

Summary of results for the six months ended 30th June 2022

(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 Six months to 30-Jun-22 K'000	Unaudited Six months to 30-Jun-21 K'000	Audited Twelve months to 31-Dec-21 K'000
Interest income	14,181,433	10,379,585	22,472,458
Interest expense - deposits from customers and other banks	(3,202,999)	(2,492,731)	(5,653,366)
Interest expense - investment funds	(6,263,248)	(4,149,045)	(8,933,073)
Net interest income	4,715,186	3,737,809	7,886,019
Non-interest income	3,186,765	2,181,635	4,310,261
Operating income before impairment losses on loans and advances to customers	7,901,951	5,919,444	12,196,280
Net impairment (losses)/gains on loans and advances to customers	(92,481)	1,210,447	891,696
Income after impairment gains/(losses) on loans and advances to customers	7,809,470	7,129,891	13,087,976
Operating expenses	(3,931,552)	(2,992,750)	(6,179,667)
Profit before income tax	3,877,918	4,137,141	6,908,309
Income tax expense	(1,374,422)	(1,246,021)	(2,045,738)
Profit and comprehensive income for the period	2,503,496	2,891,120	4,862,571

Summary statements of financial position

	Unaudited 30-Jun-22 K'000	Unaudited 30-Jun-21 K'000	Audited 31-Dec-21 K'000
Assets			
Cash and cash equivalents	7,854,836	3,217,779	5,113,250
Financial assets at fair value through profit or loss	84,475,135	88,007,699	104,743,581
Investment securities at amortised cost	10,782,828	11,130,300	8,539,620
Loans and advances to other banks	10,292,951	10,533,889	5,767,051
Loans and advances to customers	60,097,903	51,566,376	54,974,846
Other assets	1,206,733	1,543,450	1,844,790
Other investments at fair value through other comprehensive income	361,000	280,000	361,000
Equipment	2,267,552	1,518,207	1,304,983
Intangible assets	13,352	23,539	15,099
Deferred tax asset	-	94,814	103,638
Total assets	177,352,290	167,916,053	182,767,858

Capital, reserves and liabilities

	Unaudited 30-Jun-22 K'000	Unaudited 30-Jun-21 K'000	Audited 31-Dec-21 K'000
Share capital and reserves	16,973,199	14,929,537	16,200,988
Balances due to other banks	3,499,031	8,966,258	6,348,768
Customer deposits	72,881,130	58,329,767	62,918,327
Investment funds	79,146,490	82,353,416	93,641,303
Other liabilities and accruals	2,717,733	1,032,468	1,674,692
Income tax payable	505,827	704,607	383,780
Deferred tax Liability	28,880	-	-
Subordinated liability	1,600,000	1,600,000	1,600,000
Total capital, reserves and liabilities	177,352,290	167,916,053	182,767,858

Summary statements of changes in equity

	Unaudited 30-Jun-22 K'000	Unaudited 30-Jun-21 K'000	Audited 31-Dec-21 K'000
As at the beginning of the period	16,200,988	13,583,198	13,583,198
Dividends paid	(1,731,285)	(1,544,781)	(2,244,781)
Total comprehensive income for the period	2,503,496	2,891,120	4,862,571
As at the end of the period	16,973,199	14,929,537	16,200,988

Summary statements of cashflows

	Unaudited 30-Jun-22 K'000	Unaudited 30-Jun-21 K'000	Audited 31-Dec-21 K'000
Cash generated from operating activities	7,196,606	(697,189)	3,114,041
Advance payment of income tax	(1,119,860)	(1,201,532)	(2,330,898)
Net cash generated from/(used in) operating activities	6,076,746	(1,898,721)	783,143
Net cash (used)/generated from in investing activities	(1,603,875)	9,915	(196,979)
Net cash used from financing activities	(1,731,285)	(2,099,467)	(3,376,781)
Net increase/(decrease) in cash and cash equivalents	2,741,586	(3,988,273)	(2,790,617)
Cash and cash equivalents at the beginning of the period	5,113,250	7,206,052	7,903,867
Cash and cash equivalents at end of the period	7,854,836	3,217,779	5,113,250

2022 Key Performance Highlights



Impairment losses/ non performing credit facilities and provisions for losses

Sector	30-Jun-22			30-Jun-21		
	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	5,368,647	50,410	50,410	4,344,098	48,377	48,223
Construction	683,462	49	-	979,441	81,202	81,012
Manufacturing	7,838,270	-	-	13,927,284	-	-
Real estate	294,054	-	-	399,158	-	-
Tourism and leisure	4,831,020	-	-	4,035,343	-	-
Transport/storage	514,234	13	-	605,170	-	-
Wholesale and retail	26,389,588	349	-	21,556,018	55,417	55,374
Community, social, personal services	13,892,561	-	-	5,613,072	-	-
Other	839,677	18,911	-	106,792	-	-
Total	60,651,513	69,732	50,410	51,566,376	184,996	184,609

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-22		30-Jun-21	
	Outstanding K'000	% of core capital	Outstanding K'000	% of core capital
Agriculture	4,311,371	27.30%	3,447,654	25.47%
Manufacturing	5,004,400	31.69%	11,699,292	86.42%
Wholesale and retail	22,842,096	144.65%	18,221,159	134.59%

Loans to directors, senior management and other related parties

	30-Jun-22				30-Jun-21			
	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	-	121,200	(8,129)	113,071	-	-	-	-
Senior management	257,090	429,198	(285,846)	400,442	165,864	120,600	(29,374)	257,090

Directors remuneration

	30-Jun-22 K'000	30-Jun-21 K'000
Directors remuneration	106,501	48,114

Lending rates

	30-Jun-22	30-Jun-21
Base lending rate (local currency)	13.80%	12.20%
Base lending rate (foreign currency)	10.00%	10.00%
Maximum applicable range (basis points)	1,090	1,090
RBM Bank rate	14.00%	12.00%

Other investments

	30-Jun-22 K'000	30-Jun-21 K'000
Associate Malawi Agricultural and Industrial Investment Corporation	250,000	250,000
National Switch Ltd	111,000	30,000

Deposit rates

	30-Jun-22	30-Jun-21
Current account	0.25%	0.25%
CDHIB prime investors account	6.00%	6.00%
Smart savings account	4.00%	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	Jun-22	Jun-21
Tier 1 ratio	10.00%	45.62%	42.43%
Total capital ratio	15.00%	46.94%	44.92%

Summary of financial statements for six months ended 30 June 2022

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 2022.

Overall performance

The bank realised a profit after tax of K2.50 billion against prior year performance of K2.89 billion representing a decrease of 13%. The prior year results had a one off impairment recovery of K1.21 billion.

The operating income before impairments on loans and advances grew from K5.91 billion to K7.90 billion mainly on account of growth in net interest income by 26% and non-interest income by 46%.

Total assets increased by 6% from K167.91 billion to K177.35 billion mainly due to increase in loans and advances to customers which increased by 17% as the bank continued to implement innovative financial solutions for its clients.

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

Business prospects

Instability in fundamental economic variables dominated the operating environment in the first half of the year 2022. Inflationary pressures gained momentum, largely emanating from spill over effects of the Russia-Ukraine war including an increase in oil and food prices as well as disruptions in global supply chains. Foreign exchange shortages continued, prompting monetary authorities to devalue the Kwacha by 25% in May 2022. Interest rates also increased, on account of persistent inflationary pressures. These factors, coupled with weather-related shocks which have caused lower annual crop harvest and low electricity generation this year, have slowed down the country's economic growth recovery post the COVID-19 pandemic.

The operating environment is expected to remain challenging in the second half of the year with persistent inflation, exchange rate and interest rate pressures. The bank remains well positioned for the challenging environment and is determined to continue identifying opportunities and maintaining the growth momentum exhibited in the first half of the year. We remain fully committed to deliver on the promise of creating value for our stakeholders through offering specialized and innovative financial products and services.

FH Kennedy
Board Chairman

S Chikoti
Director

KB Ahadzi
Chief Executive Officer
/Managing Director

BM Mosiwa Ndovi
Executive Director
Finance and Operations

1 August 2022