



INVESTMENT BANK

# Summary of unaudited results for the six months ended 30<sup>th</sup> June 2023

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

	Unaudited Six months to 30-Jun-23	Unaudited Six months to 30-Jun-22	Audited Twelve months to 31-Dec-22
<b>Summary statement of profit or loss and other comprehensive income</b>	K'000	K'000	K'000
Interest income	21,540,711	14,181,433	32,859,401
Interest expense - deposits from customers and other banks	(6,195,553)	(3,202,999)	(7,300,274)
Interest expense - investment funds	(6,686,370)	(6,263,248)	(11,575,276)
Net interest income	8,658,788	4,715,186	13,983,851
Non-interest income	4,223,996	3,186,765	6,575,885
<b>Operating income before impairment losses on loans and advances to customers</b>	<b>12,882,784</b>	<b>7,901,951</b>	<b>20,559,736</b>
Net impairment losses on loans and advances to customers	(29,786)	(92,481)	(11,820)
<b>Income after impairment losses on loans and advances to customers</b>	<b>12,852,998</b>	<b>7,809,470</b>	<b>20,547,916</b>
Operating expenses	(5,151,151)	(3,931,552)	(9,071,285)
Profit before income tax	7,701,847	3,877,918	11,476,631
Income tax expense	(2,238,989)	(1,374,422)	(3,942,755)
<b>Profit and comprehensive income for the period</b>	<b>5,462,858</b>	<b>2,503,496</b>	<b>7,533,876</b>

	Unaudited 30-Jun-23	Unaudited 30-Jun-22	Audited 31-Dec-22
<b>Summary statement of financial position</b>	K'000	K'000	K'000
<b>Assets</b>			
Cash and cash equivalents	10,358,728	7,854,836	10,868,255
Financial assets at fair value through profit or loss	106,786,285	84,475,135	96,563,517
Investment securities at amortised cost	21,613,777	10,782,828	20,322,216
Interbank placements	23,861,003	10,292,951	25,088,670
Loans and advances to customers	70,900,373	60,097,903	62,330,779
Other assets	2,955,644	1,206,733	1,432,645
Other investments at fair value through other comprehensive income	361,000	361,000	361,000
Equipment	3,135,556	2,267,552	2,006,659
Intangible assets	6,495	13,352	12,991
Deferred tax asset	163,481	-	12,551
<b>Total assets</b>	<b>240,142,342</b>	<b>177,352,290</b>	<b>218,999,283</b>
<b>Capital, reserves and liabilities</b>			
Share capital and reserves	23,699,505	16,973,199	21,253,579
Interbank takings	10,474,532	3,499,031	13,060,741
Customer deposits	101,036,106	72,881,130	93,880,670
Investment funds	98,309,660	79,146,490	84,688,396
Other liabilities and accruals	3,845,212	2,717,733	2,927,129
Income tax payable	1,177,327	505,827	1,588,768
Deferred tax Liability	-	28,880	-
Subordinated liability	1,600,000	1,600,000	1,600,000
<b>Total capital, reserves and liabilities</b>	<b>240,142,342</b>	<b>177,352,290</b>	<b>218,999,283</b>

	Unaudited 30-Jun-23	Unaudited 30-Jun-22	Audited 31-Dec-22
<b>Summary statement of changes in equity</b>	K'000	K'000	K'000
As at the beginning of the period	21,253,579	16,200,988	16,200,988
Dividends paid	(3,016,932)	(1,731,285)	(2,481,285)
Total comprehensive income for the period	5,462,858	2,503,496	7,533,876
<b>As at the end of the period</b>	<b>23,699,505</b>	<b>16,973,199</b>	<b>21,253,579</b>

	Unaudited 30-Jun-23	Unaudited 30-Jun-22	Audited 31-Dec-22
<b>Summary statement of cashflows</b>	K'000	K'000	K'000
Cash generated from operating activities	8,497,498	7,196,606	13,850,177
Advance payment of income tax	(2,801,358)	(1,119,860)	(2,646,680)
<b>Net cash generated from operating activities</b>	<b>5,696,140</b>	<b>6,076,746</b>	<b>11,203,497</b>
Acquisition of equipment and intangible assets	(630,711)	(1,604,605)	(165,017)
Proceeds from sale of equipment	1,374	730	905
<b>Net cash used in investing activities</b>	<b>(629,337)</b>	<b>(1,603,875)</b>	<b>(164,112)</b>
Net cash used in financing activities	(5,576,330)	(1,731,285)	(5,284,380)
Net (decrease)/increase in cash and cash equivalents	(509,527)	2,741,586	5,755,005
Cash and cash equivalents at the beginning of the period	10,868,255	5,113,250	5,113,250
<b>Cash and cash equivalents at end of the period</b>	<b>10,358,728</b>	<b>7,854,836</b>	<b>10,868,255</b>

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

Sector	30-Jun-23			30-Jun-22		
	Outstanding amount K'000	Impaired loans outstanding balances K'000	Expected credit losses K'000	Outstanding amount K'000	Impaired loans outstanding balances K'000	Expected credit losses K'000
Agriculture	7,583,178	48,349	48,349	5,368,647	50,410	50,410
Construction	1,350,662	56,738	627	683,462	49	-
Manufacturing	13,136,940	-	-	7,838,270	-	-
Real estate	77,183	-	-	294,054	-	-
Tourism and leisure	4,151,972	-	-	4,831,020	-	-
Transport/storage	203,915	-	-	514,234	13	1
Wholesale and retail	32,462,959	-	-	26,389,588	349	-
Community, social, personal services	10,153,299	1,682	1,682	13,892,561	-	-
Other	2,283,999	-	-	839,677	18,911	-
	71,404,107	106,769	50,658	60,651,513	69,732	50,411

## 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-23		30-Jun-22	
	Outstanding K'000	% of core capital	Outstanding K'000	% of core capital
Agriculture	5,191,712	24.52%	4,311,371	27.30%
Manufacturing	9,776,720	46.18%	5,004,400	31.69%
Wholesale and retail	27,826,488	131.44%	22,842,096	144.65%

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

	30-Jun-23				30-Jun-22			
	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	113,071	36,000	(43,425)	105,646	-	121,200	(8,129)	113,071
Senior management	400,442	344,891	(144,484)	600,849	257,090	429,198	(285,846)	400,442

Directors remuneration	30-Jun-23	30-Jun-22
	K'000	K'000
Directors remuneration	81,582	106,501

Lending rates	30-Jun-23	30-Jun-22
Base lending rate (local currency)	21.00%	13.80%
Base lending rate (foreign currency)	10.00%	10.00%
Maximum applicable range (basis points)	1090	1090
RBM Bank rate	22.00%	14.00%

Deposit rates	30-Jun-23	30-Jun-22
Current account	0.25%	0.25%
CDHIB prime investors account	7.50%	6.00%
Smart savings account	6.00%	4.00%
7 day call account	5.00%	5.00%
30 day call account	6.00%	6.00%
1 month fixed deposit	6.00%	6.00%
2 months fixed deposit	5.00%	5.00%
3 months fixed deposit	4.00%	4.00%
6 months fixed deposit	Negotiable	Negotiable
9 months fixed deposit	Negotiable	Negotiable
12 months fixed deposit	Negotiable	Negotiable

Capital management	Required	30-Jun-23	30-Jun-22
Tier 1 ratio	10.00%	34.23%	42.43%
Total capital ratio	15.00%	34.49%	44.92%

Other investments at fair value through other comprehensive income	30-Jun-23 K'000	30-Jun-22 K'000
Associate Malawi Agricultural and Industrial Investment Corporation	250,000	250,000
National Switch Ltd	111,000	111,000

## Summary of financial statements for six months ended 30 June 2023

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 2023.

### Overall performance

The bank realised a profit after tax of K5.5 billion against prior half year performance of K2.5 billion representing an increase of 118%. Operating income before impairments on loans and advances grew from K7.9 billion to K12.9 billion mainly on account of growth in net interest income and non-interest income.

Total assets increased by 35% from K177.4 billion to K240.1 billion mainly due to increases in Investment securities at amortised cost, Financial assets at fair value through profit or loss and Loans and advances to customers. The bank continued to leverage on the integrated investment banking solutions and traditional commercial banking services.

We are pleased to report that, the bank complied with all regulatory bodies' guidelines at the end of the period.

### Business prospects

The operating environment remained challenging during the reporting period, dominated by persistent shortage of foreign currency and accelerating inflationary pressures which led to a general rise in interest rates and continued depreciation of the Kwacha. Food production was further depressed by weather-related shocks, Cyclone Freddy in the Southern region and a dry spell in the Northern region, coupled with low electricity generation in the first quarter of the year. Despite the challenging environment, the bank was resilient and produced good results during the period.

It is expected that the operating environment will remain challenging in the second half of the year. However, the bank is positive that the business growth momentum will be sustained for the rest of the year, backed by positive business outcomes experienced during the first half. The bank remains committed to providing well researched and innovative tailored financial solutions to our clients. Capital optimisation, cost discipline and risk management remain the pillars for sound financial performance for the bank.

FH Kennedy  
Board Chairperson

S Chikoti  
Chairperson, Audit Committee

Kwame Ahadzi  
Chief Executive Officer/  
Managing Director

BM Mosiwa  
Executive Director -  
Finance and Operations

31st July 2023

## 2023 Key performance highlights

