

SUMMARY OF UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2023

INCOME STATEMENT In thousands of Malawi Kwacha	Six Months to 30 June 2023	Consolidated Six Months to 30 June 2022	Year ended 31 Dec 2022	Six Months to 30 June 2023	Separate Six Months to 30 June 2022	Year ended 31 Dec 2022
Income Interest and similar income	7,823,552	8,282,021	15,052,481	7,823,552	8,282,021	15,052,481
Interest expense and similar charges	(2,527,042)	(4,944,808)	(7,794,577)	(2,524,887)	(4,941,196)	(7,814,588)
Net interest income Fee and Commission income	5,296,510 3,177,071	3,337,214 2,515,852	7,257,904 4,779,579	5,298,665 3,177,071	3,340,825 2,515,852	7,237,893 4,779,579
Fee and Commission expense	(686,536)	(673,877)	(1,145,973)	(686,536)	(673,877)	(1,145,973)
Net fee and comission income	2,490,534	<u> </u>	3,633,606 (731,291)	2,490,534	<u> </u>	3,633,606 (731,291)
Profit from dealing in foreign currencies	- 2,532,026	1,396,306	2,248,345	- 2,341,001	I,356,265	2,103,272
Total income	10,319,070	6,278,511	12,408,564	10,130,200	6,242,082	12,243,480
Expenditure						
Staff costs	(3,918,161)	(3,486,716)	(6,997,143)	(3,847,620)	(3,451,409)	(6,802,907)
Other operating expenditure Depreciation and Amortisation	(3,582,510) (900,521)	(3,041,355) (864,874)	(6,507,631) (1,704,642)	(3,545,752) (882,757)	(3,015,923) (843,199)	(6,444,167) (1,660,402)
Total expenditure	(8,401,192)	(7,392,944)	(15,209,416)	(8,276,129)	(7,310,531)	(14,907,476)
Profit before recoveries and impairment losses Impairment losses on loans to customers	1,917,878 (430,829)	(1,114,433) (203,774)	(2,800,852) (1,226,321)	l ,854,072 (430,829)	(1,068,449) (203,774)	(2,663,996) (1,226,321)
Profit before tax	1,487,049	(1,318,207)	(4,027,173)	1,423,243	(1,272,223)	(3,890,317)
Income tax credit	(516,637) 970,412	358,986 (959,222)	l,082,468 (2,944,705)	(498,565) 924,678	358,986 (913,238)	1,040,371 (2,849,946)
	770,112	(757,222)	(2,744,703)	/21,0/0	(713,230)	(2,017,710)
OTHER COMPREHENSIVE INCOME Items that may not be reclassified to profit or loss Total comprehensive income/(loss) for the year net of tax	- 970,412	- (959,222)	- (2,944,705)	- 924,678	- <u>(913,238)</u>	- (2,849,946)
Attributable to: Equity owners of the parent entity	970,412	(959,222)	(2,944,705)	924,678	(913,238)	(2,849,946)
Earnings per share (K)	<u>69</u>	(159)	(487)	<u>66</u>	(151)	(47I)
		Consolidated			Separate	
SUMMARY STATEMENTS OF FINANCIAL POSITION	As at	As at	As at	As at	As at	As at
In thousands of Kwacha ASSETS	30 June 2023	30 June 2022	31 Dec 2022	30 June 2023	30 June 2022	31 Dec 2022
Cash and funds with Reserve Bank of Malawi	7,828,665	6,115,164	3,571,407	6,670,700	5,410,717	2,672,820
Placements with other banks Government of Malawi treasury bills and notes	5,973,361 26,720,520	2,968,135 25,724,790	1,903,841 14,166,015	5,973,361 26,720,520	2,968,135 25,724,790	1,903,841 14,166,015
Loans and advances	55,609,151	48,932,939	49,904,402	55,609,151	48,932,939	49,904,402
Other assets	5,964,332	6,254,793	2,308,959	5,964,332	6,254,791	3,169,912
Investments in subsidiary Tax receivable	- 248,839	230,177	- 234,613	207,800 243,903	207,800 229,677	207,800 229,677
Plant and equipment	1,921,592	2,095,091	1,858,644	1,896,931	2,070,377	1,830,895
Intangible assets Right of use asset	3,001,938 521,776	2,680,416 868,952	2,821,721 764,636	2,996,464 500,033	2,672,126 835,374	2,814,839 725,700
Deferred tax asset	2,037,583	1,835,177	2,558,659	2,011,317	1,832,937	2,514,321
Total assets	109,827,758	97,705,634	80,092,897	108,794,513	97,139,662	80,140,222
LIABILITIES AND EQUITY LIABILITIES						
Customer deposits Other liabilities	84,256,478 2,761,114	49,641,939 2,147,554	57,100,235 2,195,681	84,256,478 1,724,352	49,641,939 1,599,236	57,100,235 2,195,681
Lease liability	548,213	998,989	855,359	503,673	936,319	808,893
Medium term bond note	3,500,000	6,475,724	6,499,375	3,500,000	6,475,724	6,499,375
External borrowings	4,314,438 95,380,243	30,680,871 89,945,078	7,667,174 74,317,824	4,314,438 94,298,941	30,680,871 89,334,090	7,667,174 74,271,358
EQUITY Capital and reserves			, ,	· · · · · · · · · · · · · · · · · · ·		
Share capital	13,986	6,048	6,048	13,986	6,048	6,048
Share premium Capital contribution	17,450,151	9,756,054	9,756,054	17,450,151	9,756,054	9,756,054
Accumulated losses	- (3,016,622)	- (2,001,546)	- (3,987,029)	- (2,968,565)	- (1,956,530)	- (3,893,238)
Total equity	14,447,515	7,760,556	5,775,073	14,495,573	7,805,572	5,868,864
Total equity and liabilities	109,827,758	97,705,634	80,092,897	108,794,513	97,139,662	80,140,222
SUMMARY STATEMENTS OF CASHFLOWS In thousands of Kwacha	Six Months to 30 June 2023	Consolidated Six Months to 30 June 2022	Year ended 31 Dec2022	Six Months to 30 June 2023	Separate Six Months to 30 June 2022	Year ended 31 Dec 2022
Cash flows from operating activities						
Profit/(loss) before tax Adjustments for:	I,487,049	(1,318,207)	(4,027,173)	1,423,243	(1,272,223)	(3,890,317)
Depreciation/amortisation	900,521	864,874	1,704,642	882,757	-	I,660,402
Interest on lease liability Customer deposits	63,863 27,156,243	72,819 (92,117,994)	135,494 (35,017,759)	57,471 27,156,243	69,207 (92,117,994)	128,316 (35,017,759)
Other liabilities and provisions	555,647	1,171,751	1,219,878	(481,116)	(851,404)	1,344,277
Loans and advances	(5,704,749)	49,180,343	(724,059)	(5,704,749)	49,180,343	(724,059)
Other assets	(3,655,381) 20,803,193	(1,459,606) (43,606,020)	2,475,049 (34,233,928)	(2,794,426) 20,539,422	7,010,401 (37,981,670)	2,136,863 (34,362,277)
Cash flows from investing activities						
Investments with maturity over three months Purchase of plant and equipment	(12,554,505) (903,284)	41,963,990 (721,669)	27,797,975 (1,310,138)	(12,554,505) (903,127)	41,963,990 (721,669)	27,797,975 (1,303,702)
Net cash generated from/(used in) investing activities	(13,457,790)	41,242,321	26,487,837	(13,457,633)	41,242,321	26,494,273
Cash flows from financing activities						
Lease payments	(368,544)	(435,003)	(686,405)	(364,309)	(428,138)	(643,400)
Capital External borrowings	7,702,030 (6,352,111)	(17,643,239)	(3,476,690)	7,702,030 (6,352,111)	(17,643,239)	(3,476,690)
Net cash used in financing activities	981,375	(18,078,242)	(4,163,095)	985,611	(18,071,377)	(4,120,090)
Net (decrease)/increase in cash and cash equivalents	8,326,778 5,475,248	(20,441,941)	(11,909,186)	8,067,400	(14,810,726)	(11,988,094)
Cash and cash equivalents at beginning of the year	5,475,248	17,384,434 (3,057,507)	17,384,434 5,475,248	4,576,661	16,564,755 1,754,029	<u> </u>
Cash and cash equivalents at end of the year	<u> </u>					
	13,802,026					
	Six Months to	Consolidated Six Months to	Year ended	Six Months to	Separate Six Months to	Year ended
Cash and cash equivalents at end of the year SUMMARY STATEMENTS OF CHANGES IN EQUITY In thousands of Kwacha	Six Months to 30 June 2023	Consolidated Six Months to 30 June 2022	31 Dec 2022	30 June 2023	Six Months to 30 June 2022	Year ended 31 Dec 2022
Cash and cash equivalents at end of the year SUMMARY STATEMENTS OF CHANGES IN EQUITY In thousands of Kwacha Opening equity at period beginning	Six Months to 30 June 2023 5,775,073	Consolidated Six Months to		30 June 2023 5,868,864	Six Months to	Year ended
Cash and cash equivalents at end of the year SUMMARY STATEMENTS OF CHANGES IN EQUITY In thousands of Kwacha	Six Months to 30 June 2023	Consolidated Six Months to 30 June 2022	31 Dec 2022	30 June 2023	Six Months to 30 June 2022	Year ended 31 Dec 2022

KEY HIGHLIGHTS

TOTAL

INCOME

64%

 \mathbf{i} PAT 201%

REGULATORY DISCLOSURES

IMPAIRMENT LOSSES/NON-PERFORMING CREDIT FACILITIES AND PROVISIONS FOR LOSSES BY INDUSTRY SECTOR

			30 JUNE 2023			30 JUNE 2022	
SEC	CTOR OF BORROWER	Exposure	Impaired Amount	Expected Credit Losses	Exposure	Impaired Amount	Exp Credit I
1.	Agriculture	886,937	212,315	209,670	834,386	698,916	6
2.	Manufacturing	1,367,363	266	- H	1,641,042	-	
3.	Construction	4,513,963	5,549	29	2,068,339	10,132	
4.	Wholesale and retail trade	20,403,270	2,021,764	380,691	22,961,364	1,178,856	2
5.	Tourism	390,480	3,627	-	543,564	4,801	
6.	Transport and communications	1,144,861	166,793	3	1,816,680	154,599	
7.	Financial services	209,210	20,865	-	805,122	-	
8.	Community, social and personal services	28,142,843	964,368	307,314	19,801,961	299,525	1
9.	Other	94,602	-	-	121,815	-	
10.	TOTAL	57,153,530	3,395,548	897,718	50,594,272	2,346,828	1,0

CREDIT CONCENTRATION

Total credit facilities including guarantees, acceptances and other similar commitments extended to any one customer or group of related customers where amounts exceed 25% of our core capital.

ECTOR BORROWING	30 JU	30 JUNI	30 JUNE 2022	
	Exposure	% of Core Capital	Exposure	% of Core
lone	-	-		

LOANS TO DIRECTORS,SENIOR MANAGEMENT AND OTHER RELATED PARTIES					
	30 June 2023 Net Loans	30 June 2022 Net Loans			
DIRECTORS					
Balance at period beginning	-	566			
New loans	-	-			
Repayments	-	(566)			
Balance at period end	-	-			
SENIOR MANAGEMENT					
Balance at period beginning	368,394	542,676			
New loans	508,134	98,018			
Repayments	(154,181)	(184,773)			
Balance at period end	722,347	455,921			
OTHER RELATED PARTIES					
Balance at period beginning	-	-			
New loans	-	-			
Repayments	-	-			

Balance at period end

INVESTMENTS IN SUBSDIARY				
	30 June	2023	30 June	2022
Name of Subsidiary	Share- holding	Share Capital	Share- holding	Share Capital
Centenary Bureau De Change	100%	208	100%	208

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DIRECTORS REMUNERATION, BONUSES AND MANAGEMENT FEES				
	30 June 2023	30 June 2022		
Directors' remuneration	90,623	114,966		
Bonuses paid to staff	-	-		
Management fees	-	-		

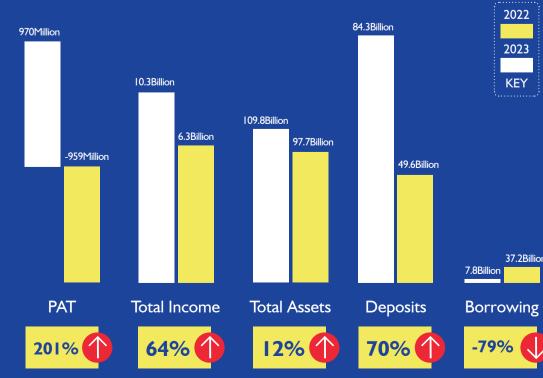
0) 4) 55 51	LENDING RATES					
55 51		30 June 2023	30 June 2022			
	Base Lending Rate (local currency)	21.00%	13.80%			
22 0	Maximum Applicable Range (percentage points)	14.90%	11.60%			
	Base Lending Rate (foreign currency)	8.10%	8.10%			
<u>6)</u> 54	Reserve Bank of Malawi Bank Rate	22.00%	14.00%			

TYPE OF DEPOSIT Rate Current Account(on credit balances of K10,000,000) and 0.05% above) **Fixed Deposits** a). I Month 3.5% 4.0% b). 2 Months 5.0% c). 3 Months d). 6 Months Negotiable e). 9 Months Negotiable f). f) 12 Months Negotiable Call Accounts 2.0% a). 7 day Notice b). 14 day Notice 2.0% 2.0% c). 21 day Notice 3.0% d). 30 day Notice 4. Savings Account 2.0% a). Ordianary Savings 5.0% b). Linga Savings 2.0% c). Student Savings 2.0% d). SME Savings

DEPOSIT RATES

30 June 2023

KEY GROWTH AREAS



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- 6,048 ,756,054 ,893,238) ,868,864 140,222
- ar ended <u> Dec 2022</u>
- 890,317) ,660,402 128,316
- ,017,759) 1,344,277 (724,059) 2,136,863 362,277)
- 7,797,975 ,303,702) <u>,494,273</u>
- (643,400) ,476,690) **120,090**)
- 988,094 ,564,75 ,576,66
- ar endeo **Dec 202**2 8,718,810
- ,849,946 5,868,86



7

DEPOSITS

70%

TOTAL

ASSETS

12%

Centenary Bank

A member of Centenary Group

FINANCIAL REVIEW

We hereby present the summarised, unaudited financial results for the six months ended 30th June 2023.

ECONOMIC HIGHLIGHTS

Headline inflation closed at 27.30% in June 2023 up from 25.4% in December 2022 and 23.4% in June 2022. The increase was predominantly on account of currency depreciation and rising food prices. The Kwacha went through a mini depreciation mid-June 2023 losing around 3% of value. There is continued pressure on the kwacha as the country works on fixing the supply side of the currencies from major trading partners. The reference rate closed at 21% up from 17.3% in December 2022 and 13.8% in June 2022.

PERFORMANCE

The Group has achieved a remarkable turnaround from the adverse performance that was prevalent in the past two years. All key performance areas are showing signs of recovery and are pointing in the right direction. The group is now well-capitalised following a change in shareholding and capital injection at the beginning of the year. We have attained business volume growth and reduced the cost of doing business despite increasing economic pressures. Overall profitability for the Group stood at MK970 million at the close of June 2023 compared to a loss after tax of MK959 million up to June 2022, which represents a 201% increase in profitability.

The Group earned MK5.3 billion in net interest income compared to the prior year's net interest income of MK3.3billion representing **59%** income growth due to a reduction in the cost of funding.

Total non-interest revenue increased by **59%** to **MK5.0 billion** from MK2.9 billion earned in the prior-year period due to increased transactional volumes.

We achieved **64%** growth in total income to **MK10.3 billion** from MK6.3 billion due to an increase in transaction volumes and a reduction in the cost of funds.

Impairment charges on loans and advances to customers rose by **III%** to **MK431 million** from MK204 million due to various economic challenges faced by the business and the impact of Cyclone Freddy on our customers.

Operating costs rose by 14% to MK8.4 billion from MK7.4 billion in the prior year due to inflationary pressures. We focused strongly on cost containment to ensure belowinflation cost growth.

Total assets for the Group grew by 12% to close at MK109.8 billion in 2023 from MK97.7 billion following increased funding mobilisation and business volume growth strategies. We have repositioned our balance sheet through the repayment of borrowed funds and replacing it with deposit funding. In this regard, we have reduced our funding from borrowings by 79%, from MK37.2 billion to close at MK7.8 billion in June 2023. Our funding through depositors has since grown by 70%, up to MK84.3 billion from MK49.6 billion in June 2022.

OUTLOOK FOR 2023

The Group expects macroeconomic pressures to persist in the second half of 2023, with sustained pressure on the kwacha and rising inflation. We expect the economic pressures, including the aftermath of Cyclone Freddy, to affect various businesses and customers' disposable incomes and ability to meet their contractual obligations. However, we are optimistic about continuing with the growth trajectory as we continue to implement the various business growth strategies we have embarked on since the start of the year.

We will continue to focus on improving customer satisfaction and efficiencies, upgrading our systems, and driving the digitalization agenda to grow the business and enhance customer experience.

We will also continue to focus on cost rationalization, prudent management of risk and liquidity, and diversification of balance sheet funding while maintaining a healthy capital position.

By order of the Board

F.Z. Pelekamoyo Chairman

R

Z. SHABA Managing Director

BASIS OF PREPARATION

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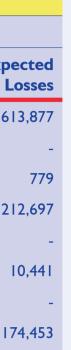
M.Z.U. Tembo Director

C.F. Midiani **Chief Finance Officer**

37.2Billio



The Directors have prepared the summary consolidated and separate financial statements to meet the requirements of the Financial Services Act, 2010. The Directors have considered the requirements of the Financial Services Act, 2010 and believe that the summary statements of financial position, comprehensive income, changes in equity and cash flows are sufficient to meet the requirements of the users of the summary consolidated and separate financial statements. The amounts in the summary consolidated and separate financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards.We will also continue to focus on cost rationalization, prudent management of risk and liquidity, diversification of balance sheet funding, whilst maintaining a healthy capital position.



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e Capital 0%

30 June 2022 Rate

0.05%

3.5% 4.0% 5.0% Negotiable Negotiable

Negotiable 2.0%

> 2.0% 2.0% 3.0%

2.0% 5.0% 2.0%

2.0%