



INVESTMENT BANK



Summary of audited results for the year ended 31st December 2021

Summary statements of profit or loss and other comprehensive income

	31-Dec-21 Audited K'000	31-Dec-20 Audited K'000
Interest income	22,472,458	16,273,263
Interest expense - customer deposits and other banks	(5,653,366)	(2,618,650)
Interest expense - investment funds	(8,933,073)	(6,644,937)
Net interest income	7,886,019	7,009,676
Non-interest income	4,310,261	3,947,910
Operating income before impairment losses on loans and advances to customers	12,196,280	10,957,586
Net impairment gains/(losses) on loans and advances to customers	891,696	(771,811)
Income after impairments gains/(losses) on loans and advances to customers	13,087,976	10,185,775
Operating expenses	(6,179,667)	(5,716,571)
Profit before income tax	6,908,309	4,469,204
Income tax expense	(2,045,738)	(1,379,642)
Profit and comprehensive income for the year	4,862,571	3,089,562

Summary statements of financial position

	31-Dec-21 Audited K'000	31-Dec-20 Audited K'000
Assets		
Cash and cash equivalents	5,113,250	7,206,052
Financial assets at fair value through profit or loss	104,743,581	71,188,220
Investment securities at amortised cost	8,539,620	4,400,106
Loans and advances to other banks	5,767,051	1,500,473
Loans and advances to customers	54,974,846	38,273,785
Other assets	1,844,790	905,467
Other investments at fair value through other comprehensive income	361,000	280,000
Equipment	1,304,983	1,980,888
Intangible assets	15,099	31,980
Deferred tax asset	103,638	34,880
Total assets	182,767,858	125,801,851

Capital, reserves and liabilities

Share capital and reserves	16,200,988	13,583,198
Balances due to other banks	6,348,768	500,472
Customer deposits	62,918,327	48,083,812
Investment funds	93,641,303	59,406,494
Other liabilities and accruals	1,674,692	2,027,692
Income tax payable	383,780	600,183
Subordinated liability	1,600,000	1,600,000
Total capital, reserves and liabilities	182,767,858	125,801,851

Summary statements of changes in equity

	31-Dec-21 Audited K'000	31-Dec-20 Audited K'000
As at the beginning of the year	13,583,198	10,493,636
Dividends paid	(2,244,781)	-
Total comprehensive income for the year	4,862,571	3,089,562
As at the end of the year	16,200,988	13,583,198

Summary statements of cash flows

	31-Dec-21 Audited K'000	31-Dec-20 Audited K'000
Cash generated from operating activities	3,114,041	3,376,131
Advance payment of income tax	(2,330,898)	(1,288,186)
Net cash generated from operating activities	783,143	2,087,945
Cash flows from investing activities		
Proceeds from sale of equipment and motor vehicles	-	3,945
Acquisition of equipment and intangible assets	(230,980)	(106,892)
Non-cash adjustment on IFRS 16 Leases	115,001	(704,045)
Acquisition of equity investment	(81,000)	-
Net cash used in investing activities	(196,979)	(806,992)
Cash flows from financing activities		
Dividends paid	(2,244,781)	-
Repayment of lease liabilities	(1,132,000)	(984,334)
Net cash from financing activities	(3,376,781)	(984,334)
Net (decrease)/increase in cash and cash equivalents	(2,790,617)	296,619
Effects of exchange rate fluctuations on cash and cash equivalents	697,815	201,196
Cash and cash equivalents at the beginning of the year	7,206,052	6,708,237
Cash and cash equivalents at end of the year	5,113,250	7,206,052

2021 Key performance highlights



Impairment losses, non performing credit facilities and provisions for losses

Sector	As at 31 Dec-21			As at 31 Dec-20		
	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	4,770,319	49,716	48,223	3,905,203	55,824	54,007
Construction	771,087	4	-	545,505	136,470	80,226
Manufacturing	6,871,571	3,404	-	9,828,067	42	-
Real estate	356,846	0	-	436,424	2,274	-
Tourism and leisure	4,469,145	850,734	-	1,741,805	888,944	-
Transport/storage	500,023	86	-	465,538	-	-
Wholesale and retail	28,587,975	61,288	55,374	15,072,571	123,134	-
Community, social and personal services	8,901,915	2,830	-	4,682,967	-	-
Other	409,703	0	-	3,152,506	1,382,574	1,119,131
	55,638,584	968,062	103,597	39,830,586	2,589,262	1,253,364

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	31-Dec-21		31-Dec-20	
	Outstanding K'000	% of core capital	Outstanding K'000	% of core capital
Agriculture	4,311,371	27%	3,240,850	24%
Wholesale and retail	23,128,511	145%	13,543,417	101%
Manufacturing	5,548,458	35%	9,119,211	68%

Deposit rates

	Dec-21	Dec-20
Current account	0.25%	0.25%
CDHIB prime investors account	6%	7%
Smart savers account	4%	5%
7 day call account	5%	5%
30 day call account	6%	5%
1 month fixed deposit	6%	5%
2 months fixed deposit	5%	6%
3 months fixed deposit	4%	7%
6 months fixed deposit	Negotiable	Negotiable
9 months fixed deposit	Negotiable	Negotiable
12 months fixed deposit	Negotiable	Negotiable

Loans to directors, senior management and other related parties

	31-Dec-21				31-Dec-20			
	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
Senior management	165,864	365,702	(186,358)	345,208	223,601	153,423	(211,160)	165,864

Directors remuneration

	31-Dec-21 K'000	31-Dec-20 K'000
Directors remuneration	93,649	107,361
Total bonuses paid to staff	690,831	446,052

Other investments

	31-Dec-21 K'000	31-Dec-20 K'000
Associates		
National Switch Limited	111,000	30,000
Malawi Agricultural and Industrial Investment Corporation Plc	250,000	250,000

Capital management

	Required	Dec-21	Dec-20
Tier I ratio	10.00%	45.51%	48.12%
Total capital ratio	15.00%	47.20%	51.54%

Lending rates

	Dec-21	Dec-20
Base lending rate (local currency)	12.2%	12.3%
Base lending rate (foreign currency)	10%	10%
Maximum applicable range (basis points)	1090	300
RBM bank rate	12.0%	12.0%

Summary of financial statements for the year ended 31 December 2021

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 31 December 2021 together with the independent auditor's report.

Overall performance

The bank realised profit after tax of K4.86 billion against the prior year performance of K3.09 billion representing an increase of 57%. The performance was backed by a strong growth in operating income and recoveries made on impaired loans and advances. During the same period, net interest income grew by 13% from K7.01 billion to K7.89 billion, and non-interest income grew from K3.95 billion to K4.31 billion representing an increase of 9%.

Total assets increased by 45% from K125.89 billion to K182.77 billion mainly due to increases in financial assets at fair value through profit or loss by 47% and increase of 44% in loans and advances. The bank leveraged on its ability to integrate investment banking services with traditional commercial banking activities.

The bank complied with all regulatory bodies' guidelines throughout the year.

Business prospects and outlook

Year 2021 registered an improvement in domestic economic activity compared to 2020 despite risks imposed by the Covid-19 pandemic. Interest rates were steady following the Reserve Bank of Malawi accommodative monetary policy aimed at supporting economic recovery. Inflation rates and exchange rates, however, faced significant pressures from rising global prices and persistent shortage of foreign exchange.

The economic challenges are anticipated to continue in 2022, however the bank will continue to focus on executing its long term strategic priorities underpinned by exceptional service delivery to its customers and increased investments in its digital and technology driven services. The Bank will strive to remain the undisputed market leader in providing investment banking services in Malawi.

Basis of preparation

The Directors have prepared the bank's summary financial statements to meet the requirements of the Financial Services Act, 2010 of Malawi. The Directors have considered the Financial Services Act, 2010 requirements and believe that the summary statements of financial position and profit or loss and other comprehensive income are sufficient to meet the requirements of the users of the bank's summary financial statements. The amounts in the summary financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards.

F Kennedy Chairman of the Board	E Malion Director	K Ahadzi Chief Executive Officer/Managing Director	B Mosiwa Ndovi Chief Finance Officer
---	-----------------------------	--	--

25 March 2022

Independent Auditor's report on the bank's summary financial statements to the shareholders of CDH Investment Bank Limited as at 31st December 2021

Opinion

The summary financial statements, which comprise the summary statements of financial position as at 31 December 2021, the summary statements of profit or loss and other comprehensive income and cash flow for the year then ended, and the basis of preparation, loans to directors, senior management and other related parties, Directors' remuneration, management fees, capital management and investments are derived from audited financial statements of CDH Investment Bank Limited for the year ended 31 December 2021.

In our opinion, the accompanying bank's summary of financial statements are consistent, in all material respects, with the bank's audited financial statements, in accordance with the Financial Services Act, 2010.

Other matter

We have not audited the overall performance, business prospects and outlook included in the summary financial statements and accordingly do not express any opinion thereon.

Summary Financial Statements

The bank's summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards. Reading the bank's summary financial statements, and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon.

The Audited Financial Statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our reports dated 29th March 2022. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the financial statements for the current period.

Directors' responsibility for the Summary Financial Statements

Directors are responsible for the preparation of the summary financial statements in accordance with the requirements of the Financial Services Act, 2010 of Malawi.

Auditor's responsibility

Our responsibility is to express an opinion on whether the bank's summary financial statements are consistent, in all material respects, with the bank's audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, Engagements to Report on Summary Financial Statements.

Gordon Tembo
Chartered Accountant (Malawi)
Partner
Blantyre, Malawi
29 March 2022

