



INVESTMENT BANK

# Summary of results for the six months ended 30<sup>th</sup> June 2018

(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	Un-audited 30-Jun-18	Un-audited 30-Jun-17	Audited 31-Dec-17
	K'000	K'000	K'000
Interest income	5,371,413	8,915,316	15,887,423
Interest expense	(3,518,159)	(6,300,715)	(10,982,165)
Net interest income	1,853,254	2,614,601	4,905,258
Fees from investment banking services	904,410	918,721	1,208,041
Other fees and commission income	413,790	132,984	393,421
Trading income	123,009	126,243	222,207
Other operating income	2,824	9,638	40,918
Other income	17,267	20,039	9,735
Operating income before impairment losses on loans and advances to customers	3,314,553	3,822,226	6,779,580
Net impairment losses on loans and advances to customers	(47,825)	(820,266)	(1,808,746)
Income after impairment losses on loan and advances to customers	3,266,728	3,001,960	4,970,834
Operating expenses	(2,449,586)	(2,340,626)	(4,825,833)
Profit before income tax	817,142	661,334	145,001
Income tax (expense/credit)	(144,753)	(158,273)	100,841
Profit and other comprehensive income after tax	672,389	503,061	245,842
Summary statements of financial position	Un-audited 30-Jun-18	Un-audited 30-Jun-17	Audited 31-Dec-17
	K'000	K'000	K'000
<b>Assets</b>			
Cash and cash equivalents	5,077,998	3,030,307	3,949,815
Financial assets	39,808,364	47,468,083	33,317,667
Loans and advances to related parties	1,831,078	2,480,718	2,437,836
Loans and advances to other banks	18,664	3,443,292	7,008,894
Loans and advances to customers	19,998,002	11,411,837	12,862,160
Income tax recoverable	125,395	78,051	78,051
Amounts due from related parties	66,759	148,820	127,747
Assets held for sale	18,736	120,606	28,630
Other assets	1,652,559	1,422,264	797,323
Other investments	30,000	15,000	30,000
Property and equipment	546,986	642,285	618,086
Intangible assets	144,432	192,447	189,462
Deferred tax asset	38,897	-	183,651
<b>Total assets</b>	<b>69,357,870</b>	<b>70,453,711</b>	<b>61,629,322</b>
Capital, reserves and liabilities			
Share capital and reserves	4,050,781	3,635,611	3,378,392
Balances due to other banks	3,029,776	1,785,000	135,000
Customer deposits	28,425,129	23,038,441	26,196,479
Investment funds	31,689,818	39,811,077	30,489,716
Other liabilities and accruals	562,366	1,108,119	429,735
Deferred tax liabilities	-	75,463	-
Subordinated liability	1,600,000	1,000,000	1,000,000
<b>Total capital, reserves and liabilities</b>	<b>69,357,870</b>	<b>70,453,711</b>	<b>61,629,322</b>
Statements of changes in equity	Un-audited 30-Jun-18	Un-audited 30-Jun-17	Audited 31-Dec-17
	K'000	K'000	K'000
As at the beginning of the period	3,378,392	3,438,204	3,438,204
Transfer of deferred tax on revaluation of disposal of assets	-	(305,654)	(305,654)
Dividend paid	-	-	-
Total profit and loss and other comprehensive income for the year	672,389	503,061	245,842
<b>As at the end of the period</b>	<b>4,050,781</b>	<b>3,635,611</b>	<b>3,378,392</b>
Summary statements of cash flows	Un-audited 30-Jun-18	Un-audited 30-Jun-17	Audited 31-Dec-17
	K'000	K'000	K'000
<b>Cash generated from operating activities</b>	<b>562,400</b>	<b>574,859</b>	<b>1,530,791</b>
Advance payment of income tax	(49,688)	(74,015)	(71,015)
<b>Net cash from /(used in) operating activities</b>	<b>512,711</b>	<b>500,845</b>	<b>1,459,776</b>
<b>Cash flows from /(to) investing activities</b>			
Proceeds from sale of equipment and motor vehicles	22,537	33,087	33,244
Acquisition of equipment and intangible assets	(20,279)	(212,813)	(281,972)
Acquisition of additional shares in Natswitch	-	-	(15,000)
Net cash used in investing activities	2,258	(179,725)	(263,728)
<b>Cash flows from financing activities</b>			
Increase in subordinated liability	600,000	-	-
Dividends paid	-	(305,654)	(305,654)
<b>Net cash flows from financing activities</b>	<b>600,000</b>	<b>(305,654)</b>	<b>(305,654)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,114,969</b>	<b>15,465</b>	<b>890,394</b>
Effects of exchange rate fluctuations on cash and cash equivalents held	13,214	(14,012)	30,567
Cash and cash equivalents at beginning of the period	3,949,815	3,028,854	3,028,854
<b>Closing cash and cash equivalents at end of the period</b>	<b>5,077,998</b>	<b>3,030,307</b>	<b>3,949,815</b>

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

Sector	Outstanding amount K'000	Impaired loans outstanding balances K'000	Specific provisions excl. interest in suspense K'000	30-Jun-18	30-Jun-17
				Outstanding amount K'000	Impaired loans outstanding balances K'000
Agriculture	1,189,750	-	-	2,057,077	-
Construction	294,426	39,657	37,556	470,198	11,534
Manufacturing	8,441,018	2,718,327	1,849,599	2,918,589	414,157
Real estate	404,772	4,083	4,083	98,377	21,178
Tourism and leisure	2,592,397	-	-	23,980	132
Transport/storage	534,283	18,685	17,962	847,478	83,652
Wholesale and retail	6,195,328	382,206	219,784	2,716,406	174,922
Other (financial, individual)	2,560,462	169,095	85,451	2,821,061	202,353
	22,212,436	3,332,053	2,214,435	11,953,166	907,928
					541,329

## 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	Outstanding K'000	% of core capital	30-Jun-18	30-Jun-17
			Outstanding K'000	% of core capital
Agriculture	1,189,750	35.06%	2,268,920	60.18%
Manufacturing	8,441,018	248.74%	-	0.00%
Tourism and leisure	2,592,397	76.39%	-	0.00%
Wholesale and retail	6,195,328	182.56%	-	0.00%

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

	30-Jun-18	Loans granted during the period K'000	Repayments K'000	Balance at period end K'000	30-Jun-17	Loans granted during the period K'000	Repayments K'000	Balance at period end K'000
	Opening balance K'000				Opening balance K'000			
Directors	-	85,000	-	85,000	7,711	1,288	(1,825)	7,174
Senior management	180,184	208,405	(150,727)	237,862	176,464	34,422	(42,246)	168,640
Other related parties	-	-	-	-	20,000	-	-	20,000

## Capital management

	Required - 2018	Jun-18	Jun-17
	K'000	K'000	K'000
Tier I ratio	10%	14.47%	14.19%
Total capital ratio	15%	22.65%	17.60%

## Investment in subsidiary & associate

Percentage	30-Jun-18 holding	30-Jun-17 K'000	Jun-18 K'000	Jun-17 K'000
K'000	K'000			





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