



INVESTMENT BANK

Summary of results for the six months ended 30th June 2024

(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

	Unaudited Six months to 30-Jun-24	Unaudited Six months to 30-Jun-23	Audited Twelve months to 31-Dec-23
	K'000	K'000	K'000
Interest income	46,486,311	21,540,711	49,771,550
Interest expense	(31,080,760)	(12,881,923)	(31,261,121)
Net interest income	15,405,551	8,658,788	18,510,429
Non-interest income	5,314,029	4,223,996	11,614,599
Operating income before impairment losses on loans and advances to customers	20,719,580	12,882,784	30,125,028
Net impairment losses on loans and advances to customers	(642,141)	(29,786)	(1,373,128)
Income after impairment losses on loans and advances to customers	20,077,439	12,852,998	28,751,900
Operating expenses	(7,565,369)	(5,151,151)	(11,564,227)
Profit before income tax	12,512,070	7,701,847	17,187,673
Income tax expense	(4,171,864)	(2,238,989)	(6,047,027)
Profit and comprehensive income for the period	8,340,206	5,462,858	11,140,646

Summary statement of financial position

	Unaudited 30-Jun-24	Unaudited 30-Jun-23	Audited 31-Dec-23
	K'000	K'000	K'000
Assets			
Cash and cash equivalents	8,274,478	10,358,728	19,863,871
Financial assets at fair value through profit or loss	299,212,192	106,786,285	135,090,181
Investment securities at amortised cost	41,267,844	21,613,777	28,009,923
Interbank placements	16,126,435	23,861,003	32,649,060
Loans and advances to customers	99,660,264	70,900,373	83,682,438
Other assets	2,074,166	2,955,644	2,005,093
Other investments at cost	838,250	361,000	838,250
Property Equipment and right of use assets	8,917,119	3,135,556	8,214,641
Intangible assets	1	6,495	1
Deferred tax asset	462,643	163,481	353,059
Total assets	476,833,392	240,142,342	310,706,517
Capital, reserves and liabilities			
Equity	32,147,172	23,699,505	28,627,289
Interbank takings	16,879,510	10,474,532	20,353,052
Customer deposits	143,736,179	101,036,106	133,464,295
Investment funds	277,825,025	98,309,660	120,257,083
Other liabilities and accruals	4,091,219	3,845,212	4,799,943
Income tax payable	2,154,287	1,177,327	1,604,856
Subordinated liability	-	1,600,000	1,600,000
Total capital, reserves and liabilities	476,833,392	240,142,342	310,706,517

Summary statement of changes in equity

	Unaudited 30-Jun-24	Unaudited 30-Jun-23	Audited 31-Dec-23
	K'000	K'000	K'000
As at the beginning of the period	28,627,289	21,253,579	21,253,579
Dividends paid	(4,820,323)	(3,016,932)	(3,766,936)
Total comprehensive income for the period	8,340,206	5,462,858	11,140,646
As at the end of the period	32,147,172	23,699,505	28,627,289

Summary statement of cashflows

	Unaudited 30-Jun-24	Unaudited 30-Jun-23	Audited 31-Dec-23
	K'000	K'000	K'000
Net cash generated from operating activities	(3,779,537)	5,696,140	20,287,511
Net cash used in investing activities	(1,468,448)	(629,337)	(6,633,520)
Net cash used in financing activities	(6,341,409)	(5,576,330)	(4,658,375)
Net decrease in cash and cash equivalents	(11,589,393)	(509,527)	8,995,616
Cash and cash equivalents at the beginning of the period	19,863,871	10,868,255	10,868,255
Cash and cash equivalents at end of the period	8,274,478	10,358,728	19,863,871

Impairment losses, non performing credit facilities and provisions for losses

Sector	30-Jun-24			30-Jun-23		
	Outstanding amount	Impaired loans outstanding balances	Expected credit losses	Outstanding amount	Impaired loans outstanding balances	Expected credit losses
	K'000	K'000	K'000	K'000	K'000	K'000
Agriculture	11,708,191	-	-	7,583,178	48,349	48,349
Construction	1,369,579	-	-	1,350,662	56,738	627
Manufacturing	13,687,597	-	-	13,136,940	-	-
Real estate	-	-	-	77,183	-	-
Tourism and leisure	5,956,135	5,955,615	1,879,154	4,151,972	-	-
Transport/storage	527,586	-	-	203,915	-	-
Wholesale and retail	33,294,409	-	-	32,462,959	-	-
Community, social and personal services	13,793,156	2,716	2,716	10,153,299	1,682	1,682
Electricity, Gas, Water and Energy	17,773,037	-	-	-	-	-
Financial Services	4,001,283	-	-	-	-	-
Other	-	-	-	-	-	-
	102,110,973	5,958,331	1,881,870	71,404,107	106,769	50,658

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-24		30-Jun-23	
	Outstanding K'000	% of core capital	Outstanding K'000	% of core capital
Agriculture	11,190,760	40.07%	5,191,712	24.52%
Manufacturing	10,767,203	38.55%	9,776,720	46.18%
Wholesale and retail	31,235,685	111.84%	27,826,488	131.44%
Restaurants and hotels	5,955,614	21.32%	-	-
Electricity, gas, water, and energy	16,784,836	60.10%	-	-

Loans to directors, senior management and other related parties

	30-Jun-24				30-Jun-23			
	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	105,646	-	(105,646)	-	113,071	36,000	(43,425)	105,646
Senior management	600,849	290,668	(89,903)	801,614	400,442	344,891	(144,484)	600,849

Capital management	Required	30-Jun-24	30-Jun-23
Tier 1 ratio	10.00%	36.58%	34.23%
Total capital ratio	15.00%	36.58%	34.49%

Other investments at fair value through other comprehensive income

	30-Jun-24	30-Jun-23
	K'000	K'000
Associate		
Malawi Agricultural and Industrial Investment Corporation Plc	727,250	250,000
National Switch Limited	111,000	111,000

Directors remuneration and bonuses	30-Jun-24	30-Jun-23
	K'000	K'000
Directors remuneration	170,735	81,582

Lending rates	30-Jun-24	30-Jun-23
Base lending rate (local currency)	25.10%	21.00%
Base lending rate (foreign currency)	10.00%	10.00%
Maximum applicable range (basis points)	1090	1090
RBM Bank rate	26.00%	22.00%

Deposit rates	30-Jun-24	30-Jun-23
Current account	0.25%	0.25%
CDHIB prime investors account	9.50%	9.50%
Smart savings account	8.00%	8.00%
7 day call account	6.00%	6.00%
30 day call account	6.00%	6.00%
1 month fixed deposit	8.00%	8.00%
2 months fixed deposit	8.50%	8.50%
3 months fixed deposit	9.00%	9.00%
6 months fixed deposit	Negotiable	Negotiable
9 months fixed deposit	Negotiable	Negotiable
12 months fixed deposit	Negotiable	Negotiable



Summary of results for the six months ended 30th June 2024

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INVESTMENT BANK

2024 key performance highlights



Profitability



Return on equity



Asset growth



Investment funds



Customer deposits

Summary of unaudited financial statements for six months ended 30 June 2024

The Directors present the unaudited summary statements of profit or loss and other comprehensive income, financial position, changes in equity and cash flows of **CDH Investment Bank** for the half year ended 30 June 2024.

Performance

The bank registered a profit after tax of K8.3 billion against prior half year performance of K5.5 billion representing an increase of 53%. Operating income before impairments on loans and advances grew from K12.9 billion to K20.7 billion mainly on account of growth in net interest income and non-interest income.

Operating expenses grew by 47% from K5.1 billion in June 2023 to K7.6 billion in June 2024 largely due to the 44% devaluation of the Kwacha which happened in November 2023, the impact of which was felt in 2024, and the resultant high inflation impacting on prices of commodities. Net impairment losses on loans and advances to customers grew to K642.1 million from K29.8 million following the reclassification of some loan facilities.

Total assets grew by 99% from K240.1 billion to K476.8 billion mainly due to a 180% increase in financial assets at fair value, a 91% growth in investments in government securities at amortized cost, and a 41% increase in loans and advances to customers. This was supported by a 183% growth in investment funds and a 42% increase in customer deposits. The bank continues to leverage on investment banking solutions to grow commercial banking activities.

Outlook

Inflation is projected to stay elevated, averaging 33.5% through the end of the year. The average headline inflation for 2024 is estimated at 30% up from the 2023 average of 28.8%. Relatively high money supply growth, underperformance of the export sector and higher global oil prices are major risks to the inflation outlook. The bank expects continued pressure on the Kwacha exchange rate as a result of the increasing negative trade balance. The Malawi gross domestic product (GDP) growth is projected to average around 2.3% in 2024 mainly driven by the negative effects of the El Nino weather conditions.

The bank is committed to providing innovative financial solutions driven by our motto, *"banking innovations that help your business grow"*. We will continue to meet our client's expectations through continuous development of our people, investment in modern technology, and investment in strategic alliances. We reaffirm our commitment to providing well researched and innovative financial solutions to clients. Capital optimisation, cost discipline, asset diversification and effective risk management will remain our pillars for sound financial performance for the bank.

Appreciation

The strong performance recorded in the first half of 2024 and in the previous years was possible because of the unwavering commitment of the entire CDH Investment Bank team. We are truly grateful to our clients whose loyalty remains one of our strongest asset. We thank our staff for their relentless drive and commitment to duty. We also thank our shareholders, the Government of Malawi, the Reserve Bank of Malawi, our correspondent banks and all other stakeholders and partners for their continued support to the mission of CDH Investment Bank

Franklin Kennedy
Board Chairperson

Sydney Chikoti
Chairperson, Audit Committee

Thoko Mkavea
Chief Executive Officer/
Managing Director

Kelvin Mkulichi
Chief Finance Officer

31 July 2024