MarketIQ Malawi

An Analysis of the Continental Holdings PLC 2026 Initial Public Offering

3 July 2026

Executive Summary

Continental Holdings PLC (CHL) is offering 25 percent of its share capital on the Malawi Stock Exchange (MSE) at K195.00 per share, valuing the Group at K587.6 billion. This Initial Public Offer (IPO) is significant not only because of CHL's size, but also because new equity listings on the MSE are rare. This is the first new listing since FDH Bank (FDH) in 2020, giving investors a relatively uncommon opportunity to participate in a new publicly listed financial-sector counter.

That scarcity value should not be ignored. A limited universe of listed equities, strong historical performance among MSE financial/banking stocks, and pent-up demand for new investment opportunities could support strong subscription appetite. However, scarcity is not the same as valuation comfort. The core question remains whether the Offer price is attractive on a properly adjusted basis.

CHL is best understood as a financial holding company built around CDH Investment Bank (CDHIB), which contributes roughly 90 percent of Group profit. Although CHL also owns asset management, stockbroking, property, pension administration and commodities businesses, the investment case is overwhelmingly driven by CDHIB. More specifically, CDHIB's recent earnings growth has been heavily supported by treasury and trading income rather than conventional loan growth.

The prospectus headline trailing price-to-earnings ratio (P/E) of 12.28x appears attractive relative to listed banks. However, that ratio uses total Group profit after tax, including profit attributable to non-controlling shareholders in CDHIB. On the profit attributable to CHL's own shareholders, the more appropriate trailing P/E is approximately 14.59x. The forward

multiples of 7.67x for FY2026 and 4.66x for FY2027 are more attractive, but they rely on a forecast in which owners' profit nearly triples in two years, with around two-thirds of income coming from trading income.

Including NICO Holdings Plc (NICO) as a peer is important. NICO is arguably a close listed structural comparator because it is also a diversified financial holding company, although it is more diversified than CHL due to its insurance operations. On this broader comparison, CHL is not the cheapest financial counter: it ranks third cheapest on P/E and second cheapest on price to book value ratio (P/B). Against NICO specifically, CHL trades at a premium.

This note does not recommend either subscribing or avoiding the Offer. The key judgement is whether CHL's treasury and trading-income performance can remain strong enough to justify the forward earnings forecast. Investors should therefore focus less on the headline 12.28x P/E (or more accurately 14.59x), and more on earnings quality, forecast risk, ownership structure and liquidity after listing.

1. Why this IPO Matters

Malawi's public equity market has had very few new listings in recent years. The last two new arrivals on the MSE were Airtel Malawi in February 2020 and FDH Bank in August 2020. Since then, investors have had no new listed counter to buy, even as the banking sector went through a major re-rating and the market delivered exceptional returns.

CHL's listing is therefore more than a routine corporate transaction. It is the first real test of primary-market appetite in nearly six years. For investors with long-term Kwacha funds, especially pension funds, insurers, asset managers and retail investors seeking listed equity exposure, the Offer provides a rare opportunity to access a new financial-sector counter.

However, the structure of the transaction matters. This is an Offer for Sale, not a capital raise. TransAfrica Holdings Limited (TAH), the controlling shareholder, is selling part of its existing stake. None of the K146.9 billion raised will go into CHL's balance sheet. The immediate transaction is therefore a partial exit for TAH, while CHL benefits from listing visibility, broader ownership and public-market discipline.

Scarcity may support demand. It may even support early secondary-market pricing. But scarcity alone does not determine fair value. The analytical task is to assess what CHL is offering, what investors are being asked to pay, and how that compares with existing listed alternatives.

2. What Investors Are Actually Buying

CHL is a financial services holding company with seven subsidiaries. The most important is CDH Investment Bank, in which CHL holds an 82.46 percent stake. CDHIB contributes approximately 90 percent of Group profit, meaning that an investment in CHL is, in substance, an investment in CDHIB, with the other subsidiaries providing diversification but not yet materially altering the earnings profile. The other subsidiaries are in asset management, stockbroking, commodities broking, property, and pensions. Of these, Continental Asset Management is Malawi's third largest asset manager, with over K1 trillion under management. However, from an earnings perspective, these businesses are secondary. The key risk and return drivers sit in CDHIB.

CDHIB itself is not a conventional deposit-and-lend bank. Its balance sheet is heavily weighted toward money market investments, including government securities. Loans and advances represent only about 15 percent of total assets.

Table 1. CHL Income Composition, FY2021–25 (K billion)

	FY2021	FY2022	FY2023	FY2024	FY2025
Net interest income	8.2	14.4	18.6	19.4	30.1
Trading income	2.2	4.0	11.3	36.3	69.4
Fees and commissions	4.8	6.1	5.8	6.5	11.4
Total income	**15.5**	**24.7**	**35.7**	**62.5**	**112.0**
Profit after tax	**5.4**	**8.4**	**11.4**	**24.5**	**47.9**
Profit after tax, attributable to owners	**4.5**	**7.0**	**9.5**	**20.4**	**40.3**

Source: CHL Prospectus (30 June 2026), Part 5.

Trading income has grown from K2.2 billion in FY2021 to K69.4 billion in FY2025. It overtook net interest income in FY2024 and is now the largest income line. This matters because trading income is more cyclical and more sensitive to interest-rate and exchange-rate conditions than ordinary lending income.

The central investment question is therefore not simply whether CHL is a good financial services group. It is whether the treasury and markets-driven earnings that powered the recent growth can remain strong under changing macroeconomic conditions.

3. Offer Terms and Valuation

Table 2. Offer Summary

Item	**Detail**
Instrument	CHL ordinary shares, no par value
Transaction type	Offer for Sale
Selling shareholder	TransAfrica Holdings Limited
Offer price	K195.00 per share
Shares offered	753,308,604
Percentage of share capital offered	25.0%
Total shares in issue post-Offer	3,013,234,416
Total Offer value	K146.9 billion
Market capitalisation at Offer	K587.6 billion
Dividend policy	30–50% of distributable profit after tax
First expected dividend	Interim dividend, October 2026
Use of proceeds	None to CHL; proceeds accrue to TAH

Source: CHL Prospectus (30 June 2026), Salient Features.

At face value, the Offer looks attractively priced. The prospectus states a trailing P/E of 12.28x and a P/B of 7.73x. However, the P/E requires adjustment. The stated 12.28x P/E divides CHL's market capitalisation by total Group profit after tax of K47.9 billion. That figure includes profit attributable to non-controlling shareholders in CDHIB. A CHL shareholder has a claim only on profit attributable to CHL's own owners, which was K40.3 billion in FY2025. On that basis, the correct like-for-like trailing P/E is approximately **14.59x**.

Table 3. Headline versus Recalculated Valuation

Multiple	Prospectus basis	Recalculated (owners' basis)
Trailing price-to-earnings	12.28x	14.59x
Trailing price-to-book	7.73x	7.73x
Trailing dividend yield (FY2025A)	—	1.83%

The P/B is not affected because it is already based on owners' equity. The issue is specifically with the earnings denominator used in the headline P/E.

The forward multiples are more attractive. Based on the Reporting Accountant's forecast, CHL trades at 7.67x FY2026 earnings and 4.66x FY2027 earnings. However, these multiples depend on a strong forecast. Owners' profit is projected to increase from K40.3 billion in FY2025 to K76.6 billion in FY2026 and K126.0 billion in FY2027. At the same time, trading income is expected to remain the dominant income source, accounting for about 65 percent of total income in both forecast years. This creates forecast risk. If CHL achieves only 70 percent of the FY2026 forecast, the forward P/E rises to approximately 11.0x. At 50 percent achievement, it rises to 15.3x, above the recalculated trailing P/E.

Table 4. FY2026 Forecast Sensitivity

FY2026 forecast achieved	50%	70%	85%	100% (base case)	110%
Implied EPS (K)	12.71	17.80	21.61	25.43	27.97
Implied P/E at offer price	15.34x	10.96x	9.02x	7.67x	6.97x

The forward valuation is therefore attractive only if investors are comfortable with the quality and durability of the earnings forecast, amidst a changing interest rate landscape.

4. Peer Comparison

CHL can be compared against two groups. The first is the listed banking sector: FDH Bank, National Bank of Malawi, NBS Bank and Standard Bank. This is appropriate because CHL's earnings are primarily generated by CDHIB.

The second is NICO Holdings, the closest structural (holding company) peer. NICO is also a diversified financial holding company, with interests in banking, insurance, pensions and asset management. It is not a perfect match however, because NICO is more diversified than CHL, having a substantial percentage of its profit from general and life insurance (43 percent in 2025), and only about 40 percent from banking.

Press Corporation is worth noting but should not be included in the direct peer set. Although it owns a controlling stake in National Bank of Malawi and has insurance and asset management interests, it is a broader conglomerate with material exposure to telecommunications, ethanol, fuel distribution, property, fisheries and tobacco processing. Its valuation therefore reflects a conglomerate discount and non-financial-sector exposures that are not directly comparable to CHL.

Table 5. Peer Valuation Multiples (Market Data as at 2 July 2026)

Symbol	P/E	P/B	Dividend yield	Market cap (K mn)
CHL (recalculated)	**14.59x**	**7.73x**	**1.83%**	**587,581**
FDH Bank	24.51x	14.56x	1.58%	3,622,627
NBM Bank	23.01x	11.44x	1.98%	4,667,440
NBS Bank	14.28x	9.71x	3.12%	2,147,654
Standard Bank	38.56x	13.46x	0.07%	4,692,589
NICO Holdings	9.84x	5.51x	2.53%	1,652,115
Peer average (excl. CHL)	**22.04x**	**10.94x**	**1.86%**	—
Peer median (excl. CHL)	**23.01x**	**11.44x**	**1.98%**	—
Bank-only average	**25.09x**	**12.29x**	**1.69%**	—

CHL trades at a discount to the peer average and to the bank-only average. On P/E, it is about 34 percent below the full peer average and about 42 percent below the bank-only average. On P/B, it is about 29 percent below the full peer average. However, CHL is not the cheapest counter in the comparison set. It ranks third cheapest on P/E and second cheapest on P/B.

Table 6. Valuation Ranking, Cheapest to Richest

Rank	1	2	3	4	5	6
By P/E	NICO 9.8x	NBS 14.3x	CHL 14.6x	NBM 23.0x	FDH 24.5x	Standard 38.6x
By P/B	NICO 5.5x	CHL 7.7x	NBS 9.7x	NBM 11.4x	Standard 13.5x	FDH 14.6x

The most important comparison is with NICO. CHL trades at a 48 percent P/E premium and a 40 percent P/B premium to NICO. Since NICO is more diversified than CHL, this comparison weakens the argument that CHL deserves a higher valuation simply because it is a diversified financial services group.

A caveat is necessary: NBS is 51 percent owned by NICO and consolidated into NICO's results, so the two are not fully independent observations. However, because NICO's insurance and pension businesses are also material, the comparison remains useful.

Beyond valuation, CHL's profitability metrics are strong but not uniformly superior to peers. CDHIB's FY2025 return on equity of 64.2 percent is within the upper range of the listed banking sector, while the Group's recalculated return on equity of 53.0 percent remains competitive. Return on assets is less compelling: CHL's Group ROA of 4.7 percent is below the listed-bank range, consistent with a balance sheet weighted more heavily toward money market investments than customer loans. Table 7 sets out the comparison in full[1].

Table 7. Peer Fundamentals, FY2025A

	CDHIB	**CHL Group**	**FDHB**	**NBM**	**NBS**	**Standard**	**NICO Group**
Total assets (K bn)	974	1,015	1,504	2,495	1,541	1,933	4,207
Return on equity	64.2%	53.0%	65.0%	47.9%	68.0%	34.9%	56.0%
Return on assets	4.4%	4.7%	9.9%	7.9%	9.8%	6.3%	7.7%
Group earnings from banking	—	~90% (CDHIB)	n/a	n/a	n/a	n/a	~40% (NBS)*

*Source: CHL Prospectus (30 June 2026); MSE company financial disclosures; CDHIB Annual Report FY2025; NICO Holdings Annual Report FY2025. * See footnote below; NICO's largest segment by profit in 2025 is insurance (44.0%), not banking.*

5. The FDH Precedent and Market Context

FDH Bank's 2020 listing is the most relevant precedent for CHL. FDH listed at K10.00 per share, representing a trailing P/E of 8.77x. It subsequently became one of the strongest-performing counters on the MSE, reaching K599.89 by end-2025 and trading as high as K689.99 in August 2025. That performance will likely shape how retail investors view the CHL Offer. However, the FDH experience should be interpreted carefully. FDH's re-rating coincided with Malawi's 2022–23 devaluation episodes, high inflation, elevated interest rates and strong growth in bank earnings. CHL's own trading-income expansion was also driven by the same environment.

[1]NICO's largest segment is in fact long term and short-term insurance, at about 44.0 percent group profit before eliminations; banking (essentially NBS) is a close second at 40.4 percent. NICO Holdings Annual Report FY2025, Note 43 (Operating Segments).

Table 8. FDH Bank Listing Performance

Year-end	Price (K)	P/E	P/B	Div. yield	Annual return	Cumulative return
2020 (offer)	10.00	8.77x	—	—	—	—
2020 (year-end)	14.45	12.71x	4.40x	0.00%	+44.5%	+44.5%
2021	15.81	7.80x	4.05x	2.72%	+9.4%	+58.1%
2022	17.37	10.28x	3.80x	6.04%	+9.9%	+73.7%
2023	70.00	21.07x	11.54x	3.13%	+303.0%	+600.0%
2024	148.23	28.70x	17.43x	2.21%	+111.8%	+1,382.3%
2025	599.89	55.90x	42.50x	0.79%	+304.7%	+5,898.9%
2026 (2 Jul, YTD)	524.94	24.51x	14.56x	1.58%	−12.5%	+5,149.4%

Source: MSE trading data.

FDH shows what a successful MSE financial-sector listing can become under the right conditions. But it does not prove that every new financial-sector listing will follow the same path. CHL is coming to market after the major banking-sector re-rating has already occurred, and at a time when the RBM has begun easing policy rates, inflation has started to moderate, and treasury security rates are significantly lower. That makes the macro setup different from the one that powered FDH's strongest gains.

6. Liquidity and Ownership

Liquidity is a practical issue. CHL's free float is worth K146.9 billion at the offer price. This is larger than the total value traded across all MSE counters during the first half of 2026, which was approximately K103.3 billion. This does not mean investors will be unable to sell CHL shares. It does mean that exiting a meaningful position could take time. Early trading after listing may also be influenced by scarcity, allocation pressure and limited free float liquidity, rather than by a clean market view of fair value.

Ownership also deserves attention. Based on the prospectus shareholding table, TAH will reduce its holding from 57.64 percent before the Offer to 32.64 percent after the Offer. Press Trust will remain the second-largest shareholder at 17.80 percent. The prospectus states that TAH will "continue to hold a majority stake" after listing, but 32.64 percent is not a majority in the ordinary sense. TAH will remain the largest shareholder by a wide margin, but not a majority shareholder based on the disclosed table.

7. Issues for Verification

Several figures in the prospectus should be clarified before they are repeated uncritically in secondary coverage. First, the stated trailing P/E of 12.28x is based on total Group profit after tax. On profit attributable to CHL shareholders, the comparable multiple is 14.59x. Second, the prospectus states that Group profit after tax achieved a five-year CAGR of 194 percent. This does not reconcile with CHL's audited FY2020 results. For the stated 194 percent CAGR to be correct, FY2020 profit after tax would have needed to be approximately K218 million, far below the audited FY2020 figure. The difference is too large to be explained by rounding or a base-year ambiguity.

Table 9. Reconciliation of Stated Profit Growth

Item	Group PAT (K mn)	Source
FY2020 (audited)	3,251.29	CHL Summary of Audited Results, FY2020
FY2025 (prospectus)	47,855	CHL Prospectus, Part 5
Implied 5-year CAGR	71%	(47,855 ÷ 3,251.29)^(1/5) − 1
Prospectus's stated CAGR	194%	CHL Prospectus, Salient Features and Part 4

A final point concerns the forecast. The Reporting Accountant's forecast shows non-controlling interest profit at exactly K4,127.9 million in both FY2026 and FY2027, despite Group profit growing materially between the two years. This may simply be a carried-forward forecast-model assumption, but it would benefit from clarification.

8. Conclusion

The CHL IPO is a rare and important IPO in the Malawian market. It gives investors access to a sizeable financial services group at a time when new listings on the MSE have been scarce. The Offer is likely to attract attention for that reason alone.

On valuation, CHL is cheaper than the listed banking peer average, especially on a forward earnings basis. However, the headline P/E in the prospectus understates the correct shareholder-based multiple, and the attractive forward valuation depends heavily on a forecast dominated by trading income. That income line has grown strongly, but it is also cyclical and sensitive to the interest-rate and exchange-rate environment.

The peer comparison is balanced rather than one-sided. CHL trades below the bank average, but it is not the cheapest financial counter once NICO Holdings is included. The NICO comparison is particularly important because NICO is the closest structural peer and is more diversified, yet trades at lower multiples.

The investment case therefore rests on a clear question: can CHL sustain the treasury and trading-income performance embedded in the FY2026–27 forecast? If the answer is yes, the forward valuation looks attractive. If the answer is no, the recalculated trailing P/E of 14.59x becomes the better valuation anchor, and the Offer looks less obviously cheap.

This note does not constitute a recommendation to buy or avoid the Offer. It is intended to provide a clearer, reconciled basis for assessing the IPO beyond the headline figures in the prospectus.

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