rates
 - iii. Cut excessive borrowing
 - iv. Mobilise domestic resources and control public debt.

9. Fiscal policy

- 9.1** Government introduced new tax measures which became effective on 30th December 2025. They include the following:
- 9.1.1** Money transfer levy of 0.05% on all electronic bank transfers within or across banks, paid by the sender.
 - 9.1.2** E-money transfer levy of 0.05% applied on the transaction amount on money transfers of above K100,000 done using a system operated by an e-money service provider, paid by the sender.
 - 9.1.3** Employment income tax (Pay As You Earn (PAYE)) structure was adjusted as follows:

Annual taxable income	Rate
First K2, 040, 000	0%
Next K16, 800, 000	30%
Next K101, 160, 000	35%
Excess of K120, 000, 000	40%

- The threshold for supernormal profit tax for companies was reduced from K10 billion to K5 billion, meaning company profits below K5 billion will continue to be taxed at the standard rate of 30%, while profits of K5 billion and above will be taxed at 40%.
- 9.1.4** A Minimum Alternate Tax (MAT) of 0.5% on turnover to apply to companies with turnover of more than K5 billion that have been operating for more than three years. Companies to pay, either normal corporate income tax levied at 30% on profit, or 0.5% of turnover, whichever is higher.
 - 9.1.5** The Value added tax (VAT) rate was adjusted from 16.5% to 17.5%.

10. Stock market performance

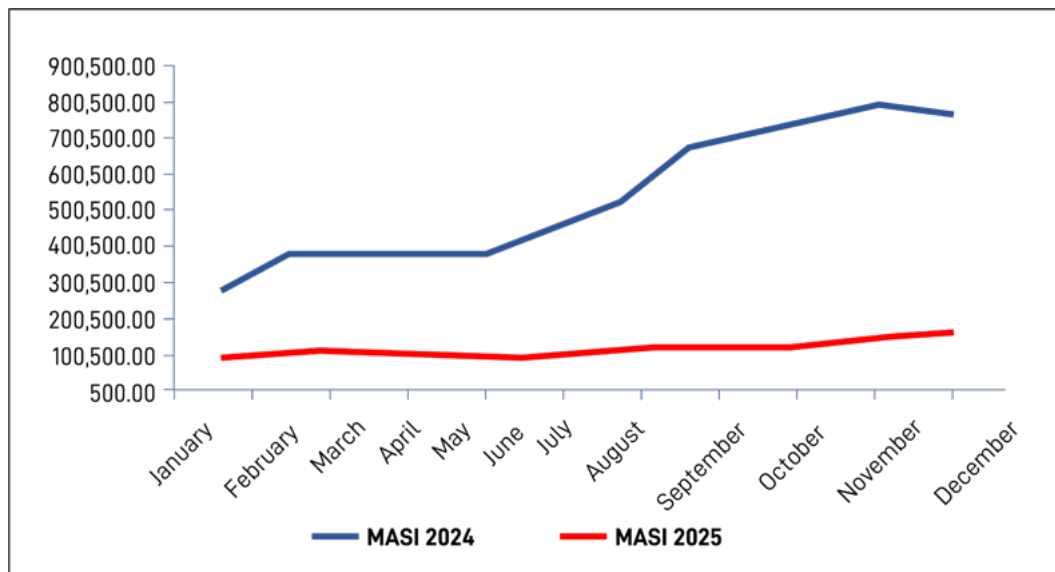
- 10.1** In 2025, the Malawi Stock Exchange (MSE) registered a positive year-on-year return on the Malawi All Share Index of 247.63% (247.63% in USD terms). This is compared to an annual return of 55.06% (50.53% in USD terms) in 2024. The Domestic Share Index (DSI) registered a return of 208.88% (208.88% in USD terms) in 2025 compared to 52.11% (47.67% in USD terms) in 2024. The Foreign Share Index (FSI) registered a return of 470.87% (470.87% in USD terms) in 2025 compared to 75.65% (70.52% in USD terms) in 2024.
- 10.2** 15 companies registered price gains during the year, while 1 registered a decline. The top gainers were NITL (795.12%), FMBCH (476.19%), NBS (424.94%), NICO (314.42%) and SUNBIRD (307.16%). The loss was registered by ICON (-11.36%).

- 10.3 The market registered an increase of 176.67% (176.21% in USD terms) in traded value of shares during the year to K344.92 billion (USD198.91 million) in 2025 from K124.67 billion (USD72.01 million) in 2024. However, the market registered a decrease of -50.09% in total traded volume to 623.70 million shares in 2025 from 1.25 billion shares in 2024.
- 10.4 Standard Bank Malawi plc listed additional 938,672,648 ordinary shares following a stock split, increasing its total issued shares to 1,173,340,810 ordinary shares. As a result of the split, the share price was adjusted from K12,050.00 to K2,410.00 on 21st July 2025, reflecting the revised share structure while maintaining overall shareholder value.
- 10.5 On the debt market, there were 9 Development Bonds and 82 Treasury Notes issued by Malawi Government with a total nominal value of K4.91 trillion as of 31st December 2025. There were no trades in the debt secondary market during the year.
- 10.6 Table 6 shows the performance of individual companies in 2025 relative to 2024, and Chart 7 shows a graphical comparison of the performance of the MASI in 2025 relative to 2024.

Table 6: Share trading summary			
Company	31-Dec-25	31-Dec-24	Price change (%)
Market indices			
MASI	598,062.80	172,039.93	↑ 247.63%
DSI	405,749.03	131,362.56	↑ 208.88%
FSI	158,350.47	27,738.47	↑ 470.87%
Galners			
NITL	3,938.51	440.00	↑ 795.12%
FMBCH	3,197.86	555.00	↑ 476.19%
NBS	913.76	174.07	↑ 424.94%
NICO	1,736.51	419.02	↑ 314.42%
SUNBIRD	977.50	240.08	↑ 307.16%
FDHB	599.89	148.23	↑ 304.70%
PCL	8,728.43	2,499.79	↑ 249.17%
NBM	11,995.63	3,462.17	↑ 246.48%
STANDARD	4,248.41	1,296.79	↑ 1,296.79
OMU	3,790.04	1,950.01	↑ 94.36%
ILLOVO	2,330.12	1,355.08	↑ 71.95%
AIRTEL	120.77	90.00	↑ 34.19%
TNM	31.46	24.99	↑ 25.89%
MPICO	19.51	18.53	↑ 5.29%
BHL	15.05	14.55	↑ 3.44%
Losers			
ICON	16.00	18.05	↓ -11.36%

(Data source: Malawi Stock Exchange)

Chart 7: Malawi All Share Index



(Source: Malawi Stock Exchange)

11. Conclusions

- 11.1 The economy remained fragile in 2025 but registered some gains.
- 11.2 Inflationary pressures remained high with headline inflation rate averaging 28.4% in 2025, but down from 32.3% in 2024 largely on account of easing food prices despite rising prices of utilities.
- 11.3 Market interest rates were relatively stable in 2025 as the Policy rate was unchanged during the year. It is expected that the interest rates could decline in 2025 as inflation eases.
- 11.4 The indicative exchange rate was broadly stable although foreign currency shortages were persistent and continued to constrain the importation of essential goods, including fuel, thereby affecting business operations. Generally, exchange rate depreciation pressures remain prevalent as the supply of forex remains subdued relative to demand.
- 11.5 The overall performance of the MSE in 2025 was significantly better than that of 2024. The stock market registered a positive return on the Malawi All Share Index of 247.63% during the year.
- 11.6 GDP growth rate is estimated to have improved to 2.8% in 2025 from 1.7% in 2024, supported by improved agricultural output and investments in infrastructure activities, among others. The World Bank and EIU projected growth rates of 1.9% and 1.6%, respectively, in 2025. For 2026, The Government projects a growth rate of 3.8% while the World Bank and EIU project growth rates of 2.6% and 2.0%, respectively.
- 11.7 The September 2025 general elections ushered in a change of Government, following the success of the Democratic Progressive Party's President, Professor Arther Peter Munthalika.
- 11.8 The Government introduced new tax measures which became effective on 30th December 2025, aimed at improving government revenue.





The simplest way to pay your taxes today

CDH Investment Bank's e-tax platform is the simplest way to pay your taxes to Malawi revenue Authority (MRA)

Pay your taxes either through the online banking platform or at CDHIB banking centre. In order to use the e-tax service for domestic taxes, sign-up on the MRA website.

Key Benefits

- Convenient, secure, easy and fast
- Immediate confirmation of payment
- Free e-tax payment demos for users
- Dedicated mailbox:
electronicprocessing@cdh-malawi.com for resolution of tax payment issues

NB: Available to both CDH Investment Bank customers and non-customer



INVESTMENT BANK