



INVESTMENT BANK



Summary of audited results for the year ended 31st December 2019

Statements of profit or loss and other comprehensive income	Consolidated	Consolidated	Separate	Separate
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	Audited	Audited	Audited	Audited
	K'000	K'000	K'000	K'000
Interest income	14,916,480	11,558,758	14,916,480	11,558,758
Interest expense	(8,648,803)	(7,623,828)	(8,648,803)	(7,623,828)
Net interest income	6,267,677	3,934,930	6,267,677	3,934,930
Non-interest income	2,269,535	3,343,005	2,269,535	3,343,005
Operating income before impairment losses on loans and advances to customers	8,537,212	7,277,935	8,537,212	7,277,935
Net impairment losses on loans and advances to customers	285,800	(1,197,018)	285,800	(1,197,018)
Income after impairment losses on loans and advances to customers	8,823,012	6,080,917	8,823,012	6,080,917
Operating expenses	(5,542,445)	(4,945,053)	(5,542,445)	(4,945,053)
Profit before income tax	3,280,567	1,135,864	3,280,567	1,135,864
Income tax expense	(971,918)	(170,499)	(971,918)	(170,499)
Profit and comprehensive income for the year	2,308,649	965,365	2,308,649	965,365

Statements of financial position	Consolidated	Consolidated	Separate	Separate
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	Audited	Audited	Audited	Audited
	K'000	K'000	K'000	K'000
Assets				
Cash and cash equivalents	6,708,237	4,441,329	6,708,237	4,441,329
Financial assets at fair value through profit or loss	48,916,015	52,351,352	48,916,015	52,351,352
Investment securities	1,433,596	-	1,433,596	-
Loans and advances to related party	3,012,329	1,994,779	3,012,329	1,994,779
Loans and advances to other banks	2,023,252	4,418,858	2,023,252	4,418,858
Loans and advances to customers	30,540,364	20,386,372	30,540,364	20,386,372
Income tax recoverable	4,398	112,016	-	107,618
Amounts due from related parties	-	279,402	-	279,402
Assets held for sale	-	6,199	-	6,199
Other assets	1,842,114	1,809,756	1,842,100	1,809,742
Other investments	280,000	30,000	280,000	30,000
Equipment	1,942,627	568,646	1,942,627	568,646
Intangible assets	69,034	103,413	69,034	103,413
Deferred tax asset	72,805	30,928	72,805	30,928
Total assets	96,844,771	86,533,050	96,840,359	86,528,638
Capital, reserves and liabilities				
Share capital and reserves	10,498,048	4,293,169	10,493,636	4,288,757
Balances due to other banks	-	4,232,881	-	4,232,881
Customer deposits	40,322,718	35,168,813	40,322,718	35,168,813
Investment funds	41,636,566	40,670,032	41,636,566	40,670,032
Other liabilities and accruals	2,240,787	568,155	2,240,787	568,155
Income tax payable	546,652	-	546,652	-
Subordinated liability	1,600,000	1,600,000	1,600,000	1,600,000
Total capital, reserves and liabilities	96,844,771	86,533,050	96,840,359	86,528,638

Summary statements of changes in equity	Consolidated	Consolidated	Separate	Separate
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	Audited	Audited	Audited	Audited
	K'000	K'000	K'000	K'000
As at the beginning of the year	4,293,169	3,382,804	4,288,757	3,378,392
Transitional adjustment on IFRS 16 adoption at 1 Jan 2019	(5,384)	-	(5,384)	-
Transitional adjustment on IFRS 9 adoption at 1 Jan 2018	-	(55,000)	-	(55,000)
New issue of shares	3,901,614	-	3,901,614	-
Total comprehensive income for the year	2,308,649	965,365	2,308,649	965,365
As at the end of the year	10,498,048	4,293,169	10,493,636	4,288,757

Summary statements of cash flows	Consolidated	Consolidated	Separate	Separate
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	Audited	Audited	Audited	Audited
	K'000	K'000	K'000	K'000
Cash generated from operating activities	2,192,982	19,734	2,192,982	19,734
Advance payment of income tax	(359,523)	(47,344)	(359,523)	(47,344)
Net cash from/(used in) operating activities	1,833,459	(27,610)	1,833,459	(27,610)
Cash flows from/(to) investing activities				
Proceeds from sale of equipment and motor vehicles	473	22,735	473	22,735
Acquisition of equipment and intangible assets	(69,404)	(115,662)	(69,404)	(115,662)
Non-cash adjustment on IFRS 16 Leases	(2,328,360)	-	(2,328,360)	-
Acquisition of shares in Malawi Agricultural and Industrial Investment Corporation Plc	(250,000)	-	(250,000)	-

Net cash used in investing activities	(2,647,291)	(92,927)	(2,647,291)	(92,927)
Cash flows from financing activities				
Proceeds from issue of subordinated debt	-	600,000	-	600,000
Proceeds from issue of shares	3,901,614	-	3,901,614	-
Repayment of lease liabilities	(827,651)	-	(827,651)	-
Net cash from financing activities	3,073,963	600,000	3,073,963	600,000
Net increase in cash and cash equivalents	2,260,131	479,463	2,260,131	479,463
Effects of exchange rate fluctuations on cash and cash equivalents	6,777	12,051	6,777	12,051
Cash and cash equivalents at the beginning of the year	4,441,329	3,949,815	4,441,329	3,949,815
Cash and cash equivalents at end of the year	6,708,237	4,441,329	6,708,237	4,441,329

Impairment losses/ non performing credit facilities and provisions for losses

Consolidated and separate as at 31 Dec-19				Consolidated and separate as at 31 Dec-18			
Sector	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	1,182,300	675	-	603,169	437	-	
Construction	696,493	93,877	-	957,689	12,917	10,403	
Manufacturing	10,883,072	-	-	8,059,452	47	-	
Real estate	181,331	-	-	355,410	-	-	
Tourism and leisure	33,552	-	-	1,000,966	-	-	
Transport/storage	430,026	7,542	7,542	448,359	7,542	1,163	
Wholesale and retail	15,581,883	1,762,966	485,207	8,353,058	1,788,887	-	
Other	579,540	2,838	2,503	681,846	18,053	16,386	
	29,568,197	1,867,898	495,252	20,459,949	1,827,883	27,952	

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.

31-Dec-19				31-Dec-18			
Economic sector	Outstanding K'000	% of core capital		Outstanding K'000	% of core capital		
Wholesale and retail	11,189,218	109%		5,553,386	131%		
Manufacturing	9,327,969	91%		5,891,479	138%		

Loans to directors, senior management and other related parties

Consolidated and separate 31-Dec-19				Consolidated and separate 31-Dec-18			
	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
Senior management	244,524	190,080	(211,003)	223,601	180,184	98,747	(34,407)

Directors remuneration	Consolidated and separate	Consolidated and separate
	31-Dec-19	31-Dec-18
	K'000	K'000
Directors remuneration	68,773	59,014

Capital management

	Required	Dec-19	Dec-18
Tier 1 ratio	10.00%	37.49%	15.40%
Total capital ratio	15.00%	42.13%	21.14%

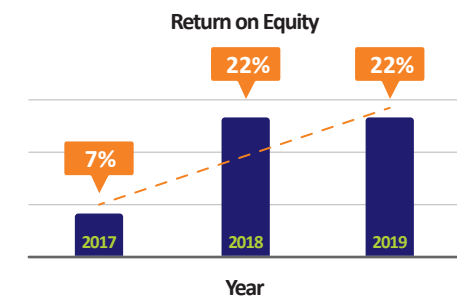
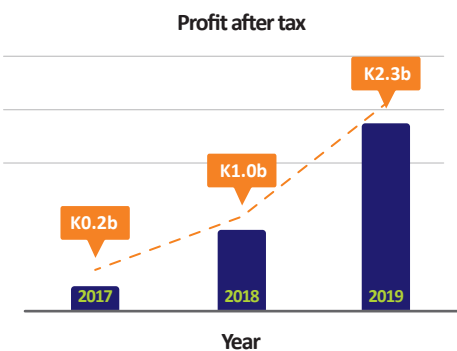
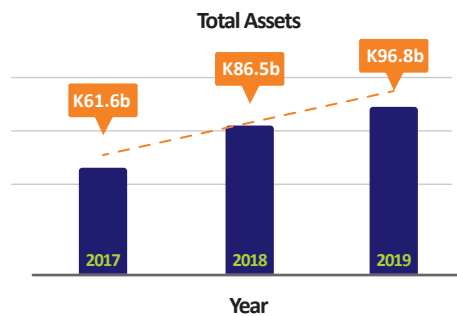
Other investments

	Percentage holding	31-Dec-19	31-Dec-18
		K'000	K'000
Associate			
National Switch Limited	8%	30,000	30,000
Malawi Agricultural and Industrial Investment Corporation Plc	2%	250,000	-

Deposit rates	Dec-19	Dec-18
Current account	0.25%	0.25%
CDHIB prime investors account	7%	11%
Sweep call account	-	5%
7 day call account	5%	6%
14 day call account	5%	7%
21 day call account	5%	8%
30 day call account	5%	9%
1 month fixed deposit	5%	9%
2 months fixed deposit	6%	10%
3 months fixed deposit	7%	11%
6 months fixed deposit	Negotiable	12%
9 months fixed deposit	Negotiable	Negotiable
12 months fixed deposit	Negotiable	Negotiable

Lending rates	Dec-19	Dec-18
Base lending rate (local currency)	12.0%	24.5%
Base lending rate (foreign currency)	10%	10%
Maximum applicable range (basis points)	300	300
RBM Bank rate	13.5%	16%

Main highlights



Summary of consolidated and separate financial statements for the year ending 31 December 2019

We hereby publish the summary consolidated and separate statements of profit or loss and other comprehensive income, financial position, changes in equity and cash flows of **CDH Investment Bank Limited** as at 31 December 2019 together with the independent auditor's report.

Overall performance

The bank realised consolidated profit after tax of K2,309 million against prior year performance of K965 million representing an increase of 139%. During the same period, net interest income grew by 59% from K3,935 million to K6,268 million. Total assets increased by 12% from K86,533 million to K96,845 million mainly due to an increase of 50% in loans and advances. The bank continues to intensify advisory services and offer innovative banking products. The bank complied with all regulatory bodies' guidelines through out the year.

Business prospects and outlook

The prospects for 2020 are a mixed bag due to several challenges around businesses in Malawi as well as worldwide. Despite these uncertainties the bank is poised to tap into new opportunities that may arise. The bank will focus on expanding and deepening supply chain financial services in corporate banking, with an emphasis on investment banking services.

Basis of preparation

The Directors have prepared the summary consolidated and separate 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 consolidated and separate statements of financial position and profit or loss and other comprehensive income are sufficient to meet the requirements of the users of the summary consolidated and separate financial statements. The amounts in the summary consolidated and separate financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards.

FH Kennedy
Chairman
31 March 2020

N Ngwira
Director

BM Mosiwa Ndovi
Chief Finance Officer

Independent Auditor's report on the summary consolidated and separate financial statements to the shareholders of CDH Investment Bank Limited Opinion

The summary consolidated and separate financial statements, which comprise the summary statements of financial position as at 31 December 2019, 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 consolidated and separate financial statements of CDH Investment Bank Limited for the year ended 31 December 2019.

In our opinion, the accompanying summary of consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate 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 consolidated and separate financial statements and accordingly do not express any opinion thereon.

Summary Consolidated and Separate Financial Statements

The summary consolidated and separate financial statements do not contain all the disclosures required by the International Financial Reporting Standards. Reading the summary consolidated and separate financial statements, and our report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and our report thereon. The summary consolidated and separate financial statements and the audited consolidated and separate financial statements do not reflect the effects of events that occurred subsequent to that date of our report on the audited consolidated and separate financial statements.

The Audited Consolidated and Separate Financial Statements and Our Report thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our reports dated 31 March 2020. 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 consolidated and separate 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 summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate 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



Banking innovations that help your business grow

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