



Summary of unaudited results for the six months ended 30th June 2023

(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-23 | Unaudited Six months to 30-Jun-22 | Audited Twelve months to 31-Dec-22 |
|---|-----------------------------------|-----------------------------------|------------------------------------|
| | 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 |
| Operating income before impairment losses on loans and advances to customers | 12,882,784 | 7,901,951 | 20,559,736 |
| Net impairment losses on loans and advances to customers | (29,786) | (92,481) | (11,820) |
| Income after impairment losses on loans and advances to customers | 12,852,998 | 7,809,470 | 20,547,916 |
| 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) |
| Profit and comprehensive income for the period | 5,462,858 | 2,503,496 | 7,533,876 |

| Summary statement of financial position | Unaudited 30-Jun-23 | Unaudited 30-Jun-22 | Audited 31-Dec-22 |
|--|---------------------|---------------------|--------------------|
| | K'000 | K'000 | K'000 |
| Assets | | | |
| 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 |
| Total assets | 240,142,342 | 177,352,290 | 218,999,283 |
| Capital, reserves and liabilities | | | |
| 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 |
| Total capital, reserves and liabilities | 240,142,342 | 177,352,290 | 218,999,283 |

| Summary statement of changes in equity | Unaudited 30-Jun-23 | Unaudited 30-Jun-22 | Audited 31-Dec-22 |
|---|---------------------|---------------------|-------------------|
| | 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 |
| As at the end of the period | 23,699,505 | 16,973,199 | 21,253,579 |

| Summary statement of cashflows | Unaudited 30-Jun-23 | Unaudited 30-Jun-22 | Audited 31-Dec-22 |
|--|---------------------|---------------------|--------------------|
| | 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) |
| Net cash generated from operating activities | 5,696,140 | 6,076,746 | 11,203,497 |
| Acquisition of equipment and intangible assets | (630,711) | (1,604,605) | (165,017) |
| Proceeds from sale of equipment | 1,374 | 730 | 905 |
| Net cash used in investing activities | (629,337) | (1,603,875) | (164,112) |
| 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 |
| Cash and cash equivalents at end of the period | 10,358,728 | 7,854,836 | 10,868,255 |

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 | - | 683,462 | - | - |
| Manufacturing | 13,136,940 | - | - | 7,838,270 | 49 | - |
| 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 K'000 | Loans granted during the period K'000 | Repayments K'000 | Balance at period end K'000 | Opening balance K'000 | Loans granted during the period K'000 | Repayments K'000 | Balance at period end 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 |

| 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% |

| 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 |

| Other investments at fair value through other comprehensive income | | | |
|--|-----------|-----------|--|
| | 30-Jun-23 | 30-Jun-22 | |
| | K'000 | 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

