



INVESTMENT BANK



Summary of results for the six months ended 30th June 2019

(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	Unaudited 30-Jun-19	Unaudited 30-Jun-18	Audited 31-Dec-18
	K'000	K'000	K'000
Interest income	7,352,767	5,371,413	11,558,758
Interest expense	(4,549,369)	(3,518,159)	(7,623,828)
Net interest income	2,803,399	1,853,254	3,934,930
Non-interest income	1,186,706	1,461,300	3,343,005
Operating income before impairment losses on loans and advances to customers	3,990,105	3,314,554	7,277,935
Net impairment losses on loans and advances to customers	(516,951)	(47,825)	(1,197,018)
Income after impairment losses on loans and advances to customers	3,473,153	3,266,729	6,080,917
Operating expenses	(2,683,030)	(2,449,586)	(4,945,053)
Profit before income tax	790,124	817,143	1,135,864
Income tax expense	(241,155)	(144,754)	(170,499)
Profit and comprehensive income for the period/ year	548,969	672,389	965,365
Summary statements of financial position	Unaudited 30-Jun-19	Unaudited 30-Jun-18	Audited 31-Dec-18
	K'000	K'000	K'000
Assets			
Cash and cash equivalents	4,022,343	5,077,998	4,441,329
Financial assets	54,652,018	39,808,364	52,351,352
Placements with other banks	5,376,600	1,849,742	6,413,637
Loans and advances to customers	21,166,274	19,998,002	20,386,372
Income tax recoverable	-	125,395	107,618
Amounts due from related parties	66,759	66,759	279,402
Non current assets held for sale	-	18,736	6,199
Other assets	2,418,432	1,652,559	1,809,743
Other investments	280,000	30,000	30,000
Property, plant and equipment	2,326,572	546,986	568,646
Intangible assets	67,890	144,432	103,413
Deferred tax asset	61,511	38,897	30,928
Total assets	90,438,399	69,357,870	86,528,638
Capital, reserves and liabilities			
Share capital and reserves	4,837,726	4,050,781	4,288,757
Balances due to other banks	2,601,828	3,029,776	4,232,881
Customer deposits	33,341,815	28,425,129	35,168,813
Investment funds	45,344,270	31,689,818	40,670,032
Income tax liability	132,214	-	-
Other liabilities and accruals	2,580,547	562,366	568,155
Subordinated liability	1,600,000	1,600,000	1,600,000
Total capital, reserves and liabilities	90,438,399	69,357,870	86,528,638
Summary statements of changes in equity	Unaudited 30-Jun-19	Unaudited 30-Jun-18	Audited 31-Dec-18
	K'000	K'000	K'000
As at the beginning of the period	4,288,757	3,378,392	3,378,392
Transitional adjustment on IFRS 9 adoption at 1 Jan 2018	-	-	(55,000)
Total comprehensive income for the period/ year	548,969	672,389	965,365
As at the end of the period/year	4,837,726	4,050,781	4,288,757
Summary statements of cashflows	Unaudited 30-Jun-19	Unaudited 30-Jun-18	Audited 31-Dec-18
	K'000	K'000	K'000
Cash generated from operating activities	(141,220)	562,400	19,734
Advance payment of income tax	(31,907)	(49,689)	(47,344)
Net cash from /(used in) operating activities	(173,128)	512,711	(27,610)
Cash flows (to)/from investing activities			
Proceeds from sale of equipment and motor vehicles	-	22,537	22,735
Acquisition of equipment and intangible assets	(1,997)	(20,279)	(115,662)
Acquisition of equity investment	(250,000)	-	-
Net cash used in investing activities	(251,997)	2,258	(92,927)
Cash flows from financing activities			
Proceeds from issue of subordinated debt	-	600,000	600,000
Net cash from financing activities	-	600,000	600,000
Net increase in cash and cash equivalents	(425,125)	1,114,969	479,463
Effects of exchange rate fluctuations on cash and cash equivalents	6,139	13,214	12,051
Cash and cash equivalents at the beginning of the period/year	4,441,329	3,949,815	3,949,815
Cash and cash equivalents at end of the period/year	4,022,343	5,077,998	4,441,329

Impairment losses/ non performing credit facilities and provisions for losses

Economic Sector	30 Jun-19			30 Jun-18		
	Outstanding amount	Impaired loans outstanding balances	Specific provisions	Outstanding amount	Impaired loans outstanding balances	Specific provisions
	K'000	K'000	K'000	K'000	K'000	K'000
Agriculture	1,267,274	555	-	1,189,750	-	-
Construction	663,219	92,037	12,317	294,426	39,657	37,556
Manufacturing	7,472,940	-	-	8,441,018	2,718,327	1,849,599
Real estate	259,344	-	-	404,772	4,083	4,083
Tourism and leisure	1,099,238	-	-	2,592,397	-	-
Transport/storage	438,381	7,562	7,542	534,283	18,685	17,962
Wholesale and retail	10,223,214	1,743,312	522,894	6,195,328	382,206	219,784
Other	1,552,452	18,946	17,156	2,560,462	169,095	85,451
	22,976,062	1,862,412	559,909	22,212,436	3,332,053	2,214,435

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-19		30-Jun-18	
	Outstanding	% of core capital	Outstanding	% of core capital
	K'000		K'000	
Agriculture	850,000	19.25%	1,189,750	35.06%
Manufacturing	6,477,859	146.67%	8,441,018	248.74%
Tourism and leisure	842,230	19.07%	2,592,397	76.39%
Wholesale and retail	10,828,607	245.18%	6,195,328	182.56%

Loans to directors, senior management and other related parties

	30-Jun-19				30-Jun-18			
	Opening balance for the period	Loans granted during the period	Repayments	Balance at period end	Opening balance for the period	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	-	-	-	-	-	85,000	0	85,000
Senior management	244,524	198,336	(169,876)	272,984	180,184	208,405	(150,727)	237,862

Directors remuneration		30-Jun-19	30-Jun-18	
		K'000	K'000	
Directors remuneration		32,704	28,479	
Capital management		Required - 2019	Jun-19	Jun-18
Tier 1 ratio		10.00%	17.57%	14.47%
Total capital ratio		15.00%	23.28%	22.65%

Deposit rates	Jun-19	Jun-18
Current account	0.25%	0.25%
CDHIB prime investors account	8.00%	11.00%
Smart savings account	6.00%	8.00%
Sweep call account	-	5.00%
7 day call account	4.50%	6.00%
14 day call account	-	7.00%
21 day call account	-	8.00%
30 day call account	6.00%	9.00%
1 month fixed deposit	6.00%	9.00%
2 months fixed deposit	6.50%	10.00%

Other investment

	Percentage holding	30-Jun-19 K'000	30-Jun-18 K'000	12 months fixed deposit	Negotiable	Negotiable
				Lending rates	Jun-19	Jun-18
Associate				Base lending rate (local currency)	13.90%	24.50%
Malawi Agricultural and Industrial Investment Corporation	2.20%	250,000	-	Base lending rate (foreign currency)	9.75%	9.50%
National Switch Ltd	8.30%	30,000	30,000	Maximum applicable range (basis points)	1100	300
				RBM Bank rate	13.90%	16.00%



Summary of financial statements for six months ended 30 June 2019

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 2019.

Overall performance

The bank realised profit after tax of K549 million against prior year performance of K672 million representing a decrease of 18% mainly due to an increase in impairment losses. The operating income before impairments on loans and advances grew by 20% from K3,315 million to K3,990million mainly on account of growth in net interest income by 51%.

The operating expenses slightly increased by 8% mainly due to inflation which affected the cost of services provided to the bank .

Total assets increased by 30% from K69,358 million to K90,438 million mainly due to increases in investments funds and customer deposits as most customers were attracted by innovative products offered by the bank.

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

Business prospects and outlook

The continuous stability of the current economic conditions as evidenced by low interest rates and inflation rates offer hope for increased economic activity going forward. The Bank remains resilient with positive momentum and good growth potential.

The business will leverage on the positive business outcomes experienced during the period under review arising from the advisory, tailor-made and structured transactions to propel growth. Revenue growth, capital optimisation and cost discipline remain high on the agenda.

F.H. Kennedy
Board Chairman

K. Zulu
Director

B.M. Mosiwa Ndovi
Chief Finance Officer

20 August 2019