



INVESTMENT BANK

# Summary of results for the six months ended 30th June 2020

(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

Interest income  
Interest expense  
**Net interest income**  
Non-interest income  
**Operating income before impairment losses on loans and advances to customers**  
Net impairment losses on loans and advances to customers  
**Income after impairment losses on loans and advances to customers**  
Operating expenses  
**Profit before income tax**  
Income tax expense  
**Profit and comprehensive income for the year**

Unaudited 30-Jun-20 K'000	Unaudited 30-Jun-19 K'000	Audited 31-Dec-19 K'000
7,174,046	7,352,767	14,916,480
(4,007,313)	(4,549,369)	(8,648,803)
<b>3,166,733</b>	<b>2,803,399</b>	<b>6,267,677</b>
1,845,348	1,186,706	2,269,535
<b>5,012,081</b>	<b>3,990,105</b>	<b>8,537,212</b>
(1,039,696)	(516,951)	285,800
<b>3,972,385</b>	<b>3,473,153</b>	<b>8,823,012</b>
(2,639,869)	(2,683,030)	(5,542,445)
<b>1,332,516</b>	<b>790,124</b>	<b>3,280,567</b>
(405,993)	(241,155)	(971,918)
<b>926,523</b>	<b>548,969</b>	<b>2,308,649</b>



## Summary statements of financial position

**Assets**  
Cash and cash equivalents  
Financial assets at fair value through profit or loss  
Investment securities  
Loans and advances to related party  
Loans and advances to other banks  
Loans and advances to customers  
Amounts due from related parties  
Assets held for sale  
Other assets  
Other investments  
Equipment  
Intangible assets  
Deferred tax asset  
**Total assets**

Unaudited 30-Jun-20 K'000	Unaudited 30-Jun-19 K'000	Audited 31-Dec-19 K'000
10,252,248	4,022,343	6,708,237
52,902,691	54,652,018	48,916,015
4,205,287	-	1,433,596
2,089,307	3,016,274	3,012,329
1,786,264	2,360,326	2,023,252
34,534,461	21,166,274	30,540,364
-	66,759	-
14,252	-	-
795,401	2,418,432	1,842,100
280,000	280,000	280,000
2,095,046	2,326,572	1,942,627
48,945	67,890	69,034
46,671	61,511	72,805
<b>109,050,573</b>	<b>90,438,399</b>	<b>96,840,359</b>

**Capital, reserves and liabilities**  
Share capital and reserves  
Balances due to other banks  
Customer deposits  
Investment funds  
Other liabilities and accruals  
Income tax payable  
Subordinated liability  
**Total capital, reserves and liabilities**

11,420,159	4,837,726	10,493,636
5,208,090	2,601,828	-
39,447,489	33,341,815	40,322,718
48,659,880	45,344,270	41,636,566
2,442,714	2,580,547	2,240,787
272,241	132,214	546,652
1,600,000	1,600,000	1,600,000
<b>109,050,573</b>	<b>90,438,399</b>	<b>96,840,359</b>



## Summary statements of changes in equity

As at the beginning of the period  
Transitional adjustment on IFRS 16 adoption at 1 Jan 2019  
New issue of shares  
Total comprehensive income for the year

Unaudited 30-Jun-20 K'000	Unaudited 30-Jun-19 K'000	Audited 31-Dec-19 K'000
10,493,636	4,288,757	4,288,757
-	(5,384)	-
-	-	3,901,614
926,523	548,969	2,308,649
<b>11,420,159</b>	<b>4,837,726</b>	<b>10,493,636</b>



## Summary statements of cashflows

**Cash generated from operating activities**  
Advance payment of income tax  
**Net cash from / (used in) operating activities**  
**Cash flows (to)/from investing activities**  
Proceeds from sale of equipment  
Acquisition of equipment and intangible assets  
Non-cash adjustment on IFRS 16 Leases  
Acquisition of equity investment  
**Net cash used in investing activities**  
**Cash flows from financing activities**  
Proceeds from issue of shares  
Repayment of lease liabilities  
**Net cash from financing activities**  
  
**Net increase in cash and cash equivalents**  
Effects of exchange rate fluctuations on cash and cash equivalents  
Cash and cash equivalents at the beginning of the period  
**Cash and cash equivalents at end of the period**

Unaudited 30-Jun-20 K'000	Unaudited 30-Jun-19 K'000	Audited 31-Dec-19 K'000
5,215,443	(141,220)	2,192,982
(654,271)	(31,907)	(359,523)
<b>4,561,172</b>	<b>(173,128)</b>	<b>1,833,459</b>
331	-	473
(59,894)	(1,997)	(69,404)
(570,752)	-	(2,328,360)
-	(250,000)	(250,000)
<b>(630,315)</b>	<b>(251,997)</b>	<b>(2,647,291)</b>
-	-	3,901,614
(399,289)	-	(827,651)
<b>(399,289)</b>	<b>-</b>	<b>3,073,963</b>
<b>3,531,568</b>	<b>(425,125)</b>	<b>2,260,131</b>
12,443	6,139	6,777
6,708,237	4,441,329	4,441,329
<b>10,252,248</b>	<b>4,022,343</b>	<b>6,708,237</b>

## Impairment losses/ non performing credit facilities and provisions for losses

Sector	30-Jun-20			30-Jun-19		
	Outstanding amount K'000	Impaired loans outstanding balances K'000	Specific provisions K'000	Outstanding amount K'000	Impaired loans outstanding balances K'000	Specific provisions K'000
Agriculture	3,095,623	51,685	49,901	1,267,274	555	-
Construction	578,851	95,952	15,129	663,219	92,037	12,317
Manufacturing	8,738,484	-	-	7,472,940	-	-
Real estate	161,454	-	-	259,344	-	-
Tourism and leisure	808,397	-	-	1,099,238	-	-
Transport/storage	538,800	7,542	7,542	438,381	7,562	7,542
Wholesale and retail	13,259,562	-	-	8,413,426	1,743,312	522,894
Community, social, personal services	5,041,935	15,257	11,702	660,194	16,443	14,653
Other	2,311,355	1,745,482	1,745,482	892,258	2,503	2,503
	<b>34,534,461</b>	<b>1,915,918</b>	<b>1,829,756</b>	<b>21,166,274</b>	<b>1,862,412</b>	<b>559,909</b>

## 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-20		30-Jun-19	
	Outstanding K'000	% of core capital	Outstanding K'000	% of core capital
Agriculture	1,668,539	15.36%	850,000	19.25%
Manufacturing	6,890,179	63.43%	6,477,859	146.67%
Tourism and leisure	-	0.00%	842,230	19.07%
Wholesale and retail	13,259,562	122.06%	7,774,358	176.02%

## Deposit rates

	Jun-20	Jun-19
Current account	0.25%	0.25%
CDHIB prime investors account	7.00%	8.00%
Smart savings account	5.00%	6.00%
7 day call account	4.50%	4.50%
30 day call account	5.00%	6.00%
1 month fixed deposit	5.25%	6.00%
2 months fixed deposit	6.00%	6.50%
3 months fixed deposit	6.50%	7.00%
6 months fixed deposit	Negotiable	8.00%
9 months fixed deposit	Negotiable	Negotiable
12 months fixed deposit	Negotiable	Negotiable

## Loans to directors, senior management and other related parties

	30-Jun-20				30-Jun-19			
	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	-	-	-	-	-	-	-	-
Senior management	272,984	28,800	(109,929)	191,855	244,524	198,336	(169,876)	272,984

## Directors remuneration

	30-Jun-20 K'000	30-Jun-19 K'000
Directors remuneration	37,378	32,704

## Capital management

	Required	Jun-20	Jun-19
Tier 1 ratio	10.00%	39.09%	17.57%
Total capital ratio	15.00%	43.10%	23.28%

## Lending rates

	Jun-20	Jun-19
Base lending rate (local currency)	13.40%	13.90%
Base lending rate (foreign currency)	9.00%	9.75%
Maximum applicable range (basis points)	1090	1100
RBM Bank rate	13.40%	13.90%

## Other investments

Associate	Percentage holding	30-Jun-20 K'000	30-Jun-19 K'000
Malawi Agricultural and Industrial Investment Corporation	2.20%	250,000	250,000
National Switch Ltd	8.33%	30,000	30,000

## Main highlights



## Summary of financial statements for six months ended 30 June 2020

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) as at 30 June 2020.

## Overall performance

The bank realised profit after tax of K927 million against prior year performance of K549 million representing an increase of 69% mainly due to an increase in operating income before impairments on loans and advances of 26% from prior year. The operating income before impairments on loans and advances grew from K2,803 million to K5,012million mainly on account of growth in net interest income by 13% and non-interest income by 56%.

Operating expenses decreased slightly by 2% mainly due to cost containment strategy deployed within the business.

Total assets increased by 21% from K90,438 million to K109,051 million mainly due to increases in customer deposits by 18% and investment funds by 7% as the bank continued to propel innovative financial solutions for its clients.

## Business prospects and impact of Covid-19

Business activities slowed down mainly due to uncertainties in the business environment and impact of the Covid 19 pandemic which disrupted economic and business supply chains both locally and internationally.

Despite the various challenges, inflation and interest rates remained relatively stable. Many countries are slowly reopening and easing restrictions. It is expected that Malawi will also follow suit amid measures deployed by Government to slow down the spread of the virus. Therefore, supply chains are expected to improve during the second half of the year. The bank has however taken appropriate steps to assess the likely impact of the pandemic on business and management is closely monitoring potential disruptions caused by the pandemic.

In the meantime, the business will leverage on the positive business outcomes experienced during the period under review arising from the advisory, tailor-made and structured transactions to sustain growth, capital optimisation and cost discipline.

FH Kennedy  
Board Chairman

JR Ngando Moukala  
Chief Executive Officer/  
Managing Director

BM Mosiwa Ndovi  
Chief Finance Officer

12 August 2020