



INVESTMENT BANK

Summary of audited results for the year ended 31st December 2022

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

Summary statement of profit or loss and other comprehensive income		31-Dec-22 Audited	31-Dec-21 Audited
		K'000	K'000
Interest income		32,859,401	22,472,458
Interest expense - customer deposits and interbank taking		(7,300,274)	(5,653,366)
Interest expense - investment funds		(11,575,276)	(8,933,073)
Net interest income		13,983,851	7,886,019
Non-interest income		6,575,885	4,310,261
Operating income before impairment losses on loans and advances to customers		20,559,736	12,196,280
Net impairment (losses)/recoveries on loans and advances to customers		(11,820)	891,696
Income after impairment (losses)/recoveries on loans and advances to customers		20,547,916	13,087,976
Operating expenses		(9,071,285)	(6,179,667)
Profit before income tax expense		11,476,631	6,908,309
Income tax expense		(3,942,755)	(2,045,738)
Profit and comprehensive income for the year		7,533,876	4,862,571
Summary statement of financial position		31-Dec-22 Audited	31-Dec-21 Audited
		K'000	K'000
Assets			
Cash and cash equivalents		10,868,255	5,113,250
Financial assets at fair value through profit or loss		96,563,517	104,743,581
Investment securities at amortised cost		20,322,216	8,539,420
Interbank placements		25,088,670	5,767,051
Loans and advances to customers		62,330,779	54,974,846
Other assets		1,432,645	1,844,790
Other investments at fair value through other comprehensive income		361,000	361,000
Equipment		2,006,659	1,304,983
Intangible assets		12,991	15,099
Deferred tax asset		12,551	103,638
Total assets		218,999,283	182,767,858
Capital, reserves and liabilities			
Share capital and reserves		21,253,579	16,200,988
Interbank takings		13,060,741	6,348,768
Customer deposits		93,880,670	62,918,327
Investment funds		84,688,396	93,641,303
Other liabilities and accruals		2,927,129	1,674,692
Income tax payable		1,588,768	383,780
Subordinated liability		1,600,000	1,600,000
Total capital, reserves and liabilities		218,999,283	182,767,858
Summary statement of changes in equity		31-Dec-22 Audited	31-Dec-21 Audited
		K'000	K'000
As at the beginning of the year		16,200,988	13,583,198
Dividends paid		(2,481,285)	(2,244,781)
Total comprehensive income for the year		7,533,876	4,862,571
As at the end of the year		21,253,579	16,200,988
Summary statement of cash flows		31-Dec-22 Audited	31-Dec-21 Audited
		K'000	K'000
Cash generated from operating activities		13,454,647	3,114,041
Advance payment of income tax		(2,646,680)	(2,330,898)
Net cash generated from operating activities		10,807,967	783,143
Cash flows from investing activities			
Proceeds from sale of equipment		905	-
Acquisition of equipment and intangible assets		(165,017)	(230,980)
Acquisition of equity investment		-	(81,000)
Net cash used in investing activities		(164,112)	(311,980)
Cash flows from financing activities			
Dividends paid		(2,481,285)	(2,244,781)
Non-cash adjustment on IFRS 16 Leases		(1,400,037)	115,001
Repayment of lease liabilities		(1,403,058)	(1,132,000)
Net cash from financing activities		(5,284,380)	(3,261,780)
Net increase/(decrease) in cash and cash equivalents		5,359,475	(2,790,617)
Effects of exchange rate fluctuations on cash and cash equivalents		395,530	697,815
Cash and cash equivalents at the beginning of the year		5,113,250	7,206,052
Cash and cash equivalents at the end of the year		10,868,255	5,113,250

Impairment losses, non performing credit facilities and provisions for losses		As at 31 Dec-22			As at 31 Dec-21		
Sector	Outstanding amount	Impaired loans outstanding balances	Specific provisions	Outstanding amount	Impaired loans outstanding balances	Specific provisions	
Agriculture	6,406,295	57,454	48,223	4,770,319	49,716	48,223	
Construction	928,958	89	-	771,087	4	-	
Manufacturing	11,752,055	5	-	6,871,571	3,404	-	
Real estate	193,421	193,421	-	356,846	-	-	
Tourism and leisure	4,922,370	1,716,077	-	4,469,145	850,734	-	
Transport/storage	433,078	0	-	500,023	86	-	
Wholesale and retail	25,758,993	273	-	28,587,975	61,288	55,374	
Community, social and personal services	10,352,201	63	1,681	8,901,915	2,830	-	
Other	1,977,357	1,682	-	409,703	-	-	
	62,724,728	1,969,064	49,904	55,638,584	968,062	103,597	
Credit concentration		31-Dec-22			31-Dec-21		
Economic sector	Outstanding K'000	% of core capital	Outstanding K'000		Outstanding K'000	% of core capital	
Agriculture	4,809,718	27%	4,311,371		4,311,371	27%	
Wholesale and retail	26,542,163	147%	23,128,511		23,128,511	145%	
Manufacturing	7,369,515	41%	5,548,458		5,548,458	35%	
Community, social and personal services	1,980,584	11%	-		-	0%	
Tourism and leisure	3,178,376	18%	-		-	0%	
Loans to directors, senior management and other related parties		31-Dec-22			31-Dec-21		
Opening balance	Loans granted during the period	Repayments	Balance at period end	Opening balance	Loans granted during the period	Repayments	Balance at period end
K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Directors	-	121,200	(37,547)	83,653	-	-	-
Other related parties	-	36,000	(1,766)	34,234	-	-	-
Senior Management	345,208	235,024	(116,695)	463,537	165,864	365,702	(186,358)
Directors remuneration and bonuses		31-Dec-22			Dec-22		
	K'000	K'000					
Directors remuneration	224,499	93,649					
Total bonuses paid to staff	1,147,663	690,831					
Capital management		Dec-22			Dec-21		
Required							
Tier I ratio	10.00%	45.76%		45.51%			
Total capital ratio	15.00%	47.31%		47.20%			
Other investments		31-Dec-22			Dec-21		
	K'000	K'000					
Associates	111,000	111,000					
National Switch Limited	250,000	250,000					
Lending rates		Dec-22			Dec-21		
	K'000	K'000					
Base lending rate (local currency)			17.3%	12.2%			
Base lending rate (foreign currency)			10%	10%			
Maximum applicable range (basis points)			1090	1090			
RBム bank rate			18.0%	12.0%			

2022 Key performance highlights

Profitability
55%
↑

Return on equity
35%
↑

Asset growth
20%
↑

Customer deposits
49%
↑

Summary of financial statements for the year ended 31 December 2022

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 2022 together with the independent auditor's report.

Overall performance

The bank realised a profit after tax of K7,534 million against the prior year performance of K4,863 million representing an increase of 55%. The performance was backed by a strong growth in operating income of 69%. During the same period, net interest income grew by 77% from K7,886 million to K13,984 million, and non-interest income grew from K4,310 million to K6,576 million representing an increase of 53%.

Total assets increased by 20% from K18,768 million to K218,999 million mainly due to increases in interbank placements by 335% and increase in investment in Government Securities by 138%. This was backed by a 49% increase in Customer Deposits. 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

The year 2022 registered a slow down in growth of the domestic economy compared to 2021. The domestic economic growth was expected to grow at a slower rate of 1.7% in 2021 (20