



INVESTMENT BANK



Summary of results for the six months ended 30th June 2018

(Published pursuant to the Financial Services Act and Banking Act of the Laws of Malawi)

Summary statements of profit or loss and other comprehensive income	Un-audited 30-Jun-18	Un-audited 30-Jun-17	Audited 31-Dec-17
	K'000	K'000	K'000
Interest income	5,371,413	8,915,316	15,887,423
Interest expense	(3,518,159)	(6,300,715)	(10,982,165)
Net interest income	1,853,254	2,614,601	4,905,258
Fees from investment banking services	904,410	918,721	1,208,041
Other fees and commission income	413,790	132,984	393,421
Trading income	123,009	126,243	222,207
Other operating income	2,824	9,638	40,918
Other income	17,267	20,039	9,735
Operating income before impairment losses on loans and advances to customers	3,314,553	3,822,226	6,779,580
Net impairment losses on loans and advances to customers	(47,825)	(820,266)	(1,808,746)
Income after impairment losses on loans and advances to customers	3,266,728	3,001,960	4,970,834
Operating expenses	(2,449,586)	(2,340,626)	(4,825,833)
Profit before income tax	817,142	661,334	145,001
Income tax (expense/credit)	(144,753)	(158,273)	100,841
Profit and other comprehensive income after tax	672,389	503,061	245,842

Summary statements of financial position	Un-audited 30-Jun-18	Un-audited 30-Jun-17	Audited 31-Dec-17
	K'000	K'000	K'000
Assets			
Cash and cash equivalents	5,077,998	3,030,307	3,949,815
Financial assets	39,808,364	47,468,083	33,317,667
Loans and advances to related parties	1,831,078	2,480,718	2,437,836
Loans and advances to other banks	18,664	3,443,292	7,008,894
Loans and advances to customers	19,998,002	11,411,837	12,862,160
Income tax recoverable	125,395	78,051	78,051
Amounts due from related parties	66,759	148,820	127,747
Assets held for sale	18,736	120,606	28,630
Other assets	1,652,559	1,422,264	797,323
Other investments	30,000	15,000	30,000
Property and equipment	546,986	642,285	618,086
Intangible assets	144,432	192,447	189,462
Deferred tax asset	38,897	-	183,651
Total assets	69,357,870	70,453,711	61,629,322
Capital, reserves and liabilities			
Share capital and reserves	4,050,781	3,635,611	3,378,392
Balances due to other banks	3,029,776	1,785,000	135,000
Customer deposits	28,425,129	23,038,441	26,196,479
Investment funds	31,689,818	39,811,077	30,489,716
Other liabilities and accruals	562,366	1,108,119	429,735
Deferred tax liabilities	-	75,463	-
Subordinated liability	1,600,000	1,000,000	1,000,000
Total capital, reserves and liabilities	69,357,870	70,453,711	61,629,322

Statements of changes in equity	Un-audited 30-Jun-18	Un-audited 30-Jun-17	Audited 31-Dec-17
	K'000	K'000	K'000
As at the beginning of the period	3,378,392	3,438,204	3,438,204
Transfer of deferred tax on revaluation of disposal of assets	-	-	-
Dividend paid	-	(305,654)	(305,654)
Total profit and loss and other comprehensive income for the year	672,389	503,061	245,842
As at the end of the period	4,050,781	3,635,611	3,378,392

Summary statements of cash flows	Un-audited 30-Jun-18	Un-audited 30-Jun-17	Audited 31-Dec-17
	K'000	K'000	K'000
Cash generated from operating activities	562,400	574,859	1,530,791
Advance payment of income tax	(49,688)	(74,015)	(71,015)
Net cash from / (used in) operating activities	512,711	500,845	1,459,776
Cash flows from / (to) investing activities			
Proceeds from sale of equipment and motor vehicles	22,537	33,087	33,244
Acquisition of equipment and intangible assets	(20,279)	(212,813)	(281,972)
Acquisition of additional shares in Natswitch	-	-	(15,000)
Net cash used in investing activities	2,258	(179,725)	(263,728)
Cash flows from financing activities			
Increase in subordinated liability	600,000	-	-
Dividends paid	-	(305,654)	(305,654)
Net cash flows from financing activities	600,000	(305,654)	(305,654)
Net increase/(decrease) in cash and cash equivalents	1,114,969	15,465	890,394
Effects of exchange rate fluctuations on cash and cash equivalents held	13,214	(14,012)	30,567
Cash and cash equivalents at beginning of the period	3,949,815	3,028,854	3,028,854
Closing cash and cash equivalents at end of the period	5,077,998	3,030,307	3,949,815

Impairment losses/ non performing credit facilities and provisions for losses

Sector	30-Jun-18			30-Jun-17		
	Outstanding amount K'000	Impaired loans outstanding balances K'000	Specific provisions excl. interest in suspense K'000	Outstanding amount K'000	Impaired loans outstanding balances K'000	Specific provisions excl. interest in suspense K'000
Agriculture	1,189,750	-	-	2,057,077	-	-
Construction	294,426	39,657	37,556	470,198	11,534	9,291
Manufacturing	8,441,018	2,718,327	1,849,599	2,918,589	414,157	277,699
Real estate	404,772	4,083	4,083	98,377	21,178	21,953
Tourism and leisure	2,592,397	-	-	23,980	132	2,110
Transport/storage	534,283	18,685	17,962	847,478	83,652	83,652
Wholesale and retail	6,195,328	382,206	219,784	2,716,406	174,922	117,446
Other (financial, individual)	2,560,462	169,095	85,451	2,821,061	202,353	29,178
	22,212,436	3,332,053	2,214,435	11,953,166	907,928	541,329

Credit concentration

Total credit facilities including guarantees, acceptances and other similar commitments extended by the bank to any one or group of related customers where amounts exceeded 25% of core capital.

Economic sector	30-Jun-18		30-Jun-17	
	Outstanding K'000	% of core capital	Outstanding K'000	% of core capital
Agriculture	1,189,750	35.06%	2,268,920	60.18%
Manufacturing	8,441,018	248.74%	-	0.00%
Tourism and leisure	2,592,397	76.39%	-	0.00%
Wholesale and retail	6,195,328	182.56%	-	0.00%

Loans to directors, senior management and other related parties

	30-Jun-18				30-Jun-17			
	Opening balance K'000	Loans granted during the period K'000	Repayments K'000	Balance at period end K'000	Opening balance K'000	Loans granted during the period K'000	Repayments K'000	Balance at period end K'000
Directors	-	85,000	-	85,000	7,711	1,288	(1,825)	7,174
Senior management	180,184	208,405	(150,727)	237,862	176,464	34,422	(42,246)	168,640
Other related parties	-	-	-	-	-	20,000	-	20,000

Directors remuneration	30-Jun-18	30-Jun-17
	K'000	K'000
Directors remuneration	28,479	17,587

Capital management	Required - 2018	Jun-18	Jun-17
Tier I ratio	10%	14.47%	14.19%
Total capital ratio	15%	22.65%	17.60%

Investment in subsidiary & associate

Percentage	30-Jun-18 holding	30-Jun-17 K'000	K'000
Associate			
National Switch Ltd	9%	30,000	15,000

Deposit rates	Jun-18	Jun-17
Current account	0.25%	0.50%
CDHIB prime investors account	11.00%	15.00%
Smart savers account	8.00%	11.00%
Sweep call account	5.00%	8.00%
7 day call account	6.00%	8.00%
14 day call account	7.00%	8.50%
21 day call account	8.00%	9.00%
30 day call account	9.00%	9.50%
1 month fixed deposit	9.00%	12.00%
2 months fixed deposit	10.00%	12.50%
3 months fixed deposit	11.00%	13.00%
6 months fixed deposit	11.50%	14.00%
9 months fixed deposit	Negotiable	14.50%
12 months fixed deposit	Negotiable	15.00%

Lending rates	Jun-18	Jun-17
Base lending rate (local currency)	24.50%	32.50%
Base lending rate (foreign currency)	9.50%	10.00%
Maximum applicable range (basis points)	300	300
RBM Bank rate	16.00%	22.00%

Summary of financial statements for the six months ended 30 June 2018

We hereby publish the summary statements of profit or loss and other comprehensive income, financial position, changes in equity and cash flows of CDH Investment Bank Limited (CDHIB) for the six months ended 30th June 2018.

Overall performance

The bank realised profit before tax of K817.1 million against prior year performance of K661.3 million representing an increase of 24% from the previous year. Total net operating income before loan impairments reduced by 13% primarily due to drop in net interest income arising from reduction in the interest rates in response to the review of the bank rate by the Central Bank. During the period, the bank recorded significant growth in loans and advances to customers by 75%. Impairment losses on loans and advances to customers on the other hand have gone down compared to the prior year. Non-interest income also grew by 22% compared to the same period last year as the bank continued to benefit from a number of cross-selling opportunities nurtured by its investment banking drive.

Total assets almost remained stable at K69,358 million from K70,452 million as the Bank continued to augment its client centricity focus in offering a superior customer experience.

The Bank continues to comply with all RBM regulatory capital and liquidity requirements.

Business prospects and outlook

The first half of 2018 witnessed continuous low levels of inflation and interest rates as an indication of economic recovery which in turn creates room for economic turnaround and prospects of increased business for the bank. The recent hikes in electricity tariffs, fuel and maize prices that may result into some increase in inflation but is likely to have minimum impact on the business in the short term. The bank remains committed to continue offering innovative investment banking products and services in deriving its growth agenda.

Going forward, the bank will continue to be the leading investment bank in Malawi that is delivering considerable development impact based on its project finance capabilities which are supported by both local and international partners.

F H Kennedy
Board Chairman

M.G. Esau
CEO/MD

B. M. Mosiwa - Ndovi
Chief Finance Officer

21 August 2017

Performance...

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