CRDB BANK

The bank that listens

INFORMATION MEMORANDUM

MULTICURRENCY MEDIUM TERM NOTES PROGRAMME

AUGUST 2023

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Caution

This Information Memorandum has been prepared in compliance with the Capital Markets and Securities Act, Cap 79, the Companies Act, Cap 212 (Act No.12 of 2002) of the Laws of United Republic of Tanzania, Capital Market and Securities (Guideline for the issuance of Corporate Bonds, Municipal Bonds and Commercial Papers), 2019 and the Dar Es Salaam Stock Exchange PLC. Rules, 2022.

A copy of this Information Memorandum has been delivered to the Capital Markets and Securities Authority ("CMSA") for approval and to the Registrar of Companies ("BRELA") for registration. Approval of this Information Memorandum by the CMSA should not be taken as an indication of the merits of CRDB Bank Plc or its application. The securities offered in this Information Memorandum have not been approved or disapproved by the CMSA.

Prospective investors should carefully consider the matters set forth under the caption "Risk Factors" in section 4 of this Information Memorandum. If you are in doubt about the contents of this Information Memorandum, you should consult your investment advisor, stockbroker, lawyer, banker or any other financial consultant".

Important information

This Information Memorandum is important and should be read in its entirety. If you are in doubt about the contents of this Information Memorandum or what action you should take, you are advised to consult your investment advisor, stockbroker, lawyer, banker or any other financial consultant.

This Information Memorandum contains information that is provided in compliance with the requirements of the Capital Markets and Securities Act, Cap 79 of the Laws of the United Republic of Tanzania (the "Capital Markets and Securities Act"), the Companies Act, Cap. 212 of the Laws of the United Republic of Tanzania (Act No. 12 of 2002) (the "Companies Act"), the Capital Markets and Securities (Prospectus Requirements) Regulations, 1997 R.E. 2002, the Capital Markets and Securities guidelines for Issuance of Corporate Bonds, Municipal Bonds and Commercial Papers, 2019, the Capital Markets and Securities (Corporate Governance) for Listed Companies Guidelines, 2002 and the Dar es Salaam Stock Exchange (the "DSE") Public Limited Company Rules, 2022.

This Information Memorandum is issued by CRDB Bank PLC (the "Issuer" or the "Bank" or "CRDB" or the "Company") and has been prepared in respect of the TZS equivalent of United States Dollars three hundred million (US$ 300,000,000) Multicurrency Medium Term Note Programme (the "Programme") subject to the terms and conditions ("Terms and Conditions") contained in this Information Memorandum (the "IM"). Any other terms and conditions not contained in the Terms and Conditions which are applicable to any Notes will be set forth in a pricing supplement (the "**Pricing Supplement**").

The Notes may be issued from time to time under the Programme and may rank as senior unsecured obligations of the Issuer or subordinated obligations of the Issuer. The aggregate Principal Amount of outstanding Notes will not at any time exceed the TZS equivalent of US$ 300,000,000.

The Register of Noteholders will be maintained by CRDB as the Fiscal Agent and Registrar.

The sale or transfer of Notes by Noteholders will be subject to the rules of the DSE, and, where applicable, the prevailing Central Securities Depository Rules and the Terms and Conditions of the Notes. There are currently no other restrictions on the sale or transfer of Notes under Tanzanian law. In particular, there are no restrictions on the sale or transfer of Notes by or to non-residents of the United Republic Tanzania.

The Notes have not been and will not be registered under any other securities legislation in any other country other than in the United Republic of Tanzania.

The Notes may be issued on a continuing basis and be placed by one or more of the placing agents specified under "**Summary of the Programme**" and any additional placing agent appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "**Placing Agent**" and together the "**Placing Agents**").

Forward-Looking Statements

This Information Memorandum contains and incorporates by reference forward looking statements with respect to the Notes offered hereby, the expected use of proceeds of the Notes including how the Issuer expects to manage and allocate proceeds for Eligible Loans, the Bond Framework, CRDB's intentions with respect to reporting on allocation and impact of Eligible Loans and other non-historical statements relating to the Notes and use of proceeds. Additionally, with respect to CRDB, statements with respect to expected trends, outlook, strategies, corporate priorities and projected financial statements.

Some statements can generally be identified the use of words like “anticipate”, “estimate”, “believe”, “intend” “plan”, “may”, “will”, “should” and any similar expressions are used to identify forward-looking statements. The Issuer has based these forward- looking statements on the current view of its management with respect to future events and financial performance. These views reflect the best judgement of the Issuer’s management but involve uncertainties and are subject to certain risks the occurrence of which could cause actual results to differ materially from those predicted in the Issuer’s forward-looking statements and from past results, performance or achievements. Although the Issuer believes that the estimates and the projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise or occur, including those which the Issuer has identified in this Information Memorandum, or if any of the Issuer’s underlying assumptions prove to be incomplete or incorrect, the Issuer’s actual results of operations may vary from those expected, estimated or projected.

These forward-looking statements apply only as at the date of this Information Memorandum. Without prejudice to any requirements under Applicable Laws and regulations, the Issuer expressly disclaims any obligations or undertaking to disseminate after the date of this Information Memorandum any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based. A prospective purchaser of the Notes should not place undue reliance on these forward-looking statements.

Representation of financial and operational information

The Issuer’s financial year ends on 31 December in each year. The Issuer’s reporting accountant’s report for the years ended 31 December 2020, 2021 and 2022 (which it refers to as “financial year 2020”, “financial year 2021 and “financial year 2022”, respectively) contained in the section “Reporting Accountant’s Report for the Years Ended 31 December 2020, 2021 and 2022” (the “Financial Statements”) has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) and comply with the requirements of the Companies Act.

The forecasted financial information for the years ending 31 December 2023 and 2024 set out in the section “Reporting Accountants Report on the forecasted financial information for the years ending 31 December 2023 and 2024” has been prepared by the Issuer to comply with the requirements of the CMSA and DSE and local law and market practice in Tanzania.

Some numerical figures included in this Information Memorandum have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain figures may not be an arithmetic aggregation of the figures that preceded them.

Consents

Stanbic Bank Tanzania Limited as Lead Arranger and Lead Placing Agent ; CRDB as Fiscal Agent, Calculating Agent, Receiving Bank and Registrar; Orbit Securities Company Limited as Sponsoring Broker and Placing Agent; Dentons EALC East African Law Chambers as the Transaction Legal Counsel; KPMG Certified Public Accountants of Tanzania as the Reporting Accountant have consented in writing to act in the capacities stated and to their names being included in this Information

Memorandum and have not withdrawn their consents prior to the publication of this Information Memorandum.

KPMG has given and not withdrawn its written consent to the issue of this Information Memorandum with the inclusion in it of their reports in the form and context in which they are included and Dentons EALC East African Law Chambers has given and not withdrawn its written consent to the issue of this Information Memorandum with the inclusion in it of their legal opinion in the form and context in which it is included.

Stanbic Bank Tanzania Limited
Lead Arranger and Placing Agent

Orbit Securities Company Limited
Sponsoring Broker and Placing Agent

Information Memorandum dated 18 AUGUST 2023

Corporate information

Executive Director

Mr. Abdulmajid M. Nsekela

Group CEO and Managing Director

Non-executive Director

Dr. Ally H. Laay – Chairman

Jes Klausby

Boniface C. Muhegi

Hosea E. Kashimba

Prof. Faustine K. Bee

Dr. Fred M. Msemwa

Abdul A. Mohamed

Gerald P. Kasaato

Royal J. Lyanga

Independent non-executive Director

Prof. Neema M. Mori

Martin S. Warioba

Miranda N. Mpogolo

Company's registered office

Plot No. 25

26 Ali Hassan Mwinyi Rd

P.O Box 268

Dar es Salaam

Tanzania

Company Secretary: John Baptist Rugambo

(address same as the Company)

Independent auditors

Ernst & Young

EY House, Plot 162/1 Mzinga Way

14111 Oysterbay

P.O Box 2475

Dar es Salaam

Tanzania

Tax advisor

PricewaterhouseCoopers

369, Toure Drive

Oysterbay

P.O Box 45

Dar es Salaam

Tanzania

Transaction advisors

Lead Arranger and Placing Agent

Stanbic Bank Tanzania Limited
Plot No. 99A
P.O Box 72647
Corner, Ali Hassan Mwinyi Road/ Kinondoni Road
Dar es Salaam
Tanzania

Sponsoring Broker and Placing Agent

Orbit Securities Company Ltd
4th Floor; Golder Jubilee Tower; Ohio Street
P.O Box 70254
Dar es Salaam
Tanzania

Transaction Legal Counsel

Dentons EALC East African Law Chambers
House No. 18, Rukwa Street
Masaki, Dar es Salaam
Tanzania

Reporting Accountant

KPMG
Certified public number: PF020
2nd Floor, The Luminary
Haile Selassie Road, Masaki
P.O Box 1160
Dar es Salaam
Tanzania

Receiving Bank, Fiscal Agent and Registrar

CRDB Bank PLC
Plot No. 25
26 Ali Hassan Mwinyi Rd
P.O Box 268
Dar es Salaam
Tanzania

Technical input to CRDB's Bond Framework

Financial Sector Deepening (FSD) Africa
Riverside Green Suites
Riverside Drive
P.O.Box 5980, 00100
Nairobi
Kenya

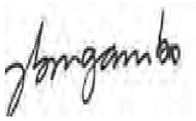
Directors' declaration

The Directors accept responsibility for the information contained in this Information Memorandum. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the importance of such information.

The Directors, having made all reasonable enquiries, confirms that this Information Memorandum contains or incorporates all information which is material in the context of the issue and the offering of Notes, that the information contained or incorporated in this Information Memorandum is true and accurate in all material respects and is not misleading in any material respect, that the opinions and the intentions expressed in this Information Memorandum are honestly held and that, there are no other facts, the omission of which would make this Information Memorandum or any such information or expression of any such opinions or intentions misleading in any material respect and that all proper enquiries have been made to verify the foregoing.

The Directors of CRDB Bank PLC, whose names appear in section 10 of this Information Memorandum, accept responsibility accordingly.

Dr. Ally H. Laay
Board Chairman



John Baptist Rugambo
Company Secretary

Letter from Managing Director

Dear Investors,

It is a great pleasure to present this Information Memorandum on behalf of the Board of Directors and management of CRDB Bank PLC ("CRDB" or the "Bank"). This Information Memorandum has been prepared for the establishment of the TZS equivalent of US$300,000,000 Multicurrency Medium Term Note Programme (the "Programme") and listing of the Notes on the Dar es Salaam Stock Exchange (DSE).

The Notes under the Programme may be issued from time to time for the purposes of financing the Eligible Loans that meet the requirements of CRDB's Green, Social and Sustainability Bond Framework and for general corporate purposes. The aggregate Principal Amount of outstanding Notes will not at any time exceed the TZS equivalent of US$ 300,000,000.

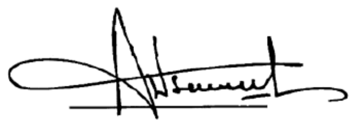
Our pursuit towards sustainable financing commenced in 2019 when CRDB became the first bank within Sub-Saharan Africa to be accredited by the Green Climate Fund ("GCF") as Tanzania's sole Direct Access Accredited Entity (DAE). The accreditation has significantly enhanced the Bank's capacity to mobilize finance for multiple large-scale climate-change adaptation and/or mitigation projects with high impact to the social and economic development of Tanzania.

The Programme will further support our ambitions to become the market leader in supporting the financial inclusion through environmental and social initiatives. We will also expand our offering for agribusiness to tap into more commercial crops, and environment friendly products and to continue supporting the advancement of women in business and the economy by identifying and removing gender barriers.

This Information Memorandum has been prepared in compliance with the relevant Laws and Regulations of the Republic of Tanzania. The Information Memorandum also outlines matters set forth under the caption "*Risk Factors*" in section 4 of this Information Memorandum. We encourage you to read this Information Memorandum fully before making your investment decision.

We are thrilled to welcome potential investors to this purposeful and attractive investment opportunity.

Sincerely,



Mr. Abdulmajid M. Nsekela

Documents incorporated by reference

The following documents shall be deemed to be incorporated in, and to form part of, this Information Memorandum which shall be deemed to modify and supplement the contents of this Information Memorandum:

a) any supplements to this Information Memorandum circulated by the Issuer from time to time in accordance with the Agency Agreement relating to the Programme;
b) the audited annual financial statements, and notes thereto, of the Issuer for the three financial years ended 31 December 2020-2022 as well as the published audited annual financial statements, and notes thereto, of the Issuer in respect of further financial years, as and when such become available;
c) each relevant Pricing Supplement relating to any tranche of Notes issued under the Programme on or after the Programme Date;
d) CRDB's Green, Social and Sustainability Bond Framework;
e) Second-Party Opinion (SPO) on CRDB's Green, Social and Sustainability Bond Framework; and
f) all information pertaining to the Issuer which is relevant to the Programme and/or this Information Memorandum which is submitted to the CMSA and DSE save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Issuer will, in connection with the listing of Notes on DSE or on such other exchange or further exchange or exchanges as may be selected by the Issuer as indicated on the relevant Pricing Supplement, and for so long as any Notes remain outstanding and listed on such exchange, publish a supplement to the Information Memorandum on the occasion of any subsequent issue of Notes where there has been:

a) a material adverse change in the condition (financial or otherwise) of the Issuer which is not then reflected in the Information Memorandum or any supplement to the Information Memorandum; or
b) any modification of the terms of the Programme which would then make the Information Memorandum inaccurate or misleading.

Any such supplemental Information Memorandum shall be deemed to have been substituted for the previous Information Memorandum from the date of its issue.

The Issuer will provide, free of charge, to each person to whom a copy of the Information Memorandum has been delivered, upon request of such person, a copy of any of the documents deemed to be incorporated herein by reference, unless such documents have been modified or superseded. Requests for such documents should be directed to the Issuer at its registered office as set out herein.

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DEFINITIONS AND ABBREVIATIONS

Definitions and Abbreviations

Defined Term	**Definitions**
"Agents"	means collectively the Fiscal Agent, the Calculation Agent and the Registrar and/or such other or further person(s) appointed in the capacity of agent pursuant to the Agency Agreement.
"Agency Agreement"	means the agreement between the Issuer as Issuer, fiscal and paying agent (the "**Fiscal Agent**") and calculation agent (the "**Calculation Agent**") and the Registrar.
"AGM"	means annual general meeting.
"ALCO"	means the Assets and Liability Committee of the Issuer's Board.
"Allotment Date"	means the date specified as such in each relevant Pricing Supplement on which Notes are allocated to successful investors.
"AMCOs"	means agricultural marketing cooperative society.
"Applicable Laws"	means any laws or regulations (including any foreign exchange rules or regulations) of any governmental or other regulatory authority which may govern the Issue, the Conditions of the Notes and the Notes issued thereunder in accordance with which the same are to be construed.
"Arrangers"	means Stanbic Bank Tanzania Limited.
"Bank" or "CRDB" or "the Issuer"	means CRDB Bank PLC.
"Banking Act"	means the Banking and Financial Institutions Act, 2006 of the laws of Tanzania.
"Board" or "Directors"	means the Board of Directors of the Bank.
"Bond Framework"	means the Issuer's Green, Social and Sustainability Bond Framework dated March 2023.
"BoT"	means the Bank of Tanzania.
"BRELA"	means Business Registration and Licensing Agency.
"Business Day"	means any day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in Dar es Salaam.
"Calculation Agent"	means the person at its Specified Office appointed or acting as Calculation Agent pursuant to the Agency Agreement and the Conditions and/or, if applicable, any Successor Calculation Agent at its Specified Office.
"Capital Markets and Securities Authority" or "CMSA"	means the Capital Markets and Securities Authority set up pursuant to the provisions of the Capital Markets and Securities Act (Chapter 79 R.E 2002 of the laws of Tanzania) .
"CDS"	means central depository system maintained by the CSDR through the Central Securities Depository.

“CEO”	means Chief Executive Officer.
”CFP”	means Contingency Funding Plan.
“Closing Date”	means 5:00p.m. Dar Es Salaam time on the date specified as such in the relevant Pricing Supplement, being the last date on which applications from potential investors will be accepted for that particular Series.
“Conditions”	means the terms and conditions set out in section 5 of this Information Memorandum and Schedule 3 of the Agency Agreement (Terms and Conditions of the Notes) .
“CSD”	means Central Securities Depository.
“CS”	means Issuer’s Company Secretary.
“CSDR”	means the CSD & Registry Company Limited.
“Currency”	means TZS or any successor currency or such other currency as specified in the relevant Pricing Supplement.
“DCB”	means Director of Corporate Banking.
“DRB”	means Director of Retail Banking.
“DSE”	means Dar es Salaam Stock Exchange Public Limited Company.
“Early Redemption Amount”	means the amount payable prior to maturity of the Notes by the Issuer pursuant to Condition 5.7 (Redemption, Purchase and Options).
”ESDD”	means Environnemental & Social Due Diligence.
“ESM”	means Environmental and Social Management.
“ESMS”	means Environmental and Social Management Systems.
“E&S”	means Environmental and Social.
“Event of Default”	means any of the circumstances described in Condition 5.11 (Events of Default).
“EXCO” or “Management”	means senior management of the Issuer.
“Extraordinary Resolution”	means a resolution (i) passed at a meeting of the Noteholders duly convened and held in accordance with the provisions of the Agency Agreement by a majority consisting of not less than two-thirds of the persons voting thereat upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than two-thirds of the votes given on such poll or (ii) passed by way of a written resolution duly passed by all Noteholders, entitled to attend and vote in a meeting of the Noteholders, holding not less than two-thirds of the aggregate Principal Amount of the Notes Outstanding from time to time.
“Final Redemption Amount”	means the amount of principal payable in respect of each Note upon final redemption thereof, as specified in the relevant Pricing Supplement.
“Fixed Rate Notes”	means a Note in respect of which interest is to be calculated and paid on a fixed rate

	basis as provided in Condition 5.6.1 and the relevant Pricing Supplement.
“Floating Rate Notes”	means a Note in respect of which interest is to be calculated as provided in Condition 5.6.4 and the relevant Pricing Supplement.
“Fiscal Agent”	means the person at its Specified Office appointed or acting as Fiscal Agent pursuant to the Conditions and the Agency Agreement or, if applicable, any Successor Fiscal Agent at its Specified Office.
“Government”	means the Government of the United Republic of Tanzania.
“Group”	means CRDB and its subsidiaries.
“ICMA”	means International Capital Market Association.
“ICT”	means Information, Communication and Technology.
“IFC”	means International Finance Corporation.
“IFRS”	means International Financial Reporting Standards.
” Information Memorandum” or “IM”	means this Information Memorandum dated 18 August 2023 which will apply to all Notes issued under the Programme on or after the Programme Date.
“Interest Amount”	means the amount of interest payable in respect of each Principal Amount of the Notes as determined in accordance with Condition 5.6 (Interest).
“Interest Commencement Date”	means the first date from which interest on the Notes will accrue, as specified in the relevant Pricing Supplement.
“Interest Determination Date”	means, with respect to a Rate of Interest and Interest Period and the date as specified by Calculating Agency hereon.
“Interest Payment Dates”	means each date on which interest is payable under the Notes specified as the Interest Payment Date(s) in the relevant Pricing Supplement or if no express Interest Payment Date(s) is/are specified in the relevant Pricing Supplement, each date which occurs after a period following the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
“Interest Period”	means each period as indicated in the relevant Pricing Supplement commencing on and including the day of any Interest Payment Date and ending on but excluding the following Interest Payment Date provided that the first Interest Period shall (save as may otherwise be provided in the relevant Pricing Supplement) be from and including the Issue Date but excluding the first Interest Payment Date thereafter.
“Interest Rate” or “Rate of Interest”	means the rate of interest payable from time to time in respect of a Note which is specified and calculated in accordance with the Terms and Conditions and/or the relevant Pricing Supplement.
“IPO”	means Initial Public Offer.

"Issue Date"	means in respect of any Note, the date of issue of that Note as specified in the relevant Pricing Supplement.
"Issue Price"	means the price at which the Notes are issued by the Issuer (being, at the election of the Issuer, at par or at discount to, or premium to par or at such other price or such other basis as agreed and specified in the relevant Pricing Supplement).
"ISIN"	means International Securities Identification Number.
"Issue"	means medium term notes denominated in Tanzania Shillings or such other currency specified in the applicable Pricing Supplement.
"Issue and Paying Agent"	means the person at its Specified Office appointed or acting as Issue and Paying Agent pursuant to the Conditions and the Agency Agreement or, if applicable, any Successor Issue and Paying Agent at its Specified Office.
"Issue Price"	means the price at which the Notes are issued by the Issuer (being, at the election of the Issuer, at par or at a discount to, or premium over their Nominal Amount as specified in the relevant Pricing Supplement).
"LNG"	means Liquefied Natural Gas.
"Maturity Date"	means the date as specified in each relevant Pricing Supplement on which the Principal Amount is due.
"MSEs"	means Medium-Sized Enterprise.
"Nominal Amount"	means in relation to any Note, the total amount, excluding interest owing by the Issuer under the Note, as specified in the applicable Pricing Supplement.
"Note Documents"	means the Agency Agreement, the Placing Agreement, the Bond Framework, the SPO and any other accompanying documents such as the relevant Pricing Supplement.
"Noteholders"	means the persons in whose name Notes are registered in the Register maintained by the Registrar pursuant to the Agency Agreement in respect of a particular Tranche or Series and "holders" shall be construed accordingly and, in addition, where the context so admits or requires.
"Notes"	means the medium term notes issued or to be issued by the Issuer in the Specified Denominations under the Programme and represented by the records maintained by the CDS.
"Opening Date"	means the date on which each Tranche of the Issue will open and applications will start being received by the Placing Agents.
"Outstanding"	means in relation to the Notes, all the Notes issued other than: a. those which have been redeemed in full;

	b. those in respect of which the date for redemption in accordance with the Terms and Conditions has occurred and the redemption monies wherefore (including all interest accrued thereon to the date for such redemption and any interest (if any) payable under the Terms and Conditions after such date) remain available for payment; c. those which have been purchased and cancelled as provided in Condition 5.7 (Redemption, purchase and Options); d. those which have become void under Condition 5.10 (Prescription); e. provided that for each of the following purposes, namely: i. the right to attend and vote at any meeting of the Noteholders; and ii. the determination of how many and which Notes are for the time being Outstanding for the purposes of Condition 5.12 (Meetings of Noteholders, modifications and waivers). All Notes (if any) which are for the time being held by the Issuer (subject to any applicable law) or by any person for the benefit of the Issuer and not cancelled (unless and until ceasing to be so held) shall be deemed not to be Outstanding.
"Payment Account"	means the account denominated in Tanzania Shillings (or such other currency as specified in the applicable Pricing Supplement), in the name of the Issuer held with the Receiving Bank, specifically for the purpose of making payments to the Noteholders in accordance with Condition 5.8.
"Payment Date"	means any day which is a Business Day and upon which a payment is due by the Issuer in respect of the Notes.
"Placing Agents"	means the person at its Specified Office initially appointed as Placing Agent pursuant to the Placing Agreement or if applicable, any Successor Placing Agent at its Specified Office.
"Placing Agreement"	means the agreement entered into by the Issuer with the appointed Placing Agents.
"PLC"	means Public Limited Company.
"Pricing Supplement"	means, in relation to a Tranche, a pricing supplement, supplemental to the Information Memorandum, issued for the purpose of specifying the relevant issue details of such Tranche and references in the Information Memorandum to the "relevant Pricing Supplement" shall, in relation to any Tranche of Notes, be references to the pricing supplement in respect of that Tranche.
"Principal Amount"	means the Nominal Amount excluding interest owing by the Issuer in respect of that Note as specified in the applicable Pricing Supplement.
"Programme"	means the TZS equivalent of United States Dollars three hundred million (US$ 300,000,000) (or an equivalent amount of such other currency) medium term note

	programme, under which the Issuer may from time to time issue Notes denominated in Tanzania Shillings (or such other currency as specified in the applicable Pricing Supplement).
"Programme Date"	[21 August 2023].
"Rate of Interest"	means the rate of interest payable from time to time in respect of a Note which is specified and calculated in accordance with the Terms and Conditions and/or the relevant Pricing Supplement.
"Record Date"	means the fifteenth day before (and not including) each Payment Date unless otherwise provided in the relevant Pricing Supplement in which case "Record Date" shall have the meaning ascribed to that term in the relevant Pricing Supplement.
"Redemption Date"	means the date on which the Principal Amount due on the Notes is repaid.
"Reference Rate"	means the benchmark interest rate so specified in the relevant Pricing Supplement for each Tranche of Notes to be issued.
"Register"	means, in relation to the Notes, the record of depositors who are the holders of the Notes maintained by the DSE in accordance with the provisions of the CSDR.
"Registrar"	means the person at its Specified Office appointed or acting as Registrar pursuant to the Conditions and the Agency Agreement or, if applicable, any Successor Registrar at its Specified Office.
"Regulations"	means the regulations concerning the transfer of Notes as the same may from time to time be promulgated by the Issuer and approved by the Registrar and detailed under Schedule 1 (Regulations Concerning the Transfer and Registration of Notes) of the Agency Agreement.
"Relevant Authorities"	means the BRELA, TRA, BOT, CMSA and the DSE.
"Senior Creditors"	means (a) all persons who are not expressly stated in any contract, agreement or other arrangement between the Issuer and such person, to be subordinated creditors of the Issuer and (b) all persons who are expressly stated in any contract, agreement or other arrangement between the Issuer and any such other person to be subordinated creditors of the Issuer but whose claims are expressed to rank senior to amounts due under the Subordinated Notes.
"Senior Notes"	means the Notes issued with the status and other conditions set out in Condition 5.4 and "Senior Note" shall be construed accordingly.
"Series"	means, in relation to those Notes of that Tranche that are issued on the same date, Issue Price and in respect of which the first payment of interest is identical and which may otherwise have differing terms as stipulated in the relevant Pricing Supplement

	and “Series” shall be construed accordingly.
”SFU”	means Sustainable Financing Unit.
“SMEs”	means Small and Medium Enterprises.
“Specified Denominations”	means the denominations in which the Notes are issued and held being the minimum denominations specified in the relevant Pricing Supplement.
“Specified Office”	means in relation to the Agents, either the office identified with its name in the Conditions or any other office notified to any relevant parties pursuant to the Agency Agreement.
“SPO”	means the Second Party Opinion in relation to Issuer’s Bond Framework.
“Status of the Notes”	Notes may be issued on a senior or subordinated basis, as specified in the relevant Pricing Supplement.
“Stock Exchange”	means the DSE and references in these Terms and Conditions to the “relevant Stock Exchange(s)” shall, in relation to any Notes, be a reference to the exchange(s) on which such Notes are from time to time, or are intended to be, listed.
“Subordinated Notes”	means the Notes issued with the status and other conditions set out in Condition 5.4 and “Subordinated Note” shall be construed accordingly.
“Successful Applicants”	means those institutions or individuals that applied for Notes and were allocated Notes under the Issue on the allotment date.
“Successor”	means, in relation to any party appointed under an Issue, any successor to any one or more of them which shall become a party pursuant to the provisions of these presents and/or such other or further agent (as the case may be) in relation to the Notes as may from time to time be appointed as such, and/or, if applicable, such other or further specified offices as may from time to time be nominated, in each case by the Issuer and (except in the case of the initial appointments and specified offices made under and specified in the Conditions) notice of whose appointment or, as the case may be, nomination has been duly given to the Noteholders.
“Tanzania”	means the United Republic of Tanzania.
“Tanzania Shillings” or “Shilling” “Tshs” or “TZS”	means the lawful currency of Tanzania.
“Terms and Conditions”	means the terms and conditions incorporated under section 5 headed “Terms and Conditions of the Notes” and in accordance with which the Notes will be issued under the Programme and references to “these Conditions” shall mean the Terms and Conditions.
“The Companies Act”	means the Companies Act, 2002 (Cap 212) of the laws of Tanzania.

“Tier 2 Capital”	means supplementary capital (as defined in the Banking Act).
“TRA”	means the Tanzania Revenue Authority.
“Tranche”	means a series of Notes comprising one or more Series that (except in respect of the first payment of interest, Interest Commencement Date and their Issue Price) have the identical terms of issue and are expressed to have the same Tranche number.
“US$” or “USD”	means United States Dollars the lawful currency of the United States of America.

GENERAL DESCRIPTION OF THE PROGRAMME

1. General description of the Programme

Capitalised terms used in this section headed "General description of the Programme" shall have the same meanings as defined in the in the section headed "Definitions and Abbreviations" unless they are defined in this section or this is clearly inappropriate from the context.

The Issuer may from time to time issue Notes under the Programme denominated in the currency specified in the relevant Pricing Supplement. The applicable terms of any Notes will be set out in the Terms and Conditions as incorporated under section 5 of this Information Memorandum and as modified and supplemented by the relevant Pricing Supplement relating to the Notes and any supplemental Information Memorandum. A summary of the Programme and the Terms and Conditions appear in section 2 of this Information Memorandum.

Notes issued under the Programme shall be an aggregate Nominal Amount which does not exceed the TZS equivalent of US$ 300,000,000 or its equivalent in such other currencies as Notes are issued unless such amount is increased in accordance with the Information Memorandum.

For currency exchange purposes, the TZS equivalent of Notes denominated in another currency shall be confirmed by an agreement reached between the Issuer and the relevant Placing Agent for issuance of such Notes on the basis of the spot rate at such time for the sale of such TZS amount against the purchase of such currency or unit of account in the Dar es Salaam inter-bank foreign exchange markets, as quoted by the Issuer or by any leading bank selected by the Issuer.

Indicative issuance timelines of the Programme

Tranche	Amount*	Indicative issue date**
01	TZS 40 billion	Q3, 2023
02	TZS 90 billion	FY2024/25
03	TZS 190 billion	FY2025/26
04	TZS 200 billion	FY2026/27
05	TZS 200 billion	FY2027/28

**Amount can be denominated in any other currency as may be specified in the relevant Pricing Supplement.*

***The above Indicative dates will be announced through the relevant Pricing Supplement. The dates may change at the discretion of the Issuer and will be communicated to the potential noteholders where appropriate, subject to obtaining approval from the CMSA.*

SUMMARY OF THE PROGRAMME

2. Summary of the Programme

Capitalised terms used in this section headed "Summary of the Programme" shall have the same meanings as defined in the in the section headed "Definitions and Abbreviations" unless they are defined in this section or this is clearly inappropriate from the context.

The following summary is qualified in its entirety by the more detailed information and consolidated financial statements, including the Notes thereto, incorporated by reference in this Information Memorandum. The information disclosed in this section should therefore be read in conjunction with the Reporting Accountant's report, other sections of this Information Memorandum, the Terms and Conditions of any particular Tranche of Notes and the relevant Pricing Supplement.

2.1 General summary

Summary description	
A: PARTIES	
Issuer	CRDB Bank PLC ("CRDB" or the "Bank" or the "Issuer").
Lead Arranger	Stanbic Bank Tanzania Limited.
Lead Placing Agents	Stanbic Bank Tanzania Limited; and Orbit Securities Company Limited.
Receiving Bank, Fiscal and Calculation Agent, and Registrar	CRDB.
Sponsoring Broker	Orbit Securities Company Limited.
Transaction legal counsel	Dentons EALC East African Law Chambers.
Reporting Accountant	KPMG Tanzania.
B: GENERAL	
Description of the Programme	Notes issued under Multicurrency Medium Term Note Programme worth TZS equivalent of USD 300,000,000.
Form of Notes	Book entry form or as specified in the relevant Pricing Supplement.

Denomination of Notes	Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement.
Minimum subscription	As specified in the relevant Pricing Supplement.
Programme Amount	TZS equivalent of United States Dollars three hundred million (US$ 300,000,000).
Status of Notes	The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank pari-passu among themselves and (save for certain debt preferred by law) equally with all other secured obligations (other than subordinated obligations (if any)) of the Issuer outstanding from time to time; Or such specification as may be specified in relevant Pricing Supplement.
Currency	Tanzanian Shillings or in other currency as otherwise stated in the relevant pricing supplement, subject to all Applicable Laws and, in the case of Notes listed on the DSE, the rules of the DSE, such other currency as specified in the Applicable Pricing Supplement.
Governing Law	The Information Memorandum, the Terms and Conditions and the Notes will be governed by and construed in accordance with the laws of Tanzania.
Use of Proceeds	To finance Eligible Loans in line with CRDB's Green, Social and Sustainability Bond Framework or for general corporate purposes. See section 3, "***Use of Proceeds".***
Issue Price	Notes may be issued on a fully paid and at an issue price which is at their Nominal Value or at a discount to, or premium over, their Nominal Value as specified in the applicable Pricing Supplement.
Listing	Notes shall be listed on DSE or any successor exchange or on such other or further exchange as may be determined by the Issuer and subject to any relevant ruling law.
Interest	The Notes may or may not be interest-bearing. Interest on interest-bearing Notes may be at a fixed or floating rate or calculated by reference to a variable and may vary during the tenor of the relevant Series. The applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.

Interest Period(s) or Interest Payment Date(s)	The Interest Rate(s), Interest Payment Date(s) and Interest Period(s) applicable to interest-bearing Notes will be specified in the relevant Pricing Supplement.
Noteholder	The holder of a Note from time to time and recorded as such in the Register.
Register	The Register will be maintained by the Registrar as agent for the Issuer.
Risk Factors	Investing in the Notes involves certain risks (see the section of the Information Memorandum headed "***Risk Factors***").
Notes	Refer to relevant Pricing Supplement, Notes may comprise of: **Fixed Rate Notes**: Fixed Rate Notes will bear interest at a fixed interest rate, as indicated in the Applicable Pricing Supplement. **Floating Rate Notes**: Floating Rate Notes will bear interest at a floating rate, as indicated in the Applicable Pricing Supplement. **Zero Coupon Notes**: Zero Coupon Notes will be offered and sold at a discount to their Nominal Amount or at par and will not bear interest other than in the case of late redemption payment.
Allocation Policy	See "***Terms and Conditions of the Offer — Allotment policy***".
Selling Restrictions	The distribution of this Information Memorandum and/or any relevant Pricing Supplement and any offering or sale of or subscription for any Tranche of Notes may be restricted by law in certain jurisdictions, and is restricted by law in the United States, the United Kingdom, the European Economic Area and certain other jurisdictions (see section headed "***Subscription and Sale***"). Any other or additional restrictions which are applicable and which may be required to be met in relation to an offering or sale of a particular Tranche of Notes will be included in the applicable Pricing Supplement. Persons who come into possession of this Information Memorandum and/or any applicable Pricing Supplement must inform themselves about and observe all applicable selling restrictions.
Redemption	See "***Terms and Conditions of the Offer – redemption and purchase of Notes by the Issuer***" and specified in the relevant Pricing Supplement.

Taxation	All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by, or on behalf of, Tanzania or any political sub-division of, or any authority in, or of, Tanzania having power to tax, unless such withholding or deduction of Taxes is required by law.
Terms and conditions	The Terms and Conditions of the Notes are set out in the section of this Information Memorandum headed "***Terms and Conditions***".

C: SUMMARY OF THE ISSUER HISTORICAL FINANCIAL INFORMATION

Key financial highlights

CRDB's priority in 2022 was to adapt fully to the changing environment and capitalize on its dynamic business model to drive growth and sustain impact value creation.

The 2022 financial year, like its predecessor, brought with it a myriad of challenges, including high inflation rates, spiraling commodity prices and disruptions in the global supply chains, mainly caused by the war in Ukraine and a resurgence of COVID-19 in some countries. These challenges, coupled with market-specific dynamics, continued to exert pressure on economies, eroding some of the gains made in the pandemic recovery.

Against these challenges, nonetheless, The Bank reported better performance in 2022 on the back of a sound adaptive strategy, complemented by key innovations that were deployed during the period.

				At 31 December
	Q1 2023	**2022**	**2021**	**2020**
				TZS in Million
Net interest income	181 832	708 293	621 981	559 596
Net fees and Commission Income	91 692	259 339	201 910	157 593
Net Operating income	**275 260**	**1 012 672**	**875 462**	**704 839**
Profit before income tax	136 329	477 405	377 513	221 583
Profit for the year	94 749	332 480	259 617	152 989
Loans and advances to customers	6 977 277	6 707 266	4 903 448	3 852 158
Total equity	1 492 432	1 428 451	1 186 926	985 304
Deposits from customers	7 715 361	7 677 675	6 153 920	5 234 145
Net cash generated from operating activities	91 196	-120 665	533 168	277 613

Net cash used in investing activities	-11 882	-65 245	-72 416	-99 745
Net used in financing activities	137 201	276 932	-158 872	-132 037

Key ratios

Performance Summary

The Bank's Profit After Tax (PAT) grew by 28% to TZS 332.4 billion from TZS 259.6 billion reported in 2021. The turnaround in performance over the period is a culmination of sustained reforms undertaken under the strategy, alongside the strategic investments geared towards enhancing service delivery and ensuring competitive returns to our shareholders.

In 2022, Return on Equity (ROE) increased to 26.0% from 25% in 2021 with all other key performance being within proposed target.

Key performance indicator	**Target**				
	2023	**2022**	**2022**	**2021**	**2020**
Return on Equity	27%	> 25%	26%	25%	17%
Return on Assets	5%	> 4%	5%	5%	3%
Cost to income ratio (CIR)	45%	< 55%	50%	55%	62%
Growth in customer deposits	21%	> 12%	25%	18%	3%
Non-Performing Loans	3%	< 5%	3%	3%	4%
Growth in loans & advances	13%	> 10%	37%	27%	16%
Growth in total assets	17%	> 15%	31%	21%	8%
Total Capital ratio	17%	> 14.5%	18%	20%	16%

2.3 Summary of Financial Information

The Issuer's financial information set out below has, unless otherwise indicated, been derived from its audited consolidated financial statements for the years ended 31 December 2020 to 2022, in each case prepared in accordance with IFRS as issued by the International Accounting Standards Board. Such summary should be read in conjunction with the financial statements and related notes.

2.3.1 Summary Statements of Profit and Loss

In TZS' Million	2022	2021	2020
Interest income calculated using the effective interest method	917,649	758,261	671,129
Other interest and similar income	1,814	779	(109,072)
Interest expense Calculated using the Effective Interest Method	(209,218)	(134,781)	(2,461)
Other Interest and Similar expense	(1,952)	(2,278)	-
Net interest income	**708,293**	**621,981**	**559,596**
Fees and commission income	328,883	253,060	194,021
Fees and commission expense	(69,544)	(51,150)	(36,428)
Net fees and Commission Income	**259,339**	**201,910**	**157,593**
Net foreign exchange income	54,786	36,502	34,444
Credit Loss expense on financial assets	(59,675)	(23,433)	(72,750)
Net gains on financial assets at fair value through profit or loss	1,814	546	-
Net gains/(losses) on equity investment at FVPL	(595)	331	(485)
Net gains on derecognition of financial assets measured at fair value through OCI	44,268	31,084	19,510
Other Operating income	4,442	6,541	6,931
Net Operating Income	**1,012,672**	**875,462**	**704,839**
Other operating expenses	(168,589)	(144,123)	(127,219)
Depreciation and amortisation	(69,605)	(65,060)	(57,422)

In TZS' Million	2022	2021	2020
Employees benefits expenses	(292,363)	(286,246)	(283,594)
Impairment Other Assets	(4,710)	(2,520)	(15,021)
Total Operating Expenses	**(535,267)**	**(497,949)**	**(483,256)**
Profit before income tax	**477,405**	**377,513**	**221,583**
Income tax expense	(144,925)	(117,896)	(68,594)
Profit for the year	**332,480**	**259,617**	**152,989**

2.3.2 Summary Statements of Financial Position

	2022 TZS'million	2021 TZS'million	2020 TZS'million
Cash and balances with central bank	864,565	869,079	633,209
Due from banks	711,979	442,784	382,207
Financial Assets at FVPL	17,417	20,807	501,005
Debt Instruments at FVOCI	786,118	424,160	-
Credit cards	1,248	1,844	529
Equity investment at FVPL	2,291	2,886	2,555
Equity investment at FVOCI	11,531	10,479	8,488
Loans and advances to customers	6,706,018	4,903,448	3,852,158
Debt Instrument at amortised cost	1,148,248	1,001,563	843,316
Other assets	249,586	213,012	206,875
Current income Tax recoverable	9,854	9,619	17,505
Investment in subsidiary	21,583	21,683	21,683
Non-Current Assets Held for Sale	16,600	16,600	16,600
Motor vehicles and Mobile Branches	17,911	19,815	323,207
Property and equipment	340,437	346,040	17,248
Right-of-use assets	29,041	34,939	26,992
Prepaid operating leases	9,306	9,730	10,028
Intangible assets	39,989	24,173	29,193
Deferred income tax asset	51,743	41,138	48,647
TOTAL ASSETS	**11,035,465**	**8,413,799**	**6,941,445**
LIABILITIES			
Deposits from Customer	7,677,675	6,153,920	5,234,145
Deposits and balances due to other banks	1,103,605	682,948	295,984
Other liabilities	177,967	147,614	116,513
Lease Liability	31,156	37,120	28,688
Provisions	1,580	2,679	4,218
Grants	3,012	4,730	6,132
Borrowings	491,277	197,862	238,054
Subordinated Debts	120,742	-	32,407
TOTAL LIABILITIES	**9,607,014**	**7,226,873**	**5,956,141**
EQUITY			
Share capital	65,296	65,296	65,296

	2022 TZS'million	2021 TZS'million	2020 TZS'million
Share Premium	158,314	158,314	158,314
Retained earnings	1,158,830	919,841	716,470
Revaluation Reserve	46,011	43,475	45,224
TOTAL EQUITY	1,428,451	1,186,926	985,304
TOTAL LIABILITIES AND EQUITY	**11,035,465**	**8,413,799**	**6,941,445**

2.3.3 Analysis of net debt

As at 31 December 2022 the Bank had borrowings totalling TZS 643 billion (2021: TZS 235 billion) as outlined below:

				In TZS' Million
	Lease Liability	Borrowings	Subordinated Debts	Total
Balance as at 1st January 2022	37,120	197,862	1. -	234,982
Changes from financing cashflows				
Borrowings received	-	349,880	116,597	466,477
Repayment of borrowings	-	(59,224)	-	(59,224)
Repayment of subordinated debt	-	-	-	-
Principal payment on lease liabilities	(8,880)		-	(8,880)
Total changes from financing cash flows	(8,880)	290,656	116,597	398,373
The effect of changes in foreign exchange rates	-	(1,326)	-	(1,326)
Other changes				
Liability-related				
Interest charge	1,952	28,672	7,065	37,689
Interest paid	(1,952)	(24,587)	2,920	(23,619)
Total liability-related other changes	2,916	-	-	2,916
Balance at 31 December 2022	**31,156**	**491,277**	**120,742**	**643,175**
2021				
Balance as at 1st January 2021	28,688	238,054	32,407	299,149
Changes from financing cashflows				
Borrowings received	-	20,970	-	20,970
Repayment of borrowings	-	(59,450)	-	(59,450)
Repayment of subordinated debt	-	-	(30,000)	(30,000)
Principal payment on lease liabilities		-	-	(12,369)
Total changes from financing cash flows	(12,369)	(38,480)	(30,000)	(80,849)
The effect of changes in foreign exchange rates	(74)	-	-	(74)
Other changes	-	-	-	-
Liability-related	-	-	-	-
Interest charge	2,278	12,563	1,591	16,432
Interest paid	(2,278)	(14,201)	(3,998)	(20,477)
Total liability-related other changes	20,801	-	-	(20,801)
Balance at 31 December 2021	37,'	197,862	-	234,982

2.3.4 Summary Statements of Cash flows

In TZS' Million	2022	2021	2020
Net cash generated from operating activities	**(120,665)**	**533,168**	**277,613**
Cash flows from investing activities			
Purchase of property and equipment	(42,814)	(63,108)	(85,883)
Purchase of motor vehicle and mobile branches	(1,944)	(6,049)	(5,937)
Purchase of intangible assets	(25,496)	(3,863)	(3,640)
Dividend received	4,344	38	2,322
Investment in shares	-	-	(7,000)
Proceeds from disposal of property and equipment, motor vehicle and intangible assets	665	566	393
Net cash used in investing activities	**(65,245)**	**(72,416)**	**(99,745)**
Cash flows from financing activities			
Dividends paid	(91,928)	(57,546)	(43,518)
Borrowings received	349,880	20,970	-
Repayment of borrowings	(59,202)	(59,450)	(59,652)
Interest paid on borrowings	(24,663)	(14,201)	(14,242)
Subordinated debt received/(repayment)	116,597	(30,000)	-
Interest paid on subordinate debt	(2,920)	(3,998)	-
Interest paid on lease liabilities	(1,952)	(2,278)	(2,461)
Principal payment on lease liabilities	(8,880)	(12,369)	(12,164)
Net cash (used in) financing activities	**276,932**	**(158,872)**	**(132,037)**
Cash and cash equivalents at 1 January	1,081,842	773,609	737,416
Net cash (used in)/generated from operating activities	(120,665)	533,168	277,613
Net cash used in investing activities	(65,245)	(72,416)	(99,745)
Net cash generated from/(used in) financing activities	276,932	(158,872)	(132,037)
Effect of exchange rate changes on cash and cash equivalents	1,832	6,353	(9,638)
Cash and cash equivalents at 31 December	**1,174,696**	**1,081,842**	**773,609**

USE OF PROCEEDS

3. Use of proceeds

The net proceeds of the Notes that will be issued from time to time in different tranches shall be used by the Issuer to finance:

a) Eligible Loans that meet the requirements of the Issuer's Green, Social and Sustainability Bond Framework dated March 2023 (the "**Bond Framework"**), please note the below summary of the criteria for Eligible Loans;

b) CRDB's general corporate purposes; or

c) any other purpose as may be specified in applicable Pricing Supplement.

Summary of the criteria for Eligible loans

The Eligible Loans are loans to projects with environmental and/or social benefits and will be selected based on the use of proceeds criteria as defined below for each eligible category and according to the qualification process as part of the responsible lending due diligence assessment normally conducted by CRDB.

The Eligible Loans shall also comply with ICMA Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines as well CRDB's Bond Framework, including the Issuer's Environmental and Social Management Systems (ESMS) which are guided by the Tanzania Environmental Management Act Cap 191 of the Laws of Tanzania and its specific regulations and guidelines, as amended and issued from time to time, and / or best international practices, as the case may be. Similarly, any Notes issued under the Bond framework that is to be certified in line with the Climate Bonds Initiative's Climate Bonds Standard and Certification Scheme will be certified by a CBI-approved verifier.

Please refer to Appendix "A" of this Information Memorandum for detailed information on CRDB's Bond Framework.

Criteria of Eligible Loans may consist of:

Criteria	Eligible Loans category	Contribution to UN SDG
Green	• Environmentally sustainable management of living natural resources and land use (including environmentally sustainable agriculture; climate smart farm inputs such as biological crop protection or drip-irrigation; environmentally sustainable fishery and aquaculture; environmentally sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural landscapes).	

	• Energy efficiency in industrial equipment/machinery, buildings etc. • Renewable Energy (including production, transmission, appliances, and products). • Pollution prevention and control (including reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling and energy/ emission-efficient waste to energy). • Clean transportation (such as electric, hybrid, public, rail, non-motorized, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions). • Sustainable water and wastewater management (including sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation). • Climate change adaptation (including efforts to make infrastructure more resilient to the impacts of climate change, as well as information support systems, such as climate observation and early warning systems). • Circular economy adapted products, production technologies and processes (such as the design and introduction of reusable, recyclable and refurbished materials, components, and products; circular tools and services); and/or certified eco-efficient products. • Green buildings that meet regional, national, or internationally recognized standards or certifications for environmental performance.	
Social	• Access to essential services (e.g., health, education and vocational training, healthcare, financing and financial services). • Affordable housing. • Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance.	

	• Food security and sustainable food systems (e.g., physical, social, and economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements; resilient agricultural practices; reduction of food loss and waste; and improved productivity of small-scale producers). Socioeconomic advancement and empowerment (e.g., equitable) access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including reduction of income inequality.	
Sustainability	• Applies when green projects have social co-benefits, or the social projects have green co-benefits.	

Exclusion criteria

Any project associated with the following activities, which are believed to cause irreversible social harm to society and communities will be excluded from the eligible expenditures:

- Generation of nuclear energy.
- Industries for alcohol, arms, tobacco, or gambling.
- The production or trade of any product or activity that is considered illegal according to national laws or regulations or international agreements and conventions.
- Deforestation or forest degradation, land use change.
- Activities in protected areas or activities that violate indigenous peoples' rights.
- Coal mining and coal power generation related projects, as well as peat extraction and electricity generation using peat.
- Production or trade in any product or activity deemed illegal under host country laws and France or regulations or international conventions and agreements.
- Production or activities involving forced labour or child labour.
- Trade in wildlife.
- Drift net fishing in the marine environment using nets in excess of 2.5 km in length.
- Destruction of Critical Habitat and any forest project under which no sustainable development and managing plan is carried out.
- Production or use of or trade in hazardous materials such as asbestos fibers and products containing PCBs.
- Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances and other hazardous substances subject to international phase-outs or bans.
- Production or trade in weapons and ammunitions.

- Tobacco.
- Hard liquor for human consumption.
- Gambling, casinos, and equivalent enterprises.

Process for project evaluation and selection

In addition to CRDB's standard process in line with its Environmental and Social Management System (ESMS) for identifying and addressing E&S risks associated with eligible loans, the Issuer manages ESG sustainability through a robust framework, governed by several levels to drive accountability and execution, which include the Board and Sustainable Bond Committee.

A confirmation process is thereafter undertaken by a Sustainable Bond Committee within CRDB with respect to the assessments made by other staff in relation to the green and/or social bond asset categories. The Sustainable Bond Committee will also review the Green and Social Bond Asset Portfolio on a quarterly basis.

Summary of the Evaluation Process:

1. The Bank's relevant business lines identify the assets that meet the defined selection criteria.
2. The Sustainability Bond Committee, made up of Bank's experts on environmental and social issues as well as representatives from business and other key relevant lines, assesses and pre-selects the assets.
3. The Sustainability Bond Committee validates and approves the assets.
4. Selected assets are included in the Sustainability Bond Register.

Management of Proceeds

CRDB has established a Sustainable Bond Register in relation to Green, Social and Sustainability Bonds issued by CRDB for the purpose of recording the Green and Social Loan Portfolio and the intended allocation of the net proceeds from the Green, Social and Sustainability Bonds to Green and Social Loans. The composition and amount of Green and Social Loans will be reviewed quarterly by the financial reporting and control unit within Group finance to account for any repayments and bonds drawn and compare those records with the allocations detailed in the Sustainable Bond Register.

The Issuer intends, to the best of its abilities, to fully allocate the proceeds within 24 months after the issuance date of the Notes. Pending the allocation to the Eligible green projects, unallocated proceeds will be temporarily invested in short term liquid assets.

Group finance will oversee the management of proceeds and track the allocation using the relevant bond register. The financial auditor will review the allocation as part of standards reporting on the soundness of the annual financial reports.

Reporting

Issuer intends to report on both the allocation of the Green, Social and Sustainability bond's net proceeds and their related impacts on an annual basis via a Green, Social and Sustainability bond report, until maturity of each of the Green, Social and Sustainability Bonds issued under this Programme (information could still be provided in one annual aggregated report). The Green, Social and Sustainability Bond Report(s) will be submitted to CMSA and will be made available to investors and the general public at CRDB's website.

External Review

Pre-issuance verification

The Issuer engaged Sustainalytics to review the Green, Social and Sustainability Bond Framework and provide a Second-Party Opinion (the "SPO") on the Framework's environmental and social credentials and its alignment with ICMA's most up to date bond principles and / or guidelines as applicable. Based on an assessment of the eligible categories for the use of proceeds, project evaluation and selection process, the management, tracking and reporting on the allocation of proceeds, Sustainalytics were of the opinion that the Framework is credible and impactful and aligns with each of ICMA's Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021. The SPO has been made available on CRDB's website: https://crdbbank.co.tz/en/page/page_sus together with the Bond Framework.

Post-issuance verification

CRDB will make public a reasonable assurance on the allocation report provided by its external reviewers or any other appointed independent third party. For each report, the auditors will verify (i) the allocated and unallocated net proceeds; (ii) compliance of the Eligible Activities with the defined eligibility criteria in the Bond Framework, and (iii) If feasible, review of the impact reporting.

RISK FACTORS

4. Risk factors

In conducting business, the Issuer faces risks that may interfere with its obligations under Notes issued and under the Programme. It is important to understand the nature of these risks and the impact they may have on Issuer's business, financial condition, operations and reputation. Accordingly, the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

These risks are not the only ones that Issuer faces. Some risks may not yet be known to Issuer and certain risks that Issuer do not currently believe to be material could become material in the future.

Potential investors should consider carefully the risks described below, other information captured in this IM and in the applicable Pricing Supplement and reach their own views prior to making any investment decision.

4.1 Risk Relating to Tanzania

4.1.1 A deterioration in the domestic, regional and global economy may impact Issuer's business operations.

The 2022 financial year saw economies grapple with high commodity prices and disruptions of global supply chain, mainly occasioned by China's zero- COVID policy and the shock from the Russia-Ukraine war. Resulting from these disruptions, high inflationary pressure unravelled throughout the year after a decade-old fiscal and monetary support to combat deflationary forces exacerbated by the full impact of the pandemic in 2020. The events required a swift response from central banks, especially from those in advanced economies, which resulted in tight global funding conditions (higher interest rates and tight US dollar supply).

Any future negative changes in the country's economic conditions or any negative shift of regional and global economy could affect the Issuer's business and the performance of the Notes.

Tanzanian economy showed sustained resilience, bolstered by a significant improvement in the tourism industry as the global reopening gained steam in the wake of the extensive reach achieved in COVID-19 vaccination efforts.

4.1.2 The Tanzanian laws and regulations may change and could have a material effect on the Issuer's operations.

Tanzania is governed by number of laws and regulations specific to individuals and to certain business sectors operating in the country. As described elsewhere in this OM, the Issuer is subject to a number of governmental regulations and operates in a closely regulated industry. Most of these laws provide regulators and officials with substantial discretion in their application, interpretation and enforcement.

In addition, it is not always possible to predict the effect of future legislation on the Issuer's business. The ongoing rights of the Issuer under its licences and other agreements may be subject to revision or cancellation.

The Issuer's does its best efforts to comply with applicable law, the compliance unit conducts regular compliance tests across the Bank with a view of identifying gaps in enforcement of regulatory requirements and reports to the risk committees of the management and the Board on compliance status of the Bank.

4.1.3 Another pandemic or a new variant of the COVID-19 pandemic could have a materially adverse impact on the Issuer.

The COVID-19 pandemic has had a significant impact across the globe and across all sectors of the economy, including the banking sector. According to the World Bank, the government is prioritizing the implementation of a new strategy to contain the COVID-19 pandemic, and in July 2021 it started implementing the COVID-19 National Vaccine Deployment Plan. According to WHO website (https://covid19.who.int/region/afro/country/tz), a total of 39,392,419 vaccine doses have been administered as of 12 July 2023.

The Government of Tanzania has revived proactive engagement with multilateral and bilateral development partners in the region and worldwide and has implemented a strategy to contain the COVID-19 pandemic, including a COVID-19 National Vaccine Deployment Plan.

According to IMF country report issued in April 2023, Tanzanian economy is projected to grow to 5.2% in 2023 as global commodity price shocks subside and the business environment improves.

The emergence of any new variant or an equally disruptive pandemic could have a material adverse impact on the Issuer's business and the industry at large. As of the date of this IM, there is significant uncertainty around the cure of COVID-19 and potential future eruptions of new variants or similar pandemics. The magnitude of the impact on the Issuer will depend on future developments, which are highly uncertain and cannot be predicted at this point in time.

The major downside risks relate to new COVID-19 variants and associated disruptions to economic activity but should be mitigated by increased public awareness, support from development partners and uptake of vaccines.

4.2 Risks related to the Market.

4.2.1 Exposure to market related risks such as price, foreign exchange and interest rate could impact Issuer's business.

Under normal course of business and as a financial institution and listed organisation, Issuer is exposed to market risks such as price movement, volatility of foreign exchange and interest rate. Uncontrolled exposure to market risks could impact Issuer's business and lead to financial loss on earnings or capital arising.

Price Risk

The Issuer is exposed to equity securities price risk as it has investment in listed stocks and to debt securities price risk classified on the balance sheet as available for sale and trading financial instruments. The Board sets risk limits on the level of exposure for investment as well as stop loss triggers to minimize equity price risk on in case of declining price of listed stocks investment, and to minimise losses from market price changes on the available for sale and trading portfolio.

Foreign Exchange Risk

The Issuer takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets risk limits on the level of exposure by currency and in aggregate, for both overnight and intra-day trading positions, which the second line of defence monitors daily.

Interest Rate Risk

Interest rate risk is the probability of financial loss to earnings or capital arising from unfavourable movement of interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

As a mitigation, the Issuer applies interest rate gap analysis coupled with Earning at Risk (EaR), Value at Risk (VaR) and stress testing analysis in measuring exposure to market risk for the purpose of managing market risk exposures within acceptable risk appetite while optimising return on investments.

Also, the Issuer separates exposures to market risk into either trading or non-trading portfolios. The treasury department where the trading and the asset and liability management functions reside manages market risk, and the risk and compliance function independently monitors and reports on the risk taking. Regular reports on positions are submitted to the Board of Directors and the Management Risk Committee.

4.3 Risk factors related to the Issuer.

4.3.1 Non-compliance with laws, rules and regulations could impact Issuer's operations.

The nature of Issuer's operations is subject to various laws, rules and regulations. These laws and regulations require high level of compliance under normal course of business. Issuer's licences may be revoked or subject to potentially significant fines or penalties if it fails to comply with any of these laws and regulations.

The management audit & risk committee and the Board have oversight responsibility around compliance risk management for the Group.

The Issuer manages regulatory compliance risk through a dedicated regulatory compliance function which monitors regulatory changes and its effects to the business, disseminate the requirements across the Bank to ensure employees are not in violation and make changes to policies and procedures affected by changes in laws and regulations.

The function conducts regular compliance tests across the Bank with a view of identifying gaps in enforcement of regulatory requirements and reports to the risk committees of the management and the Board on compliance status of the Bank.

4.3.2 High concentration of Non-Performing Loans could impact the Issuer's business operations.

A risk of financial loss arising from non-payment of principal and/or interest of credit accommodations could impact Issuer's business operation and any obligation under the issued Notes.

High NPL concentration could be driven by, significant adversely changes in political, economic, regulatory, and technological environment of the borrowers or in its business activities, death of a borrower or when the borrower becomes bankrupt.

The Bank embarked on automation of the credit processes which has enabled the Group to underwrite a good calibre of clients, effectively monitor facilities, efficiently manage delinquencies and undertake swift recoveries. As a result, the Bank's asset quality has improved significantly, with the Group Non- Performing Loans (NPL) ratio moving from 8.5% in 2018 to 2.8% in 2022.

4.3.3 The risk that arises from not meeting customer obligations, either willingly or unwillingly, which could have resulted into economic loss to the Bank.

Inability of Issuer to assess customers' problems and inappropriate allocation of proposed solutions to customers could result into economic losses to the Bank and further impact Issuer's ability to meet its obligation under the Programme.

Issuer's credit risk management strategies based on achieving the right asset quality and concentration. To achieve this, credit risk is assessed and managed right from credit origination to recovery management.

Issuer's assessment methodologies ensures that risks are clearly articulated and mitigations are in place throughout the credit management life circle.

At Management level, this risk is governed by the loan portfolio quality committee and management audit and risk committee.

At the Board level, the Credit and Risk Committees of the Board provides overall oversight and advises on all matters relating to Credit risk.

4.3.4 Operational risks could impact Issuers business and its obligation under the Programme.

This refers to the risk of loss resulting from inadequate or failed internal processes, people and system or from external events.

The Issuer manages operational risks at different committees starting from management level, the operational risk committee and the Management Audit and Risk Committee, the Board and Risk Committee Board provides an oversight role.

Operational risk management processes, outlines the sequence of activities and decisions in managing operational risk, namely; identification, assessment, monitoring, controlling, mitigation and reporting.

Furthermore, Issuer has real time incident management for early identification of control failures and for continuous effective root cause analysis thus preventing failure recurrence.

4.3.5 The risk of technology-related events and conditions that could potentially impact Issuer's business.

This is the risk that could originate from inadequate management and support of ICT systems and infrastructure, compromise of information security controls, failed systems, or other external factors such as cyber- attacks and/or technology absolute. This risk could impact Issuer's business which might lead to failure to meet its required obligations under the Notes.

As a mitigation, the Issuer has in place Board approved policies which govern the usage and operations of ICT systems and infrastructure. The policy stipulates measures to protect information from all threats, whether internal or external, so as to ensure continuity of its business operations and control potential damage that may occur as a result of technology risk events.

There is continuous assessment and monitoring which is done by use of key risk indicators, risk and control self-assessments, and other reviews performed by the second and third line of defence.

Emerging IT risk exposures, performance of established controls and areas that need improvement are reported to and deliberated in management and Board Risk Committees.

4.3.6 Liquidity constraints could adversely impact Issuer's operations.

Liquidity risk could result from a possibility that the Issuer will not have sufficient cash to meet liquidity demands or situations on which it cannot raise enough liquidity in a cost effective manner. In turn, this could also impact Issuer's ability to pay the amounts due to Noteholders.

The liquidity risk management process that is carried out and monitored by the ALCO includes:

- Day-to-day funding management which is managed by monitoring future cash flows to ensure that funding requirements can be met. These include replenishment of funds as they mature or are loaned to customers. The group maintains an active presence in money markets to enable this to happen.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring balance sheet liquidity ratios against internal and regulatory limit requirements;
- Managing concentration and profile of debt maturities; and
- Monitoring maturity gaps to ensure that the 0-90 day (short-term) gaps remains positive at all times.

The Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management.

Funding approach

The Issuer's major source of funding comes from customers core deposits. The Issuer maintains a diversified and stable funding base comprising of current/demand, savings and time deposits.

The Issuer also borrows from the local interbank market for short term liquidity requirement whereas the medium and long term funds are borrowed from the international financial markets. Moreover, the group has established funding lines with both local and foreign banks for short term funding requirements as part of its CFP.

4.3.7 Fraudulent or unlawful activity could impact Issuer's business.

The Issuer has adopted a zero tolerance approach toward employee related and/or internal fraud. Although the Bank has well-established systems and internal controls, it has been in the past and may in the future be subject to fraud by its employees or related parties.

The Bank has comprehensive fraud risk management practices which covers the following:

- Anti-corruption and fraud risk management policy, which defines fraudulent acts and prohibits all Group staff to engage in fraudulent practices across the Group;
- Continuous fraud management awareness programs across all staff and customers;
- Professional investigation conduct on all reported fraudulent incidents; and

- Whistleblowing policy which enables staff members to report any kind of miscount anonymously and without retaliation. The group has adopted two reporting channels i.e., one managed internally and other managed by third-party who is among the top four audit and consulting firms to create confidence.

4.3.8 Issuer's inability to implement its growth strategies could materially impact its business.

This refers to current and prospective impact on earnings and capital arising from adverse long-term business decisions, improper implementation or execution of decisions and/or strategies, or lack of responsiveness to industry changes.

Its success in implementing its growth strategies could also be affected by a number of factors beyond its control, including legal and regulatory changes, deterioration of macro-economic, social and political conditions in domestic, regional and global economy that the Issuer may not be able to anticipate or mitigate.

Strategic risk related matters are managed at management level, and EXCO governs this risk, the Board is responsible for an oversight role.

4.3.9 Issuer's inability to successfully defend against disputes or legal actions, could materially impact its operations and financial position.

The Issuer is a party to litigations and other legal proceedings arising from normal business activities. See "*Issuer's description, under material litigation*". The result of any current, future litigation or other legal proceedings is unpredictable. The costs of defending lawsuits, and any settlements or judgments against the Issuer, could adversely affect its operations and financial performance.

As mitigation, the Issuer has a dedicated legal department with well-established legal risk policies and procedures to give guidance to the Bank on legal risk management. The legal team monitors progress relating to the Bank's litigious matters of filed litigations, ensuring the bank holds adequate legal provisions with frequent assessment on probability of success on the filed litigations.

4.3.10 Climate related financial risks

Climate related financial risks are exposures which may arise from physical and/or transition risk from climate change or change of technology in use and/or policies/laws aiming at protecting the climate thus resulting into inadequate cash flows of financed projects.

The bank established its ESMS and is governed by;

- E&S Policy
- ESM Procedure which is used as a guideline on assessing environmental and social risks on projects being financed by the bank.

There is a SFU that has an overall responsibility of management of E&S function within the Bank including conducting site visits to various projects financed by the bank for ESDD. E&S due diligence is done for both existing and potential projects.

Following issuance of the climate related financial risks management guidelines by the BoT in 2022, the Bank is in the process of improving its policies to incorporate the new requirements for further improvement of climate risk management.

4.3.11 Reputational risk

The Bank acknowledges the significance of proactively managing and mitigating reputational risk. The Bank maintains robust risk management practices to identify, assess, and monitor potential risks to its reputation. This includes implementing internal controls, governance frameworks, and compliance measures to ensure adherence to regulatory requirements and ethical standards. The Bank continuously invests in training programs and resources to foster a culture of integrity and ethics across its workforce, emphasizing the importance of upholding the bank's reputation.

The Bank remains committed to upholding its code of conduct, executing its business ethically, and safeguarding the integrity of its reputation. Through proactive risk management practices, the Bank aims to mitigate the potential adverse impacts of reputational risk on its capital, earnings, and overall financial standing.

4.4 Risk Factors related to the Notes issued.

4.4.1 Notes may have different structures issued under the Programme.

As indicated under "*summary of the Programme*" the Issuer may issue multiple Notes under the Programme from time to time. Each Note issued may have different terms, features and associated risks as may be described in the applicable Pricing Supplement.

The green and sustainable linked Notes are new securities for which there is presently no established market in Tanzania. The liquidity of any market for the Notes will depend upon the number of holders of the Notes, the interest of security dealers in making a market in the Notes and other factors.

Potential investors should be aware that there will be multiple Notes with different structures issued under the Programme and that the following statements are not exhaustive with respect to the types of Notes that may be issued under the Programme and any particular Tranche may have additional associated risks that are not described below.

4.4.2 The Notes may be structurally junior to the secured indebtedness and other liabilities.

In an event the Notes have unsecured status, the Noteholders shall rank junior to existing and future secured claims of the Issuer.

In the event of any bankruptcy or liquidation the rights of the Noteholders to participate in the assets of the Bank will rank behind the claims of that secured indebtedness and other liabilities. As a result, the Notes may structurally be subordinated to the secured liabilities of Issuer.

4.4.3 The Issuer may exercise the option to redeem the Notes early.

The Issuer will have the right to redeem the Notes as set out in the section "*Terms and Conditions*" or as may be specified in the applicable Pricing Supplement.

Noteholder could be exposed to a low-yield re-investment environment on Notes redeemed prior to maturity or the Notes that are subject to early redemption due to an early redemption event. Noteholder generally may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

Any redemption prior to maturity as set out above could have a material adverse effect on the value of the Notes as the relevant redemption amount may be less than the then current market value of the Notes.

4.4.4 The investment opportunity under the Notes may not be fit for all investors.

Potential investor must determine the suitability of investing in the Notes in light of its own circumstances.

As indicated under section "Use of Proceeds", the Issuer will deploy net proceeds to finance and/or refinance of Eligible Loans under the Issuer's Green, Social and Sustainability Bond Framework. Potential investors should have regard to the Issuer's Green, Social and Sustainability Bond Framework and must determine for themselves the relevance of such information for the purpose of investment under such Notes.

Prospective investor should consult their investment or financial, legal, and tax advisors to determine the suitability of an investment prior to investing in the Notes. Furthermore, investors should also have sufficient knowledge, experience and tools to evaluate the potential investment and to properly assess the information contained by reference in this IM or any other Programme documentation.

4.4.5 Value of the Notes may be adversely affected by movements in market interest rates.

Investment in the Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Notes, this will adversely affect the value of the Notes as an equivalent investment issued at the prevailing market interest rate may be more attractive to investors.

4.4.6 The performance of the secondary capital market

The Issuer will list the Notes on the DSE or on such other exchange as indicated on the relevant Pricing Supplement. The growth and performance of a secondary capital market for the Notes shall be subject to prevailing market conditions. The Notes are sensitive to interest rate and market risks; and structured

Notes for specific or limited categories of investors are highly likely to be impacted by volatility of secondary capital markets.

As a mitigation, investors should be aware of the type of the investment and market depth volatility of the investment prior to making an investment decision or should consult your investment advisor, stockbroker, lawyer, banker or any other financial consultant for investment guidance.

4.4.7 The Notes are denominated in Specified Currency and certain Investors may be subject to exchange rate risks and exchange controls.

The Issuer will pay Principal and Interest on the Notes in Specified Currency as indicated on the applicable Pricing Supplement. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the Investor's Currency) other than Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls.

4.4.8 The Tanzanian Laws may change.

The Conditions of the Notes are based on Tanzanian law in effect as at the date of this IM. No assurance can be given as to the impact of any possible judicial decisions or changes to Tanzanian law or administrative practice after the date of this IM. Such changes in laws may include amendments to a variety of tools which may affect the rights of holders of securities issued by us, including the Notes.

Prospective investors should note that the courts of Tanzania shall have jurisdiction in respect of any disputes involving the Notes.

TERMS AND CONDITIONS

5. Terms and conditions

Terms and Conditions of the Notes:

In these Conditions, "Noteholder" and "holder" means the account holder of a Book entry Note.

References in these Conditions to terms specified on a Note or specified hereon or specified in the applicable Pricing Supplement shall be deemed to include references to terms specified in the applicable Pricing Supplement issued in respect of a particular issue of Notes of which such Note forms a part (each a "Pricing Supplement") and which will be attached to such Note.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the applicable Pricing Supplement in relation to such Series.

The issue within the United Republic of Tanzania of TZS equivalent of United States dollars three hundred million (US$ 300,000,000) (or such other currency as specified in the applicable Pricing Supplement) multicurrency medium term notes (the "Notes") by CRDB Bank PLC (the "Issuer") was duly authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 19 June 2023. The Notes are issued with the benefit of, and are subject to, an Agency Agreement (the "Agency Agreement") between the Issuer as Issuer, fiscal, and paying agent (the "Fiscal Agent"), as calculation agent (the "Calculation Agent"), as the receiving bank ("Receiving Bank") and as the registrar ("Registrar)".

These Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

All the Notes issued by the Issuer pursuant to the Agency Agreement and for the time being Outstanding are hereinafter referred to as the "Notes" and the term "Note" is to be construed accordingly.

5.1 All capitalised terms are defined under Definitions and Abbreviations section of this IM. The capitalised terms shall bear the meaning ascribed to them in the Agency Agreement and in the relevant Pricing Supplement unless the context otherwise requires. Copies of the Agency Agreement and the relevant Pricing Supplement are available for inspection at the Specified Office of the Registrar. The Noteholders are deemed to have notice of, and are entitled to the benefit of, and are subject to, all the provisions of the Agency Agreement and the relevant Pricing Supplement.

5.2 Form, Denomination, Title and Specified Currency

5.2.1 *Form:* Each issue of Notes of which this Note forms a part is issued as dematerialised book entry notes in the nominal amount of a Specified Denomination (as defined in Condition 5.5.2.2 below), or as specified on such Note, and these Conditions must be read accordingly.

5.2.2 *Denomination: "Specified Denomination" means the denomination amount as such specified in the applicable Pricing Supplements.*

5.2.3 *Title: The Issuer shall be entitled to deem and treat the depositary named in the applicable Pricing Supplement as the absolute owner of the Notes of the relevant Series for all purposes whatsoever notwithstanding any notice to the contrary and all payments to or on the order of such depositary* shall be valid and effective to discharge the liability of the Issuer with respect to such Notes to the extent of the sum or sums so paid. The Issuer, the Fiscal Agent and the Registrar may (to the fullest extent applicable under the law) deem and treat the person in whose name such Note is registered as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof), and neither the Issuer, nor any Agent of the Issuer shall be affected by notice to the contrary.

5.2.4 *Specified Currency:* The Currency of any Note is as specified in the applicable Pricing Supplement. Unless otherwise specified hereon, *all* payments of principal and interest in respect of a Note shall be made in the Specified Currency.

5.3 Transfers of Notes

5.3.1 *Transfer of Notes:* The Notes may be transferred in whole or in part in a Specified Denomination upon delivery of the form of transfer of such Note duly completed and stamped, if liable to stamp duty, and executed by the transferor or under its common seal or on its behalf under the hand of one of its officers duly authorised in writing, and upon the Registrar and/or the CDS being satisfied with the documents of title and the identity of the person making the request, and if the form of transfer is executed by some other person on behalf of the transferor or in the case of the execution on behalf of a corporation by its officers, the authority of that or those persons to do so, all subject to such reasonable Regulations as the Issuer, CDS and the Registrar may prescribe in accordance with procedures implemented by the CDS.

5.3.2 *All transfers of Notes and entries on the Register will be made subject to the detailed Regulations concerning transfers of Notes set forth in the Agency Agreement. The transfer of Notes will be subject to the requirements of the Stock Exchange on which the Notes are listed from time to time (if any).*

5.3.3 *The Notes will be held in book-entry form. The Notes shall not be issued in physical form, but their aggregate face amount shall be entered in the Register maintained by the CDS in accordance with the provisions of the CMSA and the DSE.*

5.3.4 *Transfers Free of Charge: Both registrations and transfers shall be effected without charge by or on behalf of the Issuer, the Agents, provided that the transferor or holder shall bear the expense of the delivery and shall make any payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Local Agent, the Registrar or the relevant Transfer Agent may require).*

5.3.5 *Closed Periods: No transfer of a Note will be effected:*

(a) during the period of fifteen (15) days immediately preceding the due date for any payment of principal, redemption amount or premium (if any) in respect of that Note;

(b) during the notice period immediately preceding any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5.7.3;

(c) after any such Note has been called for redemption; or

(d) during the period of seven (7) days ending on (and including) any Record Date in the *Definitions and Abbreviations*.

5.3.6 *Provisions Concerning Transfers: All transfers and entries on the Register will be made in accordance with the relevant procedures of the Registrar. A copy of the relevant procedures will be made available by the Registrar to upon request.*

5.4 Status of Notes

Senior Notes

5.4.1 The Notes are direct, unconditional, general and unsecured obligations of the Issuer ranking *pari passu* and without any preference among themselves and *pari passu* with all other outstanding unsecured and unsubordinated obligations for borrowed money of the Issuer (obligations (other than subordinated obligations (if any)) of the Issuer from time to time outstanding, save only for such obligations as may be preferred by mandatory provisions of the Applicable Laws).

Subordinated Notes

5.4.2 It is the intention of the Issuer (if so specified in the relevant Pricing Supplement) that the Subordinated Notes should qualify as Tier 2 Capital. Subject to exceptions provided by provisions of law, the Issuer's obligations under the Subordinated Notes constitute direct, general and unsecured obligations of the Issuer and shall, in case of (a) the insolvency and winding up in Tanzania of the Issuer; or (b) dissolution of the Issuer in Tanzania, as the case may be, rank (a) equally inter se and (b) fully subordinated to the claims of Senior Creditors, provided that if at any time an order is made or a resolution is passed for the winding up of the Issuer, then any payment of any amount due under the Subordinated Notes which would fall due for payment while the Issuer is insolvent or in insolvent liquidation, will not fall so due and any such due amount will become due for payment only if and when and to the extent that the Issuer could make such payment in whole or in part and still be solvent thereafter.

5.4.3 For the purpose of Condition 5.4.2, the Issuer shall be considered solvent if both (i) it is able to meet the claims of Senior Creditors as they become due and (ii) its Assets exceed its Liabilities. A report as to the solvency of the Issuer by the Auditors or if the Issuer is being wound up, its liquidator, shall in the absence of proven error, be treated and accepted by the Issuer any Agent and the holders of Subordinated Notes as correct and sufficient evidence thereof.

For the purposes of Condition 5.5.4.2:

"**Assets**" means the non-consolidated gross assets of the Issuer as shown by the then latest published balance sheet of the Issuer but adjusted for contingency and for subsequent events and to such extent as two Directors of the Issuer, the Auditors or the liquidator of the Issuer (as the case may be) may determine to be appropriate.

"**Auditors**" means the auditors of the Issuer or, in the event of their being unable or unwilling promptly to carry out any action requested of them, such other firm of accountants as may be appointed or nominated by the Registrar.

"**Liabilities**" means the unconsolidated gross liabilities of the Issuer as shown and adjusted in like manner as for assets and the claim of any creditor of the Issuer which has been accepted by the liquidator in the winding up of the Issuer not being a creditor:

(a) whose right to repayment ranks or is expressed to rank postponed to or subordinate to that of unsubordinated creditors of the Issuer; or

(b) whose right to repayment is made subject to a condition or is restricted (whether by operation of law or otherwise) or is expressed to be restricted in each case such that the amount which may be claimed for his own retention by such creditor in the event that the Issuer is not solvent, is less than in the event that the Issuer is solvent; or

(c) whose debt is irrecoverable or expressed to be irrecoverable unless the persons entitled to payment of the Principal Amount and Interest Amount in respect of the Subordinated Notes recover the amounts of such Principal Amount and Interest Amount which such persons would be entitled to recover if payment of such Principal Amount and Interest Amount to such persons were not subject to any condition.

5.4.4 In the case of Subordinated Notes, in the event the Issuer is unable, due to its failure to meet the solvency test prescribed in these Conditions, to make a payment of any Interest Amount on any Interest Payment Date, such Interest Amount shall be deferred ("Deferred Interest"). Deferred Interest shall not itself earn interest. The Issuer shall be obliged as and when it is deemed solvent for purposes of these Conditions, to pay Deferred Interest to holders of Subordinated Notes on an Interest Payment Date, after having made the payment of Interest Amount due for that Interest Payment Date.

5.4.5 The Issuer shall not pay or declare dividends on preference or ordinary shares, while Deferred Interest is outstanding on the Subordinated Notes.

5.4.6 The holder of a Subordinated Note may not exercise a claim or plead any right of set-off, counter claim or retention (whether before or after the winding up of the Issuer), in respect of any amount owed by it to the Issuer against any amount owing by the Issuer to it, arising under or in connection with the Subordinated Notes, and each such holder shall be deemed to have waived all such rights of set-off, counter claim or retention. If any of the rights and claims of such Noteholder are discharged by set-off, such Noteholder will immediately pay an amount equal to the amount of such discharge to the Issuer, or as applicable, the liquidator in winding up of the Issuer as the case may be, and until such time as payment is made, such Noteholder will hold a sum equal to such amount in trust for the Issuer, or if applicable, the liquidator in winding up of the Issuer. Accordingly, such discharge will be deemed not to have taken place.

5.5 Negative Pledge

So long as any Note remains Outstanding, the Issuer will not create, or permit to arise any mortgage, charge, lien (other than a lien arising solely by operation of law and in the ordinary course of business), pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues present or future, to secure any borrowing in the form of, or represented by, bonds, notes or any securities, which borrowing is incurred or guaranteed by the Issuer and is now outstanding or hereafter existing without at the same time according to the Notes either the same security as granted to or is outstanding in respect of such liability, or such other security as shall be approved by an Extraordinary Resolution (as defined in Schedule 2 (*Regulations for Meetings of Noteholders*) to the Agency Agreement) of the Noteholders.

5.6 Interest

5.6.1 *Interest on Fixed Rate Notes:* Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5.6.7.

5.6.2 *Each Fixed Rate Note shall cease to bear interest from the date of its redemption unless payment of any Principal Amount due thereunder is improperly withheld or refused. In such event, interest will continue to accrue at the default rate as specified in the relevant Pricing Supplement.*

5.6.3 *Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount or at par and will not bear interest other than in the case of late redemption payment.*

5.6.4 *Interest on Floating Rate Notes:*

(a) Interest Payment Dates:

Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date (s) specified in the relevant Pricing Supplement. The amount of interest payable shall be determined in accordance with Condition 5.6.4(c).

(b) Business Day Convention:

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(c) Rate of Interest for Floating Rate Notes:

The Rate of Interest in respect of Floating Rate Notes for each Interest Period shall be determined by the Calculation Agent (unless otherwise specified in the relevant Pricing Supplement) two Business Days before each Interest Payment Date and in the case of the first Interest Period the Interest Commencement Date. The Floating Rate of Interest (expressed as a percentage per annum) shall be the aggregate of the Reference Rate and the relevant margin (the "**Margin**") specified in the relevant Pricing Supplement. If the relevant Pricing Supplement specifies a Minimum Floating Rate of Interest for an Interest Period, then the Floating Rate of Interest for such Interest Period shall in no event be less than such Minimum Floating Rate of Interest and/or if the relevant Pricing Supplement specifies a maximum Floating Rate of Interest for any Interest Period then the Floating Rate of Interest for such Interest Period shall in no event be more than such maximum Floating Rate of Interest.

The Calculation Agent will at the time the Floating Rate of Interest is determined as aforesaid calculate the Interest Amount for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Floating Rate of Interest to the Specified Denomination, multiplying such sum by the applicable Day Count Fraction and rounding up the resultant figure to the nearest one whole number. For the purposes of this Condition 5.6.9 "**Day Count Fraction**" means, in respect of the calculation of an Interest Amount for any Interest Period (a) if "**Actual/365**" is specified in the relevant Pricing Supplement, the actual number of days elapsed in the Interest Period divided by 365; or (b) such other calculation method specified in the relevant Pricing Supplement.

The Calculation Agent (or such other Agent as is specified in the relevant Pricing Supplement) will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any Stock Exchange on which the relevant Floating Rate Notes are listed, as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to any Stock Exchange on which the relevant Floating Rate Notes are listed and to the Noteholders in accordance with Condition 5.14 *(Notices).*

5.6.5 *Accrual of Interest:* Interest shall cease to accrue on each Note on the due date for redemption unless, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5.6 to the Relevant Date (as defined in Condition 5.9).

5.6.6 *Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding:*

(a) If any Margin is specified, an adjustment shall be made to all applicable Rates of Interest, calculated in accordance with this Condition 5.6 by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to paragraph (b) below.

(b) If any maximum or minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be;

(c) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

5.6.7 *Calculations:* The amount of interest payable per calculation amount in respect of any Note for any Interest Period shall be equal to the product of the Rate of Interest, the calculation amount specified hereon, and the Day Count Fraction for such Interest Period, unless an Interest Amount is applicable to such Interest Period, in which case the amount of interest payable per calculation amount in respect of such Note for such Interest Period shall equal such Interest Amount. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated. If the calculation amount is not specified hereon, the calculation amount shall equal the minimum Specified Denomination.

5.6.8 *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:* The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Period, calculate the Final Redemption Amount, Early Redemption Amount or optional redemption amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or optional redemption amount to be notified to each of the Agents, the Issuer, , the Noteholders, and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date is subject to adjustment pursuant to Condition 5.6, the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 5.9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated needs to be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

5.6.9 *Definitions:* In these Conditions, unless the context otherwise requires, the following defined terms under this Condition shall have the meanings set out below:

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency.

"**Day Count Fraction**" means, in respect of the calculation of an Interest Amount on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the "Calculation Period"), the fraction set out in the applicable Pricing Supplement.

"**Interest Amount**" means in respect of an Interest Period, the amount of interest payable in respect of each Principal Amount of the Notes as determined in accordance with Condition 5.6 (*Interest)*.

"**Interest Commencement Date**" means the Issue Date, or such other date as may be specified hereon.

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Period, the date specified as such hereon.

"**Interest Period**" means the period specified as such hereon or, if none is so specified, the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified hereon or calculated in accordance with the provisions specified hereon.

"**Reference Rate**" means the rate specified as such hereon.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon.

"**Specified Currency**" means the currency defined in the applicable Pricing Supplement or, if none is specified, the currency in which the Notes are denominated.

5.6.10 *Calculation Agent:* The Issuer shall procure that there shall at all times be a Calculation Agent if provision is made for them in the applicable Pricing Supplement and for so long as any Note is Outstanding (as defined in the Agency Agreement). If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or optional redemption amount, as the case may be, or to comply with any other requirement, the

Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5.7 Redemption, Purchase and Options

5.7.1 *Final Redemption:* Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided in the applicable Pricing Supplement, is its nominal amount).

5.7.2 *Early Redemption Amounts:*

a. *Zero Coupon Notes*: in the case of Zero Coupon Notes, the Early Redemption Amount shall be an amount (the "**Amortised Face Amount**") equal to the Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the amortisation yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the Issue Price of the Notes if they were discounted back to their Issue Price on the Issue Date) compounded annually..

b. *Other Notes*: The Early Redemption Amount, payable in respect of any Note upon it becoming due and payable as provided in Condition 5.7, shall be the Final Redemption Amount unless otherwise specified hereon.

5.7.3 *Redemption at the option of the Issuer:* If the Issuer has specified in the relevant Pricing Supplement that it has an option to redeem any Notes, the Issuer may, subject to any conditions specified in the relevant Pricing Supplement, and in addition , after giving not less than fourteen (14) nor more than thirty (30) days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any optional redemption date. Any such redemption of Notes shall be at their optional redemption amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum redemption Amount to be redeemed specified hereon and no greater than the maximum redemption amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the optional redemption date specified in such notice in accordance with this Condition.

In the case of a partial redemption, each such Note will be redeemed in the amount of its pro rata share of the aggregate amount of such partial redemption and thereafter shall be treated as being Outstanding as to its unredeemed balance.

5.7.4 *Purchases:* The Issuer may at any time purchase or otherwise acquire Notes in the open market or otherwise at any price subject to any approvals required from the DSE and/or the CMSA or to any restrictions under any applicable law. Notes purchased or otherwise acquired by the Issuer may be held or resold or, at the discretion of the Issuer, cancelled in terms of and in accordance with these Conditions. If purchases are made by tender, tenders must be made available to all Noteholders of the same Series alike.

5.7.5 *Cancellation:* All Notes redeemed or purchased by or on behalf of the Issuer may be surrendered for cancellation not less than thirty (30) Business Days' written notice by the Issuer to the Registrar, the Paying Agent and the CDS, and if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

5.8 Payments

5.8.1 *Notes:* The Fiscal Agent will make payments of the Principal Amount and the Interest Amount due on the Notes to the Noteholders from the Payment Account or transfer the funds on the due date or on such other date as may be specified in the applicable Pricing Supplement in accordance with the Conditions provided, however, that:

5.8.1.1 the Fiscal Agent shall not be obliged (but shall be entitled) to make such payments if the full amount of any payment due to be made into the Payment Account under sub-Clause 4 *(Payment to the Payment Account)* of the Agency Agreement is not so made; and

5.8.1.2 notwithstanding any other provision of these Conditions, the Fiscal Agent on behalf of the Issuer shall be entitled to make a deduction or withholding from any payment which it makes under these Conditions for or on account of any present or future taxes, duties or charges if and to the extent so required by applicable law, in which event the Fiscal Agent shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities and to the Issuer and the relevant Noteholder for the amount so withheld or deducted.

5.8.2 Noteholders will not be entitled to any interest or other payment for any delay after the due date if any date for payment is not a day on which the depositary or Paying Agent (if any) is open for business, and the Noteholder will not be entitled to payment until the next following day on which the depositary or Paying Agent (if any) is open for business.

5.8.3 *Payments Subject to Law:* All payments are subject in all cases to any applicable fiscal or other laws, Regulations and directives. No commission or expenses shall be charged to the Noteholders in respect of such payments.

5.8.4 *Appointment of Agents:* The Agents initially appointed by the Issuer and their respective specified offices are listed in the applicable Pricing Supplement. The Placing Agents, the Paying Agents, the Registrar and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Placing Agents, the Paying Agent, the Registrar, any Receiving Bank and the Calculation Agent or any other agent and to appoint substitute Placing Agents and/or additional or other Paying Agents, Registrars, Receiving Banks and Calculation Agents or any other agent; provided that the Issuer shall at all times maintain (i) a Placing Agent, if so specified in the applicable Pricing Supplement, a Registrar and Receiving

Agent, (ii) a Calculation Agent if specified hereon, and (ii) such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 5.5.14.

5.8.5 *Non-Business Days:* If any date for payment in respect of any Note is not a Business Day, the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment and where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency.

5.8.6 *Currency of Payment:* The currency of account and for any sum due from the Issuer hereunder is the Tanzania Shilling (or such other currency as specified in the applicable Pricing Supplement).

5.9 Taxation

5.9.1 The Notes (and any interest thereon) are not exempt from taxation generally.

5.9.2 All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by, or on behalf of, any country, or any political sub-division of, or any authority in, or of, any country having the power to tax, unless such withholding or deduction of Taxes is required by law.

5.10 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof. As used in these Conditions, "**Relevant Date**" in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven (7) days after that on which notice is duly given to the Noteholders that, upon surrender of the relative Certificate being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, optional redemption amounts, and all other amounts in the nature of principal payable pursuant to Condition 5.5.7 or any amendment or supplement to it and (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5.0 or any amendment or supplement to it.

5.11 Events of Default

5.11.1 With respect to a Series of Notes, if:

(a) the Issuer fails to pay when due the principal of, or interest on, any Note of such Series unless:

(a) the failure to pay is caused by administrative or technical error; and

(b) such failure is remedied within three Business Days in Dar es Salaam or such place of issue of that Note;

(b) (i) the Issuer fails to pay the principal of, premium (if any), or interest on, any Note of another Series, or any notes, bonds or similar obligations (other than the Notes) which shall have been issued, assumed or guaranteed by the Issuer or (ii) any indebtedness of the Issuer (other than the Notes) in excess of TZS 20,000,000,000 (or the equivalent thereof in any other currency), becomes due and payable prematurely by reason of an event of default in relation thereto, or if any such indebtedness is not paid at maturity as extended by an applicable grace period, or (iii) if any guarantee or indemnity in respect of any indebtedness of any person given by the Issuer is not honoured when due and called upon or within any applicable grace period as originally provided and, in either case, such failure shall continue for a period of thirty (90) days;

(c) the Issuer does not perform or comply with any one or more of its other obligations in the Notes (other than an obligation for the payment of the amount due in respect to any of the Notes) and, if capable of remedy, such default continues for a period of thirty (30) days after written notice is given to the Registrar by any Noteholder specifying such default and requiring it to be remedied;

(d) any expropriation, distress, attachment, sequestration or execution (or any analogous procedure) or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer;

(e) the Issuer is unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer or the value of the assets of the Issuer is less than its liabilities (taking into account contingent and prospective liabilities);

(f) any order is made or any resolution passed for the suspension or termination of the Issuer, or the Issuer otherwise ceases to exist;

(g) the Issuer ceases, or threatens to cease, to carry on all or substantially all of its business or operations; or

(h) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes, the Placing Agreement or Agency Agreement.

(i) then any Noteholder may deliver or cause to be delivered to the Issuer at its principal office in Dar es Salaam, Tanzania, written notice (effective upon the date of receipt thereof by the Issuer) that such holder elects to declare all Notes held by it (the serial numbers and denominations of which shall be set forth in such notice) to be forthwith due and payable, whereupon the same shall become forthwith due and payable at the Early Redemption Amount together with accrued interest to the date of repayment.

5.11.2 Notification of Event of Default

If the Issuer becomes aware of the occurrence of any Event of Default, the Issuer shall forthwith notify all Noteholders in accordance with Condition 5.14 (Notices).

5.12 Meeting of Noteholders and Modifications

5.12.1 *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in Schedule 1 to the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being Outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being Outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia,* (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the Rate(s) of Interest in respect of the Notes or to vary the method or basis of calculating the Interest Amount(s) or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum Rate of Interest and/or a maximum Rate of Interest, Final Redemption Amount, Early Redemption Amount, optional redemption amount or other redemption amount is specified, to reduce any such Minimum Rate of Interest and/or maximum Rate of Interest or redemption amount, (v) to vary any method of, or basis for, calculating any redemption amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being Outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the applicable Pricing Supplement in relation to such Series.

5.12.2 *Modification of Agency Agreement:* The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be materially prejudicial to the interests of the Noteholders.

5.13 Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes either having the same terms and conditions as the Notes in all respects (or in all respects save for the issue date, the Interest Commencement Date and the first payment of interest thereon) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a further Tranche of Notes of the same Series as the Notes.

5.14 Notices

5.14.1 Notices to the Noteholders will be deemed to be validly given if made by e-mail, fax delivered to them, or sent by registered mail or (if posted to an overseas address) by airmail to them, to their registered addresses appearing on the Register, and in any other case, will be deemed to have been validly given when such communication or document is left with or, as the case may be, seven (7) days after its being posted to the intended recipient at its address as recorded on the Register.

5.14.2 The Issuer shall also ensure that notices regarding the Notes are duly published in a manner that complies with the Capital Markets and Securities laws and DSE PLC rules.

5.14.3 The Registrar shall, upon and in accordance with the instructions of the Issuer but not otherwise, arrange for any notice which is to be given to the Noteholders and to the DSE be given in accordance with this Condition.

5.14.4 Notices given by any Noteholder shall be in writing and given by lodging the same at the Specified Office of the Registrar and the Registrar, as the case may require, issue that notice to the Issuer and/or any other Agent.

5.14.5 Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the Specified Office of the Registrar, as the case may require or via the applicable clearing system.

5.15 Governing Law and Jurisdiction

5.15.1 *Governing Law:* The Notes, Agency Agreement and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with Tanzanian law.

5.15.2 *Jurisdiction:* With *respect to any legal action or proceedings or to settle any disputes ("Proceedings" and "Disputes") in the courts of Tanzania arising out of or in connection with any Notes, the Issuer irrevocably submits to the non-exclusive jurisdiction of the courts of Tanzania.*

TAXATION

6 Taxation

The comments below are of a general nature based on taxation law and practice in Tanzania as at the date of this Information Memorandum and are subject to any changes thereafter. They relate only to the anticipated tax consequences of an investment in the Notes under Tanzanian tax laws. The comments below do not relate to all possible tax consequences of an investment in the Notes and so should be treated with appropriate caution.

Prospective investors should consult their own professional advisers concerning the possible tax consequences of purchasing, holding and/or selling Notes and receiving payments of interest, principal and/or other amounts under the Notes under the Applicable Laws of their country of citizenship, residence or domicile.

Interest Payments

Interest payable under the Notes is currently exempt from withholding tax pursuant to section 82(2)(f) of the Income Tax Act [Cap 332 R. E. 2019].

Capital Gains

Debt securities such as bonds and debentures are treated as tradable financial assets. Net gains on the sale of such securities are treated as investment income which should be included in the determination of taxable income as provided by the Income Tax Act [Cap 332 R. E. 2019]. The total income of a corporate entity is subject to a tax rate of 30% while for an individual the resident individual tax rates will be applied.

Stamp Duty

Transactions relating to the Notes are not generally exempt from stamp duty (and other duties), but exemption may exist under government policy, which is subject to change.

Tax Treaties

Tanzania has entered into double taxation treaties with Canada, Denmark, Finland, India, Italy, Norway, Sweden, United Arab Emirates and Zambia. A three-way tax treaty between Kenya, Tanzania and Uganda has been signed but is yet to come into force.

SUBSCRIPTION AND SALE

7 Subscription and sale

The Notes will be offered by the Issuer through the Placing Agents in respect of any Series of Notes in accordance with the Placing Agreement between the Issuer and Placing Agents. Any agreement for the sale of Notes will, inter alia, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased or offered for placement by such Placing Agents and the commissions or other agreed discounts (if any) or placement fees payable or allowable by the Issuer in respect of such purchase or placement activities and the form of any indemnity to the Placing Agents against certain liabilities in connection with the offer and sale of the relevant Notes. The Notes will be delivered to the subscriber for Notes in accordance with the Terms and Conditions. There will be no trading in the Notes prior to the designated Settlement Date. Capitalised words used in this section shall bear the same meanings as used in the Definitions and Abbreviation section of this Information Memorandum and the Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context. "Series or Series of Notes" means a series of Notes comprising one or more tranches, whether or not issued on the same date, which (except in respect of the first payment of interest, and their issue price) have identical terms on issue and are expressed to have the same series number.

Application procedure

Application forms may be obtained from Issuer's branches, at Placing Agent, the Arrangers or any other appointed Placing Agent. Applications for the Notes must be submitted directly to any one of the Placing Agent s or the Arrangers, so as to arrive no later than 5:00 p.m. (Tanzania time) on the date specified in the Pricing Supplement. Successful applicants will be notified by the Fiscal Agent of the amount of Notes allotted to them on the notification date specified in the Pricing Supplement.

Payment for the Notes and Delivery

Payment for the Notes is to be made in full to the Fiscal Agent in immediately available funds by the date specified in the Pricing Supplement. The Notes will be delivered to investors by crediting the respective CDS accounts no later than 15 days after the Issue Date specified in the relevant Pricing Supplement.

Selling restrictions

General: No action has been taken by the Issuer or the Placing Agents in any jurisdiction that would permit an offering of any of the Notes, or possession or distribution of any Transaction Documents, in any country or jurisdiction where action for that purpose is required.

Each Placing Agent shall comply with all relevant securities laws and regulations in each jurisdiction in which it offers, sells or delivers the Notes or has its possession or distributes any of the Note Documents.

The Notes will be available to the general public in Tanzania through the Initial Public Offer in the primary market and subsequent through trading on the DSE upon listing.

United Republic of Tanzania: The approval for issuance and offer of the Notes in Tanzania and the listing thereof has been obtained from the CMSA and DSE respectively. The sale or transfer of Notes by Noteholders will be subject to the Terms and Conditions and the provisions of the Agency Agreement. There are no other restrictions on the sale or transfer of Notes under the laws of Tanzania.

United States: The Notes have not been and will not be registered under the U.S. Securities Act, 1933 as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act ("Regulation S") or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S. The Placing Agents have represented and agreed that, except as permitted by the Placing Agreement, they have only offered and sold Notes, and will only offer and sell Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Placing Agreement), only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. The Placing Agents agree that, at or prior to the confirmation of sale of Notes, they will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the restricted period a confirmation or notice to substantially the following effect:

"The Notes covered hereby have not been registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Placing Agreement), except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulations."

United Kingdom: The Placing Agents have represented and agreed that:

a) they have not offered or sold and will not offer or sell any Notes, prior to the expiry of six months from the Issue Date in respect of such Notes, to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

b) they have complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 ("FSMA") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

c) they have only communicated or caused to be communicated and will only communicate or cause to be communicated any invitations or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

South Africa: The Placing Agents (i) will not offer the Notes for subscription, (ii) will not solicit any offers for subscription for or sale of the Notes, and (iii) will themselves not sell or offer the Notes in South Africa in contravention of the South African Companies Act, 2008, the South African Banks Act, 1990 (including the Commercial Paper Regulations published under such Act), the South African Exchange Control Regulations, 1961 and/or any other applicable laws and regulations in South Africa in force from time to time.

Prior to the issue of any tranche of Notes, the Placing Agents who have agreed to place that tranche of Notes will be required to represent and agree that they will not make an "Offer To The Public" (as such expression is defined in the South African Companies Act, 2008 and which expression includes any section of the public) of Notes (whether for subscription, purchase or sale) in South Africa.

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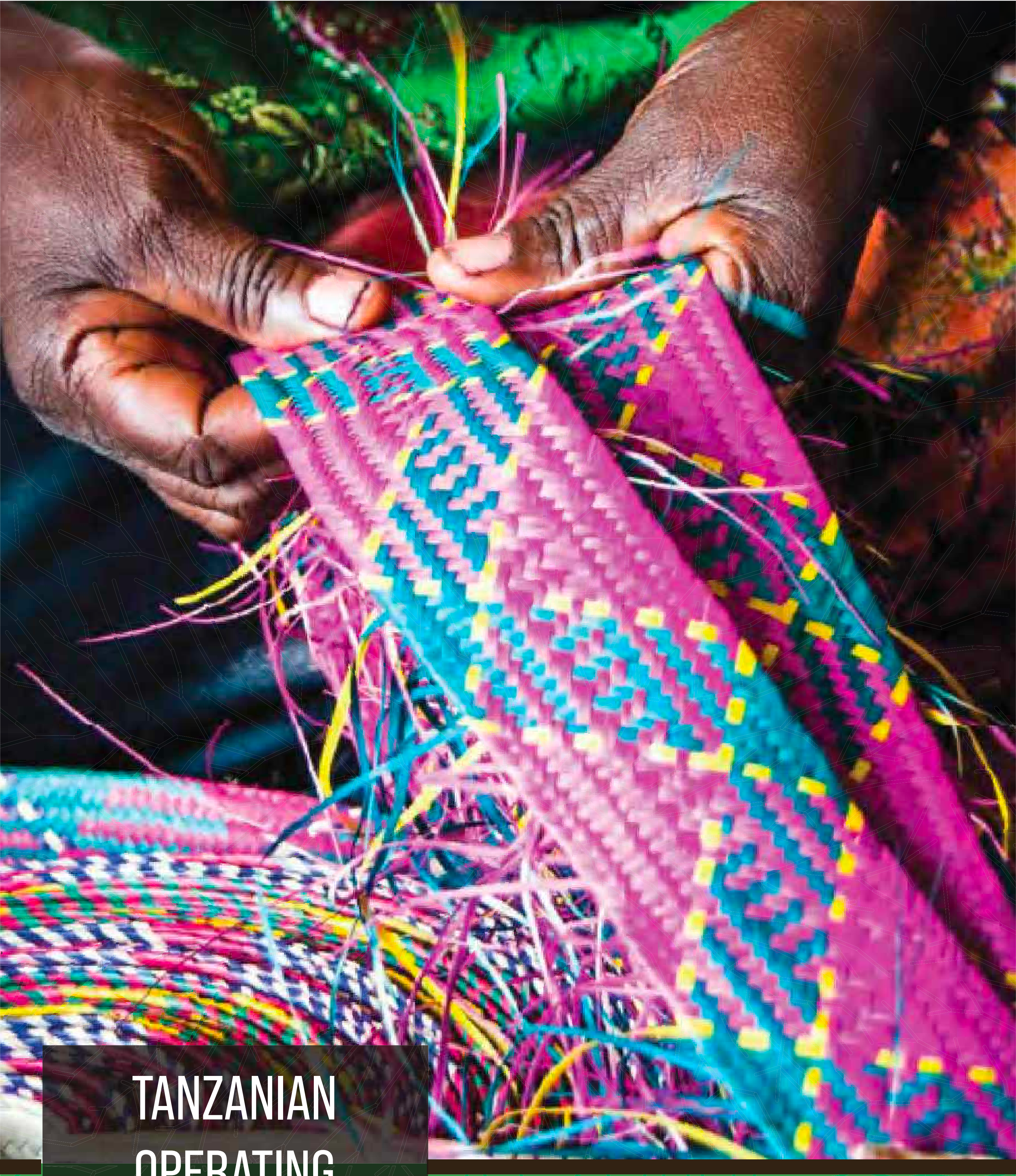


TANZANIAN OPERATING ENVIRONMENT

8. Tanzanian operating environment

8.1 Political glance

Tanzania continues to enjoy political stability, benefitting from the strong institutions and political goodwill in the current administration under the leadership of her Excellency President Samia Suluhu Hassan. Policy under President Suluhu is continuing to be geared towards improving the business environment in order to unlock foreign investment and drive growth. The Government is also focused to boost investment in infrastructure over the medium term. To mention few, plans are underway to continue constructing the Standard Gauge Railway (SGR), hydropower projects, and more road infrastructure.

Tanzania is continuing to strengthen its partnership with international organisations and in July 2022, the Government concluded a USD1 billion, 40-month IMF Extended Credit Facility (ECF). The arrangement aims to support economic recovery, preserve macro-financial stability, and promote sustainable and inclusive growth. Reforms aims on strengthening fiscal space to allow for much needed social spending and high-yield public investment, enhancing the monetary policy framework and improving financial sector supervision, and advancing structural reforms.

Furthermore, the Government has made progress with international energy firms to begin developing the lucrative LNG sector of over 50tr cubic feet. In May 2023, the Tanzanian government announced that it had completed negotiations with investors of its USD42.0bn LNG project. The Host Government Agreements (HGA) are expected to be signed with international companies this 2023.

Additionally, in June 2023, Tanzania was rated B+ with stable outlook by Fitch Ratings ("Fitch"). The rate reflects, Tanzania's fairly strong macroeconomic performance with high real GDP growth and contained inflation, a moderate level of debt, and increased reform momentum.

Political stability and a good investment environment gives the Bank a good business environment to fully flex its capabilities and drive economic transformation as the country's largest commercial bank.

8.2 Economic glance

Growth Domestic Product (GDP)

According to the Tanzania National Bureau of Statistics' latest GDP outturns, growth reached 5.2% year on year in Q3 of 2022, surpassing the 4.8% recorded in Q2 of 2022 driven by growth from transport and storage sector (contributing 14.2% to economic growth), agriculture and mining.

Fitch expects Tanzania's real GDP growth to rise to 5.2% in 2023 and 6.0% in 2024, from 4.7% in 2022, supported by increased mining and tourism activity as well as infrastructure investment. In the long term, real GDP growth will benefit from the development of offshore gas fields and LNG production, during the construction phase and the first years of production.

Please see below sector contribution to GDP from 2020 - 2022

% of GDP	2020	2021	2022
Agriculture	26.7	26.8	26.2
Mining & quarrying	6.8	7.3	9.1
Manufacturing	7.7	7.2	7.1
Electricity & gas	0.3	0.2	0.1

Construction	14.1	15.1	15.3
Wholesale & retail trade	8.9	8.7	7.9
Transport & storage	7.4	6.9	6.7
Hotels & restaurants	0.9	1.0	1.1
ICT	1.5	1.5	1.5
Finance & insurance	3.4	3.4	3.2
Real estate	3.0	2.9	2.9
Public administration	3.8	3.8	3.7
Education	2.4	2.3	2.3

Source: National Bureau of Statistics

Inflation

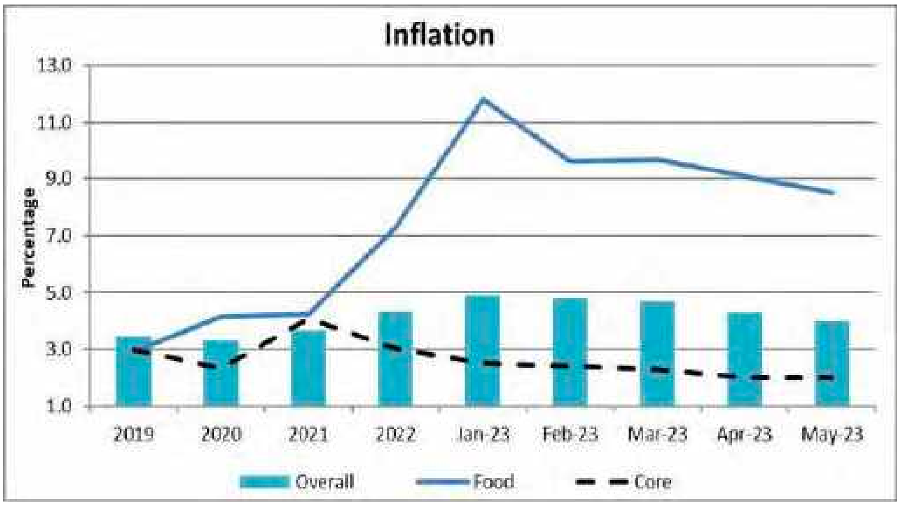
High inflation in most of the country's trading partners and elevated commodity prices in the world market continued to exert pressure on domestic inflation. As a result of the unfavourable external environment, coupled with elevated domestic supply-side constraints, inflation rose to 4.6% end 2022 contributed mostly by global supply chain disruptions caused by the war in Ukraine. Despite edging up, inflation remained in line with the target of 5.4% in 2022/2023, as well as East African Community (EAC) and Southern Africa Development Community (SADC) convergence criteria.

In May 2023, inflation was at 4.0% from 4.3% recorded in the previous month with food and non-alcoholic beverages basket continue being the major driver of inflation closed at 8.5% from 9.1% recorded in the previous month.

In Zanzibar, headline inflation in 2022 rose to an average of 5.6% and further increased to 6.4% in May 2023, driven by both food and food inflation. The East African Community (EAC) and the Southern African Development Community (SADC) macroeconomic convergence criteria of not more than 8%, and between 3% and 7%, respectively.

The rising inflationary pressures complicated the conduct of monetary policy by heightening the inflation-growth trade-off. As a result, the BoT lessened monetary policy accommodation to align liquidity with monetary targets and safeguard the growth of economic activities.

The positive economic indicators suggest supportive macros and immense opportunities in the economy, which provides the Bank with an enabling environment for growth and expansion.



Source: National Bureau of Statistics

Money Supply

In 2021/2022 the growth of extended broad money supply (M3) averaged 12.2% compared with the target of 10%, driven by private sector credit growth of approximately 9.9%. Whilst in May 2023, M3 grew by 17.5% compared with 9.1% in the corresponding period in 2022. The growth was attributed by policy stance supported growing demand for loans, attributable to the sustained recovery of private investment owing to the ongoing improvement in the business climate.

8.3 Tanzanian banking sector

The BoT is mandated to license, regulate and supervise banking and non-banking financial institutions. The banking sector includes commercial banks, development finance banks, community banks and microfinance banks, while non-banking financial institutions include microfinance service providers, mortgage finance institutions, financial leasing companies, bureaux de change, credit reference bureaux and representative offices of foreign banks.

Categories of Banking Institutions from 2019 – 2021

Category	2019	2020	2021
Commercial banks	38	35	34
Development banks	2	2	2
Microfinance banks	5	4	5
Community banks	6	5	5
Total	**51**	**46**	**46**

Source: Bank of Tanzania

Banking sector performance overview

The banking sector in Tanzania has exhibited a strong and profitable performance. It boasts adequate capitalization, a healthy level of liquidity, and improved asset quality, all of which can be attributed to the recovery of businesses from the adverse impacts of the COVID-19 pandemic. Moreover, the sector has demonstrated resilience in the face of both internal and external shocks, while experiencing growth in terms of deposits and assets. This growth has been bolstered by a favourable macroeconomic environment, along with effective regulatory and supervisory measures.

Playing a pivotal role in the overall financial system, the banking industry mobilizes deposits and makes these funds available for investment through lending to individuals and businesses. In doing so, banks play a crucial role in efficiently allocating resources by directing them to their most productive uses. The latest economic bulletin report (June 2023) from the BoT indicates that credit extended to the private sector has witnessed substantial growth of around 22.5%, the highest rate in the past five years. This underscores the banking industry's integral contribution to Tanzania's economic progress and its significance for the financial well-being of individuals and businesses.

The majority of the banking sector in Tanzania is dominated by commercial banks, which account for approximately 96.4% of the total assets in the banking institutions, whereby locally and foreign owned commercial banks accounted for 59.9% and 40.1%, respectively. As of July 2023, there were 46 banking institutions in Tanzania with 74% being commercial banks.

The BoT's analysis indicates, banks' market share of ten largest banks dominated the market in 2021 and accounted for 76.0% of total assets, 73.4% of total loans and 78.3% of total deposits.

During 2021/22, the sector performed satisfactorily, with all regulatory financial soundness indicators meeting the requirements. The ratios of core capital and total capital to total risk-weighted assets and off balance sheet exposures, were 19% and 20.1%, respectively, in June 2022 compared with 17.2% and 17.9% in June 2021 and above minimum regulatory requirement of 12.5% and 14.5% respectively.

From liquidity point of view, the ratio of liquid assets to demand liabilities was 28.1% compared to 33.3 % in June 2021 attributed to portfolio shift to more profitable investments. The liquidity level was however above the minimum regulatory requirement of 20%.

The banking sector closed the year 2022 with a strong growth in performance. Commercial banks' net profits rose by 54% in December 2022 to surpass the TZS 1 trillion-mark for the first time in Tanzania's banking history. The performance was on account of:

1. improved business environments;
2. massive reduction in NPL to **8.5%** from **10.5%**;
3. an increase in customers loan and deposits attributed by recovery of credit extension to private sectors to 22.5% from single digit in 2021;
4. strong trading revenue performance across most banks due to tight liquidity conditions;
5. strong client activities, investments in digital solutions; and
6. disciplined in execution strategies set by commercial banks.

The BoT reported strong banking sector performance for the period ending April 2023, characterised as adequately capitalized, liquid and profitable. The sector continued to leverage technology in financial services delivery which contributed to a growing level of deposits and assets.

8.4 Key investment consideration for banking sector in Tanzania

The future prospects of the Tanzania banking industry appear promising and dynamic. With the country's economy steadily growing and a supportive regulatory environment, banks are expected to continue experiencing robust growth. Below are the key investment considerations for the sector:

Capital Adequacy

The banking sector has a robust levels of capital adequacy, with capital above regulatory requirements. For the period ending April 2023, the core capital adequacy ratio was 19.6% in comparison to the regulatory requirement of 12.5%. Ongoing efforts from BoT on banking sector supervision are likely to ensure that banks' average capital ratios remain strong over the coming years.

Asset quality

According to BoT, non-performing loans to gross loans decreased to 5.5% in April 2023, close to the desired level of 5%, down from 7.8% in June 2022. This indicates positive outlook within the sector on the back of lesser impact driven from the Covid-19 pandemic and the impact of the BoT's measures to address NPLs. These measures include:

i. enforcement of risk-based prudential requirements and requiring banks to improve credit underwriting standards;
ii. introduction of mechanisms of monitoring banks in the implementation strategies to reduce non-performing loans;
iii. requirement of banks to submit credit information to the credit reference system and adhering to the Tanzania Banker's Association Code of Conduct; and
iv. enhance staff integrity in the banking sector.

Funding Structure

In March 2023, the sector's loan-to-deposit ratio was recorded at 96.7% above its five-year average of 90.0%, and comfortably below the 100.0% mark. This implies that Tanzania's banks are predominantly domestically funded, less reliant on external financing and thus less exposed to external shocks. This is a strong improved position post COVID-19 era.

Government Support

Government continues to support the sector in various angle in making sure there is sustainable financial market in the country. Since 2017, we have seen BoT lending support to individual banks that have been struggling and in collaboration with other government agencies to support various mergers and consolidation within banking sector. The market has also witnessed a strengthening regulatory framework and improved reporting requirements which has a positive impact in a continued stability and soundness of the sector.

8.5 Market challenges within banking sector in Tanzania

Concentration risk on top ten banks

According to BoT's financial sector supervision report of 2021, the analysis indicates that ten largest banks dominated the market and accounted for 76% of total assets, 73.4% of total loans and 78.3% total deposits. The remained market share was distributed among the 36 financial institutions in the market.

The sector remains to be well regulated and we have witnessed several banks licenses being revoked. The Authorities also continue to develop the local regulations and provide support to various mergers and consolidations within the sector.

Increased non-performing assets for most banks

In recent years the market has witnessed significant improvement of NPL ratio to single digit levels from a sector point of view. High NPLs remain to be a challenging factor to most banks with bad debt written off being contributed highly by mid to small size banks.

The market remains optimistic that the NPL challenge shall ease on the back of various initiatives and regulations introduced by BoT.

Cybercrime risk

Being a cash business, the sector remains to be a primary target for cyberattacks. Although there are no reported cases yet, the uncertainty still prevails.

Proper infrastructure, regulations and procedure put in place by the Authorities and individual banks prevents such attacks and protect financial institutions.

8.6 Regulatory environment

The regulatory environment remains supportive with increased oversight of the banking sector from the BoT. Various other supervisory bodies also monitor the Bank's compliance with regards to legislation and these include the Tanzania Revenue Authority and CMSA.

The Banking Act, which provides a legislative framework for regulating banking business, empowers the BoT to issue guidelines to be followed by institutions in order to maintain a stable and efficient financial system. The BoT continues to review the relevant legislations and regulations in order to put in place up-to-date regulatory frameworks that meet international standards.

In 2021/2022, BoT implemented policy measures to promote credit to private sector and lower interest rates.

- In January 2021, the BoT directed banks to achieve a cost-to-income (CIR) ratio threshold of 55% by December 2022. Also, in its circular, the BOT prohibited banks with either a CIR ratio of above 55% or an NPL ratio of above 5% from paying dividends and bonuses.
- Also, with effect from 27th July 2021, the BoT directed:
  - Reduction of Statutory Minimum Reserve (SMR) requirement for banks that extend credit to agriculture. The Banks are required to submit evidence of lending to agriculture at interest rate not exceeding 10% per annum.
  - Relaxation of agent banking eligibility criteria of having National ID Card or National ID Number as opposed to 18months business experience.
  - Mobile money trust account balances held with banks shall be eligible to interest rate not exceeding the rate offered on savings deposit account by the respective bank. This contributes to lowering cost of funds to banks, thus helping to reduce lending rates.
  - Introduction of loan facility of up to Tsh 1 trillion from BoT to financial institutions at 3% per annum for pre-financing or re-financing of new loans to the private sector. The Banks accessing the special loan facility shall be required to charge interest rate not exceed 10% per annum on loan extended to the private sector.
  - Reduction of risk weight on loans for different categories to provide opportunity to banks to extend more credit to the private sector.

In December 2022, the BoT released a second draft of regulations on the implementation of Basel II and III regarding the computation of capital charges for market risk, capital charges for operational risk, capital charges for credit risk, and liquidity requirement and metrics.

By lowering available capital and raising risk-weighted assets, the implementation will have a negative impact on capital, reducing capital ratios. The Bank will continue to focus on increasing sources of revenue to increase available capital and growing assets with low-risk weights to reduce the anticipated capital stress resulting from the new Basel II and III regulations.

CRDB continues to work in compliant environment and adhere to the below regulations from BOT:

1. The Anti-Money Laundering Regulations, 2022
2. Banking and Financial Institutions (Licensing) Regulations, 2014 and amendment of 2023
3. The Banking and Financial Institutions (Capital Adequacy) Regulations, 2014 and amendment of 2023
4. The Banking and Financial Institutions (Foreign Exchange Exposure Limits) Regulations, 2014
5. The Banking and Financial Institutions (Consolidated Supervision) Regulations, 2014
6. The Banking and Financial Institutions (Credit Concentration and Other Exposures Limits) Regulations, 2014
7. The Banking and Financial Institutions (Disclosures) Regulations, 2014
8. The Banking and Financial Institutions (External Auditors) Regulations, 2014
9. The Banking and Financial Institutions (Internal Control and Internal Audit) Regulations, 2014
10. The Banking and Financial Institutions (Liquidity Management) Regulations, 2014
11. The Banking and Financial Institutions (Management of Risk Assets) Regulations, 2014
12. The Banking and Financial Institutions (Physical Security Measures) Regulations, 2014
13. The Banking and Financial Institutions (Prompt Corrective Actions) Regulations, 2014
14. The Banking and Financial Institutions (Microfinance Activities) Regulations, 2014
15. Bancassurance Guidelines for Banks and Financial Institutions, 2019
16. The Banking and Financial Institutions (Development Finance) Regulations, 2021
17. The Banking and Financial Institutions (Corporate Governance) Regulations, 2021
18. The Foreign Exchange Regulations, 2022
19. The Banking and Financial Institutions (Mortgage Refinance Companies) Regulations, 2022
20. The Banking and Financial Institutions (Financial Leasing) Regulations, 2022

DESCRIPTION OF THE ISSUER

9. Description of the Issuer

9.1 Incorporation Status

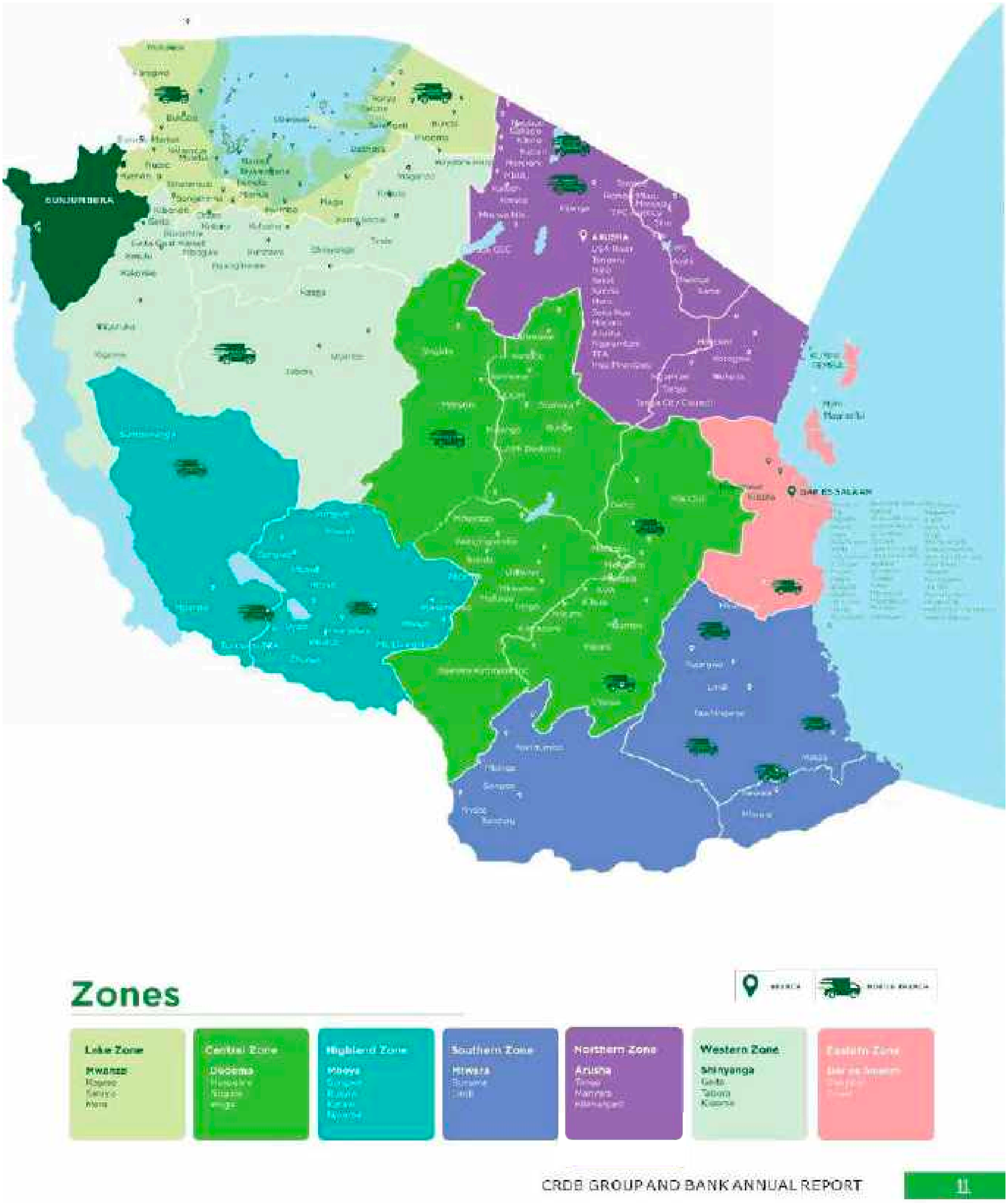
The Bank was established in 1996 and incorporated in the United Republic of Tanzania under the Companies Act as a public company limited by shares with registration number 30227. In 2019, the Bank offered 125.4 million shares representing 7% of the total shares to the public at an offer price of TZS 150 per share and subsequent listing of the shares on the DSE. The IPO was oversubscribed by 170%. Since then, the Bank has established two wholly owned subsidiaries namely CRDB Insurance Broker Limited, and CRDB Bank Burundi S.A. incorporated in the Republic of Burundi in 2012.

9.2 Principal Activities

CRDB Bank PLC is licensed in Tanzania under the Banking and Financial Institutions Act Cap 342 of the Laws of Tanzania. The Bank's subsidiary, CRDB Bank Burundi S.A is a licensed bank in Burundi under the Banks and Financial Institutions Act, 2003 of the Republic of Burundi. The principal activity of the Bank and its subsidiary CRDB Bank Burundi S.A is the provision of banking services and CRDB Insurance Broker Limited is engaged in providing insurance brokerage Services.

The Bank is among the largest bank in Tanzania with a leading share of total customer deposits of 27% (2021:24%) and 25% (2021:22%) of assets as of 31st December 2022. It offers a comprehensive range of financial services to individuals, Small and Medium-sized Enterprises (SMEs) and corporations. The Bank has a robust distribution network including, 254 branches inclusive of 20 mobile units, 558 ATM's, over 6000 Point of Sales (POS) and more than 20,000 banking agents.

CRDB's network coverage:



From capital markets perspective, CRDB's price as at 31 December 2022 was TZS 380 (2021: TZS 280). Market capitalization as at 31st December 2022 was TZS 993.55 billion (2021: TZS 731.31 billion). The Bank remains to be the largest commercial Bank in Tanzania.

The Bank is also credit rated by Moody's and in November 2022, the Banks rating, improved from B2 with a stable outlook to B2 with a positive outlook.

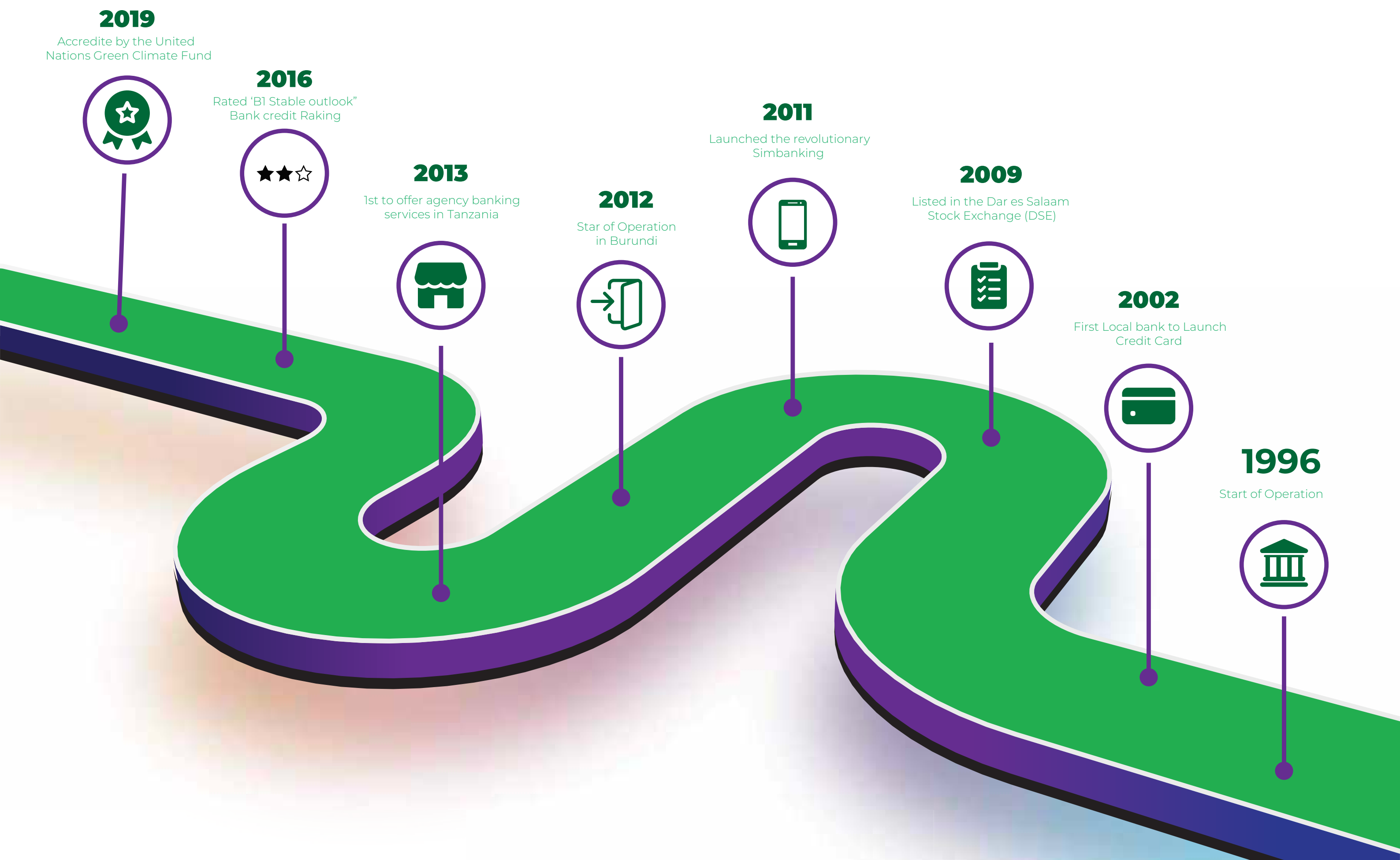
9.3 History of CRDB

CRDB's history can be traced back to 1947, when it was established as the Land Bank of Tanganyika and subsequently restructured into the Tanzania Rural Development Bank, then the Cooperative and Rural Development Bank (CRDB). CRDB Bank was privatized in 1996 and listed on the DSE in 2009. The Bank extends short, medium, and long-term loans, working capital, and guarantee facilities to various sectors. It sets aside 1% of its net profit for corporate social investment, which is invested in education, health, youth, and environmental initiatives. CRDB was the first bank in Tanzania to establish an innovative mobile banking solution (Simbanking) which has continued to transform the way our customers interact with financial services.

In 2019, the bank became accredited by the Green Climate Fund (GCF) as Tanzania's sole Direct Access Accredited Entity (DAE). It has a crucial role to play in advancing Tanzania's sustainable financing, including the development of low-carbon and climate-resilient projects. Accreditation by the GCF has enabled the Bank to mobilize finance for multiple large-scale projects with high impact to the social and economic development of Tanzania. In 2023, CRDB Bank embarked on a revised five-year business strategy (2023 – 2027) centred around cementing our presence in the market and sustainably expanding our business.

CRDB also operates two subsidiaries in Tanzania, namely CRDB Insurance Co. Ltd, a full-fledged insurance company offering general insurance services, which was introduced in May 2023 after the successful transformation of CRDB Insurance Broker Ltd. In 2022 the Bank founded CRDB Bank Foundation with a purpose to benefit communities in Tanzania by promoting economic development, alleviating poverty, and transforming lives.

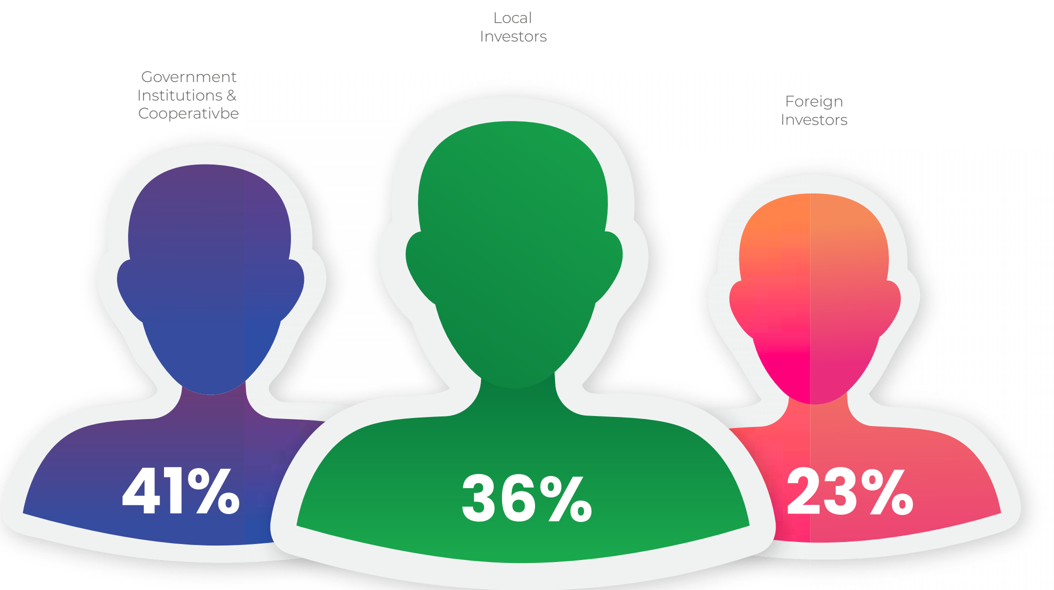
CRDB's key milestones:



9.4 Key shareholder information

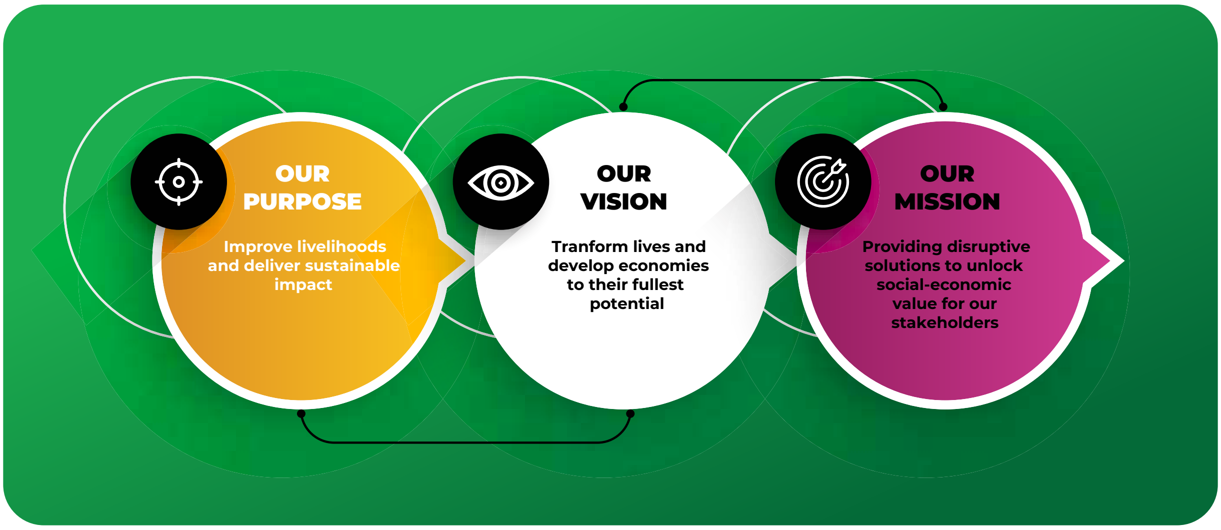
In 2019, the Bank offered 125.4 million shares representing 7% of the total shares to the public at an offer price of TZS 150 per share and subsequent listing of the shares on the DSE. Below is the shareholding structure as at 31st March 2023:

	CRDB SHAREHOLDING STRUCTURE AS OF 31ST MARCH 2023		
NO	NAME	SHARE	% OF
	Above 10%		
1	DANIDA INVESTMENT FUND	548,067,648	21.0
2	PSSSF PENSION FUND	346,761,028	13.3
	Sub Total	894,828,676	34.3
	Above 1% and less than 10%		
3	NATIONAL SOCIAL SECURITY FUND - UGANDA	196,456,402	7.5
4	KIMBERLITE FRONTIER MASTER AFRICA FUND LP RCKM	104,831,106	4.0
5	ABBAS EXPORT LTD	56,000,000	2.1
6	BANQUE PICTET AND CIE SA A/C PATRICK SCHEGG	50,754,057	1.9
7	CHANGE GLOBAL FRONTIER MARKETS,LP FUND-CGPA	44,216,540	1.7
8	ZANZIBAR SOCIAL SECURITY FUND	36,828,104	1.4
9	WEGEN KILIMANJARO FRONTIER AFRICA FUND	33,173,059	1.3
10	HANS AINGAYA MACHA	32,764,200	1.3
11	NATIONAL HEALTH INSURANCE FUND (NHIF)	32,040,040	1.2
12	DUET AFRICA OPPORTUNITIES MASTER FUND IC	30,569,430	1.2
13	CMG INVESTMENT LIMITED	29,330,971	1.1
	Sub Total	646,963,909	24.8
	Less than 1%		
14	More than 28,000 shareholders	1,070,045,999	41.0
	Grand Total	2,611,838,584	100.0



9.5 Description of the Issuer's business

CRDB is an integrated financial services provider in Tanzania and its purpose being to transform lives through financial sector, innovation, intuitive action and sustainable business. Below are key pillars driving CRDB's purpose.



9.6 Investments in subsidiaries

The Bank has established two wholly owned subsidiaries incorporated in the United Republic of Tanzania namely CRDB Foundation in 2022 and CRDB Insurance Company in 2023. The bank also operates in Burundi through CRDB Bank Burundi S.A., incorporated in the Republic of Burundi in 2012 and has received a banking licence to open doors in the Democratic Republic of the Congo (DRC) in 2023.

The countries of incorporation are also their principal place of business.

All subsidiaries are unlisted and have the same financial year end as the Bank. The investment in the subsidiaries includes the cost of shares and other initial payments made for the subsidiaries.

9.7 Equity investments

The Group held the following equity investments

Investment as at 31 December 2022	Number of Shares	Value of shares (TZS' Million)
Tanzania Mortgage Refinance Company (TMRC)	3,000,000	4,866
Dar es Salaam Stock Exchange (DSE)	327,632	557
Tandahimba Community Bank (TACOBA)*	3,300,000	2,291
Burundi National switch	10,000	113
Kilimanjaro Cooperative Bank (KCBL)	1,400,000	6,108
31 December 2021:		
Tanzania Mortgage Refinance Company (TMRC)	3,000,000	4,866
Dar es Salaam Stock Exchange (DSE)	327,632	426
Tandahimba Community Bank (TACOBA)*	3,300,000	2,886
Burundi National switch	10,000	136
Kilimanjaro Cooperative Bank (KCBL)	1,400,000	5,187

9.8 Description of the Issuer's business

CRDB provides a wide range of products and solutions to suit the needs of different segments in the market through four main clusters:

i. Retail Banking
ii. Corporate & institutional Banking
iii. Treasury & Capital Markets;
iv. Al-Barakah banking; and
v. Bancassurance

All solutions are designed to empower its customers to meet unique financial needs and position them for future success.

9.8.1 Retail Banking

Retail Banking solutions are offered to Individuals, MSEs SMEs, AMCOs, investment groups and SACCOs with an annual turnover of less than TZS 20 billion.

This unit offers a wide range of services comprising transactional banking, card and payment solutions, lending solutions, deposit-taking services, card-acquiring services for businesses, agency and tech-based banking solutions.

A key competitive advantage for the unit is a robust distribution channel, comprising a wide branch network of 254 branches, 20,000+ agents and 558 ATMs, complemented by versatile digital channels.

In December 2022, the segment recorded TZS 3.9 billion gross loans and advances to customers.

In 2023, the unit is optimistic that the operating environment will remain conducive to business growth opportunities. While we continue to enhance our sales and awareness initiatives, it will strive to keep promises of offering the best customer service and maintain sustainable growth by retaining and improving the quality of our business portfolios.

9.8.2 Corporate & institutional Banking

This unit caters to corporates, institutions and parastatals with an annual turnover of more than TZS 20 billion.

The segment offers a full range of wholesale banking solutions, including investment banking and corporate lending, global markets and treasury, commercial-property finance, deposit-taking, and transactional banking.

A key competitive advantage for the segment includes;

i. a team of seasoned professionals providing professional counsel on financial management & investments;
ii. strong goodwill within the corporate and public sectors and innovative products; and
iii. financial solutions designed to respond to market challenges.

In December 2022, the segment disbursed TZS 771 billion to new Bank's customers.

In 2023, the unit's priority will be to optimize its balance sheet by creating business value from the base. We will also expand our offering for agribusiness to tap into more commercial crops. In addition, we will continue to strengthen partnerships to support our syndication services and investment banking capabilities.

9.8.3 Treasury & Capital Markets

This service is offered to high-net-worth individuals, and other retail, business, and corporate clients. The unit provides a wide range of services and solutions pertaining to foreign trading and exchange services, advisory services relating to capital market investments and fully-fledged custodial services, safekeeping, asset servicing and record keeping.

A key competitive advantage for the segment includes;

i. experienced team, capable of providing the market with advisory services and investment insight; and
ii. fairly acceptable credit rating B2 (stable Outlook), and a positive long-term deposit rating from global credit rating agents.

In December 2022, the segment recorded 96% growth of trading income year-on-year of TZS 5.1 billion.

9.8.4 Al-Barakah Banking

This proposition is offered to Individuals, groups, SMEs, corporates, and institutions with an annual turnover of over TZS 20 billion.

Al Barakah Banking services were established with the primary goal of extending product diversity, customer satisfaction and most importantly; aligning with the government's ongoing agenda of driving financial inclusion for all Tanzanians and ultimately to boost the bank's overall performance. The proposition serves both retail banking customers and our corporate banking customers.

CRDB Al-Barakah Banking services has achieved a solid penetration with more than 34,000 customers.

In December 2022, achieved TZS 73 billion in financing (TZS 58 billion on balance and TZS 15 billion off balance), and a growing stable deposit base of TZS 30.8 billion.

In today's interconnected world, technology plays an important role in keeping people connected, engaged and productive. We understand that we have a responsibility to support our customers' aspirations and lifestyles.

9.8.5 Bancassurance

The solution enables customers to conveniently access insurance products including life and non-life under one roof, through mobile banking solutions and our wide range of networks across the country. The solution serves both, CRDB and non-CRDB customers starting from customer onboarding, claims, underwritings, commission collections and payments.

Since the launch of Bancassurance in 2021, The Bank has witnessed tremendous growth in the portfolio. As of the end of December 2022, the bank has signed partnerships with 10 insurance companies providing general, medical and life insurance. The partnerships have created flexibility for customers to choose their preferred insurer. For a better experience, CRDB has integrated our systems to enable customers to obtain tax invoices and GEPG control numbers (NIC) instantly and efficiently. In addition, we have also partnered with The Tanzania Insurance Regulatory Authority (TIRA) for motor vehicle verification.

Bancassurance business has elevated the Bank into a market leader in general insurance, contributing to 32.6% of general insurance premiums underwritten by banks in 2022. We are also the first bank to launch a digital insurance platform through Simbanking App, which enables customers to purchase motor insurance and receive digital stickers and policy documents instantly.

As at December 2022, commissions of TZS 17.38 billion (2021: TZS 10.7 billion) was earned from life and non-life insurance products. Total operating expenses was TZS 2.3 billion (2021: TZS 2.6 billion).

9.8.6 Servicing its customers

The Bank is founded upon the philosophy of service. Its pride is providing an unmatched service experience to its customers by going out of its way to satisfy customers by:

i. providing tailored solutions to suit individual, MSMEs and Corporates;
ii. providing a superior experience to our customers; and
iii. Leveraging digital technology for service.

	SimBanking	Internet Banking	TemboCard	CRDB Wakala
Solution	Is a mobile platform that allows CRDB Bank customers to access their Bank accounts through their mobile handset by dialing *150*03# anytime anywhere	This is instant access to online financial management that allows customers to access their account information and perform various transactions securely and conveniently, any time of day and anywhere in the world	This is globally accepted model of paying electronically, through VISA, Mastercard, or China Union Pay (UPI) affiliated merchant outlets or ATMs worldwide.	Is an Indepent, company-trained bankingagents offering services on behalf of CRDB Bank in accordance with the regulator's guideline and in observance of the company's service charter
Platform	Available on both USSD/ Mobile Application	Webb-based application	VISA, Mastercard and China Union Pay (UPI) debit and credit cards	Physical outlets and franchises
Applicability	The mobile app gives a customer full visibility of their accounts and toatl control over their money, It's more secure, simpler, and faster! With the app, one can open and account, buy insurance, block, or apply for TemboCard	The mobile app gives a customer full visibility of their accounts and toatl control over their money, It's more secure, simpler, and faster! With the app, one can open and account, buy insurance, block, or apply for TemboCard	The card allows customers to Enjoy unlimited possibilities and convenience by providing instant and safe access to their bank account from any place and at any time.	CRDB Wakala is an agent that allows custome to initiate and complete any transaction using their TemboCard, SimBanking or USSD, Customers can also pay their bills, including utilities suc as LUKU, Airtime, water bills, air tickets, and TV Subsciptions

9.8.7 Issuer's competitive strengths

The Bank aspires to grow and deliver value for all stakeholders. Value is best illustrated in the quality of lives of its shareholders, people and the community around. In driving value for stakeholders, the Bank anchor its actions on a firm foundation defined by strong values. The Bank also has a robust portfolio supported by a resilient balance sheet and unmatched talent. Issuer invests in people, technology and processes to deliver value responsibly and sustainably.

Key differentiator for the Issuer in the Tanzanian market includes:

i. **Diversity –** CRDB believes that it can eliminate blind spots while developing solutions to customer by employing people with different cultural experiences and perspectives. By enhancing understanding of how services are received, the Bank gain a competitive edge in responding to the needs in the market. For CRDB, diversity is a source of its strength to fosters innovation and problem-solving by pushing everyone to look at things from different perspectives.

ii. **Distribution –** With 258 branches and 20,000+ banking agents, CRDB is marked as one of the region's most present banks. The Bank has a simple yet powerful conviction to serve customers better and bring services closer to them whilst leveraging on innovation and strategic investments. The Bank will continue to expand its delivery channels to deepen access to financial services and has a robust plan to drive financial inclusion to serve the under-served communities which include the lower segment of the market into the financial ecosystem.

iii. **Capitalisation –** The Bank has a strong capital position with diverse investments that solidify liquidity and ability to fund growth. The Bank focus on value-chain financing, especially in performing sectors in markets, to ensure sustainability. The Bank's subsidiary businesses continue to yield strong results to build onto our long-term growth agenda. The investment at the DSE provides the Bank with the liquidity needed to finance growth aspirations.

iv. **Brand –** The Bank has a strong heritage as a brand made in Tanzania with an enduring history spanning over a quarter a century. CRDB's story of progress is centred around supporting economic transformation and building sustainable livelihoods for our customers. CRDB believe in the African virtues of kindness and embody the African spirit of resilience. Bank's long-term vision is to drive impact across all our markets through financial sector innovation and become an orchestrator of transformation in the financial services sector.

v. **Innovation –** For the last 26 years, the Bank has set the pace for the industry pioneering many firsts. CRDB focused on building a business that responds not only to the changing needs of customers but also creates a lasting impact. CRDB's sustainability strategy speaks to its desire to spearhead innovation in the financial services sector.

9.8.8 Current and Future Development Plans

In 2023 the Bank commenced the implementation of the new 5-years strategy (2023-2027) to build up from the foundation of 2022. The Bank will focus on growing and ringfencing the business and put the customer at the centre of what we do by addressing their evolved needs. In addition, we will remain relevant in the business by responding to the market dynamics.

Looking ahead, the Bank shall focus on retaining and growing its market share, while driving the business in the region through strategic partnerships and innovative digital solutions. Customer needs and preferences are continuously evolving and Bank's ability to respond with robust offerings will determine key success in the market. The Bank shall continue to focus on delivering its digital strategy, enabling process optimisation, enhancing customer experience, and ensuring ease of use.

The Bank shall continue strengthening its ICT infrastructure for future growth and transform how we operate and offer services. Bank's service experience aspiration is to enhance the entire operations value chain through process simplification and automation. CRDB shall prioritize the delivery of critical technology projects as enablers and accelerate process reengineering programs. Most paramount, we are committed to implementing a holistic transformation leading to the bank of the future.

Adapting new culture will drive performance, productivity, and profitability. Create technological capabilities to transform how we operate and offer services, enhancing cyber maturity posture and data protection. Specifically, Bank's strategic direction will strike the right balance between business growth and compliance.

On Sustainability, the Bank's ESG priorities are important components of our future growth and shall become a crucial point of investment and capital allocations decision. As countries develop transition plans towards achieving net zero, this shall provide us with opportunities to further partner with our customers in their sustainability journey and Sustainable Development Goals (SDGs) implementation.

2023 Group aspirations:

- Elevate Governance, risk management and sustainability.
- Transform and align business models to address changing customers' and key stakeholders' needs.
- Embed climate risk into risk management.
- Maintain focus on digital transformation and accelerate delivery of digital transformation strategy.
- Leverage on the new and existing competitive advantages to attain market leadership.
- Acquire new and optimize existing partnerships to enhance ability to serve and grow.
- Increase focus on financial inclusion to acquire new customers through micro-save & micro-lending.
- Maintain healthy and quality loan portfolio.
- Accelerate delivery of technology projects to address system challenges.

Investment in capital expenditure in 2023

- The Bank will focus on implementation and completion ICT projects aimed at creating a scalable infrastructure for future growth i.e., implementation of core banking system.
- Continue investing in digital transformation.

The Group's expectations from the investment

The investment made during the year, together with planned investment expenditures will result in an increase in operational efficiencies, costs reduction, increase profitability and create sustainable business. The transformation targets to build a superior banking experience and generate value for all stakeholders. To achieve a more prolific performance, the Bank will harness the opportunities brought about by the transformation initiatives being implemented. The Bank will endeavour to ensure continuity of the 5-year business strategy, building on the gains made during the year.

In 2023, the Group strategy is to develop new products and services that will fit the recent needs of our customers to catch-up with the technology to help and support our customers in a sustainable way. The 2023 strategy also aims to unlock the full potential of the Group by entrenching the efficiency of service and transforming our sales force. We have adopted a futuristic model which guarantees the longevity of our Group.

The issuer plans to leverage technology, talent, and opportunities to build a robust proposition for their customers. Key considerations for CRDB in the coming year include sustained expansion of agency banking business, seeing that it is a cost-effective avenue through which the Group can expand its reach to provide access to financial services for underserved communities in rural areas. The Bank also continue to accelerate automation with the view to reduce manual interventions.

Issuer believes that this will enhance efficiency in service delivery and, in turn, deliver a superior experience for their customers. CRDB resolves to get close to customers so that can understand their pain points and help them achieve their financial goals.

9.9 Issuer operational governance

9.9.1 Codes and regulations

The Bank compliance with all Applicable Laws, regulations and considers adherence with non-binding rules, codes, and standards; and that compliance is an agenda in all its meeting through board risk committee with an oversight at Board level.

9.9.2 Shareholder's responsibilities

The shareholders' role is holding the Board accountable and responsible for efficient and effective corporate governance.

9.9.3 Board of Directors

The Board is responsible for ensuring adherence to the code of corporate governance or board charter. It is the ultimate decision-making body, and its key role is to provide strategic leadership and guidance to the Bank and its controlled subsidiaries (the Group) and effective oversight of risk management. The Board is accountable to the shareholders for the performance of the Bank (Group's) businesses.

9.9.4 Strategy

The Bank embarked on its new 5-year strategy (2023-2027), that we will continue to respond effectively to the industry's challenges and most importantly, the Group has re-imagined itself to improve its competitiveness and secure its sustainability for decades to come. The Bank has continued to prioritize efficiency, innovation, competitiveness, and our focus on sustainability to deliver our 2027 ambitions and fulfil our purpose.

In developing the Group 5-year strategy (2023-2027), the Group:

- Identified its goals and aspirations.
- Identified priority areas of focus i.e., customer segments, products, geographical locations and channels.
- How CRDB will position itself as a preferred Bank for the selected markets to ensure success
- How CRDB will configure itself internally to capture and maintain clients within the selected markets

Strategies to implement strategic objectives:

- The Group aims to achieve digitalization across all our transactions through increasing accessibility of banking services by encouraging virtual money management through providing value-adding internet and mobile banking functionalities.
- The Group will continue to optimize the balance sheet, capitalize on stakeholder engagements for business growth, and build capacity to hasten execution of the strategy. The Group shall also continue to create technological strength to increase our capacity to serve.
- The Bank aspires to enhance service experience through process simplification and automation. We will therefore prioritize the delivery of critical technology projects as enablers and accelerate process reengineering programs.

9.9.5 Capital adequacy.

The Bank's major source of funding is customer deposits. The Bank maintain a diversified and stable funding base comprising demand, savings, and time deposits. The Bank places considerable importance on the stability of these deposits, which is achieved through the Bank's retail banking activities and by maintaining depositor confidence in the Bank's business strategies and financial strength.

The Bank borrows from the interbank market through transactions with other banks for short term liquidity requirements. As part of the contingency funding plan, the Bank has funding lines with both local and foreign banks for short term funding requirements.

Other Bank's source of funding is borrowings which are long term, and the Group has entered covenants in some borrowings in financing contracts, however none of the borrowing have the effect of restricting the use of financing arrangements or credit facilities, and negotiations with the lenders on the operation of these covenants.

The Bank continue to remain strong in term of financial position, well capitalized and closed 2022 with core capital ratio of 16.7% and total capital ratio of 18.3% both above the regulatory requirement of 12.5% and 14.5%.

As of date of this IM, CRDB's capital base is compliant to internal policies and all regulatory capital requirement in line to BoT requirements.

9.9.6 Capital Adequacy Ratios

The total capital adequacy ratio as at 31st December 2022 was 18.3%, from 20% in FY2021, well above the required ratio of 14.5%. The decline in capital ratios was mainly driven by business growth especially investments in earning asset (Loans and Government securities)

The regulatory capital adequacy and core capital requirements and the Bank's ratios as at 31 December 2022 are indicated on the following table:

Table : Capital Adequacy Ratios

	Regulatory requirement	Actual (2022 audited)	Actual (2021 audited)
Core Capital	15,000,000,000	1,296,661,000,000	1,063,718,000,000
Tier 1	12.5%	16.7%	20%
Tier 2	2.0%	1.6%	0%
Total	14.5%	18.3%	20%

9.9.7 Debt of Issuer

The Bank has not had any defaults of principal, interest, or other breaches regarding borrowings during 2022 or 2021.

Table : Summary of Debt

	Actual (2022 audited)	Actual (2021 audited)
Current Debt	63,906	58,251
Non-Current Debt	427,371	139,611
Total	**491,277**	**197,862**

a) AFDB borrowing

During the year, the Bank and AFDB signed a Senior Credit line agreement of USD 10 Million for a period of eight years, aiming at supporting Bank's initiatives to grow women owned enterprises. The facility comes along with Technical Assistance to enhance the Bank's capacity to reach efficiently reach out to more women owned enterprises.

Whereas in April 2017 the Bank received USD 90 Million a long-term loan facility signed with Bank in November 2016 with an expected maturity in August 2024. The fund was provided for financing infrastructure projects and utilize at least 25% of the proceeds on lending activities to Small and Medium-sized Enterprises (SME) in key economic sectors of the Tanzanian economy including agriculture, construction, transport, and services. The Bank has been performing well by meeting all her obligations with the lender, inclusive of timely interest settlement.

b) EIB borrowing

The Bank entered into a facility agreement with European Investment Bank (EIB) for a senior credit line of Euro 55 million converted to TZS from initial recognition in 2016. The disbursement happened into two tranches Euro 40.2 million (TZS 97.5 billion) and Euro 14.8 million (TZS 38 billion) received on August 2016 and December 2018, respectively. These funds were earmarked for Mid-caps and SMEs in the country.

The facility is for the period of up to 8 years with an expected maturity of April 2024.

c) TMRC borrowing

The Bank signed a master finance agreement with Tanzania Mortgage Refinance Company (TMRC) in 2014, to support growth in the Bank's mortgage portfolio. As at 31 December 2022 the Bank had an outstanding loan of TZS 27 billion which is fully deployed to the mortgage portfolio.

d) TIB borrowing

The loan is for 9 years with initial interest rate of 8.62% which is to be revised after every six months. On 15 March 2017, the Bank received additional instalment of TZS 399.5 million in favour of Andoya Hydro power. There is no collateral pledged to secure these loans. The Bank complied with all terms and conditions of each of the agreements during the year and there were no any defaults on either principal or interest of loan payable.

e) NBC borrowing

The Borrowing from NBC Tanzania successfully followed invitation and agreement with NBC Bank to Risk participation arrangement (RPA) of TZS 20.97 billion (equivalent to USD 9 million) for on-lending to the Agricultural sector. The facility has a fixed interest of 12% with an expected maturity on August 2025.

f) PROPACO borrowing

The Bank signed a Senior facility agreement of USD 50 Million with Société De Promotion Et De Participation Pour La Coopération Économique S.A. (PROPARCO). This is a three years' facility aiming at supporting Bank's initiatives towards Small and Medium Enterprises with a special focus on the Micro enterprises.

To further enhance Bank's capacity, the facility comes along with Technical Assistance as well as with Portfolio guarantees offered to the tune of Euro 26.5 million covering support on the key areas of common interest for the two institutions Micro Women Businesses and Enterprises as well as Micro, Small and Medium Enterprises affected by COVID.

g) IFC borrowing

In August 2022, the Bank received a disbursement of USD 100 Million from International Finance Corporations (IFC), a five years' facility per the agreement signed between the two institutions in June 2022. The facility aims at supporting Bank's lending program to Eligible Sub-borrowers through Eligible Sub-loans in response to the COVID-19 pandemic as well as SME and Women-Owned SME eligible sub-borrowers.

h) Subordinated debt from AFDB

In February 2022, the Bank received a disbursement of USD 50Million a subordinated USD term facility from African Development Bank (AfDB) per the facility agreement signed in November 2021. The facility is for a period of seven years with a five years' grace period. The facility is geared towards augmenting the Bank's capital base to enable it to expand its operations in East and Central African regions particularly providing finance in the agriculture, manufacturing, and trade sectors as well as SME's and local corporates.

9.9.8 Contingent liability

As at 31 December 2022, there were several pending legal cases where the Bank was a defendant. Provision has been made for legal cases where professional advice indicates that it is probable that loss will arise. The directors have considered it probable that the unfavourable outcome of these cases to the Bank could result into an estimated loss of TZS 1,580 million (2021:TZS 2,679 million).

Base on the nature of such disputes the outcome and expected timing of resulting outflows of economic benefits from settlement of these cases is uncertain. The opinion of those charged with governance after taking proper legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2022.

9.9.9 Related party transactions

The transactions with related parties are carried at arm's length basis and are guided by policies approved by the board to ensure the same is done at arm's length.

Loans to key management personnel were issued at off market interest rate as per Group policy and repayable on demand. They are treated as employee benefit like other staff loans. Mortgage loans issued to key management are secured and repayable within 20 years while personal loans are unsecured and repayable within 5 years.

- Loans to non-executive directors were issued on commercial terms. These loans are payable on demand.
- As at 31 December 2022, the total loan balances outstanding were TZS 11,497 million (2021: TZS 8,107 million).
- As at 31 December 2022, the Group and Bank held collateral valued of TZS 10,080 million (2021: TZS 5,313 million) from key management personnel and non-executive directors.
- Loans and advances to related parties fall under stage 1 and balance sheet provisions for doubtful debts related to the amount of outstanding balances is TZS 1 million (2021: TZS 37 million).

Amount due to/from subsidiaries relates to sales and purchases related parties which are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at was TZS 7.4 billion in year 2022 (2021: TZS 5.3 billion) relates to dividend distribution to the Bank from CRDB Burundi SA

Loans advanced to CRDB Burundi SA of TZS 174 billion as at 31st December 2022 was to facilitate the finance of below projects;

- To finance purchases of machinery for cement production plant at an interest rate of 4.6%. The loan is fully secured and repayable in full on 21 July 2025.
- To support the Government in executing United Nations Security Council Resolution No 2149 (2104) of 10th April 2014 at an interest rate of 7%. The loan is fully secured and repayable in full on 21 January 2026.
- To finance purchases of raw materials for fertilizer manufacturing plant at an interest rate of 4.6%.

The loan is fully secured and repayable in full on 31 December 2023.

Placement to CRDB Burundi SA of TZS 35 billion in 2022 relates to a placement intended to finance subsidiary operations. The Placement is made on terms equivalent to those that prevail in arm's length transactions. Interest is charged at 6.0% per annum and repayable in full on 23 August 2024

9.9.10 Liquidity Management

The Bank's liquidity management process is being carried out within the Group and Bank and monitored by the Asset and Liability Committee (ALCO) of the individual banks which include:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers. The Group and Bank maintain an active presence in money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

9.9.11 Risk Management

The Bank is committed to meeting stakeholders' expectations in mitigating risks through a robust enterprise-wide risk management framework. The framework aims at ensuring that risks are identified, quantified, managed, and monitored to achieve an optimal-risk reward profile. Our enterprise risk management framework has well-defined the internal structures, adequate processes, systems, and policies, which monitor and help to mitigate existing and prospective risks or threats of damage, injury, liability, loss, and any other negative occurrence that may arise from external or internal vulnerabilities, and which may be avoided through preventive action.

The Bank's risk management framework is implemented through a 'three lines of defence' model which defines clear responsibilities and accountabilities and ensures effective independent oversight and assurance activities take place covering key decisions.

9.9.12 Risk management approach

The primary responsibility for the management of risk resides with the business and functional areas where the risk is taken. The Group Business and Subsidiary function owners are responsible for ensuring that the Group Risk Management Framework has been embedded within the Group and Subsidiary daily risk management processes. In addition, all employees have the responsibility to ensure an effective management of risk and must report appropriately any known breakdowns/omissions in control, or any potential exposures that may result in financial or reputational loss to the Group.

For every product, process or system that is introduced or implemented in the Group, an internal control document is developed and made available to all relevant employees. This document includes the following elements at a minimum; Statement of accountabilities, risk identification and controls in place to mitigate the risks, Objectives of the internal controls being proposed and description of the control environment which must be implemented and maintained including monitoring and reporting.

The Bank's management audit & risk committee are established to manage risks and monitor effectiveness of controls implementation. The risk and compliance function provides an independent oversight and monitoring process for risk and controls across the Group and reports to the Group CEO & managing Director.

9.9.13 Acquisitions and Disposals

During the 2022, there were neither acquisitions nor disposals recorded.

9.9.14 Material Agreements

Material Contracts

As at the date of this IM, Issuer entered in material operation agreements with key counterparties as indicated below.

S/N	Document Name
1.	Line of Credit Agreement between African Development Bank and CRBD Bank PLC signed on 27th July 2022.
2.	Portfolio Guarantee Agreement between the Company and Guarantco Ltd. dated 28th April 2020
3.	Guarantee Agreement between Agence Francaise De Development and CRDB Bank PLC dated 28th March 2022
4.	Subordinated Facility Agreement between CRDB Bank PLC and African Development Bank 23rd December 2021
5.	Credit Facility Agreement between CRDB Bank PLC and So-ciété De Promotion Et De Participation Pour La Coopératton Écononnrque S.A. (PROPARCO) dated 17th March, 2022
6.	Motor Insurance Policy between CRDB Bank PLC and San Salam General Insurance, Policy No. P/2022/5004/000009, due on 30th June 2023
7.	Assets All Risks Policy between CRDB Bank PLC and San Salam General Insurance, Policy No. P/01/2022/2011/000040, due on 30th June 2023.
8.	Group Personal Accident Policy (GPA) between CRDB BANK PLC and San Salam General Insurance, Policy No. P/2022/5004/000009, due on 30th June 2023.
9.	Public Liability Policy, between CRDB Bank PLC and San Salam General Insurance, Policy No. P/01/2022/6002/00002, due on 30th June 2023
10.	Medical Insurance, between CRDB Bank PLC and National Health Insurance Fund, policy No. due on 31/03/2024
11.	Finance Contract between CRDB Bank PLC and European Investment Bank (Tanzania Gender and Blue Economy) dated 22nd February 2023
12.	Loan Agreement between CRDB Bank PLC and International Finance Corporation and International Finance Corporation (in its capacity as Implementing Entity of the Global SME Facility)

S/N	Document Name
13.	Line of Credit Agreement between African Development Bank and CRDB Bank PLC (2022)
14.	Line of Credit between African Development Bank and CRDB Bank PLC
15.	Order Form between CRDB and Greenstar Payment Solutions Limited dated 6th December 2022
16.	Euriz Portfolio Guarantee Agreement No. CTZ109401 V dated 28th March 2022
17.	East & Central Africa PEFF II for SMEs & Midcaps (CRDB) (Contonou Investment Facility Resources) Finance Contract dated 29th December 2015
18.	Choose Africa Resilience Sub participation Agreement between CRDB Bank PLC and Agence Francaise De Development dated 28th February 2022
19.	Agreement for Supply, Transportation, Installation and Commission of Invertors between CRDB Bank PLC and Neymon Investment Limited dated 9th June 2022
20.	Agreement for Engagement of Subject Matter Experts (SME'S) for Temenos Transact System between CRDB and Information Technologies Solution and Service SARL (ISS Global)
21.	Master Service Agreement between CRDB and Tech Mahindra Limited dated 13th May 2021
22.	Loan Agreement between CRDB and International Finance Corporation (in its capacity as the implementing entity of the Global SME Facility)
23.	Term Loan Facility of USD 130,000,000 for CRDB arranged by Intesa Sanpaolo S.P.A. and Investec Bank Limited (acting through its corporate and institution banking division) (as co-ordinators and bookrunners); London Forfaiting Company Limited and the Mauritius Commercial Bank Limited (as mandated lead arrangers); Sanlam Insurance Limited and National Bank of Ras Al Khaimah (as lead arrangers); Afrasia Bank Limited, BCP Bank (Mauritius) Limited and SBM Bank (Mauritius) Limited (as arrangers) with Investec Bank Limited (acting through its corporate and institutional banking division)(acting as Agent)
24.	Agreement for supply, installation, testing and commissioning of HCI server infrastructure including support services between CRDB and Scotia Group Limited
25.	Loan Portfolio Guaranty Agreement (Guaranty No. 9000104292) between United States International Development Finance Corporation
26.	Agreement for provision of Group Life Assurance and Services Between CRDB Bank PLC and Alliance Life Assurance
27.	Agreement between CRDB Bank PLC and Britam Insurance Limited for provision of Banker's Blanket Directors and officers Liability insurance policies

9.9.15 Employees

CRDB is committed to achieving its business objectives through its people. CRDB believe that the employees are the most valuable assets, and we make effort to develop their abilities and productivity. The Bank encourages a work culture, foster relationship with them at every level in the Group, make them express their views and share their ideas to bring about improvements towards the achievement of our vision.

This is based on the conviction that a pleasant and safe working climate, with an emphasis on the enduring availability of satisfactorily trained, active, and motivated workforce evidenced by very low employee turnover which is critical success factor for the Bank and its subsidiaries. The Bank strives to create an environment responsive to different cultures and groups in all our interactions with employees, customers, visitors, suppliers, contractors, shareholders, investors and in the communities in which we operate.

There are a lot of talks these days about the importance of good nutrition, physical fitness, and stress reduction. The Bank firmly believes that quality health plays an important role in the success of the organization and to promote health and wellbeing among our staff. The Bank launched wellbeing services in 2021 with the focus on empowering colleagues and eligible dependents to address individuals' challenges which require support in physical and social wellbeing.

Management and Employees Relationship

The Group's management focuses on building the right culture as a strategic human resource priority by ensuring that Bank's culture is embedded across all levels and the same is driven across the entire workforce. Having the right culture is an essential element for the Group's future development as we transform towards creating the digital era banking. Amongst the key components in this development is ensuring that our leaders are charged by the major roles of fostering strong leadership capabilities, talent management, enhancing employee relationship and development. Our leaders believe and always strive in creating an enabling environment where all employees will be able to utilize their fullest potentials while allowing them to connect to each other with dignity and respect. Through this approach, the management maintains a harmonious working environment with both the employees and the Trade Union. Resultant to these initiatives the Group has been able to retain its key staff and maintained the turnover rate below 2%, which is far below the industry rate. Additionally, CRDB continued to maintain a strong organization health index as compared to the global benchmarks as rated by McKenzie and which indicates strong capacity to continuously improve its performance in future.

Employees Performance Management

The Bank uses performance management system to evaluate employee's performance against set and agreed objectives. The system forms the basis for providing employees with performance feedback, recognition, development, and corrective action plan to promote effective performance. The performance management system is an integrated process with full participation of managers and staff in both setting and reviewing of performance objectives. The Bank uses the balanced scorecard and competencies based framework as a tool for assessing performance of its employees. The balanced score card performance review is conducted semi-annually where the line manager and the subordinate meet to review the performance of that ending period and as a session for giving feedback. The Performance assessment results form a valuable component on one's reward.

Training and Development

The role of training is to improve performance in the job, to develop skills and to prepare individuals for other roles and responsibilities. As with promotion and career development, decisions in respect of who is trained and how that training will be facilitated will be based on individual development needs and not on age, disability, gender, socio-economic status, ethnicity, religion.

The Bank regards its employees as the most valuable asset and is committed to the learning, development, and growth of its employees. The Bank realizes that in discharging its objectives it needs to have trained and skilled personnel to maintain a well-balanced organization and a management team capable of performing the duties of the bank properly. To meet its present and future human capital demands, the Bank train and develop its employees through various development programs. The Bank encourages its employees to train and develop themselves to acquire skills, knowledge and competencies which is necessary for their productivity, efficiency, and career development plan.

Youth Programs

During the year, the Bank launched graduate program which focuses on preparing college graduates to become experts in banking and building them into future leaders. The program is a rich career and professional development opportunity for committed graduates that aim to make a positive impact in the Banking Sector.

The program came at the right time when the government and development partners in the country are investing heavily in ensuring that university graduates in the country find employment and create a self-employed environment. The program provides more than a job it creates a fast-paced journey to grow the skills of young graduates, develop their carrier, and unlock their potential. A total of 32 young graduates were enrolled both from Tanzania and Burundi. In the course the trainees receive field training through branches, departments, and units within the bank to build their resilience. As a local Bank We are proud to be part of the youth employment solution

Occupational health and safety policy

The Bank has occupational and health and safety policy aiming at ensuring Occupational Health and Safety (OHS) to its staff, its customers, and premises. It specifies the control requirements and guidelines with respect to Occupational Health and Safety, and provides obligations and responsibilities to staff, board of Directors, and the Management to ensure they act in a manner consistent with regulatory requirements and this Policy.

Annual leave

Every employee is entitled to 30 calendar days annual paid leave once in each calendar year. For every full month worked an employee earns 2.5 leave days. Out of the 30 leave calendar days, an employee is required to take at least 14 days consecutive leave in a calendar year.

Financial Assistance to staff/ Staff loan scheme

The Bank offers staff loans to enable its employees acquire capital goods, property, to effect improvements to their properties, to meet educational expenses for themselves or dependents and to meet unforeseen financial commitments. Staff loans are guided by the Bank's Credit Policy and Credit Manual. Loans are available to all confirmed employees depending on the assessment of the need and circumstances if it is in line with the Human Resources and Credit Policies.

Employee Benefit Plan

The Issuer is a registered member of the Public Service Social Security Fund, which the employee and the employer make monthly contributions according to the law. The Bank and employees both contribute 15% and 5% respectively of the employees' basic salaries to PSSSF. The Group's contributions are charged to profit or loss when incurred. The Group's obligations under the schemes are limited to specific contributions legislated from time to time. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Persons with Disabilities

It is the Group's policy to provide employment to disabled persons wherever practicable. The Group has always considered this policy whenever it recruits. As at 31 December 2022, there were two (2) persons with disabilities who are employees of the Bank. We practise a non-discrimination policy against qualified individuals with disabilities in job application procedures, hiring, firing, promotion, compensation, job training, and other areas of employment.

Succession planning

The Bank endeavours to minimize the risk of key man dependence by creating a succession pool. Successor's development plans are established in preparation for their readiness. The succession pool creates a provision for talent sourcing in the event of an attrition in a critical position. The Succession planning process in the Bank is mainly built to address the following main objectives: Identify high-potential employees capable of rapid advancement to positions of higher responsibility than those they presently occupy, ensure the systematic and long-term development of individuals to replace critical job incumbents as the need arises, provide a continuous flow of talented people to meet the bank's management needs. Succession planning reduces the risk or time it takes to fill a critical role if someone leaves.

9.9.16 Corporate social investments

CRDB acknowledges that corporate social and community issues are of increasing importance to our stakeholders and are vital to the continued success of the Bank. CRDB is committed to contribute to sustainable developments by delivering economic, social, and environmental benefits for all its stakeholders. This is recognized as an important element of good corporate citizenship, alongside sustainability and good governance, aims to improve the lives of disadvantaged people across multiple development sectors.

As a result, we have a Corporate Social Investment policy (CSI) that guarantees the Bank to always operate in a responsible manner for the benefit of our stakeholders. The Bank implement CSI by partnering with and investing in communities to find sustainable solutions.

The Bank's CSI strategy focuses on providing solutions for significant social problems with the aim of creating long term sustainability particularly on the areas of health and wellness, education, environment, women and youth and enhancement of financial capabilities (financial literacy and financial inclusion) to the society. The Bank also focuses on programs that enable communities to provide for their own immediate needs and empower them to improve themselves in the future to earn a living and become self-sustainable and/or self-reliance.

Employees are also encouraged to be involved in CSI programs aimed at improving the standard of living of the communities surrounding them.

In 2022 with a TZS 3.1 billion investment in CSI, The Bank focused on the strategic sectors of Education, Health, Environment, Women and Youth empowerment, and other Corporate Social Investment (CSI) initiatives as summarised below:

- **Health** - The adage "A healthy Nation Is a Wealthy Nation" is central to CRDB Bank's CSI philosophy. The Bank supported better health outcomes for Tanzanians by investing in health-focused CSI programs to improve access to quality health services. In the year 2022, the Bank extended TZS 840 million to the health sector. The support was channelled towards improving health infrastructure ranging from construction, and/or renovation of dispensaries, wards as well as the purchase of medical equipment and consumables to the tune of TZS 370million. Furthermore, various health-related activities were covered in 2022. With highlights on TZS 220 million to support CCBRT Hospital's fundraising for the establishment of the new state-of-the-art Maternity Wing to serve and care for high-risk and emergency cases, including mothers with disabilities, histories of fistula, and adolescents. Additionally, another key health-related support implemented through our long-standing partnership with the Jakaya Kikwete Cardiac Institute (JKCI), the Group also extended its support with a TZS 250 million grant to fund cardiac surgeries for 100 underprivileged children. The two grants were proceeds of our charity-led flagship annual event dubbed CRDB Bank Marathon held in August 2022, which brought together over a dozen corporate partners and attracted more than 6,200 participants.

- **Education** – the Bank is committed to fostering a learning environment in the country. The Bank believes that education is a critical component in driving economic development, creating thriving communities, and inspiring young people to reach their full potential. This year, the Group invested more than TZS 260 million in the sector. The investment mainly targeted infrastructure upgrades to improve the learning conditions for students resourcing schools with tools to facilitate learning. Most funds were extended to cater for the construction and renovation of more than 15 classes, provision of more than 1000 desks, construction of dormitories, and support to orphanage centres in the country. Apart from that the bank constructed a laboratory and supported the lab with its equipment in Kizimkazi, Zanzibar, and the same was handed over to the President of the United Republic of Tanzania; Her Excellency Hon. Samia Suluhu Hassan.
- **Youth and Women Empowerment** – In line with the Government's agenda to empower women and youth as emphasized in National Five Years Development Plan III (FYDPIII) 2021/22 - 2025/26, CRDB Bank is actively supporting youth and women by providing them with the necessary tools, skills, and resources needed to excel in their areas.

  Approximately TZS 1 billion has been invested in Women & Youth programs in the year 2022. Highlighting our key activities such as the CRDB Bank Taifa Cup. A national basketball tournament hosted by the Bank and its partners for three years consecutively held in Tanga Region. The tournament pooled together more than 36 teams (12 female & 24 male) from all the regions in Tanzania mainland and isles. This a high-octane fete that provided a unique scouting ground for basketball talent. The tournament provides academic scholarships to more than 20 students every year with 2022 being an addition to a pool of 40 awardees from the previous 2 years. In the youth sphere, we also did the first-ever CRDB Bank Ngalawa Race that was held in Zanzibar. The initiative supported 20 youths coming from fishing communities who participated in the "Ngalawa race" competition where monetary prizes were won, and the grand winners were awarded a modern motor-powered speedboat.

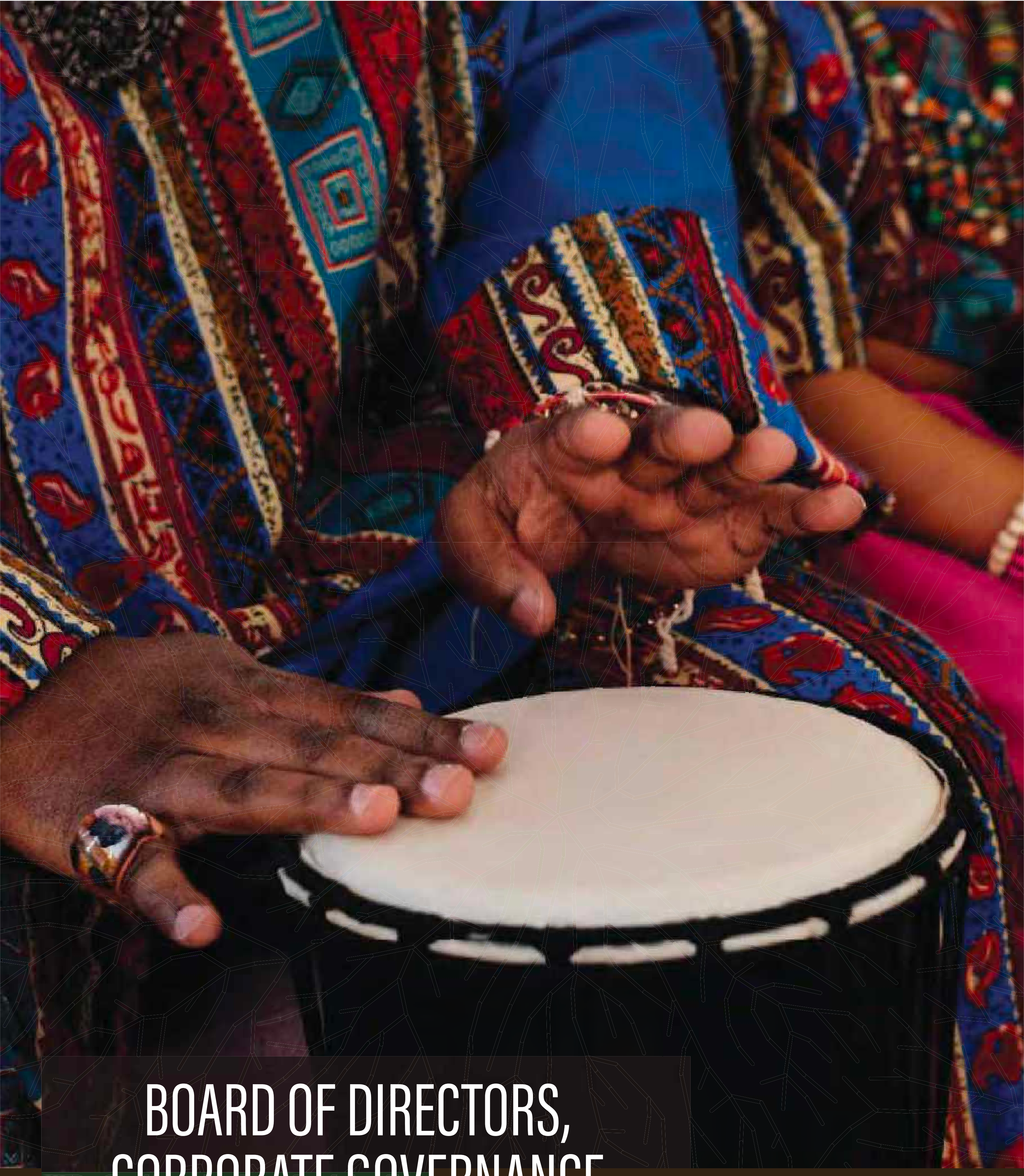
  The Bank also collaborated with different women groups and associations to support women, and entrepreneurship all aiming at improving their livelihoods. The Bank collaborated with different Organizations like the Mwanamke Initiative Foundation (MIF), Maisha Bora Foundation, Tulia Trust, and many others in the implementation.

9.9.17 Sustainable Development Goals (SDGs)

The Bank has several initiatives to ensure its strategies align with the Sustainable Development Goals (SDGs) through the banking products, processes, and loan investment goals, including various efforts to reduce carbon emissions. CRDB also is investing in environmental sustainability best practices to promote climate change resilience.

The Bank is committed to address climate change and its consequences. To ensure our investors and other stakeholders on the initiatives, the bank incorporated sustainability assessment into its investment and credit processes. Through GCF arrangements, the Bank will finance and assist low-emission projects and activities that will aid in climate change adaptation.

In 2022, the Bank participated in COP27 at Sharm el-Sheikh Egypt, and the main discussion was on the global climate change. As the only GCF recognized entity and the national direct access entity, in collaboration with the Vice President Office (VPO) Division of Environment to represent all other Banks and Financial Institutions.



BOARD OF DIRECTORS, CORPORATE GOVERNANCE AND MANAGEMENT

10. Board of Directors, Corporate Governance and Management

10.1 The structure of the Board

CRDB's Board currently comprises of 13 members, including one executive director, three independent non-executive independent directors and nine non-executive directors. The Board primarily responsibility includes, monitoring managerial performance, providing strategic and leadership guidance to the management on strategic areas within an established framework of controls designed to assess and manage risk to ensure long-term sustainability of the Group.

The Board has an ultimately accountability for the performance and position of the Group and ensuring the Group adheres to high standards of ethical behaviour. There are specialised committees within the Board to carry out specific duties and responsibilities with a view to support and improves its work. Committees perform both monitoring and advisory functions for the board. Each committee comprises aptly skilled directors with written terms of reference that are reviewed annually and mapped to applicable regulations and governance practices to ensure relevance and compliance.

10.2 Corporate governance

The Group is committed to maintaining a high standard of corporate governance to strengthen and maintain stakeholder's confidence. The Directors also recognize the importance of integrity, transparency, and accountability.

The Board retains full and effective control over the Group, monitor the executive management and make sure the decision of material matters is in the hands of the board to fulfil Group's strategic objectives.

The Board is committed to healthy corporate governance practices, which strengthens and maintains confidence in the Bank, thereby contributing to optimal long-term value creation for shareholders and other stakeholders. The board recognizes its collective responsibility for the long-term success of the Group. Board has a commitment to ensure compliance with all Applicable Laws and regulations and considers adherence with non-binding rules, codes, and standards; and that compliance is an agenda in all its meeting through the board risk committee.

Through the board risk committee, the board is able to identify all regulations relevant to the Group and monitor changes of the regulations and any new regulations impacting the Group.

10.3 Board meetings

The board has in place an annual workplan that sets out the board activities in a year. The board meets at least eight (8) times a year, and, when necessary, to consider all matters relating to the overall risk management, Group performance, implementation of the strategy and succession planning. The Group Chairman together with the company secretary and chief executive officer prepare the annual work plan and agenda for each meeting. The notice, agenda and detailed board papers are circulated seven days in advance of the meetings. Those charged with governance are allowed to request additional information to support their decision making when necessary.

In 2022, the board met eight (8) times as planned and had several discussions regarding the operations of the Bank together with its controlled subsidiaries.

10.4 Appointment of Directors

Appointments to the Board are made on merit, and candidates are considered against objective criteria, having due regard to the benefits of the diversity of the Board. A rigorous selection process is followed in relation to the appointment of Directors and certain specified senior appointments. Non-executive Directors are appointed for an initial three-year term and subject to re-election by shareholders at each AGM.

In identifying suitable candidates, the committee does the following;

I. The Group advertise the vacancy and, in some cases, use external consultant to facilitate the search.

II. The Group consider academic qualifications, technical expertise, experience, nationality, age, gender, integrity, and ethical standards.

III. Recommendations for new nominees for appointment to the Board are made by the Group Board Governance and Human Resource Committee. In order to make it effective, the Board's size and diversity are taken into consideration when electing Board members.

The board recommends Directors for election and/or appointment by the shareholders at the AGM. The number of board members is determined by the Bank's Articles of Association and regulatory requirements. A board member elected/appointed by shareholders is not allowed to attend Board meetings or be assigned any responsibility until he/she obtains approval of the BoT. All directors are required to disclose outside directorships business and conflict of interest on an annual basis and inform the company secretary of any changes to such directorships and conflict of interest within 30 days.

10.5 Training and development of the members of the Board

Each new Board member is required to participate in an induction program that is tailored to effectively orient the member to the Bank's business and organization structure including subsidiaries, roles/responsibilities of the board and its various committees, strategy, objectives, policies, procedures, operations, senior management, and the business environment. The induction package also includes all the necessary information that is required by a member for effective performance on the board (including all policies, charters, recent financial reports and governing laws and regulations). They receive comprehensive guidance from the Company Secretary on the Group's corporate governance framework.

The Board members are also being introduced to their fiduciary duties and responsibilities as well as any other aspects that are unique to the business. Therefore, the main purpose of the training is to ensure board members have a clear understanding of their role in corporate governance and be able to exercise sound and objective judgment about the affairs of the Bank.

The Board is required to ensure adequate training and development of the members through continuous training to keep them well informed on critical information pertinent to the business and corporate governance environment. It is the responsibility of the board to conduct an annual review to identify training needs for each member on a regular basis and facilitate upskilling as well as continuous development of each member. Non-executive directors also develop and refresh their skills and knowledge through periodic interactions and briefings with senior management of the Group's businesses functions, changes in laws and regulations, policies, and practices. All Non-executive directors have access to independent professional advice/ external specialists to enable them to discharge their duties when the expertise needed is not possessed by existing directors or staff within the Group.

10.6 Succession planning

The Group has in place a succession plan for those charged with governance on all critical skills which is being reviewed regularly. The governing body bears ultimate responsibility for the succession plan. This is through the Board governance and Human resources committee. The committee plays a key role in devising criteria for governing body membership and governing body positions and possibly, with the assistance of external advisors, to identify specific individuals for nomination.

The succession discussion features on the Board governance and Human resources committee agenda as often as it required for the committee to fulfil its duties. This allows the succession plan to take account of the changing dynamics of the business and makes the Bank more agile and enhances its ability to satisfactorily react to any sudden changes that may occur. The committee maintains a profile of desired skills and competencies, and skills gaps that need to be filled by potential candidates.

In some cases, the committee may consult external resources (example external search firms) to identify appropriate individuals to fill vacant positions.

The group also practices rotation of the board members between committees to ensure continuity of experience and knowledge and to introduce people with new ideas and expertise.

10.7 Directors' conflicts of interest

The board has established a policy and a set of procedures relating to Directors' conflicts of interest and related party transactions. In all board meetings, there is an agenda of declaration of conflict of interest, and there is a conflict of interest register which is being reviewed regularly. Those charged with governance are expected to avoid any action, position, or interest that conflicts with the interest of the Bank or gives the appearance of a potential conflict. In this regard, all directors are required to:

i. Declare any interests that may give rise to potential or perceived conflict e.g., multiple directorships, business relationships or other circumstances that could interfere with exercise of objective judgment;

ii. Declare as soon as they become aware that a subject to be discussed at a board or committee meeting may give rise to a conflict of interest at the outset of the applicable meeting. The conflicted director is not allowed to participate further in the discussion of that subject, nor vote on it.

iii. Director(s) with a continuing material conflict of interest is required to consider resigning from board.

Board members are required to inform the Company Secretary of any changes with respect to directorships and conflict of interest within 30 days. The Board is required to evaluate all potential or perceived conflict of interest as declared and approve such transactions with the bank as may be appropriate. A register of declared conflicts of interest is being maintained by the Company Secretary.

In 2022, none of the Directors had a material interest, directly or indirectly, in any contract of significance with the Group.

10.8 Board committees

CRDB has an effective sub-committee structure permits the Board to address key areas in more depth than may be possible at the full Board level. Decisions about committee membership and chairs are made by the full Board based on recommendations from the nominating/corporate governance committee. The responsibilities of each sub-committee and the qualifications required for committee membership is clearly defined in a written charter that is approved by the Board. Each sub-committee is required to review its charter annually and recommend changes to the Board. All committees are required to update the full board of their activities on a regular basis. The report to include findings, matters identified for specific recommendation to the Board, action points and any other issues as deemed appropriate.

During the year 2022, the Board constituted four sub-committees for improving corporate governance by delegating specific tasks from the main board to a smaller group and harnessing the contribution of non-executive directors. Committee members are elected annually from among the board members. The board remains collectively responsible for the decisions of any committee and are required to review the effectiveness and performance of committees annually.

These Board sub-committees are constituted and chaired by non-executive directors include:

i. Audit Committee;
ii. Governance and Human Resources Committee;
iii. Credit Committee; and
iv. Risk Committee.

S/N	Name of Director	Board	Audit Committee	Credit Committee	Governance and Human Resource Committee	Risk Committee
1	DR. Ally Hussein Laay	Chairman				
2	MR. Abdulmajid Nsekela	Member				
3	Prof. Neema M. Mori	Member		Chairman		Member
4	Boniface C. Muhegi	Member		Member	Chairman	
5	Hosea E. Kashimba	Member	Chairman			
6	Jes Klausby	Member			Member	Chairman
7	Prof. Faustine K. Bee	Member		Member	Member	
8	Dr. Fred M. Msemwa	Member		Member		Member
9	Abdul A. Mohamed	Member			Member	Member
10	Martin S. Warioba	Member	Member			
11	Miranda N. Mpogolo	Member		Member	Member	Member*
12	Gerald P. Kasaato	Member	Member			
13	Royal J. Lyanga	Member			Member	Member

Director Miranda N. Mpogolo was a member of Risk Committee until 15th February 2022 after her appointment on 18th February 2022 to join Credit Committee

Audit Committee

The committee oversees the Group's internal audit function and ensures that the internal audit staff has adequate resources and support to carry out its role. The committee reviews the scope of the internal and external audit plan, significant findings by the internal and external audit, management's response, the appointment and replacement of the senior internal auditing executive and assesses the performance and effectiveness of the internal audit function annually.

The Audit Committee is also responsible for overseeing the financial reporting process, ensuring that internal control systems are adequate and effective; and acting as a bridge between the external auditors and the management.

Governance and Human Resources Committee

The Committee is responsible for ensuring that the Board remains balanced, both in terms of skills and experience, and between executive and non-executive Directors. It leads the process for appointments to the Board, and make recommendations to the Board, ensuring there is a formal, rigorous, and transparent procedure. It also decides on recruitment at senior levels based on responsibilities and remuneration of management staff and directors.

The committee establish, and recommend to the Board for approval, criteria for Board membership and periodically review and recommend changes to the criteria. The committee review annually the composition of the Board, including an assessment of the mix of the directors' skills and experience; an evaluation of whether the Board as necessary tools to effectively perform its oversight function and an identification of qualifications and attributes that may be valuable in the future based on, among other things, the current directors' skill sets, the company's strategic plans and anticipated director exits.

Credit Committee

The Credit Committee seeks to ensure that the quality of the Bank's asset book remains within acceptable parameters and that the business has an effective credit policy, consistent with regulatory requirements and prudent risk management practices.

Risk committee

The committee oversees and advises on current and potential risk exposures of the Bank, the Bank's risk management framework, the future risk strategy of the Bank including; strategy for capital and liquidity management and promoting a risk awareness culture in the Bank, alongside established policies, and procedures.

10.9 Board and committees' performance revaluation

The Board have effective mechanism for evaluating its performance on a continuing basis. The evaluation is based on the assessment of the effectiveness of the full Board, the operations of Board committees, contributions of individual directors on an annual basis. The results of these evaluations are being reported to the full Board, and thereafter a follow-up on issues and concerns that emerge from the evaluations.

The board periodically consider a combination of methods to result in a meaningful assessment of the board and its committees. Common methods include the use of written questionnaires. After evaluation, the Board discuss the results of the evaluation exercise which inform the board on the training needs for its members.

After every three years, Board evaluation and assessment are being done by an external party or consultant to ensure the Bank and the board continues operate consistently within good governance and best practice principles.

10.10 Code of conduct and ethical behaviour

The Board has adopted a code of conduct for all Directors and employees including chief executive officer that addresses, among other things, conflict of interest which is being reviewed and updated regularly. The code of conduct is shared annually to all employees and Directors and are required to confirm in writings that they have complied with the code of conduct.

10.11 Whistle blowing policy

The Group has strong whistle blowing policies and procedures with the main objective to promote a framework within the Bank where staff are encouraged and feel confident to reveal and report any fraudulent, immoral, unethical, or malicious activity or conduct of fellow employees, management, those charged with governance, clients, consultants, vendors, contractors, and/or any other parties with business relationship with the Bank which in their opinion may cause financial or reputational loss to the Bank.

The policy sets out the mechanism for employees and/or non-employees to report any concerns or suspicions regarding possible violations of laws, rules or regulations or possible violations or suspected wrongdoing of internal Bank policies, standards, or procedures. The whistle blower and Witness Protection Act of 2015 makes it illegal for employers to retaliate against whistle blowers.

10.12 Risk management and internal control

The Board ensures that the Bank has sound risk management and an internal control system that is appropriate to its activities. The risk management and internal control systems are based on the Bank's corporate values, ethics guidelines and principles for sustainability and Corporate Social Responsibility ("CSR"). It is the responsibility of the Management to ensure that adequate internal control systems are developed and maintained on an ongoing basis to provide reasonable assurance regarding:

i. Operational effectiveness and efficiency;
ii. Safeguarding of the Group's assets;
iii. Reliability of accounting records;
iv. Responsible behaviour towards all stakeholders;
v. Compliance with Applicable Laws and regulations; and
vi. Business continuity.

To ensure the internal controls, remain adequate, the Bank has a fully-fledged risk and compliance function that coordinates and oversees the implementation of an enterprise-wide risk management framework within the Group. The audit committee on behalf of the Board assesses issues related to financial review and internal control, and the external audit of Group's accounts.

10.13 IT governance

IT governance is part of the overall corporate governance of the Group which is aimed at improving the overall management and implementation of IT structure to derive value from investment in information technology. The Group has in place IT charter and policies which govern the structure and operations of ICT and is being reviewed annually. The charter enables the Group to manage IT risks effectively. It is the responsibility of the board to ensure the activities associated with information and technology are aligned with the overall Group strategies/business objectives.

10.14 Financial reporting and auditing

The Bank publishes its quarterly financial statements within thirty days after the end of the quarter and publishes the annual audited financial statements within fifteen days after approval of the Board but not later than one hundred and five days after the end of the financial year as required by the "Banking and Financial Institutions (Disclosures) Regulations, 2014". Copies of the Bank's last audited financial statements are exhibited in the Bank's branches, website and the annual report made available to public two weeks prior to the AGM.

The annual report, including the consolidated and parent company financial statements are prepared in accordance with IFRS as comply with the Companies Act 2002.

10.15 Remuneration policy

The Bank has in place remuneration policy to determine the remuneration of Directors, which considers the demands, complexities, and performance of the Bank. Management periodically prepares a proposal for fees and other emoluments to be paid to Directors. Proposals include benchmark against similar companies or the industry, market realities, the need to attract and retain skilled, experienced directors to drive the business. The remuneration policy is positioned at the for final approval. The remuneration policy is in line with the Bank's strategy and linked to individual performance and subject to annual review.

10.16 Directors' remuneration

Remuneration of all Directors is subject to annual review to ensure that levels of emoluments and compensation are appropriate and adequate in comparison with the industry benchmark. The non-executive directors are not eligible for pension scheme membership and are not part of Bank's remuneration scheme.

10.17 Going concern

The Bank's management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. In making this assessment, the Bank has considered the impact of climate-related matters on going concern assessment. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern.

10.18 Environmental, Social and Governance (ESG)

Environmental and Social Sustainability are fundamental aspects of achieving desired outcomes and is consistent with Bank's long-term growth strategy. The Bank's credit policy gives priority to projects that foster environmental and social sustainability. The Bank finances projects and businesses that have a clear strategy of managing social and environmental resources responsibly. The Bank apply international best practices, (including IFC performance standards) and adhere to international treaties and conventions, which have been ratified by the respective governments in our markets of operation.

The Bank aspire to become a sustainability champion in the region with an enduring commitment to climate action. Its social investment strategy focuses on creating enablers of social transformation by touching the lives of vulnerable communities.

Considering the crucial impact of environmental conservation, the Bank has developed a specific environmental and social policy. The policy articulates the commitments of the Bank to sustainable development, elaborates how the Bank integrates environmental and social issues into its processes and activities, and sets the roles and responsibilities including the requirements to deliver these commitments. The policy defines how the Bank manage the environmental and social risks and impacts, and how it supports the overall sustainability of its operations and investments in line with its obligations under national and international law and other relevant standards.

In additional to the developed environmental and social policy, the Bank has also established a unit designated for the assessment and management of ESG associated with financed projects and advise management accordingly. In carrying out its mandate of promoting sustainable development, the Bank effectively and equitably manage environmental and social risks and impacts and improve outcomes of the financed activities.

10.19 Directors

S/N	Name of Director	Gender	Date of birth	Nationality	Date of appointment
1	Dr. Ally H. Laay	Male	13 October 1956	Tanzanian	May, 2022
2	Abdulmajid Nsekela	Male	19 November 1971	Tanzanian	October, 2018
3	Prof. Neema M. Mori	Female	21 May 1978	Tanzanian	March, 2023
4	Martin S. Warioba	Male	19 July 1978	Tanzanian	May, 2022
5	Jes Klausby	Male	28 June 1955	Danish	May, 2023
6	Boniface C. Muhegi	Male	15 July 1954	Tanzanian	May, 2022
7	Hosea E. Kashimba	Male	20 July 1970	Tanzanian	May, 2022
8	Prof. Faustine K. Bee	Male	04 December 1959	Tanzanian	August, 2021
9	Dr. Fred M. Msemwa	Male	14 June 1972	Tanzanian	August, 2022
10	Abdul A. Mohamed	Male	31 December 1990	Tanzanian	January, 2022
11	Miranda N. Mpogolo	Female	24 January 1983	Tanzanian	June, 2020
12	Gerald P. Kasaato	Male	26 January 1979	Ugandan	May, 2021
13	Royal J. Lyanga	Male	20 July 1970	Tanzanian	August, 2021

10.20 Directors' Interests

Shareholdings by the Director's as at 31 December are listed here under

S/N	Name of Director	Number of shares 2021	Number of shares 2022
1	Dr. Ally H. Laay	28,812	28,812
2	Abdulmajid Nsekela	134,600	134,650
3	Prof. Neema M. Mori	118,084	118,084
4	Jes Klausby	None	None
5	Boniface C. Muhegi	2,241,352	2,241,352
6	Hosea E. Kashimba	64,875	64,875
7	Prof. Faustine K. Bee	41,536	41,536
8	Dr. Fred M. Msemwa	12,612	12,612
9	Abdul A. Mohamed	2,450	2,450
10	Martin S. Warioba	None	None
11	Miranda N. Mpogolo	43,392	111,302
12	Gerald P. Kasaato	None	None
13	Royal J. Lyanga	None	None

10.21 Directors' Qualifications and Experience

Dr. Ally Hussein Laay

Dr. Laay has worked at various organizations and in different capacities including Principal Management Accountant at TANESCO, Management Consultant at PWC, Counterpart Director of Finance and Administration at the Medical Stores Department, Director of Finance and Administration at TASAF, Director of Finance at ICAP of Columbia University and Director of Finance and Administration at the National Economic Empowerment Council.

Currently the Chairman of the Board of Directors of CRDB Bank PLC, CRDB Bank PLC has maintained its position as the largest Bank in Tanzania in terms of resources, customer deposits, loan portfolio, profits, and branch network under his stewardship. He is also a part-time consultant in Financial Management, Accountancy, Auditing, and Corporate Governance.

Dr. Laay holds an Advanced Diploma in Accountancy (ADA), Post Graduate Diploma in Accountancy (PGDA), Certified Public Accountant (CPAT), Master of Business Administration (MBA) from the University of Wales, Cardiff Business School in the UK and Ph.D. in Business Administration in Finance and Accounting from Commonwealth University, United Kingdom.

While being the CRDB Board Chairman, Dr Laay also serves as Board Chairman of the Southern Agricultural Growth Corridor of Tanzania (SAGCOT). He is also a member of a number of boards, including the Foundation for Civil Society (FCS). (where he is the Board Chairman) and the Legal and Human Rights Centre (LHRC).

He previously served as a Board member at the Institute of Accountancy Arusha (IAA), National Housing Corporation (NHC), Aerial Glacier Pediatric Health Initiative (AGPAHI), and Tanzania Family Planning.

Mr. Abdulmajid Nsekela

Mr. Abdulmajid Mussa Nsekela joined CRDB Bank PLC in October 2018, after more than a decade of service at National Microfinance Bank PLC. Before this role, Nsekela served as Chief/ Head of Retail Banking at NMB Bank PLC and in other leadership positions at the bank, including as Head of Personal Banking and as Senior Manager, Personal Banking.

Mr. Nsekela's career in Banking spans over twenty (20) years, covering Retail Banking, Corporate Banking, Branch Operations and Control Functions. He has immense experience in Strategic Management, Transformational Leadership and Business Turnaround Strategy. He has successfully led teams to deliver on various key projects that have revolutionized the banking sector in Tanzania; including driving adoption of digital banking and development of financial delivery channels, through digital payment platforms. He is credited with the transformation of the retail banking infrastructure at NMB Bank and the branch network expansion. Nsekela astuteness in business leadership has earned him key roles on various Management Boards in the United Republic of Tanzania. He is the current Chairman of Tanzania Bankers Association, an umbrella body that brings together players in the Banking industry in Tanzania. He also serves as a council member of Tanzania National Business Council (TNBC) and the Tanzania Financial Inclusion National Council.

Mr. Nsekela is an esteemed member of the boards of Tanzania Private Sector Foundation (TPSF) and Tanzania Mortgage Refinance Company Limited (TMRC). Nsekela holds a master's degree in Business Administration majoring in International Banking and Finance (MBA-IBF) and a Post Graduate Diploma in Business Administration from Birmingham University. He has also attended Executive Development and Leadership program; Authentic Leader Development at Harvard Business School in Boston, Leadership and Diversity for Innovation Program at Wharton School of the University of Pennsylvania as well as Leadership Program in Management at Gordon Institute of Business Science from the University of Pretoria. He is also an alumnus of the Institute of Finance Management (IFM) with a specialty in Banking Finance.

Prof. Neema Munisi Mori

Prof. Neema Munisi Mori is an Associate Professor of Finance and Director of Public Services at the University of Dar es Salaam, Tanzania.

She also worked as a Senior Lecturer at the Department of Finance, University of Dar es Salaam, Research Fellow at University of Agder, Norway, Assistant Lecturer and Tutorial Assistant at University of Dar es Salaam and Audit Trainee at KPMG Tanzania.

She is the Co-founder of MTI Investment Company in Tanzania, Norway and Sweden, which is an equity investment from that focuses on growing Small and Medium Enterprises. Prof. Mori is impacting positively on women and youth as a trainer, researcher and mentor in leadership and entrepreneurship with over 15 years of experience in teaching, researching and consulting in areas of banking, finance, investment, corporate governance, microfinance and entrepreneurship. She is active in research and has published academic papers in international refereed journals such as Journal of Management and Governance, Journal of Emerging Market Finance and Journal of African Business.

She holds a PhD in International Business majoring in Corporate Governance and Boards of Financial Institutions from University of Agder Norway, Master of Business Administration (MBA) majoring in Finance and Bachelor of Commerce (B.Com) majoring in Finance both from the University of Dar es Salaam. Prof. Mori is the Vice chairperson of the Board, Chairperson of the Credit Committee and Member of the Risk Committee. She holds a Certification in Company Direction offered by the Institute of Directors from United Kingdom. She likes reading, singing and dancing and enjoys outside walking and exercising.

Mr. Gerald P. Kasaato

Gerald is a finance and management professional with over 14 years of experience in multiple markets. Gerald has a track record of achievement and has consistently outperformed performance objectives, selecting lead systems, which have resulted in the efficiency of projects and assignments. He has managed high performance teams, demonstrating strong leadership, analytical and problem-solving skills.

He is the current Chief Investment Officer (CIO) at the National Social Security Fund (NSSF) in Uganda, overseeing a portfolio of approximately USD 5 billion invested in fixed income, equities and real estate. Gerald spearheaded the diversification of the NSSF Uganda investment portfolio, making it the only institutional investor in East Africa investing in all the East African markets.

Before the role, Gerald served as Portfolio Manager - Equities at the same organisation. Before joining NSSF Uganda, he was Finance & Investment Manager at the National Housing & Construction Company Uganda, and Investment & Treasury Manager at the National Insurance Company, Uganda ltd. Gerald started his career as an Associate Audit/Tax (March 2003 to Apr 2005) at PTAP/Philips, Kobbs & Co, a Chartered Certified Accountants from based in London, United Kingdom (UK).

He holds an MBA(Finance) from the University of Exeter, UK, and an MSc. International Finance & Investment, London South Bank University, UK and a BSc. (Hons) Accounting, Oxford Brookes University, UK. Gerald is an alumnus of Harvard Business School. He is also a CFA Charter holder, UK Chartered Accountant (Fellow), a Fellow of the Chartered Management Institute (FCMI), and a member of the Institute of Certified Public Accountants of Uganda (ICPAU).

He is a member of the Audit Committee of the Board of CRDB. Gerald is also a Board member of Trade Development Bank (TDB) representing the constituency of Uganda, Sudan, DRC Congo, Angola, and Comoros. He is the vice chairperson of the TDB Board. He is also chairman investment committee, and vice chairman finance committee of the TDB Board.

Dr. Fred M. Msemwa

Dr. Fred Msemwa is the managing director of Watumishi Housing Investments (WHI), a fund management from responsible for management of Watumishi Housing Real Estate Investment Trust (REIT) and FAIDA Fund which is an open ended Collective Investment Scheme (CIS). He has more than twenty years' professional experience spanning across sectors including real estate, tourism, construction, energy and water regulation, accountancy, audit, fund management, bank governance, and risk management.

Dr. Msemwa previously served as director of audit at the Energy and Water Regulatory Authority (EWURA), deputy principal at National College of Tourism and rose from an accountant to finance manager at National Housing Corporation (NHC). Fred graduated in accountancy from IFM and holds MBA Finance in UK.

He is a certified board director and holds PhD in Business Administration (Audit) from the Open University of Tanzania. He sits on the risk and credit committees of CRDB Bank PLC and saves on the Boards of Dar es salaam Water and Sanitation Authority (DAWASA) and Business Registration Agency. He volunteers as the Chair of the Youth Dream Foundation (YDF); a youth empowerment NGO that seeks to empower the youth through education, entrepreneurial development and career guidance.

Mr. Hosea Ezekiel Kashimba

Mr. Hosea Ezekiel Kashimba is the Director General of Public Service Social Security Fund (PSSSF). He previously held various posts within PPF Pensions Fund (PPF) namely Director of internal audit, internal auditor and payroll accountant. While at PPF he championed establishment of risk management function whereby the risk management framework was prepared in 2007 and adopted by the Board together with risk management policy.

He holds a Master of Business Administration, (Corporate Management) – Mzumbe University, Advanced Diploma in certified Accountancy– IDM Mzumbe also holds certified Public Accountant (CPA) T. He holds a Certificate of Directorship from Institute of Directors Tanzania (IoDT). He is the Chairman of the Audit Committee and Board chairman of CRDB Bank Burundi S.A.

Mr. Kashimba enjoys mentoring audit and accounting professionals and is keen on being a role model in good governance. Naturally compassionate, Mr. Kashimba is an active member of a church choir and is renowned for his problem solving and mobilization skills.

Mr. Abdul Ally Mohamed

Mr. Abdul Ally Mohamed is an accomplished financial specialist with a proven track record in delivering consistent profit growth for businesses through high quality leadership management.

Mr. Mohamed has extensive experience across a broad spectrum of fast paced and challenging industries including, financial services, media and commercial football. He is a positive and driven team player with a strong background in media industry, pay TV business and digital marketing, specializing in content marketing, social, affiliates channels and on site optimization.

He has served as Commercial Director at Azam Media Ltd since 2018 and served as Chief Executive Officer of Azam Football Club, Bakhresa Group from 2016 to 2018, and was appointed General Manager of Azam Football Club in 2016. Between 2014 and 2015 he did E & Y Summer Internship and served as senior broadcasting Clouds Media Group (2010-2012) and ITV and Radio One (2003- 2012). He holds a bachelor's degree in Accounting and Finance from Middlesex University. He's also CFA Associate member and ACCA affiliate member from UK. An ardent football lover, Mr. Mohamed is a diehard fan of English Premier League giants, Manchester United and has strong passion for cycling and tennis.

He is a member of the Audit Committee of the Board of Directors of CRDB Bank PLC.

Eng. Boniface Charles Muhegi

Engineer Boniface Charles Muhegi is the Managing Director of JMK International Consultants Ltd (an engineering and project management consulting from). He was the Registrar (chief executive officer) of the Contractors Registration Board for 15 years up to 2014 and is credited for the major strides made by CRB in conformity to its mission of regulating and developing a competitive and sustainable contracting industry with capable contractors who deliver quality works and observe safety in pursuit of economic growth.

He boasts of vast experience in the engineering and construction fields, having previously worked with the National Construction Council and Tanzania Electric Supply Company LTD (TANESCO). Engineer Muhegi obtained his training in the spheres of engineering and construction management from reputable higher learning institutions namely; Master of Science in Engineering from University of Melbourne, Australia, Bachelor of Science in Engineering (Civil) from University of Dar es Salaam, Advanced Post Graduate Diploma in Construction Management from the Institute of Housing Studies (his) Rotterdam, Netherlands. He has also attended short courses and seminars locally and abroad on technical, management and governance issues.

He served as vice chair on the Advisory Board of Tanzania Building Agency (TBA) up to early 2014 and on the Board of Public Procurement Regulatory Authority (PPRA) up to 2018. He is a Chairperson of Governance and Human Resources Committee and member of the Credit Committee. He enjoys doing volunteer work in his spare time and his hobbies include reading and playing basketball.

Prof. Faustine Karrani Bee

Prof Faustine Karrani Bee is a Professor in Development Studies at Sokoine University of Agriculture (SUA) since August, 2022. From March, 2019 to July, 2022, Prof Bee served as Professor in Development Studies and also as Vice Chancellor at the University of Dodoma (UDOM). Prior to his appointment at UDOM, he was the Vice-Chancellor at the Moshi Co-operative University (MoCU), where he was also a Professor in Development Economics.

Prof. Bee was first employed as Tutor by the then Co-operative College Moshi in 1988 and became a lecturer in 1993. In 2004 the Co-operative College Moshi was transformed into the Moshi University College of Co-operative and Business Studies (MUCCoBS), a Constituent University College of the Sokoine University of Agriculture (SUA), where Professor Bee rose through the academic ranks to the position of a Professor.

Prof. Bee served as Deputy Principal (Academic) between 2007 and 2010 and became the principal between 2010 and 2014. He spearheaded the transformation of MUCCoBS into a full-fledged University of the Moshi Co-operative University (MoCU), where he was appointed its first Vice Chancellor.

He holds a Doctorate and a master’s degree in Development Studies; and a bachelor’s degree in economics. He was a Visiting Research Fellow of the Institute of Developing Economies in Tokyo, Japan between 1995 and 1996. He has attended various conferences and workshops organized locally and internationally. He has published widely. Prof. Bee has vast leadership experience and exposure. He has served in various University Councils and Board of Directors as a member or/ and Chairperson.

Prof. Bee served on the Board of the CRDB Bank from 2018 – 2021 and re-elected in 2021 for a second term of three years (2021 – 2024). Currently, he is representing CRDB Bank Board on the KCBL Board where CRDB has strategic interest. He is a member of the CRDB Bank Credit Committee; and Governance, Nomination and Human Resource Committee.

Mr. Jes Klausby

Mr Jes Klausby is a senior bank analyst at the Danish Central Bank. He worked as Executive vice president, Head of Group Finance at Nykredit Group, Chairman and Board Member of Dansk Pantebrevsbors, a subsidiary of Nykredit Realkredit, managing director at Nykredit Bank, a subsidiary of Nykredit Realkredit, executive vice president, head of Central retail units in Nykredit Realkredit. He was also an External examiner in Finance at Danish Universities and a Teacher in Finance at Copenhagen Business School.

He has experience in financial reporting in a Danish bank, managing balanced scorecards, and implementing income and cost allocation in a complex financial organization.

Mr Klausby holds MSc in Mathematics and Economy from Aarhus University Denmark. He has attended a change management program at INSEAD. Jes loves travelling with a focus on cultural experiences, trekking and cycling; he is interested in economics and politics. Mr Klausby is Chairman of the Risk Committee and member of the Governance and Governance, Nomination and Human Resource Committee.

Ms. Miranda Naiman Mpogolo

Miranda describes herself as 'an unstoppable force for good' and is the Founder and Managing Partner of Empower - a disruptive Consulting Firm that passionately provides Talent, Advisory and Insight services to clients across the African continent. She is a Forbes-acclaimed, Tanzanian Entrepreneur who recently won the Tanzania Consumer Choice Award for 'Most Preferred Female CEO' and is a Member of the Africa List – a select community of next generation CEOs in Africa's most exciting growth markets.

She is a People & Culture expert with 18 years' experience, who's Consumer Choice Award-winning from Empower consults for and advises Boards & Management of multinational organisations across all industries while simultaneously making a huge impact in the Talent Development space on a pro bono basis through their 'Generation Empower' Programme.

Miranda holds an MA Theatre & Development Studies from the University of Leeds (UK) and a BA (Hons) in Drama, Applied Theatre & Education from The Central School of Speech & Drama (UK). She is dedicated to life-long learning having attended numerous executive programmes in Leadership, Strategy, Finance and Governance with the Institute of Directors (UK).

Miranda is Board Chair of the African Women Entrepreneurship Cooperative that empowers hundreds of women from across the continent. She is Board Vice Chair of CCBRT Hospital and an active member-leader of the Entrepreneurs' Organization (EO) where she serves as Chair of Global Learning.

As a reflection of her passion for Education and Youth Empowerment Miranda previously served as Board Member for READ International that builds libraries in Tanzanian public schools and continues to serve as an Advisor to AIESEC; empowering young people to make a progressive social impact.

Miranda relishes connecting with nature by spending time on the beach, hiking mountains (she has summited Mt Kilimanjaro) and sharing quality moments with family enjoying great food. She is a member of the Board Credit and Governance & Human Resources Committees of CRDB Bank.

Mr. Martin Steven Warioba

Martin Warioba is Founder and Managing Partner at Warioba Ventures, Africa-focused investment and advisory from that provides early stage investment funding and builds sustainable ecosystem to support fintech and other technology-related start-ups focusing on tackling Africa's great challenges. Martin oversees management and operations of Warioba Ventures.

He has over 21-year experience in Information Technology and payments, both as consultant, project manager and software developer. Martin is one of key Payments and Digital Financial Services (DFS) experts in Africa and he was instrumental in development of payment scheme rules for world's first mobile wallet-to-mobile wallet interoperability between Mobile Network Operators (MNOs) in Tanzania as well as

Democratic Republic of Congo, Rwanda, and Uganda. He advices Central Banks, Commercial Banks, MNOs, FinTech, Start-ups, Public and Private Sector, NGOs on Corporate Strategy, Technology, Payments, DFS Interoperability, Policy & Regulations, and Digital Economy.

Previously, Martin was a founder and Managing Partner at WS Technology Consulting, a technology consulting from that operated across East Africa for 11 years. He also worked with Deloitte Consulting US LLP and Central Bank of Tanzania. Mr. Warioba has Computer Science degree with a minor in mathematics from Louisiana State University as well as MBA and MSc in Information Management degrees from Arizona State University. Martin sits on the board of CRDB Bank PLC and its Audit committee as Independent, Non-Executive Director since January 2020 as well as Chairman of CRDB Bank Foundation from May 2022.

Mr. Warioba has MBA & MSc Information Management as dual degree programme. He is a certified Project Management Professional (PMP) and one of Tanzania Project Management Institute (PMI) Chapter founders. Martin is committed in mentoring young African professionals in areas of technology, corporate governance, and leadership. Due to his well-rounded technology and management expertise, Mr. Warioba is a regular speaker in many conferences and events across Africa. In his spare time, Martin enjoys reading, traveling and sports especially golf, basketball, athletics, and soccer.

Mr. Royal John Lyanga

Royal Lyanga is a finance and tax expert with 20 years of experience in tax administration, financial planning and public policy. He currently serves as the Assistant Commissioner for National Planning and Development at the Ministry of Finance and Planning, responsible for coordinating the preparation and review of long-term Development perspectives for the government of the United Republic of Tanzania. He is a key resource in formulating the medium and long-term plans to implement the Tanzania Development Vision.

Before joining the Ministry of Finance and National Planning, Royal served as Manager, Statistics & Business Intelligence at Tanzania Revenue Authority (TRA). Before that, he worked variously as the Principal Statistician at the Revenue Authority, where he rose through the ranks from a statistician then principal statistician. Earlier in his career, Royal had worked as an Assistant Lecturer at the Institute of Finance Management (IFM) in Dar es Salaam-Tanzania. Royal also serves on the Board Tembo Nickel Corporation, the world's largest nickel deposit project, being undertaken as a joint venture between the Tanzanian government and a British from, Kabanga Nickel. He also serves as a representative of the Ministry of Finance and Planning on the Committee of Finance and Budget of the Board of Directors for TAZAMA Pipeline Limited; and a member of the Commission for Review of Government Revenue and Expenditure Systems (CRGRES). In addition, Royal is a Presidential appointee to several negotiations and technical committees, particularly in the extractives industry. He is Board Member of the National Bureau of statistics, Chairman of Statistical operation committee and member of Governance and Human Resource committee.

He has over 15 years of experience in financial risk management, statistics and data analysis, research and policy analysis, tax revenue forecasting, financial modelling, planning, monitoring & evaluation, fiscal policy formulation and trade statistics. He holds a master's degree in Statistics from the University of Dar es Salaam, Tanzania. He has attended diversified training from acclaimed institutions, including Duke University (North Carolina, USA), Pretoria University (South Africa).

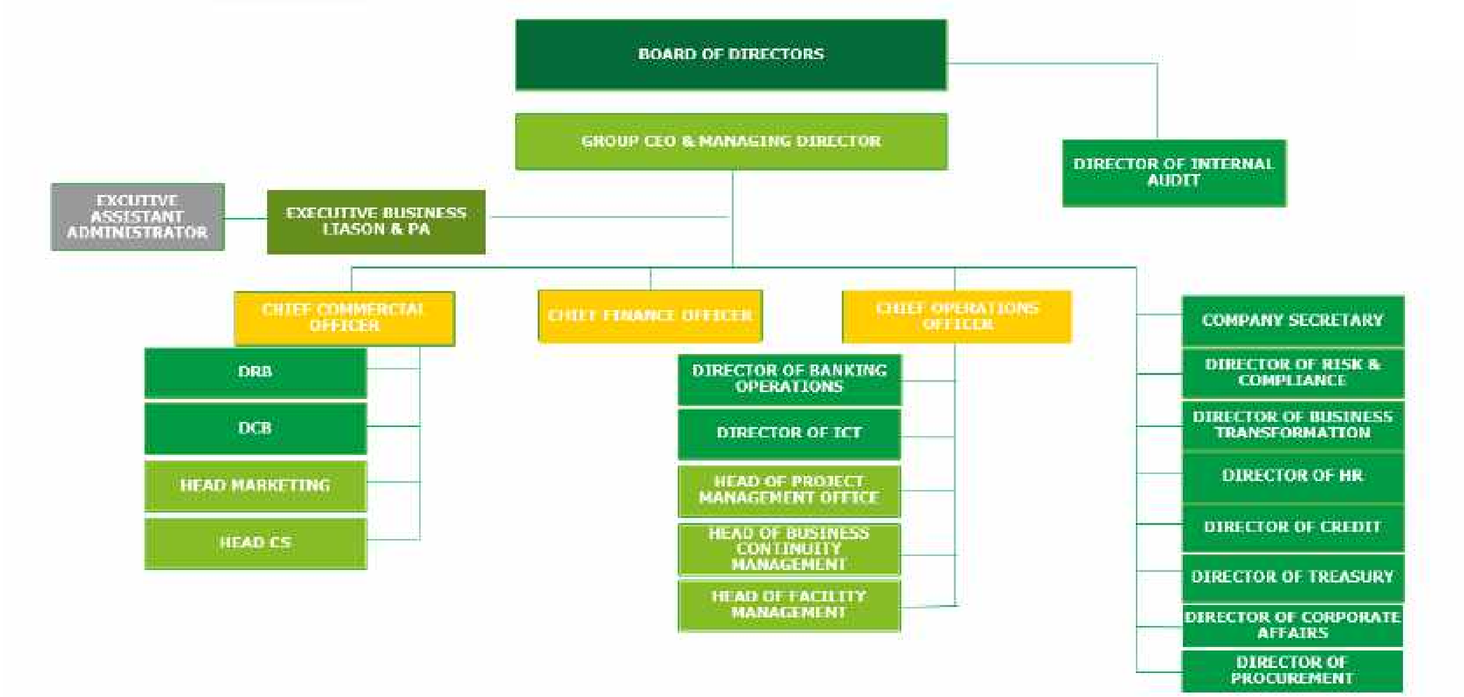
10.22 Bank ’s management

The Bank’s executive office consists of the managing director who is the chief executive officer is flanked by the chief commercial officer, chief operations officer and the chief finance officer who report directly to him. They oversee various functions via Directors of departments within the Bank.

The Bank is organized in the following functions/ departments:

- Finance
- Procurement
- Corporate Affairs
- Credit
- ICT
- Corporate Banking
- Risk and Compliance
- Banking Operations
- Business Transformation
- Treasury and Capital Markets
- Retail Banking
- Internal Audit
- Human Resources
- Internal Audit

CRDB’s Organogram



b. **Strategic planning** - The CEO and senior management generally take the lead in articulating a vision for the Group's future and in developing strategic plans designed to create long-term value for the Group, with meaningful input from the board. Management implements the plans following board approval, regularly reviews progress against strategic plans with the board, and recommends and carries out changes to the plans as necessary.

c. **Identifying, evaluating, and managing risks** - Management identifies, evaluates, and manages the risks that the Group undertakes in implementing its strategic plans and conducting its business. Management also evaluates whether these risks, and related risk management efforts, are consistent with the Group's risk appetite. Senior management keeps the board and relevant committees informed about the Group's significant risks and its risk management processes.

d. **Accurate and transparent financial reporting and disclosures** - Management is responsible for the integrity of the Group's financial reporting system and the accurate and timely preparation of the Group's financial statements and related disclosures. It is management's responsibility under the direction of the CEO and Group's Chief Financial Officer to establish, maintain and periodically evaluate the Group's internal controls over financial reporting and Group's disclosure controls and procedures, including the ability of such controls and procedures to detect and deter fraudulent activity.

e. **Annual operating plans and budgets** - Senior management develops annual operating plans and budgets for the Group and presents them to the board. The management team implements and monitors the operating plans and budgets, adjusting considering changing conditions, assumptions, and expectations, and keeps the board apprised of significant developments and changes.

f. **Business resiliency** - Management develops, implements, and periodically reviews plans for business resiliency that provide the most critical protection considering the Group's operations. It is the responsibility of Management to identify the Group's major business and operational risks, including those relating to natural disasters, leadership gaps, physical security, cybersecurity, regulatory changes, and other matters. Management develops and implements crisis preparedness and response plans and works with the board to identify situations (such as a crisis involving senior management) in which the board may need to assume a more active response role.

Below are the members of the Management:

S/N	Name of Director	Position	Nationality	Age
1	Abdulmajid Nsekela	Managing Director & CEO	Tanzanian	51
2	Boma Raballa	Chief Commercial Officer	Tanzanian	39
3	Bruce Mwile	Chief Operations Officer	Tanzanian	52
4	Frederick Nshekanabo	Chief Financial Officer	Tanzanian	51
5	Alex Ngusaru	Director of Treasury and Capital Markets	Tanzanian	54
6	Pendason Philemon	Director of Procurement	Tanzanian	49
7	Godfrey Sigalla	Director of Internal Audit	Tanzanian	49
8	Bonaventura Paul	Director of Retail Banking	Tanzanian	42
9	Leslie Mwaikambo	Director of Banking Operations	Tanzanian	59
10	Godfrey Rutasingwa	Director of Human Resources	Tanzanian	42

11	James Mabula	Director of Risk and Compliance	Tanzanian	48
12	Tully-Esther Mwambapa	Director of Corporate Affairs & MD CRDB Bank Foundation	Tanzanian	55
13	Xavery Makwi	Director of Credit	Tanzanian	55
14	Deusdedit Massuka	Director of Information, Communication and Technology	Tanzanian	56
15	Prosper Nambaya	Director of Corporate Banking	Tanzanian	43
16	Leo Ndimbo	Director of Business Transformation	Tanzanian	38
17	Fredrick Siwale	Managing Director – CRDB Bank Burundi (subsidiary)	Tanzanian	46
18	Wilson Mnzava	MD – CRDB Insurance Company Limited	Tanzanian	48

10.23 Profile of the Management

Mr. Abdulmajid Nsekela

See profile under Directors.

Mr. Boma Raballa

He joined the Bank on 01st July 2019 as the director of retail banking. before joining CRDB, he worked with National Microfinance Bank (NMB) as the head of card business, head of consumer banking, senior manager retail liabilities, insurance and vas, product manager retail liabilities and management trainee.

Boma has a Master of Business Administration (MBA) corporate management from Mzumbe University, Tanzania, and bachelor of business administration (accounting) from Kampala International University, Uganda.

Mr. Bruce Mwile

He joined the Bank on 13th February 2001. prior to his appointment as chief operations officer, he successfully led the first foreign fully-fledged banking subsidiary as the managing director of CRDB bank Burundi from 2012 to 2020. He previously also worked as manager corporate banking and senior relationship manager at the corporate banking department from 2001 to 2012. Before joining CRDB, he worked as the assistant supervisor in the operations department at Citibank Tanzania from October 1998 to February 2001.

Bruce holds a master's degree of business administration and a bachelor's degree of commerce both in finance from the University of Dar es salaam. He has attended several executive management development programs including university of Virginia Darden business school in the us, and graduate school of business in cape town.

Mr. Frederick Nshekanabo

Frederick is a career banker and seasoned finance expert. He joined the Bank in February 1999. He previously worked in various capacities within CRDB Bank Group including as Manager Finance, a position he held until December 2011 when he was appointed the Director of Finance, the position he served for 7 years.

He was appointed as Chief Finance Officer (CFO) of CRDB Bank Group in July 2019. His career in Banking spans over 20 years with more than 10 years in senior management. Besides his current role, he serves as a member of the board of Tandahimba Community Bank (TACOBA), representing CRDB Bank PLC under the Bank's Management contract, and Alternate Director of Tanzania Mortgage Refinancing Finance Company Limited (TMRC). He also serves as the Honorary Treasurer of the Tanzania Bankers Association.

Frederick is an Associate Certified Public Accountant (ACPA (T)). He also holds Certificate in Company Direction from the Institute of Directors (IoD) – UK.

He holds a Master of Science in Finance from the University of Strathclyde, UK, and an Advanced Diploma in Accountancy from the Institute of Finance Management (IFM), Dar es Salaam. Frederick has attended various Executive Management Development Programs from the University of Cape Town Graduate School of Business and Harvard Business School in Boston USA.

Mr. Alex Ngusaru

Alex holds a Bachelor of Commerce degree in Finance as well as a Master's degree in Business Administration from the esteemed University of Dar es Salaam.

In addition to his academic achievements, Mr. Ngusaru has acquired several notable certifications and memberships that demonstrate his commitment to professional development and expertise in his field. He is a certified trade finance specialist accredited by the International Academy of Business and Financial Management. Furthermore, he has been recognized as a certified financial markets dealer by the Association of Financial Markets (ACI). Mr. Ngusaru is also a valued member of the African Securities Exchanges Association (ASEA). He further augmented his knowledge by completing a certificate program in Company Direction (Corporate Governance) offered by the Institute of Directors (IOD) in London, U.K.

Throughout his career, Mr. Ngusaru has continually pursued executive management development programs both locally and internationally, expanding his skill set and global perspective. He has participated in various international forums conducted by prestigious financial institutions.

Having joined the bank on 4th April 2011 as Director of Treasury, Mr. Ngusaru brought with him a rich professional history. He previously held pivotal positions at renowned financial institutions, including Citibank, where he served as the head of fixed income, currencies, and commodities. He also contributed his expertise as the country treasurer at United Bank for Africa and made significant contributions when the bank opened doors in Tanzania.

Mr. Ngusaru currently holds several influential roles within the bank, reflecting his proven leadership and exceptional capabilities. He serves as the Chairman of the Management Tender Committee (MTC) and the Chairman of the bank's Capital Management Committee. Additionally, he holds the position of Secretary on the bank's ALCO Committee and is an esteemed member of both the bank's Credit Committee and Disciplinary Committee. He is also representing the bank in TMRC board.

His expertise in financial products, including currencies, derivatives, equities, commodities, and fixed income, sets him apart as a seasoned professional. Furthermore, Mr. Ngusaru's profound understanding of investment banking, capital markets, funding and liquidity management, financial risk management techniques, corporate finance, financial reporting, portfolio management, project management, and strategy formation and execution solidify his status as a distinguished banking professional.

Mr. Pendason Philemon

He is a seasoned business leader with more than two decades of experience in Supply Chain Management (SCM), strategic procurement, business strategy, project management and corporate governance. Over the years, Pendason has provided leadership in strategic procurement for multi-billion-dollar projects in multiple industries in East Africa, including manufacturing, telecommunications, and banking. He is currently serving as the Director of procurement at CRDB.

Before this role, Pendason served as Head of procurement at NMB Bank PLC, overseeing the bank's centralized procurement functions. During his tenure at NMB, Pendason successfully administered the expansion of the NMB bank's real and IT estates, which comprised development of an upmarket headquarters, an ultra-modern data centre and over 150 branches.

He has vast experience in strategic sourcing, project planning, contract negotiation, cost efficiency, and enterprise risk management (ERM). His leadership abilities have earned him a reputation in the industry as a transformative leader and trailblazer in Tanzania. He currently serves as a co-chair of the Human Resource (HR) disciplinary committee at CRDB and is a member of the Executive Management Committee (EXCO) and Management Tender Committee (MTC).

Earlier in his career, Pendason worked as a Procurement Manager at Vodacom Tanzania Limited (part of the Vodafone Group, UK), where he led a team of procurement professionals in managing the organization's spending in Tanzania. He joined Vodacom Tanzania from Unilever Tea Tanzania (formerly Brooke Bond Tanzania Ltd.), where he had served in a similar capacity for four years.

Pendason holds an Executive master’s in business administration (MBA) from the Eastern and Southern African Management Institute (ESAMI) and a Certified Supplies Professional training (CSP) (T) from the Procurement and Supplies Professionals and Technicians Board (PSPTB). He is also a Certified International Procurement Professional (CIPP) and a graduate of the executive management leadership course from Strathmore Business School (KE). He is a life member of the International Academy of Project Management (IAPM) on CIPP, a registered professional with PSPTB and a Certified Director by the Institute of Directors Tanzania

Mr. Godfrey Sigalla

He joined the Bank in September 2019. Prior to joining CRDB, he worked as a director of internal audit and investigations at Higher Education Students Loans Board Standard, as a Country head of internal audit and financial crimes risk at Standard Chartered bank, as a head of internal audit at NBC Bank and as a chief internal auditor with Tanzania Electric Supply Company (TANESCO). Early in the career he worked with Tanzania Development Finance Company as a management trainee later as a risk analyst and as an audit associate II at PricewaterhouseCoopers.

Godfrey holds a Bachelor of Commerce (Accounting) degree and master’s degree in business administration (finance) both from University of Dar es Salaam. He is a CPA(T) and holder of a postgraduate diploma in tax management.

Mr. Bonaventure Paul

Bonaventura Paul is the acting director of retail banking at CRDB, having joined the Bank in 2019 as the head of branch network. He brings over 12 years of banking industry experience, with a focus on retail business strategy, branch operations, sales management, and branch network risk & controls. Bonaventura is known for driving business growth through customer acquisition and retention and has been instrumental in transforming the sales culture and resource optimization across the bank's network.

Bonaventura holds a Master's degree in Accounting and Finance from Mzumbe University. He is a Certified Public Accountant (CPA) from the National Board of Accountants and Auditors (NBAA) and a Certified Professional Banker (CPB) from the Tanzania Institute of Bankers (TIOB).

Mr. Leslie Mwaikambo

He joined the bank on 29th May 1992. Before the current position, he worked as a Branch Director, Branch Manager, Departmental Manager, and Team Leader in the Organization and Methods Unit.

Mr Leslie holds a Higher Diploma in Banking from Milpark Business School, SA, and a Bachelor of Commerce in Finance from the University of Dar es Salaam.

Mr. Godfrey Rutasingwa

Godfrey Rutasingwa is a proven leader with over 15 years of experience in the field of Learning & Development and has successfully delivered high quality programs that address specific business goals, close performance gaps, and reinforce organization standards, across the telecom and financial institutions, both in multinationals and local organizations.

He joined CRDB in September 2019 as head of learning & development and assumed the role of acting director of human resources in June 2022.

Prior to joining CRDB, Godfrey was the talent development manager at Millicom (Tigo Tanzania) having joined from NMB where he held a position of senior manager: learning & development. He also served as a head of talent, learning & development at Barclays Bank Tanzania.

Godfrey holds a Bachelor of Education degree from University of Dar es Salaam, master's in public administration from Mzumbe University and the senior management leadership development certificate from Strathmore Business School.

Mr. James Mabula

James Mabula is the director of risk and compliance at CRDB, boasting over 20 years of extensive banking experience. Before his current role, he served as the Director of Credit until 2019. James began his banking career at CRDB in 2001, playing various roles and making significant contributions in departments such as asset and liabilities management, treasury, risk analysis, and core banking systems. He also had a stint at the National Bank of Commerce (NBC Limited), where he managed market and liquidity risks. James' expertise and leadership in banking led to his appointment as CRDB's director of Credit in 2017, where he implemented transformative measures in credit life cycle management processes.

James has a diverse educational background spanning various fields such as business, operations, analytics, finance, accounting, governance, and leadership from numerous global institutions. He holds an MBA in business analytics from Guglielmo Marconi University, Rome, Italy, an MSc. in Finance from the University of Strathclyde, UK, a Post-graduate Diploma in Financial Management from the Institute of Finance Management, TZ, and an Advanced Diploma in Certified Accountancy from Mzumbe University, TZ.

James is an accredited Company Director from the Institute of Directors (IoD), UK, and a Certified Manager from the Chartered Management Institute, UK.

James is a certified member of the Institute of Directors (IoD) UK, and the Chartered Management Institute, UK.

Ms. Tully-Esther Mwambapa

She joined the Bank on 6th August 2001. Before her current position, she worked as the marketing manager and relationship manager. Before joining CRDB, she worked as Marketing Officer at Tanzania National Electric Supply Company (TANESCO).

Tully holds a master's degree in Business Administration and a Bachelor of Arts in Public Administration & International Relations from the University of Dar es Salaam.

Mr. Xavery Makwi

He has been with the Bank since 1999, Makwi has held different positions in the Bank including head of credit underwriting and senior manager loan approval corporate. He is an Advocate of the High Court of Tanzania and subordinated Courts thereto except Primary Courts.

Makwi holds a master's degree in Business Administration and Bachelor of Commerce in Accountancy both from the University of Dar es Salaam. He holds a CPA from NBAA, Post Graduate Diploma in Legal Practice from Law School of Tanzania, Bachelor of Laws from the Open University of Tanzania.

Mr. Deusdedit Massuka

He joined CRDB in January 2019 as business technology advisor to the managing director. He was appointed as acting director of Information and Communication Technology (ICT) from June 2019. He has vast experience in banking systems projects such as: Evaluation and implementation of Front & back-end core banking systems software and mission critical Servers, ATM Switch & Card Management Systems, Enterprise Service Bus (ESB) and Tier 3 Data Centres.

Before joining CRDB, he worked for NMB in senior roles such as head of channels (ATMs, Internet banking, Mobile Banking), head of ICT change and projects & innovation, and Head of self-service channel systems.

He holds a Master of Science degree in Computer Numerical Control (CNC) Systems and a Bachelor of Science degree in Automation, both from Saint-Petersburg State Technical University, Russia.

He has various professional certifications, such as Information Technology Infrastructure Library (ITIL) in Service Management, Project Management, Systems & Database Administration and Red Hat Enterprise Linux (RHEL) operating system.

He has participated in various professional trainings, seminars and Conferences, both locally & abroad on mission critical ICT systems administration, relational database management systems, digital transformation, electronic payment systems and data centers.

Mr. Prosper Nambaya

He joined the Bank on 20th December, 2017 as head of corporate banking department until 31st May 2019 he was appointed Acting Director of Corporate Banking.

Before joining CRDB, he worked as Head – Large Local Corporates, Corporate & Investment Banking with National Bank of Commerce Ltd Tanzania, Principal Investment Officer at East African Development Bank (EADB), Senior Relationship Manager, Large Corporates (Assets) at National Microfinance Bank PLC (NMB) and Corporate Senior Relationship Manager at KCB Bank (Tanzania) Limited. He also worked with Stanbic Bank (Corporate Credit Manager) and Standard Chartered Bank (SME Business Analyst), where he started his career in banking.

He completed an Advanced Certificate in Credit Skills from London Institute of Banking and Finance (LIBF). He attended Diploma – Risk Management in Finance/Banking (Advanced International Training Programme) held in Stockholm, Sweden 2011 and Cape Town, South Africa 2012, Attested by KPMG Financial Services.

He is currently pursuing CIMA certification and holds Master of Science (MSc) Business Management from Birmingham City University formerly known as university of central England in Birmingham and bachelor's degree of Arts (BA) – Economics from the University of Dar es Salaam.

Mr. Leo Ndimbo

Leo is the Director Business Transformation at CRDB Bank PLC, joined the Bank on December 3rd, 2018, pioneering holistic transformation of the CRDB Group to become a financial service ecosystem shaper while meeting stakeholders' expectations.

He is an experienced senior executive with a wealth of experience in general management, change management, business strategy, turnaround strategy and general administration. Having spent over 15 years in various roles within the financial services and Processing Industry, Leo has recorded several achievements in his career around channels distribution models, service and operating models designs, and innovations in processes and digital procedures. Leo holds a Postgraduate Diploma (PGD) - BA in International Business from College of Business Education, and IAD, Computer Engineering from New Horizons University. He is also a certified Digital Money practitioner from the Fletcher School at Tufts University and attended Executive Development Program at Strathmore University. Leo was a member of the first Cohort of Digital Frontiers in Tanzania championing cashless society and digital economy adoption.

STATUTORY

11. Statutory and General Information

11.1 Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the Issue of the Notes, including but not limited to a resolution of the Board of Directors passed on 19 June 2023.

11.2 Incorporation

The Issuer was incorporated in the United Republic of Tanzania under the Companies Act as a public company limited by shares with registration number 30227 in 1996 and further listed on the DSE on 17th June 2009.

11.3 Share capital

As at 31 December 2022, the Issuer had issued and fully paid up ordinary shares of 2,611,838,584 at TZS 25 each with total equivalent of TZS 65 billion. The share capital levels are above the CMSA eligibility minimum requirement of TZS 500 million. There was no increase in the share capital in comparison to the previous year.

11.4 Working capital

The Directors believe there is sufficient working capital for the Issuer to meet its ongoing obligations under the Programme.

11.5 Approvals

A no objection from BoT has been obtained and a copy of the IM delivered to CMSA and DSE and approvals has been granted to offer the Notes for sale in Tanzania and for the Notes to be listed to the fixed income market segment of DSE.

11.6 Allotment

The Issuer wishes to achieve a balanced distribution of the Notes between investors, retail and institutional investors.

In the event of oversubscription, the allotment of Notes shall be at Issuer discretion. In consultation with the Arrangers and Placing Agents, the Issuer reserves the right to decline any application in whole or in part and, to make the allotment as it deems fit in accordance with the applicable. The Issuer shall provide reasons of all applications not accepted.

All applicants will be notified by email or telephone of their allotment and or non-acceptance by no later than the allotment and the notification date specified in the applicable Pricing Supplement.

11.7 Significant or material changes

Save as disclosed in this Information Memorandum, there has been no significant change in the financial or trading position of the Bank since the most recent financial statements presented in the Reporting Accountants report.

11.8 Material litigation

The Bank has provided below a summary of material litigation which is as of the date of this Information Memorandum:

SN	Court/ Tribunal and Case Number	Parties	Summary of claim	Claim amount	Prospects of success and reasons thereof
1.	High Court Iringa, Civil Case 92 of 2022	Budget Movers Company versus 1. CRDB Bank PLC, 2. Yohanes Alatuvika Jaan, 3. Tatu Galagwisa Mpwepwa, and 4. Jonas Nelson Nyagawa	Budget Movers claims for orders against CRDB Bank PLC to *inter alia* declare that the facility agreements dated 24th December 2020 are null and void; an order that the Bank and the claimant conduct joint reconciliation of collection accounts related to importation of fertilizer in order to ascertain the actual liability of the parties and if necessary execute restated agreement which is just and equitable; general damages to be assessed by the Court; costs and any other relief the Honourable Court may deem fit to grant.	USD 6,900,000,000	The Bank has a reasonable chance of success as it followed the correct legal procedures for recovery and the facility letters were duly executed by parties contrary to the Plaintiff's claim.
2.	High Court Land Division Dar es Salaam, Land Case 96/2023	Jonas Nyagawa versus CRDB Bank PLC	The applicant, Jonas Nyagawa is the principal owner of the company called Budget Movers Company Limited which conducts courier services. The applicant issued a guarantee in favour of the Bank to secure facilities granted to Budget Movers Company Limited. The applicant is suing against the Bank on illegal auction of the landed property at Dar es salaam.	TZS 11,000,000,000	The Bank has a good chance of success since it followed due procedure for recovery and the facilities were duly executed by parties contrary to the Plaintiff's claim.
3.	High Court Arusha, Execution No.13/2022	Monoban Trading Ltd versus CRDB Bank PLC	This matter emanates from the judgment issued in favour of the Bank on 26th October 2021 in respect of Civil Case No. 3 of 2019. The Applicant seeks orders	TZS 6,000,000,000	The Bank has a good chance to succeed and has issued notice to judgment debtor to settle the decretal

SN	Court/ Tribunal and Case Number	Parties	Summary of claim	Claim amount	Prospects of success and reasons thereof
			for the Bank to comply with the judgement by issuing default notices to commence recovery measures and commence on realization of the debenture covering assets, plants and machineries, located at Unga Limited in Arusha before selling the mortgaged properties.		amount failing which the Bank will move the Court for a proclamation of sale of the assets of Monaban as per the Court's direction.
4.	High Court Arusha, Land Case No 55/2022	Justo Zablon Kimaro versus CRDB Bank PLC	The plaintiff is suing the Bank for declaratory orders and general damages resulting from a public auction advertisement to sell mortgaged property.	TZS 1,291,138,198	Parties are negotiating to settle this matter amicably
5.	High Court Commercial, Civil Appeal No.424/2022	Maxinsure (Tanzania) Ltd versus Yukos Enterprise (EA) Ltd Magira Magoma and CRDB Insurance Brokers Limited	CRDB Bank Insurance Brokers Limited offered Brokerage services to Maxinsure (Tanzania) Limited for insurance covers taken by Yukos Enterprises (E.A) Limited for *inter alia* a fire and allied perils insurance policy number 101011810167, over a building of class "A" construction located at Kibaha near Maili Moja, plant and machinery at the premises, office equipment, stock of raw materials and unfinished goods valued at TZS 15,697,167,426.00 and a fire and allied perils insurance policy number 101011810147, over an industrial property located at Plot No. 23, at Kiluvya A, Kisarawe District valued at TZS. 3,330,000,000.00 The policies contained a clause including CRDB Bank PLC as the first loss payee. The insured	TZS 17,000,000,000	CRDB Insurance Brokers Limited has a reasonable chance of success as the High Court erred as it based its decision on a non-existence of policy.

SN	Court/ Tribunal and Case Number	Parties	Summary of claim	Claim amount	Prospects of success and reasons thereof
			premises caught fire and investigation reports from the insurers indicated that the fire was not accidental.		
6.	Court of Appeal Dar es Salaam	CRDB Bank PLC versus Joseph Makandege	This matter is an appeal against the decision of High Court emanating from Land Case No. 247/2013 following the auction of property.	TZS.3,000,000,000	The Court has a reasonable chance to succeed as it followed appropriate procedures in auctioning the property.
7.	Court of Appeal Dar es Salaam, Civil Appeal No. 271/2020	CRDB Bank Limited & Another, vs 1. Finn W. Petersen 2.Milimani Farmers Ltd 3.Noors Farm	This matter emanates from the judgment of the High court in Land Case 255 of 2006 in which the High Court ordered the Bank to pay the 2nd Plaintiff and amount of TZS 29,300,000 for loss of machinery and other assets, TZS 500,000 per year from 1989 to the date of delivery of judgment and TZS 800,000/= per year from 1989 to the date of delivery of the judgement and further awarded the plaintiff a refund of money spent for purchase of water pumps totalling USD 17,900.00. The High Court also awarded interest at the rate of 12% from the date of judgement to the date of settlement of claim in full.	TZS 1,074,769,134 and USD 19,547,000	The Bank has a reasonable chance of success since the award for damages did not consider the evidence tendered by the parties. Further there was no justification for fixing the payment in USD.
8.	Court of Appeal, Civ. Appeal No. 20/2020	Heri Microfinance Ltd & Another versus CRDB Bank PLC and 2 Others	The Bank appealed decision of the High Court who delivered its judgement against the Bank by holding that, the Bank failed to issue notice of default within 60 days and it proceeded to nullify the sale of mortgaged properties, awarded the damages of TZS 2,000,000,000/= to the Plaintiffs with interest of 8%,	TZS.2,000,000,000	The Bank has a reasonable chance of success as it followed due process and issued the required notices. Further, the amount awarded in damages being TZS 2,000,000,000/= is inordinately high

SN	Court/ Tribunal and Case Number	Parties	Summary of claim	Claim amount	Prospects of success and reasons thereof
			from the date of judgement to the date of satisfaction of decree. Further, the Bank was ordered to reimburse the purchase price to the purchaser.		and without proper justification.
9.	High Court Dar es Salaam, Civil Case 143/2021	Abla Estates versus CRDB Bank PLC	The Plaintiff has initiated legal proceedings against the Bank, alleging that the Bank's use of armed police force to invade and conduct a valuation on Plot No. 20 Regent Estates in Kinondoni municipality was improper and unlawful. Furthermore, the Plaintiff is seeking a permanent injunction to prevent the Defendant from carrying out any unilateral valuations until a joint valuer is appointed by both the Bank and the Plaintiff.	TZS 10,000,000,000.00	The Bank is legally entitled to sale the mortgage property following the default to of the borrower to repay the loan. As such, the Bank's chances of success are high.
10.	The High Court of Justice Business and Property Courts Of England and Wales Commercial Court	Finastra	CRDB Bank PLC is on notice of possible court proceedings in England relating to the provision of services by Finastra International Limited (Finastra) to CRDB Bank PLC (CRDB) under the Framework Licence and Services Agreement (Agreement #: ON116601 (R)) dated 31 August 2017 (the Framework) and "Licence Schedule No: ON116601 (Amendment) – Licence" of the same date (the Licence)	USD.23,065,912.30	There is a reasonable chance for the Bank to succeed in defending the claim by Finastra.
11.	Court of Appeal Dar es Salaam Civil Appeal 371/022	CRDB Bank PLC versus Symbion Power (T) Ltd	The case involves an overdraft facility of USD 13,000,000 working capital for multiple projects under the Millennium Challenge Account Tanzania. The borrower failed to repay the facility, leading to a	USD 13,000,000,000	The Bank has a reasonable chance of success since Symbion Power (T) Ltd assumed full responsibility to settle the debt.

SN	Court/ Tribunal and Case Number	Parties	Summary of claim	Claim amount	Prospects of success and reasons thereof
			restructuring agreement where Symbion Power (T) Limited assumed all liabilities. Symbion Power (T) Limited subsequently disputed the debit of USD 13,000,000 from its account and filed a suit against the Bank. The High Court held that the Bank erred in debiting Symbion Power (T) Limited's account and it is on this basis that the Bank filed an appeal at the Court of Appeal to challenge the said decision.		

11.9 Material Provisions of the Memorandum and Articles of Association

Annual General Meetings

The Bank shall in each year hold a general meeting as its AGM in addition to any other meetings in that year and shall specify the meetings as such in the notice calling it, and not more than fifteen (15) months shall elapse between the date of one AGM of the Bank and that of the next. The AGM shall be held in such manner at such time and place as the Directors may determine. Please refer to article 34 of the Article of Association.

Every general meeting shall be called by thirty (30) clear days' notice in writing through advertisement in one or more newspapers of wide circulation in Tanzania, specifying the place, day, time, and the general nature of the business of such meeting. (Refer to article 45 of the Articles of Association). Pursuant to Article 47, all business that is transacted at an annual general meeting shall be considered ordinary with the exception of the transactions specified under Article 56 of the Articles of Association involving the amendment of the Memorandum and Articles of Association and the appointment and/or election of new Directors.

Shareholding Structure

According to clause 5 of the Article of Association, except for DANIDA Investment Fund (which already owns more than 20%), no single member shall own more than 20% of the issued and paid-up share capital of the Bank.

Voting Right

According to article 61 of the Article of Association, on a show of hands every member present shall have one vote. On a poll, every member present in person, or his proxy shall have one vote for every share of which he is a holder. On a poll, votes may be given either personally or by proxy, and in the case of a proxy, the instrument appointing the proxy shall be deposited with the company secretary any time up to forty eight (48) hours before the scheduled time for the meeting.

Composition of Directors, the election and removal

According to article 79 of the Article of Association, unless otherwise determined by the Bank at AGM, the Board shall consist of not less than nine (9) and not more than twelve non-executive Directors. Furthermore, the quorum of any meeting of Directors shall be more than half of the number of the Directors in line with article 80 of the Article of Association.

Election of Directors should also comply with section 192 of the Company Act and pursuant to the Banking Act and the CMSA Act. Each member holding 10% or more of issued and paid-up share capital of the Bank shall be entitled to appoint one (1) Director for every block of 10% of issued and paid-up share capital held. Members with 1% to 10% of the issued and paid-up share capital of the Bank shall jointly elect a Director for every 10% issued and paid-up share capital held.

A non-executive Director of the Bank may serve in the Board of the Bank for a maximum three (3) years each. According to article 99 of the Articles of association, the Directors who have served the three (3) year shall retire at AGM. The retiring Directors may be eligible for re-election provided that their tenure has not exceeded nine (9) years.

Borrowing rights

The Bank may borrow or create charge over its assets as specified in article 104 the Articles of Association.

11.10 Conflicts of interest

At the date of this Information Memorandum, there are no potential conflicts of interest between any duties to the Issuer of the members of its administrative, management or supervisory bodies and their private interests or other duties. However, it cannot generally be ruled out that such persons have interests at the time of the offer or issue of Notes; whether this is the case will depend upon the facts at the time of the offer or issue. A description of any potential conflicting interests that are of importance to an offer or issue of Notes will be included in the relevant Pricing Supplement, specifying the persons involved and the types of interests.

11.11 Expenses for the Programme

The indicative expenses for this Issue are as set out in the expenses schedule below and will be borne by the Issuer.

Indicative Cost	Amount in TZS
Advisors' fees*	1 705 920 000
Regulatory fees (a-c)	
a. CMSA evaluation fees	405 000 000
b. DSE Initial Listing fees	31 712 000
c. ISIN & CSD fees	33 500 000
Marketing cost	500 000 000
Total*	**2 676 132 000**

** Includes placement fees*

***Indicative total cost expenses represent 0.37% of the total Programme*

11.12 Auditors

Ernst & Young, certified public accountants (Tanzania), EY House, Plot 162/1 Mzinga Way, 14111 Oysterbay, P.O. Box 2475, Dar es salaam, Tanzania, has been re-appointed for the second term of three years from 2021 through a competitive bidding as required by Banking and Financial Institutions (External Auditors) Regulation, 2014, section 6 (2) ‘the re-appointment of an external auditor for a second term of three years shall be subject to a competitive bidding. EY was approved at the AGM held on 22 May 2022.

11.13 Consents

KPMG, Certified Public Accountants (Tanzania), acting as Reporting Accountant, has given and has not withdrawn their consent to the issue of this Information Memorandum with the inclusion in it of its report in the form and context in which it appears.

Dentons EALC East African Law Chambers, acting as Transaction Legal Counsel in respect of the Issue, has given and has not withdrawn its written consent to the issue of this Information Memorandum with the inclusion in it of its legal opinion in the form and context in which it appears.

11.14 Documents Available for Inspection

As long as any Note remains outstanding, copies of the following documents will, when published, be available for inspection at the Specified Offices of the Issuer in Dar Es Salaam, Tanzania:

1. Copies of constitutional documents of the Issuer;
2. A copy of the Issuer’s Board approval with respect to the Programme and Issue of Notes thereunder;
3. the audited financial statements of the Bank in respect of the 3 years financial years ended 31 December 2022;
4. most recent interim financial accounts;
5. board resolution approving the Issue;
6. the Reporting Accountants’ report as reproduced in this Information Memorandum and their written consent to the issue of this Information Memorandum with their report included herein in the form and context in which it is so included;
7. the legal opinion of Legal Counsel to the Noteholders and the Note Trustee as reproduced in this Information Memorandum and their written consent to the issue of this Information Memorandum with their opinion included herein in the form and context in which it is so included;
8. a copy of the Agency Agreement;

9. a copy of the Placing Agreement;

10. a copy of this Information Memorandum;

11. CRDB's Green, Social and Sustainability Bond Framework;

12. Second-Party Opinion (SPO) on CRDB's Green, Social and Sustainability Bond Framework;

13. a copy of the approval of the Capital Markets and Securities Authority in respect of this issue;

14. a copy of the approval of the Dar Es Salaam Stock Exchange PLC; and

15. a copy of the letter of "no objection" from the Bank of Tanzania, in respect of this Issue.

LEGAL OPINION

DENTONS EALC EAST AFRICAN LAW CHAMBERS

Dentons EALC East African Law
Chambers
House No. 18, Rukwa Street
Masaki, Dar es Salaam
Tanzania

www.dentons.co.tz

Partners
G. Fernandes
J.Ngowi
S.Ndikimi
T.Sipemba

Legal Opinion

Stanbic Bank Tanzania Limited
Stanbic House
Corner of Ali Hassan Mwinyi Rd/ Kinondoni Rd
P.O Box 72647
Dar es Salaam

Our ref: Ref no. 0000028.0016
Your ref: Ref no.

15 August 2023

Dear Sirs,

Re: Legal Opinion in Respect to the Proposed Multicurrency Medium Term Notes Programme of up to TZS equivalent of United States Dollars Three Hundred Million (US$ 300,000,000) to be Issued by CRDB Bank PLC (the “Bank” or” Issuer”)

1.0 **Introduction**

1.1 We have acted as a legal counsel to the proposed issue by the Bank (in its capacity as Issuer) Stanbic Bank Tanzania Limited (in it’s capacity as lead Arranger) in relation to the proposed Multicurrency Medium Term programme (the “**Programme**”) up to the TZS equivalent of United States Dollars three hundred million (US$ 300,000,000) upon the terms and conditions set out in the Information Memorandum dated on about the date of this opinion (the “**Information Memorandum**”). Terms defined in the Agency Agreement to which the Programme are constituted unless otherwise defined herein have the same meanings in this opinion.

1.2 In giving this opinion, we have relied on information obtained during the due-diligence investigation of the corporate standing of the Issuer and the business undertaking of the Issuer as set out in the Information Memorandum.

2.0 **Sources of Information, Documents, and the Laws Examined**

The opinion given herein is based on statutory and non-statutory records of the Bank as well as the legal due-diligence investigation on the Issuer, records available at the companies registry, the lands registry and specific legislation governing the Bank. We have examined to our satisfaction copies of the following:

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2.1 **Documents**

2.1.1 The Information Memorandum dated 18 August 2023;

2.1.2 The Agency Agreement;

2.1.3 The Placing Agreement dated 18 August 2023 between the Bank (as Issuer), Stanbic Bank Tanzania Limited (as Lead Placing Agent) and Orbit Securities Company Limited (as Sponsoring Broker and Placing Agent);

(all the above collectively the "**Programme Documents**")

2.1.4 A copy of the extract resolution from the minutes of the meeting of the board of directors of the Issuer held on 19th June 2023 authorising, *inter alia*, the establishment of the Programme;

2.1.5 A copy of the letter issued by the Bank of Tanzania dated 28th February, 2023 with respect to the Programme ("**BOT Letter of No Objection**");

2.1.6 A copy of the licence number CBA 00065 dated 14th March 2018 issued by the Bank of Tanzania under the Banking and Financial Institutions Act;

2.1.7 A copy of the business licence dated 28th July 2022 issued by the Business Registration and Licensing Agency ("**BRELA**");

2.1.8 A copy of the bancassurance licence number BA 20210015 dated 28th April 2022 issued by the Tanzania Insurance Regulatory Authority under the Insurance (Bancassurance) Regulations;

2.1.9 A copy of the search report dated 26th July 2023 obtained from the BRELA ("**BRELA Search Report**");

2.1.10 Search reports from the Ministry of Lands, Housing and Human Settlements in respect of various properties registered in the name of the Issuer as detailed under 3.5 herein;

2.1.11 A copy of the memorandum and articles of association of the Issuer ("**Memorandum and Articles**");

2.1.12 A copy of the certificate of incorporation of the Issuer number 30227 dated 28th June 1996 and certificate of change of name dated 28th December 2007;

2.1.13 a certified copy of the approval issued by the Capital Markets and Securities Authority ("**CMSA**") dated 18th August 2023 in connection with the Programme and the Information Memorandum ("**Programme Approval**")

2.1.14 a certified copy of the approval issued by the Dar es Salaam Stock Exchange ("**DSE**") dated 28th August 2023 in connection with the Programme and the Information Memorandum ;

2.1.15 A summary of court cases and pleadings provided to us by the Issuer's legal counsel in which the Issuer is a party;

2.2 **Laws, Regulations & Guidelines ("Laws")**

2.2.1 The Banking and Financial Institutions Act, Act No. 5 of 2006;

2.2.2 The Bank of Tanzania Central Depository System Rules, 2015

2.2.3 The Capital Markets and Securities (Advertisements) Regulations, 1997;

2.2.4 The Capital Markets and Securities (Prospectus Requirements) Regulations, (G.N. No. 769 of 1997 (the "**Regulations**");

2.2.5 The Capital Markets and Securities Act, Cap. 79 R.E [2002] (as amended);

2.2.6 The Capital Markets and Securities Authority Guidelines for the Issuance of Corporate Bonds, Municipal bond and Commercial Paper 2019;

2.2.7 The Central Depositories (Operational) Rules 2015;

2.2.8 The Companies Act, 2002 [Cap. 212];

2.2.9 The Dar es Salaam Stock Exchange Public Limited Company Rules, 2022;

2.2.10 The Guidelines on Corporate Governance Practices by Public Listed Companies in Tanzania, 2002;

2.2.11 The Banking and Financial Institutions (Corporate Governance) Regulations, 2021 (as ammended);

2.2.12 The Income Tax Act [Cap 332 R. E. 2019], (the "**Income Tax Act**");

2.2.13 The Insurance (Bancassurance) Regulations, 2019; and

2.2.14 The Stamp Duty Act, [Cap. 189 R.E 2019].

3.0 **Opinion**

Subject to the assumptions set out in Schedule 1 (Assumptions) and qualifications set out in Schedule 2 (Qualifications), we are of the opinion that, so far as the present laws of Tanzania are concerned:

3.1 **Corporate Standing of the Issuer**

3.1.1 The Issuer is a public company duly established and validly existing under the laws of Tanzania. The Issuer has perpetual corporate existence and the capacity to sue and to be sued in its own name.

3.1.2 The Issuer has a valid banking license, and has all the required authorisations, to validly and lawfully carry-on banking business in the manner currently being conducted by the Issuer in Tanzania as described in the Information Memorandum.

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3.1.3 The Issuer has the corporate power to own its assets and to carry on banking business and to enter into contracts to which it is party, including the Programme Documents, and to perform and observe its obligations under them.

3.1.4 The Issuer has taken all required actions on its part to authorise the execution, delivery, performance and observance of the Programme Documents, and the said Programme Documents have been properly entered into, executed and delivered by the parties thereto.

3.1.5 The Issuer has the required mandate under its Memorandum and Articles and powers under Tanzanian law to issue the Programme and enter into the Programme Documents and has the necessary internal corporate approvals for the issuing of the Programme and for entering into the Programme Documents.

3.1.6 The BRELA Search Report does not reveal that the Issuer is in liquidation, administration, receivership or administrative receivership or that a winding-up petition has been presented against it.

3.1.7 As of the date of this opinion, there has been no change in the corporate status of the Issuer.

3.2 **Capacity, Authority and Execution**

3.2.1 The Issuer has the corporate power and capacity to issue the Notes and execute the Programme Documents and to perform the obligations it is expressed to assume under it.

3.2.2 The Issuer has taken all necessary corporate action to authorise it to issue the Programme and execute the Programme Documents and to perform the obligations it is expressed to assume under it.

3.2.3 The Issuer has duly executed the Programme Documents.

3.3 **The Notes**

3.3.1 The creation, issue, sale, execution and delivery of the Notes have been duly authorised, and when duly executed, effectuated, issued, delivered by the Issuer the Notes will constitute valid, enforceable and legally binding obligations of the Issuer in accordance with their terms except as the same may be limited by insolvency or other similar laws affecting creditors' rights.

3.3.2 The Programme Documents have been duly authorised, executed and delivered by the Issuer and constitute valid, enforceable and legally binding obligations of the Issuer in accordance with their terms except as the same may be limited by insolvency or other similar laws affecting creditors' rights.

3.3.3 The Notes and their terms and conditions are in the proper legal form for enforcement against the Issuer and contain no provision which is contrary to law or public policy in Tanzania or which would not for any reason be upheld by the courts of United Republic of Tanzania.

3.3.4 Neither the execution and delivery of the Programme Documents, nor the execution of the transactions therein contemplated nor compliance with their terms and conditions will contravene any existing law, governmental rule, regulation or order of the United Republic of Tanzania.

3.3.5 Except as noted below, it is not necessary under the laws of the United Republic of Tanzania (a) in order to enable any person to exercise or enforce its rights under any of the Programme Documents or the Notes or (b) by reason of any such person being or becoming the holder of any of the Programme or party to the Programme Documents or the performance by any such person of its obligations, thereunder, that any such person should be licensed, qualified or otherwise entitled to carry on business in Tanzania, nor will any such performance violate any law applicable in Tanzania. Brokers or dealers or investment advisors carrying on business as such in Tanzania require a license from the CMSA.

3.3.6 The Issuer has obtained the following approvals, consents and registrations applicable to the Programme:

(a) the CMSA's approval of the Information Memorandum and the Issuance of the Notes;
(b) the BOT Letter of No Objection;
(c) the registration of the Information Memorandum with the Registrar of Companies; and
(d) the DSE approval for listing of the Programme.

3.3.7 Save for the above, no further consents, approvals, authorisations or registration, filing or similar formalities are required to be carried out in Tanzania by the Issuer in connection with the Programme, the issuance of the Programme and the performance by the Issuer of its obligations under the Programme Documents.

3.4 **The Information Memorandum**

The Information Memorandum complies with the requirements of the Regulations and the statements therein relating to the laws of Tanzania are correct and not misleading.

3.5 **Ownership of Properties and Other Assets**

We confirm that the Bank has good title to the properties listed in Schedule 3 (*List of Properties)* and Schedule 4 (*List of Assets)* and that the relevant titles evidencing lawful ownership of such properties are in full compliance with the relevant laws and regulations of Tanzania and the said titles are in proper form for enforcement in the courts of Tanzania.

3.6 **Material Litigation**

3.6.1 As of the date of this opinion, and to the best of our knowledge, having made reasonable inquiry with the Issuer and their lawyers in Tanzania, none of the directors of the Issuer are subject to any material litigation, prosecution or other criminal litigation instituted against any of them in Tanzania.

3.6.2 We confirm that subject to the material litigation disclosed herein under Schedule 5 (*Material Litigation*) provided by the Issuer, there are no material litigious claims, and/or actions involving the Issuer.

DENTONS EALC EAST AFRICAN LAW CHAMBERS 15 August 2023

3.7 **Material Agreements**

3.7.1 To the best of our knowledge and having relied on communications made to us the Issuer has entered into the material contract specified under Schedule 6 (*Material Contracts)* as described under paragraph 9 of Part II of the Regulations.

3.7.2 Other than the above, there is no other agreement or arrangement pertaining to the contemplated Programme.

3.8 No Event of Default

As far as we are aware, as of the date of this opinion, no Event of Default has occurred or will occur as a result of the issue of the Programme or the execution of the Programme Documents or the Issuer's compliance with the terms thereof.

3.9 Immunity

Neither the Bank nor any of its property is entitled to immunity from any suit, pre-judgment attachment or restraint or enforcement of a judgment on grounds of sovereignty or otherwise in the courts of Tanzania in respect of proceedings against it.

3.10 Insolvency/ Receivership Proceedings

To the best of our knowledge, information and belief and after due enquiry and confirmation from the company secretary of the Issuer, we confirm that no bankruptcy, receivership, or similar proceedings have been instituted against the Bank.

3.11 Tax payable

3.11.1 The Programme (and any interest thereon) are not exempt from taxation generally.

3.11.2 Interest payable under the Programme is currently exempt from withholding tax pursuant to section 82(2)(e) of the Income Tax Act [Cap 332 R. E. 2019].

3.11.3 Transactions relating to the Programme are not generally exempt from stamp duty (and other duties), but exemption may exist under government policy, which is subject to change. At the time of issuing this legal opinion, stamp duty is applicable on the Programme at a rate of 1%.

3.11.4 Debt securities such as bonds and debentures are treated as tradable financial assets. Net gains on sale of such securities are treated as investment income which should be included in the determination of taxable income as provided by the Income Tax Act. The total income of an entity is subject to a tax rate of 30% while for an individual the individual tax rates will be applied.

3.11.5 Tanzania has entered into double taxation avoidance treaties with Canada, Denmark, Finland, India, Italy, Norway, Sweden, South Africa, United Arab Emirates (UAE)and Zambia. A three-way tax treaty between Kenya, Tanzania and Uganda, has been signed but is yet to come into force.

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4.0 **Qualifications**

This opinion relates only to the laws of Tanzania. No opinion is expressed as to any other law or the validity or enforceability of any agreement in any other jurisdiction. It is given solely for the purposes of its publication in the Information Memorandum and may not be disclosed in whole or in part to any other person or otherwise quoted or referred to or relied upon for any other purpose without our express and prior written consent.

5.0 **Consent**

We hereby consent to the inclusion of this legal opinion in the Information Memorandum to be issued by the Bank, in the form and text in which it is included. We confirm that we have not, prior to the date of the Information Memorandum, withdrawn our consent to the issue of the Information Memorandum containing this opinion.

Yours faithfully

Stella Ndikimi
Partner
Dentons EALC

DENTONS EALC EAST AFRICAN LAW CHAMBERS 15 August 2023

SCHEDULE 1-ASSUMPTIONS

For the purposes of this opinion we have assumed that: -

1.1 each party to the Programme Documents exists as a legal person, has the power to carry on its business and has been duly authorised to execute the Programme Documents;

1.2 the Programme Documents and the signatures and seals thereon are genuine and the copies of the documents we have examined conform to the original documents and no alteration, variation or modification has been made to them;

1.3 that all original documents supplied to us are complete, authentic and up to date, and that all copy documents supplied to us are complete and conform to the originals;

1.4 all information contained in the Information Memorandum and all information provided to us by the Issuer, the Local Agent and their respective officers and advisers is true, accurate and up to date;

1.5 all factual statements including representations contained in the Programme Documents are true and correct; and

1.6 there are no facts or circumstances in existence and no events have occurred which would render any of the Programme Documents void or voidable or capable of rescission for any reason.

1.7 that each express submission to jurisdiction, and each express waiver of any objection that that party may now or in the future have to any proceeding being instituted or determined in a particular forum, by a party contained in the Programme Documents constitutes a valid and legal submission or waiver (as the case may be) by that party (and is not subject to avoidance by any person) under all applicable laws other than the laws of Tanzania and in all applicable jurisdictions other than the jurisdiction of Tanzania and that, insofar as any obligations under such Programme Documents fall to be performed in any jurisdiction other than Tanzania, its performance will not be illegal or ineffective by virtue of the laws of that jurisdiction;

1.8 that no party to the Programme Documents has entered into it in consequence of bad faith or fraud, coercion, duress, misrepresentation or undue influence or on the basis of a mistake of fact or law or believing that Programme Documents to be fundamentally different in substance or in kind from what it is;

1.9 that the Programme Documents has been entered into by each of the parties thereto in good faith, for the purpose of carrying on its respective business, for its respective benefit and on arm's length commercial terms;

1.10 that the Programme Documents has not been superseded, amended or repealed in any respect by any subsequent deletion, amendment or substitution of any of the provisions thereof since the original dates of signature thereof;

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1.11 other than in Tanzania, any consent, licence, approval or authorisation of any person which is required in relation to the execution and delivery of the Documents and the performance and observance of the terms of the Programme Documents by the parties thereto has been obtained;

We have found nothing to indicate that the above assumptions are not justified.

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SCHEDULE 2- QUALIFICATIONS

This opinion is subject to the following qualifications:

1.1 it is given only in relation to the Programme Documents and at the time of drafting, there are no other factual circumstances which are not evident from the Programme Documents or which have not been disclosed to us that may affect the opinions given herein of the enforceability of the Programme Documents;

1.2 the expression 'valid and binding' in paragraph 3.3.4. above means that the obligations expr essed to be assumed under the Documents are of a type which the Tanzanian courts w ill treat as valid and binding. It does not mean that these obligations will necessarily be enforced in all circumstances in accordance with their terms, as to which reference is made to the other qualifications expressed in this opinion;

1.3 except as explicitly stated herein, no opinion is expressed on matters of fact or in relation to any representation or warranty contained in Programme Documents;

1.4 the opinions expressed herein are confined to matters of the laws of Tanzania existing as at the date hereof and no opinion is expressed as to the laws if any other jurisdiction;

1.5 if any obligation is to be performed in a jurisdiction outside Tanzania, it may not be enforceable in Tanzania to the extent that performance would be illegal or contrary to public policy under the laws of the other jurisdiction;

1.6 the enforceability of the obligations of any of the parties to Programme Documents may be limited by bankruptcy, insolvency, reorganisation, moratorium, prescription or other laws affecting creditors' rights generally; and

1.7 any claim may be or become barred under the laws relating to the limitation of actions or may be or become subject to set-off or counter claim.

SCHEDULE 3- LIST OF PROPERTIES

S/N	Registered Holder of Right of Occupancy	Property description	Remarks
1.	CRDB Bank PLC	Certificate of Title No.106467 Land Office No.332841 Plot No. 88/1,88/2 & 88/4 Block: At Ada Estate LD File No.127834	Title Status: Valid for 99 years From: 29th July 2008 to 28th July 2107
2. -	CRDB Bank PLC	Certificate of Title No: 055016/67 Land Office No:27193 Plot Nos,40 and 41, Block 'C' Uhuru Road Arusha Township LD No. 6158/II	Title Status: Valid for 99 years From: 1st July 1971 to 2070
3.	Office Accommodation Scheme (1999) Limited with CRDB having a share of interest over the property.	Certificate of Title No. 50441 (495/1000 shares) Comprised in title no. 50441 Land Office No. Plot No. 2386/12, 2387/12,2388/12 and 2389/12, Central Area, Dar es Salaam City	Title Status: Valid From: 1st April 2000
4.	CRDB Bank PLC	Certificate of Title No. 54223 Land Office No.285391 Plot No. 4 & 5, Block D, Mjini kati Bahati Town L.D. NO. BTC/285733	Title Status: Valid 33 years From: 1st October 2015
5.	CRDB Bank PLC	Certificate of Title No.72768 Land Office No. 196250 Plot No. 38, Block D, Low Density Bomani Bariadi Urban Area L.D.No. BRD/4572	Title Status: Valid for 99 years From: 1st April 2008
6.	CRDB Bank PLC	Plot No. 334, Block "B" MD, Bomang'ombe Urban Area L.D No.B/334/18/MJM	Title Status: Valid for 33 years From: 1st July 2007

7.	CRDB Bank PLC	Certificate of Title No.003003/28 Land Office No. 1798 Plot No. 5 & 6, Block 'I' Bukoba Township, (10,360) sq. ft	Title Status: Valid for 99 years From: 1st January 1958
8.	CRDB Bank PLC	Certificate of Title No.54547 L.O No. 542472 Plot No. 10/2 (Medium Density), Block J, Area 734 sqm, Bunda Urban Area	Title Status: Valid for 66 years From: 1st July 2014
9.	CRDB Bank PLC	Certificate of Title No. 310039 Plot No.199 Block 'A' Burka Arumeru District Council File No. ADC/LD/BEK/2210 Land Office No. 310039	Title Status: Valid for 66 years From: 1st January 2012
10.	CRDB Bank PLC	Certificate of Title No. 54583 Land Registry Office No. 406287 Plot No. 95, Block "B", Buseresere, Urban Area L.D No. CDC/A/18/3	Title Status: Valid for 99 years From: 1st October 2014
11.	CRDB Bank PLC	Certificate of Title No.62041 Land Office No.406389 L.D No. AR/CHT/BL "A"/174 Plot No. 174, Block "A"Mlimani area in Chato District	Title Status: Valid for 66 years From: 1st October 2016
12.	CRDB Bank PLC	Certificate of Title:14277 Land Office No.170330 Plot No.216, Block "E",Majengo nje, Muheza Urban area	Status: Valid for 33 years From:1st July 1996
13.	CRDB Bank PLC	Certificate of Title:14074 Land Office No.130891 Plot No.8, Block J, Nyerere Road Urban Area	Status: Valid for 33 years From:1st July 2001
14.	CRDB Bank PLC	Certificate of Title:3094 Land Office No: 8286	Status: Valid for 99 year From:7th November 1935

		Plot No: NIL	
15.	CRDB Bank PLC	Certificate of Title No.13110MTW Land Office No. 597526 Plot No.126, Block "G", Makahamani in Nachingwea Urban area	Status: Valid for 99 years From:1st October 2016
16.	CRDB Bank PLC	Certificate of Title No.48447 Land Office No.331692 Plot No. 22, Block "C", Namanga Trading Centre in Longido District	Status: Valid for 33 years From: 1st October 2014
17.	CRDB Bank PLC	Certificate of Title No.2997 Land Office No.661788 Plot No. 61/4, Block "A", Ngara Urban, in Ngara District	Status: Valid for 99 years From:1st July 2021
18.	CRDB Bank PLC	Certificate of Title:55710 Land Office No.636201 Plot No.589, Block "A", Leganga river area in Arumeru District	Status: Valid for 33 years From:1st July 2016
19.	CRDB Bank PLC	Certificate of Title No.3308 Land Office No.540980 Plot No: 6, Block "A", Bweru Minor Settlement in Uvinza District	Status: Valid for 66 years From:1st January 2016
20.	CRDB Bank PLC	Certificate of Title No.47501 Land Office No.494088 Plot No.39, Block "C" at Sanya Juu in Siha District	Status: Valid for 99 years From:1st April 2014
21.	CRDB Bank PLC	Certificate of Title No.4963 Land Office No.119815 Plot No.10, Block B,	Status: Valid for 99 years From: 1st January 1979
22.	CRDB Bank PLC	Certificate of Title No.16101 TBR	Status: Valid for 33 years

		Land Office No.715841 Plot No. 715841, Block B, Isungilunde area in Sikonge urban	From:1st July 2018
23.	Tanzania Rural Development Bank	Certificate of Title No.23121 Land Office No.45792 Plot No. NIL	Status: Valid for 33 years From:1st July 1974 Search report shows that the property is mortgaged in favour of CRDB Bank Plc.
24.	CRDB Bank PLC	Certificate of Title:6824-MBYLR	Status: Valid for 99 years From: 1st July 1992
25.	Registered Trustees Of Jumuiya Ya Wafanyakazi Ya Tanzania (JUWATA)	Certificate of Title No. 118050/42 Land Office No. 96131 Plot No.110, Block, “FF” LUMUMBA street	Status: Valid for 99 years From: 1st October 1980 CRDB Bank Plc has a lease for a term of 40 years.
26.	CRDB Bank PLC	Certificate of Title:62037 Land Office No.406383 L.D No. AR/CHT/BL “A”/410 Plot No.410, Block “A”, at Muungano Area, in Chato District	Title Status: Valid for 66 years From: 1st October 2016
27.	CRDB Bank PLC	Certificate of Title No. 48500 Land Office No.268390 Plot No. 1, Block B, Tarakea in Rombo District	Status: Valid for 99 years From: 1st July 2015
28.	CRDB Bank PLC	Certificate of Title No.167539 Land Office No.719318 Plot No.35 Block “B” Tulian, Mvumero District	Status: Valid for 33 years From:1st October 2016
29.	CRDB Bank PLC	Certificate of Title No. 6339-MBYLR Land Office No:NIL Plot No: NIL	Status: Valid for 33 years From:1st July 1996

30.	CRDB Bank PLC	Certificate Of Title No:45401 Land Office No.272483 Plot No.144 Block T, Urambo Urban Area	Status: Valid for 33 years From:1st July 2007
31.	CRDB Bank PLC	Certificate of Title No.146914 Land Office No.250551 Plot No.118 & 120, Block “A” AT Dakawa Sokoine in Mvomero District.	Title Status: Valid From: 1st July 2014
32.	CRDB Bank PLC	Certificate of Title No.129915 Land Office No.493546 Plot No.117/1, Mikocheni Area in Kinondoni Municipality	Title Status: Valid for 99 years From: 1st July 2013
33.	CRDB Bank PLC	Certificate of Title No. 48426 Land Office No. 79222 Plot No. 43 & 44 Block “Q”, Duka Street, 10,780 5Q FT	Title Status: Valid for 33 years From: 1st October 1992
34.	CRDB Bank PLC	Certificate of Title No. 18939 Land Office No.181516 Plot No. No.66/1, Block “D” Kahama Town, Urban Area	Title Status: Valid for 99 years From:1st July 2006
35.	CRDB Bank PLC	Certificate of Title No.48446 Land Office No.557036 Plot No.963, Block “F” Karatu Urban Area in Karatu District	Title Status: Valid for 66 years From: 1st July 2015
36.	Cooperative and Rural Development Bank	Certificate of Title No. issuance process still in progress Land Office No. 130,874 Plot No.17 THB Estate, mkoani kibaha, Township	Title Status: Valid for 99 years From: 1st April 1991 Status: deed issuance process still in progress
37.	CRDB Bank PLC	Certificate of Title No.56361 Land office No: 178982 FARM No.2408, Kiromo	Title Status: Valid for 33 years From: 1st January 2004
38.	CRDB Bank PLC	Certificate of Title No.82827-DLR Land Office No:703252	Title Status: Valid for 99 years From:1st October 2001

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		Plot No. 46 Block "D" Kwapakacha, in kondoa Town Council	
39.	CRDB Bank PLC	Certificate of Title No. 29899 Land Office No. 303031 Plot No.35 Block "C", New Town Korogwe Council	Title Status: Valid for 99 year From: 1st April 2010
40.	CRDB Bank PLC	Certificate of Title No.13683 Land Office No.18648 Plot No.35 Block "L", Lindi Township Area	Status: Valid for 99 years From:1959
41.	CRDB Bank PLC	Certificate of Title No.47498 Land Office No. 171656 Plot No.97, Block E, Chakechake In Lushoto Urban	Title Status: Valid for 33 years From:1st July 2015
42.	CRDB Bank PLC	Certificate of Title No.28874-DLR Land Office No.440198 Plot No. 21 Block "MM" at Majengo area in Manyoni Urban	Title Status: Valid for 99 years From: 1st October 2013
43.	CRDB Bank PLC	Certificate of Title No.2662 MTW Land Office No. 296020 Plot No.10/8, Block "Q", Rest Camp in masasi Urban area	Title Status: Valid for 99 years From:1st July 2010
44.	CRDB Bank PLC	Certificate of Title No.54548 Land Office No.196973 Plot No 89 & 91, Block "A", Jashimba	Status: Valid for 66 years From:1st April 2015
45.	CRDB Bank PLC	Certificate of Title No. 47499 Land Office No. 268391 Plot No. 8, Block "D", Mkuu Rombo	Status: Valid for 99 years From: 1st July 2015
46.	CRDB Bank PLC	Certificate of Title No.186215/40 Land Office No.25673 Plot No.500, Msasani, Penisula Dar es Salaam	Status: Valid for 99 years From: 1st July 1969
47.	CRDB Bank PLC	Certificate of Tile No. 8707MTW Land Office No.454494 Plot No. 89, block "A" Msijute in Mtwara District	Status: Valid for 99 years From:1st April 2015

48.	CRDB Bank PLC	Certificate of Title No.54584 Land Office No.258751 Plot No.2 Block “C” At Service Industry Area Bomani Mugumu Township Serengeti	Status: Valid for 99 years From:1st July 2014
49.	CRDB Bank PLC	Certificate of Title No.186165/23 Plot No.25, Ocean Road Certificate of title No. 8893 Upanga Area, Ilala, Municipal Dar Es Salaam	Status: Valid for 99 years From:1st July 1963
50.	CRDB Bank PLC	Certificate of Title No. 186165/24 Plot No. 26 Upanga Area, Ilala, Municipal Dar Es Salaam	Status: Valid for 99 years From:1st July 1963 Encumbrance: Lease Number 86165/24/1
51.	CRDB Bank PLC	Certificate of Title No: 186165/37 Plot No. 21, Upanga Area, Ilala, Municipal Dar Es Salaam	Status: Valid for 99 years From:1st July 1963
52.	CRDB Bank PLC	Certificate of Title No.2639 Plot No.340, Block “E” Industrial Area, 119 Sqm. Tarime Land Office No. 92141	Status: Tenure has expired From: 1st January 1986

SCHEDULE 4- LIST OF ASSETS (MOTOR VEHICLES)

S/N	REGISTRATION NO	MAKE	MODEL	BODY
1	T598BEX	FORD	EVEREST	STATION WAGON
2	T200DCW	SUZUKI	JIMNY	STATION WAGON
3	Z318EZ	TOYOTA	RAV 4	STATION WAGON
4	Z373KU	TOYOTA	RAV 4	STATION WAGON
5	T903CRM	TOYOTA	RAV 4	STATION WAGON
6	T396CME	TOYOTA	RAV 4	STATION WAGON
7	T792DEU	TOYOTA	RAV 4	STATION WAGON
8	T793DEU	TOYOTA	RAV 4	STATION WAGON
9	T796DEU	TOYOTA	RAV 4	STATION WAGON
10	T782DEU	TOYOTA	RAV 4	STATION WAGON
11	T783DEU	TOYOTA	RAV 4	STATION WAGON
12	T261DSG	TOYOTA	FORTUNER 1GD STD	STATION WAGON
13	T536DRK	TOYOTA	FORTUNER 1GD STD	STATION WAGON
14	T543DRK	TOYOTA	FORTUNER 1GD STD	STATION WAGON
15	T541DRK	TOYOTA	FORTUNER 1GD STD	STATION WAGON
16	T547DRK	TOYOTA	FORTUNER 1GD STD	STATION WAGON
17	T532DSP	TOYOTA	FORTUNER 1GD STD	STATION WAGON
18	T530DSP	TOYOTA	FORTUNER 1GD STD	STATION WAGON
19	T172DPV	LANDROVER	RANGEROVER VOGUE	STATION WAGON
20	T338BJF	TOYOTA	LANDCRUISER	STATION WAGON
21	T522CEA	TOYOTA	LANDCRUISER	STATION WAGON
22	T436DES	TOYOTA	LANDCRUISER	STATION WAGON
23	T435DES	TOYOTA	LANDCRUISER	STATION WAGON
24	T429DPR	TOYOTA	LANDCRUISER VX	STATION WAGON
25	T457DUS	TOYOTA	LANDCRUISER VXR	STATION WAGON

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26	T538DUB	TOYOTA	LANDCRUISER VX	STATION WAGON
27	T864DGH	TOYOTA	HILUX	DOUBLE CAB
28	T904DGH	TOYOTA	HILUX	DOUBLE CAB
29	T891DGH	TOYOTA	HILUX	DOUBLE CAB
30	T893DGH	TOYOTA	HILUX	DOUBLE CAB
31	T866DGH	TOYOTA	HILUX	DOUBLE CAB
32	T900DGH	TOYOTA	HILUX	DOUBLE CAB
33	T863DGH	TOYOTA	HILUX	DOUBLE CAB
34	T859DGH	TOYOTA	HILUX	DOUBLE CAB
35	T868DGH	TOYOTA	HILUX	DOUBLE CAB
36	T983DGH	TOYOTA	HILUX	DOUBLE CAB
37	T865DGH	TOYOTA	HILUX	DOUBLE CAB
38	T860DGH	TOYOTA	HILUX	DOUBLE CAB
39	T869DGH	TOYOTA	HILUX	DOUBLE CAB
40	T889DGH	TOYOTA	HILUX	DOUBLE CAB
41	T857DGH	TOYOTA	HILUX	DOUBLE CAB
42	T855DGH	TOYOTA	HILUX	DOUBLE CAB
43	T862DGH	TOYOTA	HILUX	DOUBLE CAB
44	T867DGH	TOYOTA	HILUX	DOUBLE CAB
45	T886DGH	TOYOTA	HILUX	DOUBLE CAB
46	T884DGH	TOYOTA	HILUX	DOUBLE CAB
47	T878DGH	TOYOTA	HILUX	DOUBLE CAB
48	T874DGH	TOYOTA	HILUX	DOUBLE CAB
49	T880DGH	TOYOTA	HILUX	DOUBLE CAB
50	T858DGH	TOYOTA	HILUX	DOUBLE CAB
51	T269DHA	TOYOTA	HILUX	DOUBLE CAB
52	T266DHA	TOYOTA	HILUX	DOUBLE CAB
53	T209DHA	TOYOTA	HILUX	DOUBLE CAB
54	T205DHA	TOYOTA	HILUX	DOUBLE CAB
55	T265DHA	TOYOTA	HILUX	DOUBLE CAB
56	T216DHA	TOYOTA	HILUX	DOUBLE CAB
57	T143DSD	TOYOTA	HILUX	DOUBLE CAB

58	T661DTF	TOYOTA	HILUX	DOUBLE CAB
59	T664DTF	TOYOTA	HILUX	DOUBLE CAB
60	T258DTE	TOYOTA	HILUX	DOUBLE CAB
61	T280DTE	TOYOTA	HILUX	DOUBLE CAB
62	T277DTE	TOYOTA	HILUX	DOUBLE CAB
63	T274DTE	TOYOTA	HILUX	DOUBLE CAB
64	T272DTE	TOYOTA	HILUX	DOUBLE CAB
65	T307DTL	TOYOTA	HILUX	DOUBLE CAB
66	T275DTL	TOYOTA	HILUX	DOUBLE CAB
67	T279DTL	TOYOTA	HILUX	DOUBLE CAB
68	T297DTL	TOYOTA	HILUX	DOUBLE CAB
69	T286DTL	TOYOTA	HILUX	DOUBLE CAB
70	T650DTF	TOYOTA	HILUX	DOUBLE CAB
71	T656DTF	TOYOTA	HILUX	DOUBLE CAB
72	T654DTF	TOYOTA	HILUX	DOUBLE CAB
73	T659DTF	TOYOTA	HILUX	DOUBLE CAB
74	T669DTF	TOYOTA	HILUX	DOUBLE CAB
75	T673DTF	TOYOTA	HILUX	DOUBLE CAB
76	T675DTF	TOYOTA	HILUX	DOUBLE CAB
77	T667DTF	TOYOTA	HILUX	DOUBLE CAB
78	T243DTS	TOYOTA	HILUX	DOUBLE CAB
79	T244DTS	TOYOTA	HILUX	DOUBLE CAB
80	T307DTS	TOYOTA	HILUX	DOUBLE CAB
81	T371DTS	TOYOTA	HILUX	DOUBLE CAB
82	T878DTV	TOYOTA	HILUX	DOUBLE CAB
83	T870DTV	TOYOTA	HILUX	DOUBLE CAB
84	T874DTV	TOYOTA	HILUX	DOUBLE CAB
85	T868DTV	TOYOTA	HILUX	DOUBLE CAB
86	T551DVQ	TOYOTA	HILUX	DOUBLE CAB
87	T904DVU	TOYOTA	HILUX	DOUBLE CAB
88	T905DVU	TOYOTA	HILUX	DOUBLE CAB
89	T903DVU	TOYOTA	HILUX	DOUBLE CAB
90	T902DVU	TOYOTA	HILUX	DOUBLE CAB

91	T906DVU	TOYOTA	HILUX	DOUBLE CAB
92	T615DVX	TOYOTA	HILUX	DOUBLE CAB
93	T605DVX	TOYOTA	HILUX	DOUBLE CAB
94	T607DVX	TOYOTA	HILUX	DOUBLE CAB
95	T606DVX	TOYOTA	HILUX	DOUBLE CAB
96	T612DVX	TOYOTA	HILUX	DOUBLE CAB
97	T425DES	TOYOTA	LANDCRUISER PRADO	STATION WAGON
98	T403DES	TOYOTA	LANDCRUISER PRADO	STATION WAGON
99	T479DFT	TOYOTA	LANDCRUISER PRADO	STATION WAGON
100	T510DEZ	TOYOTA	LANDCRUISER PRADO	STATION WAGON
101	T513DEZ	TOYOTA	LANDCRUISER PRADO	STATION WAGON
102	T445DFT	TOYOTA	LANDCRUISER PRADO	STATION WAGON
103	T509DEZ	TOYOTA	LANDCRUISER PRADO	STATION WAGON
104	T524DGM	TOYOTA	LANDCRUISER PRADO	STATION WAGON
105	T413DQZ	TOYOTA	LANDCRUISER PRADO	STATION WAGON
106	T440DQZ	TOYOTA	LANDCRUISER PRADO	STATION WAGON
107	T260DSG	TOYOTA	LANDCRUISER PRADO	STATION WAGON
108	T697DRM	TOYOTA	LANDCRUISER PRADO	STATION WAGON
109	T698DRM	TOYOTA	LANDCRUISER PRADO	STATION WAGON
110	T256DTE	TOYOTA	LANDCRUISER PRADO	STATION WAGON
111	T255DTE	TOYOTA	LANDCRUISER PRADO	STATION WAGON
112	T612DTL	TOYOTA	LANDCRUISER PRADO	STATION WAGON

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113	T282DTL	TOYOTA	LANDCRUISER PRADO	STATION WAGON
114	T976AMZ	TOYOTA	LANDCRUISER	HARDTOP
115	T380ARY	TOYOTA	LANDCRUISER	HARDTOP
116	T969ARQ	TOYOTA	LANDCRUISER	HARDTOP
117	T967ARQ	TOYOTA	LANDCRUISER	HARDTOP
118	T123AUW	TOYOTA	LANDCRUISER	HARDTOP
119	T117AUW	TOYOTA	LANDCRUISER	HARDTOP
120	T492BDU	TOYOTA	LANDCRUISER	HARDTOP
121	T496BDU	TOYOTA	LANDCRUISER	HARDTOP
122	T457BGA	TOYOTA	LANDCRUISER	HARDTOP
123	T467BGA	TOYOTA	LANDCRUISER	HARDTOP
124	T448BGA	TOYOTA	LANDCRUISER	HARDTOP
125	T145BTY	TOYOTA	LANDCRUISER	HARDTOP
126	T424BTY	TOYOTA	LANDCRUISER	HARDTOP
127	T523CEA	TOYOTA	LANDCRUISER	HARDTOP
128	T285CBS	TOYOTA	LANDCRUISER	HARDTOP
129	T525CEA	TOYOTA	LANDCRUISER	HARDTOP
130	T618CBS	TOYOTA	LANDCRUISER	HARDTOP
131	T279CBS	TOYOTA	LANDCRUISER	HARDTOP
132	T587CMS	TOYOTA	LANDCRUISER	HARDTOP
133	T874CMR	TOYOTA	LANDCRUISER	HARDTOP
134	T871CMR	TOYOTA	LANDCRUISER	HARDTOP
135	T339CPK	TOYOTA	LANDCRUISER	HARDTOP
136	T773CPJ	TOYOTA	LANDCRUISER	HARDTOP
137	T524CNU	TOYOTA	LANDCRUISER	HARDTOP
138	T664CPJ	TOYOTA	LANDCRUISER	HARDTOP
139	T341CPK	TOYOTA	LANDCRUISER	HARDTOP
140	T673CPJ	TOYOTA	LANDCRUISER	HARDTOP
141	T 522CNU	TOYOTA	LANDCRUISER	HARDTOP
142	T465CVY	TOYOTA	LANDCRUISER	HARDTOP
143	T362DAY	TOYOTA	LANDCRUISER	HARDTOP
144	T338DAY	TOYOTA	LANDCRUISER	HARDTOP

145	T341DBW	TOYOTA	LANDCRUISER HZJ78	HARDTOP
146	T352DAY	TOYOTA	LANDCRUISER	HARDTOP
147	T343DAY	TOYOTA	LANDCRUISER	HARDTOP
148	T354DAY	TOYOTA	LANDCRUISER	HARDTOP
149	T356DAY	TOYOTA	LANDCRUISER	HARDTOP
150	T350DBW	TOYOTA	LANDCRUISER HZJ78	HARDTOP
151	T437DBW	TOYOTA	LANDCRUISER HZJ78	HARDTOP
152	T432DBW	TOYOTA	LANDCRUISER HZJ78	HARDTOP
153	T255DBW	TOYOTA	LANDCRUISER HZJ78	HARDTOP
154	T349DBW	TOYOTA	LANDCRUISER HZJ78	HARDTOP
155	T351DAY	TOYOTA	LANDCRUISER	HARDTOP
156	T359DAY	TOYOTA	LANDCRUISER	HARDTOP
157	T435DBW	TOYOTA	LANDCRUISER HZJ78	HARDTOP
158	T348DBW	TOYOTA	LANDCRUISER HZJ78	HARDTOP
159	T439DBW	TOYOTA	LANDCRUISER HZJ78	HARDTOP
160	T822DEE	TOYOTA	LANDCRUISER	HARDTOP
161	T827DEE	TOYOTA	LANDCRUISER	HARDTOP
162	T828DEE	TOYOTA	LANDCRUISER	HARDTOP
163	T830DEE	TOYOTA	LANDCRUISER	HARDTOP
164	T817DEE	TOYOTA	LANDCRUISER	HARDTOP
165	T820DEE	TOYOTA	LANDCRUISER	HARDTOP
166	T521DEF	TOYOTA	LANDCRUISER	HARDTOP
167	T522DEF	TOYOTA	LANDCRUISER	HARDTOP
168	T523DEF	TOYOTA	LANDCRUISER	HARDTOP
169	T524DEF	TOYOTA	LANDCRUISER	HARDTOP
170	T525DEF	TOYOTA	LANDCRUISER	HARDTOP
171	T515DEF	TOYOTA	LANDCRUISER	HARDTOP

172	T331DEF	TOYOTA	LANDCRUISER	HARDTOP
173	T330DEF	TOYOTA	LANDCRUISER	HARDTOP
174	T516DEF	TOYOTA	LANDCRUISER	HARDTOP
175	T332DEF	TOYOTA	LANDCRUISER	HARDTOP
176	T329DEF	TOYOTA	LANDCRUISER	HARDTOP
177	T320DEF	TOYOTA	LANDCRUISER	HARDTOP
178	T434DES	TOYOTA	LANDCRUISER	HARDTOP
179	T247DHA	TOYOTA	LANDCRUISER	HARDTOP
180	T254DHA	TOYOTA	LANDCRUISER	HARDTOP
181	T256DHA	TOYOTA	LANDCRUISER	HARDTOP
182	T663DHG	TOYOTA	LANDCRUISER	HARDTOP
183	T662DHG	TOYOTA	LANDCRUISER	HARDTOP
184	T661DHG	TOYOTA	LANDCRUISER	HARDTOP
185	T199DJA	TOYOTA	LANDCRUISER	HARDTOP
186	T849DHN	TOYOTA	LANDCRUISER	HARDTOP
187	T848DHN	TOYOTA	LANDCRUISER	HARDTOP
188	T847DHN	TOYOTA	LANDCRUISER	HARDTOP
189	T846DHN	TOYOTA	LANDCRUISER	HARDTOP
190	T845DHN	TOYOTA	LANDCRUISER	HARDTOP
191	T844DHN	TOYOTA	LANDCRUISER	HARDTOP
192	T664DHG	TOYOTA	LANDCRUISER	HARDTOP
193	T535DSP	TOYOTA	LANDCRUISER	HARDTOP
194	T536DSP	TOYOTA	LANDCRUISER	HARDTOP
195	T264DSG	TOYOTA	LANDCRUISER	HARDTOP
196	T895DVU	TOYOTA	LANDCRUISER	HARDTOP
197	T896DVU	TOYOTA	LANDCRUISER	HARDTOP
198	T897DVU	TOYOTA	LANDCRUISER	HARDTOP
199	T898DVU	TOYOTA	LANDCRUISER	HARDTOP
200	T899DVU	TOYOTA	LANDCRUISER	HARDTOP
201	T900DVU	TOYOTA	LANDCRUISER	HARDTOP
202	T901DVU	TOYOTA	LANDCRUISER	HARDTOP
203	T125AVE	TATA	LPT713 MOBILE BANK	MINIBUS

204	T867BJL	TATA	LPO	NULL
205	T857BJL	TATA	LPO MOBILE BANK	MINIBUS
206	T128AVE	TATA	LPT713 MOBILE BANK	MINIBUS
207	T343BRQ	MERCEDES	BENZ MOBILE BANK	TRUCK
208	T906BRQ	MERCEDES	BENZ MOBILE BANK	TRUCK
209	T395BRQ	MERCEDES-BENZ	ATEGO MOBILE BANK	TRUCK
210	T522BSS	MERCEDES	BENZ MOBILE BANK	SALOON
211	T528BSS	MERCEDES	BENZ MOBILE BANK	NULL
212	T671CAM	MERCEDES-BENZ	ATEGO MOBILE BANK	TRUCK
213	T523CAM	MERCEDES-BENZ	ATEGO MOBILE BANK	TRUCK
214	T519CAM	MERCEDES-BENZ	ATEGO MOBILE BANK	TRUCK
215	T632BET	MITSUBISHI	YOM MOBILE BANK	TRUCK
216	T340BEF	MITSUBISHI	YOM MOBILE BANK	TRUCK
217	T469BEF	MITSUBISHI	YOM MOBILE BANK	TRUCK
218	T354DGH	MITSUBISHI	MITSUBISHI MOBILE BANK	TRUCK
219	T351DGH	MITSUBISHI	MITSUBISHI MOBILE BANK	TRUCK
220	T348DGH	MITSUBISHI	MITSUBISHI MOBILE BANK	TRUCK
221	T345DGH	MITSUBISHI	MITSUBISHI MOBILE BANK	TRUCK
222	T594DCW	MITSUBISHI	CANTER MOBILE BANK	TRUCK
223	T613DCW	MITSUBISHI	CANTER MOBILE BANK	TRUCK

224	T590DCW	MITSUBISHI	CANTER MOBILE BANK	TRUCK
225	T603DCW	MITSUBISHI	CANTER MOBILE BANK	TRUCK
226	T672DTR	HINO	HINO 500	TRUCK
227	T676DTR	HINO	TRUCK	TRUCK
226	T225DWC	TOYOTA LANDCRUISER HARD TOP	TOYOTA LANDCRUISER HARD TOP	HARDTOP
226	T109DWB	TOYOTA HILUX D/CABIN	TOYOTA HILUX D/CABIN	D/CABIN
226	T118DWB	TOYOTA HILUX D/CABIN	TOYOTA HILUX D/CABIN	D/CABIN
226	T116DWB	TOYOTA HILUX D/CABIN	TOYOTA HILUX D/CABIN	D/CABIN
226	T108DWB	TOYOTA HILUX D/CABIN	TOYOTA HILUX D/CABIN	D/CABIN
226	T112DWB	TOYOTA HILUX D/CABIN	TOYOTA HILUX D/CABIN	D/CABIN
226	T119DWB	TOYOTA HILUX D/CABIN	TOYOTA HILUX D/CABIN	D/CABIN
226	T841DWD	TOYOTA FORTUNER	TOYOTA FORTUNER	STATION WAGON
226	T882DWC	TOYOTA LANDCRUISER VXR V8	TOYOTA LANDCRUISER VXR V8	STATION WAGON
226	T956DXB	TOYOTA	FORTUNER AUTO	
226	T150DYW	TOYOTA HILUX D/CABIN	HILUX PICK UP D/CABIN 2GD 244WD STANDARD	D/CABIN
226	T151DYW	TOYOTA HILUX D/CABIN	HILUX PICK UP D/CABIN 2GD 244WD STANDARD	D/CABIN
226	T152DYW	TOYOTA HILUX D/CABIN	HILUX PICK UP D/CABIN 2GD 244WD STANDARD	D/CABIN

SCHEDULE 5- MATERIAL LITIGATION

SN	Court/ Tribunal and Case Number	Parties	Summary of claim	Claim amount	Prospects of success and reasons thereof
1.	High Court Iringa, Civil Case 92 of 2022	Budget Movers Company versus 1. CRDB Bank PLC, 2. Yohanes Alatuvika Jaan, 3. Tatu Galagwisa Mpwepwa, and 4. Jonas Nelson Nyagawa	Budget Movers claims for orders against CRDB Bank PLC to *inter alia* declare that the facility agreements dated 24th December 2020 are null and void; an order that the Bank and the claimant conduct joint reconciliation of collection accounts related to importation of fertilizer in order to ascertain the actual liability of the parties and if necessary execute restated agreement which is just and equitable; general damages to be assessed by the Court; costs and any other relief the Honourable Court may deem fit to grant.	USD 6,900,000,000	The Bank has a reasonable chance of success as it followed the correct legal procedures for recovery and the facility letters were duly executed by parties contrary to the Plaintiff's claim.
2.	High Court Land Division Dar es Salaam, Land Case 96/2023	Jonas Nyagawa versus CRDB Bank PLC	The applicant, Jonas Nyagawa is the principal owner of the company called Budget Movers Company Limited which conducts courier services. The applicant issued a guarantee in favour of the Bank to secure facilities granted to Budget Movers Company Limited. The applicant is suing against the Bank on illegal auction of the landed property at Dar es salaam.	TZS 11,000,000,000	The Bank has a good chance of success since it followed due procedure for recovery and the facilities were duly executed by parties contrary to the Plaintiff's claim.

DENTONS EALC EAST AFRICAN LAW CHAMBERS 15 August 2023

SN	Court/ Tribunal and Case Number	Parties	Summary of claim	Claim amount	Prospects of success and reasons thereof
3.	High Court Arusha, Execution No.13/2022	Monoban Trading Ltd versus CRDB Bank PLC	This matter emanates from the judgment issued in favour of the Bank on 26th October 2021 in respect of Civil Case No. 3 of 2019. The Applicant seeks orders for the Bank to comply with the judgement by issuing default notices to commence recovery measures and commence on realization of the debenture covering assets, plants and machineries, located at Unga Limited in Arusha before selling the mortgaged properties.	TZS 6,000,000,000	The Bank has a good chance to succeed and has issued notice to judgment debtor to settle the decretal amount failing which the Bank will move the Court for a proclamation of sale of the assets of Monaban as per the Court's direction.
4.	High Court Arusha, Land Case No 55/2022	Justo Zablon Kimaro versus CRDB Bank PLC	The plaintiff is suing the Bank for declaratory orders and general damages resulting from a public auction advertisement to sell mortgaged property.	TZS 1,291,138,198	Parties are negotiating to settle this matter amicably
5.	High Court Commercial, Civil Appeal No.424/2022	Maxinsure (Tanzania) Ltd versus Yukos Enterprise (EA) Ltd Magira Magoma and CRDB Insurance Brokers Limited	CRDB Bank Insurance Brokers Limited offered Brokerage services to Maxinsure (Tanzania) Limited for insurance covers taken by Yukos Enterprises (E.A) Limited for *inter alia* a fire and allied perils insurance policy number 101011810167, over a building of class "A" construction located at Kibaha near Maili Moja, plant and machinery at the premises, office equipment, stock of raw materials and unfinished goods valued at TZS 15,697,167,426.00 and a fire and allied perils	TZS 17,000,000,000/=	CRDB Insurance Brokers Limited has a reasonable chance of success as the High Court erred as it based its decision on a non-existence of policy.

DENTONS EALC EAST AFRICAN LAW CHAMBERS 15 August 2023

SN	Court/ Tribunal and Case Number	Parties	Summary of claim	Claim amount	Prospects of success and reasons thereof
			insurance policy number 101011810147, over an industrial property located at Plot No. 23, at Kiluvya A, Kisarawe District valued at TZS. 3,330,000,000.00 The policies contained a clause including CRDB Bank PLC as the first loss payee. The insured premises caught fire and investigation reports from the insurers indicated that the fire was not accidental.		
6.	Court of Appeal Dar es Salaam	CRDB Bank PLC versus Joseph Makandege	This matter is an appeal against the decision of High Court emanating from Land Case No. 247/2013 following the auction of property.	TZS.3,000,000,000/=	The Court has a reasonable chance to succeed as it followed appropriate procedures in auctioning the property.
7.	Court of Appeal Dar es Salaam, Civil Appeal No. 271/2020	CRDB Bank Limited & Another, vs 1. Finn W. Petersen 2.Milimani Farmers Ltd 3.Noors Farm	This matter emanates from the judgment of the High court in Land Case 255 of 2006 in which the High Court ordered the Bank to pay the 2nd Plaintiff and amount of TZS 29,300,000 for loss of machinery and other assets, TZS 500,000 per year from 1989 to the date of delivery of judgment and TZS 800,000/= per year from 1989 to the date of delivery of the judgement and further awarded the plaintiff a refund of money spent for purchase of water pumps totalling USD 17,900.00.	TZS 1,074,769,134 and USD 19,547,000	The Bank has a reasonable chance of success since the award for damages did not consider the evidence tendered by the parties. Further there was no justification for fixing the payment in USD.

SN	Court/ Tribunal and Case Number	Parties	Summary of claim	Claim amount	Prospects of success and reasons thereof
			The High Court also awarded interest at the rate of 12% from the date of judgement to the date of settlement of claim in full.		
8.	Court of Appeal, Civ. Appeal No. 20/2020	Heri Microfinance Ltd & Another versus CRDB Bank PLC and 2 Others	The Bank appealed decision of the High Court who delivered its judgement against the Bank by holding that, the Bank failed to issue notice of default within 60 days and it proceeded to nullify the sale of mortgaged properties, awarded the damages of TZS 2,000,000,000/= to the Plaintiffs with interest of 8%, from the date of judgement to the date of satisfaction of decree. Further, the Bank was ordered to reimburse the purchase price to the purchaser.	TZS.2,000,000,000/=	The Bank has a reasonable chance of success as it followed due process and issued the required notices. Further, the amount awarded in damages being TZS 2,000,000,000/= is inordinately high and without proper justification.
9.	High Court Dar es Salaam, Civil Case 143/2021	Abla Estates versus CRDB Bank PLC	The Plaintiff has initiated legal proceedings against the Bank, alleging that the Bank's use of armed police force to invade and conduct a valuation on Plot No. 20 Regent Estates in Kinondoni municipality was improper and unlawful. Furthermore, the Plaintiff is seeking a permanent injunction to prevent the Defendant from carrying out any unilateral valuations until a joint valuer is appointed by both the Bank and the Plaintiff.	TZS 10,000,000,000.00	The Bank is legally entitled to sale the mortgage property following the default to of the borrower to repay the loan. As such, the Bank's chances of success are high.
10.	The High Court of Justice	Finastra	CRDB Bank PLC is on notice of possible court proceedings in England	USD.23,065,912.30	There is a reasonable chance for the

DENTONS EALC EAST AFRICAN LAW CHAMBERS 15 August 2023

SN	Court/ Tribunal and Case Number	Parties	Summary of claim	Claim amount	Prospects of success and reasons thereof
	Business and Property Courts Of England and Wales Commercial Court		relating to the provision of services by Finastra International Limited (Finastra) to CRDB Bank PLC (CRDB) under the Framework Licence and Services Agreement (Agreement #: ON116601 (R)) dated 31 August 2017 (the Framework) and "Licence Schedule No: ON116601 (Amendment) – Licence" of the same date (the Licence)		Bank to succeed in defending the claim by Finastra.
11.	Court of Appeal Dar es Salaam Civil Appeal 371/022	CRDB Bank PLC versus Symbion Power (T) Ltd	The case involves an overdraft facility of USD 13,000,000 working capital for multiple projects under the Millennium Challenge Account Tanzania. The borrower failed to repay the facility, leading to a restructuring agreement where Symbion Power (T) Limited assumed all liabilities. Symbion Power (T) Limited subsequently disputed the debit of USD 13,000,000 from its account and filed a suit against the Bank. The High Court held that the Bank erred in debiting Symbion Power (T) Limited's account and it is on this basis that the Bank filed an appeal at the Court of Appeal to challenge the said decision.	USD 13,000,000,000	The Bank has a reasonable chance of success since Symbion Power (T) Ltd assumed full responsibility to settle the debt.

SCHEDULE 6- MATERIAL CONTRACTS

S/N	Document Name
1.	Line of Credit Agreement between African Development Bank and CRBD Bank PLC signed on 27th July 2022.
2.	Portfolio Guarantee Agreement between the Company and Guarantco Ltd. dated 28th April 2020
3.	Guarantee Agreement between Agence Francaise De Development and CRDB Bank PLC dated 28th March 2022
4.	Subordinated Facility Agreement between CRDB Bank PLC and African Development Bank 23rd December 2021
5.	Credit Facility Agreement between CRDB Bank PLC and So-ciété De Promotion Et De Participation Pour La Coopératton Écononnrque S.A. (PROPARCO) dated 17th March, 2022
6.	Motor Insurance Policy between CRDB Bank PLC and San Salam General Insurance, Policy No. P/2022/5004/000009, due on 30th June 2023
7.	Assets All Risks Policy between CRDB Bank PLC and San Salam General Insurance, Policy No. P/01/2022/2011/000040, due on 30th June 2023.
8.	Group Personal Accident Policy (GPA) between CRDB BANK PLC and San Salam General Insurance, Policy No. P/2022/5004/000009, due on 30th June 2023.
9.	Public Liability Policy, between CRDB Bank PLC and San Salam General Insurance, Policy No. P/01/2022/6002/00002, due on 30th June 2023
10.	Medical Insurance, between CRDB Bank PLC and National Health Insurance Fund, policy No. due on 31/03/2024
11.	Finance Contract between CRDB and European Investment Bank (Tanzania Gender and Blue Economy) dated 22nd February 2023
12.	Loan Agreement between CRDB and International Finance Corporation and International Finance Corporation (in its capacity as Implementing Entity of the Global SME Facility)
13.	Line of Credit Agreement between African Development Bank and CRDB (2022)
14.	Line of Credit between African Development Bank and CRDB
15.	Order Form between CRDB and Greenstar Payment Solutions Limited dated 6th December 2022
16.	Euriz Portfolio Guarantee Agreement No. CTZ109401 V dated 28th March 2022
17.	East & Central Africa PEFF II for SMEs & Midcaps (CRDB) (Contonou Investment Facility Resources) Finance Contract dated 29th December 2015
18.	Choose Africa Resilience Sub participation Agreement between CRDB and Agence Francaise De Development dated 28th February 2022
19.	Agreement for Supply, Transportation, Installation and Commission of Invertors between CRDB and Neymon Investment Limited dated 9th June 2022

20.	Agreement for Engagement of Subject Matter Experts (SME'S) for Temenos Transact System between CRDB and Information Technologies Solution and Service SARL (ISS Global)
21.	Master Service Agreement between CRDB and Tech Mahindra Limited dated 13th May 2021
22.	Loan Agreement between CRDB and International Finance Corporation (in its capacity as the implementing entity of the Global SME Facility)
23.	Term Loan Facility of USD 130,000,000 for CRDB arranged by Intesa Sanpaolo S.P.A. and Investec Bank Limited (acting through its corporate and institution banking division) (as co-ordinators and bookrunners); London Forfaiting Company Limited and the Mauritius Commercial Bank Limited (as mandated lead arrangers); Sanlam Insurance Limited and National Bank of Ras Al Khaimah (as lead arrangers); Afrasia Bank Limited, BCP Bank (Mauritius) Limited and SBM Bank (Mauritius) Limited (as arrangers) with Investec Bank Limited (acting through its corporate and institutional banking division)(acting as Agent)
24.	Agreement for supply, installation, testing and commissioning of HCI server infrastructure including support services between CRDB and Scotia Group Limited
25.	Loan Portfolio Guaranty Agreement (Guaranty No. 9000104292) between United States International Development Finance Corporation
26.	Agreement for provision of Group Life Assurance and Services Between CRDB and Alliance Life Assurance
27.	Agreement between CRDB Bank PLC and Britam Insurance Limited for provision of Banker's Blanket Directors and officers Liability insurance Policies

REPORTING ACCOUNTANTS REPORT

KPMG
Certified Public Accountants
2nd Floor, The Luminary
Haile Selassie Road, Masaki
P.O. Box 1160
Dar es Salaam, Tanzania

Telephone +255 22 2600330
Fax +255 22 2600490
Email info@kpmg.co.tz
Internet www.kpmg.com/eastafrica

Reporting Accountant's Report

Introduction to Reporting Accountant's Report

To
Managing Director
CRDB Bank PLC
Plot No. 25, 26 Ali Hassan Mwinyi Road
P.O. Box 9333
Dar es Salaam

At your request, we submit our Reporting Accountant's Report for the purpose of listing Multicurrency Medium Term Notes as required by Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Securities Authority-Tanzania (CMSA), 2019 and Dar es salaam Stock Exchange PLC rules, 2022.

Responsibilities of the Directors

The Directors of CRDB Bank PLC are responsible for the preparation and accuracy of the historical financial information of CRDB Bank PLC for the years ended 31 December 2022, 31 December 2021, and 31 December 2020, and the preparation and presentation of the forecasted financial information for years ending 31 December 2023 and 2024, and cashflow for the year ending 31 December 2023 ("Forecasted Financial Information") and the assumptions on which it is prepared ("Directors' Assumptions").

The statutory financial statements for the years ended 31 December 2022, 31 December 2021, and 31 December 2020 were audited by Ernst and Young and received unmodified audit reports.

Our responsibilities as reporting accountants

Our responsibilities are detailed in our engagement letter. These included compiling a Reporting Accountant's Report that includes the following:

a) An Independent Review Report on Historical Financial Information in accordance with ISRE 2400 (Revised).

b) A compilation report in accordance with the requirements of the Capital Markets and Securities Act Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Securities Authority-Tanzania, 2019 and the International Standard on Related Services applicable to compilation engagements (ISRS) 4410 Compilation Engagements set out on pages 154 to 489.

c) An Independent Limited Assurance Report to the directors of CRDB Bank PLC on financial ratios

Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Securities Authority - Tanzania, 2019.

d) A report on the forecasted financial information for the years ending 31 December 2023 and 31 December 2024, and Cash flows for 12 months ending 31 December 2023, including a limited assurance conclusion on the reasonableness of the Directors' Assumptions and an opinion on the Forecasted Financial Information in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information (ISAE) 3400 *The Examination of Prospective Financial Information,* set out on pages 501 to 503.

Consent

We as the Reporting Accountant confirm that we have given, and have not, prior to the date of the Prospectus, withdrawn our written consent to the inclusion of the Reporting Accountant's Report in the Information Memorandum in the form and context in which it appears.

The engagement partner responsible for the engagement resulting in this Reporting Accountant's Report is Vincent Onjala (TACPA 2722).

For and on behalf of:
KPMG
Certified Public Accountants (T)
P.O. Box 1160 – Dar es Salaam, Tanzania

Signed by: CPA Vincent Onjala (TCPA 2722)

Date: 10 August 2023

INDEPENDENT PRACTITIONER'S REVIEW REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CRDB BANK PLC

We have reviewed the accompanying financial statements of CRDB Bank PLC ("The Bank, Group or CRDB") set out on pages 154 to 489, which comprise the group and bank's statements of financial position of CRDB Bank PLC as at 31 December 2022, 31 December 2021 and 31 December 2020 and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Historical Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards). This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the historical financial statements do not give a true and fair view of the group's and bank's statements of financial position of CRDB Bank PLC. as at 31 December 2022, 31 December 2021 and 31 December 2020 and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the for the years then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

For and on behalf of:

KPMG
Certified Public Accountants (T)
P. O. Box 1160 – Dar es Salaam, Tanzania

....

Signed by: CPA Vincent Onjala (TCPA 2722)

Date: 10 August 2023 ....

REPORTING ACCOUNTANT'S COMPILATION REPORT
TO THE DIRECTORS OF CRDB BANK PLC

We have compiled the accompanying financial statements of CRDB Bank PLC ("CRDB, Group and/or Bank") on pages 154 to 489, based on information you have provided. These financial statements comprise the group's and bank's statements of financial position of CRDB Bank PLC as at 31 December 2022, 31 December 2021, and 31 December 2020, and Group's and Bank's statements of profit or loss and other comprehensive income, Group's and bank's statements of changes in equity and Group's and Bank's statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), *Compilation Engagements.*

We have applied our expertise in accounting and financial reporting to assist you in the compilation and presentation of these financial statements in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on the financial statements.

For and on behalf of:

KPMG

Certified Public Accountants (T)

P. O. Box 1160 – Dar es Salaam, Tanzania

Signed by: CPA Vincent Onjala (TCPA 2722)

Date: 10 August 2023

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020

In TZS' Million	Notes	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
Interest income calculated using the effective interest method	11	965,471	789,666	699,294	917,649	758,261	671,129
Other interest and similar income	11	1,814	779	-	1,814	779	-
Interest expense Calculated using the Effective Interest Method	12	(219,472)	(142,239)	(116,305)	(209,218)	(134,781)	(109,072)
Other Interest and Similar expense	12	(1,980)	(2,331)	(2,509)	(1,952)	(2,278)	(2,461)
Net interest income		**745,833**	**645,875**	**580,480**	**708,293**	**621,981**	**559,596**
Fees and commission income	13 A	333,909	257,305	204,092	328,883	253,060	194,021
Fees and commission expense	13 B	(70,737)	(51,248)	(36,433)	(69,544)	(51,150)	(36,428)
Net fees and Commission Income		**263,172**	**206,057**	**167,659**	**259,339**	**201,910**	**157,593**
Net foreign exchange income	14	57,557	37,768	36,721	54,786	36,502	34,444
Credit Loss expense on financial assets	31	(60,435)	(23,255)	(73,065)	(59,675)	(23,433)	(72,750)
Net gains on financial assets at fair value through profit or loss	15	2,613	1,447	556	1,814	546	-
Net gains/(losses) on equity investment at FVPL	15	(595)	331	(485)	(595)	331	(485)
Net gains on derecognition of financial assets measured at fair value through OCI	16	44,268	31,084	19,510	44,268	31,084	19,510
Other Operating income	17	98	1,408	4,261	4,442	6,541	6,931
Net Operating Income		**1,052,511**	**900,715**	**735,637**	**1,012,672**	**875,462**	**704,839**
Other operating expenses	18	(178,693)	(150,661)	(132,673)	(168,589)	(144,123)	(127,219)
Depreciation and amortisation	19	(70,918)	(66,520)	(58,718)	(69,605)	(65,060)	(57,422)
Employees benefits expenses	20	(300,482)	(293,788)	(293,054)	(292,363)	(286,246)	(283,594)
Impairment Other Assets	33	(4,709)	(2,380)	(15,021)	(4,710)	(2,520)	(15,021)
Total Operating Expenses		**(554,802)**	**(513,349**	**(499,466)**	**(535,267)**	**(497,949)**	**(483,256)**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020

In TZS' Million	Notes	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
Profit before income tax		**497,709**	**387,366**	**236,171**	**477,405**	**377,513**	**221,583**
Income tax expense	21A	(146,302)	(119,205)	(70,985)	(144,925)	(117,896)	(68,594)
Profit for the year		**351,407**	**268,161**	**165,186**	**332,480**	**259,617**	**152,989**
Profit attributable to:							
Owners of the parent entity		351,407	268,161	165,186	332,480	259,617	152,989
Non-Controlling interests*		-	-	-	-	-	-
		351,407	**268,161**	**165,186**	**332,480**	**259,617**	**152,989**
Basic and diluted earnings per share attributable to equity holders of the parent entity (TZS)	22	134.54	102.67	63.24	-	-	-

*The Group's subsidiaries are 100% owned by the parent entity.

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020

In TZS' Million	Notes	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
Profit for the year		**351,407**	**268,161**	**165,186**	**332,480**	**259,617**	**152,989**
Items that may be subsequently reclassified to profit or loss:							
Gain on Debt instruments at FVOCI		47,654	26,467	23,055	47,654	26,467	23,055
Gain on Debt instrument at FVOCI reclassified to Profit or loss		(44,268)	(31,084)	-	(44,268)	(31,084)	-
Translation reserve		(694)	(791)	(359)	-	-	-
Income tax relating to these items**	40	(1,016)	2,915	(11,516)	(1,016)	2,915	(11,515)
Total items that will be reclassified to the statement of profit or loss		**1,676**	**(2,493)**	**11,180**	**2,370**	**(1,702)**	**11,540**
Items that may not be subsequently reclassified to profit or loss:							
Revaluation gains/(losses) on equity instrument at FVOCI		1,053	1,991	(1,195)	1,053	1,991	(1,195)
Revaluation surplus – Motor vehicles and mobile branches		-	-	1,047	-	-	1,047
Income tax relating to these items**	40	(353)	(824)	(778)	(353)	(824)	(778)
Total items that will not be reclassified to the statement of profit or loss	50	**700**	**1,167**	**(926)**	**700**	**1,167**	**(926)**
Other comprehensive income for the year, net of tax		2,376	(1,326)	10,254	3,070	(535)	10,614
Total comprehensive income		**353,783**	**266,835**	**175,440**	**335,550**	**259,082**	**163,603**
Total comprehensive income attributable to:							
Owners of the parent entity		353,783	266,835	175,440	335,550	259,082	163,603
Non-controlling interests*		-	-	-	-	-	-
		353,783	**266,835**	**175,440**	**335,550**	**259,082**	**163,603**

*The Group's subsidiaries are 100% owned by the parent entity.

**Taxes relates to Revaluation gain on equity and debt instrument at FVOCI

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022, 2021 AND 2020

In TZS' Million	Note	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
ASSETS							
Cash and balances with central bank	24	982,435	888,698	652,918	864,565	869,079	633,209
Due from banks	25	693,506	493,216	361,902	711,979	442,784	382,207
Financial Assets at FVPL	26	23,703	27,097	5,572	17,417	20,807	-
Debt Instruments at FVOCI	27	786,118	424,160	501,005	786,118	424,160	501,005
Credit cards	28	1,248	1,844	529	1,248	1,844	529
Equity investment at FVPL	29A	2,291	2,886	2,555	2,291	2,886	2,555
Equity investment at FVOCI	29B	11,644	10,595	8,623	11,531	10,479	8,488
Loans and advances to customers	30	6,876,509	5,040,368	3,929,096	6,706,018	4,903,448	3,852,158
Debt Instrument at amortised cost	27	1,483,968	1,202,593	995,824	1,148,248	1,001,563	843,316
Other assets	33	246,824	210,932	208,597	249,586	213,012	206,875
Current income Tax recoverable	21B	8,098	8,940	17,169	9,854	9,619	17,505
Investment in subsidiary	34	-	-	-	21,683	21,683	21,683
Non-Current Assets Held for Sale	35	16,600	16,600	16,600	16,600	16,600	16,600
Motor vehicles and Mobile Branches	36A	18,780	20,685	18,064	17,911	19,815	17,248
Property and equipment	36B	353,491	357,556	335,647	340,437	346,040	323,207
Right-of-use assets	37	29,287	35,355	27,678	29,041	34,939	26,992
Prepaid operating leases	38	9,306	9,730	10,028	9,306	9,730	10,028
Intangible assets	39	40,800	25,174	30,026	39,889	24,173	29,193
Deferred income tax asset	40	51,949	41,130	48,639	51,743	41,138	48,647
TOTAL ASSETS		**11,636,557**	**8,817,559**	**7,170,472**	**11,035,465**	**8,413,799**	**6,941,445**
LIABILITIES							
Deposits from Customer	41	8,200,393	6,489,614	5,434,647	7,677,675	6,153,920	5,234,145
Deposits and balances due to other banks	42	1,127,369	715,202	296,212	1,103,605	682,948	295,984
Other liabilities	43A	181,671	150,468	118,220	177,967	147,614	116,513
Lease Liability	438	31,437	37,676	29,618	31,156	37,120	28,688
Provisions	44	1,580	2,679	4,218	1,580	2,679	4,218
Grants	45	3,012	4,730	6,132	3,012	4,730	6,132
Borrowings	46	491,277	197,862	238,054	491,277	197,862	238,054
Subordinated Debts	47	120,742	-	32,407	120,742	-	32,407
TOTAL LIABILITIES		**10,157,481**	**7,598,231**	**6,159,508**	**9,607,014**	**7,226,873**	**5,956,141**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022, 2021 AND 2020 (CONTINUED)

In TZS' Million	Notes	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
EQUITY							
Share capital	49	65,296	65,296	65,296	65,296	65,296	65,296
Share Premium	50	158,314	158,314	158,314	158,314	158,314	158,314
Retained earnings	50	1,196,472	943,500	735,698	1,158,830	919,841	716,470
legal Provision Reserve	50	11,065	6,951	3,346	-	-	-
Regulatory reserve	50	1,576	756	1,827	-	-	-
Translation Reserve	50	342	1,036	1,259	-	-	-
Revaluation Reserve	50	46,011	43,475	45,224	46,011	43,475	45,224
TOTAL EQUITY		**1,479,076**	**1,219,328**	**1,010,964**	**1,428,451**	**1,186,926**	**985,304**
TOTAL LIABILITIES AND EQUITY		**11,636,557**	**8,817,559**	**7,170,472**	**11,035,465**	**8,413,799**	**6,941,445**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020

Group

In TZS' Million Year ended 31 December 2022	Note	Share capital	Share premium	Retained earnings	Regulatory reserve	Legal provision reserve	Revaluation reserve	Translation reserve	Total
At 1 January 2022		**65,296**	**158,314**	**943,500**	**756**	**6,951**	**43,475**	**1,036**	**1,219,328**
Profit for the year		-	-	351,407	-	-	-	-	351,407
Comprehensive income									
Gain on Debt instruments at FVOCI		-	-	-	-	-	47,654	-	47,654
Gain on Debt instrument at FVOCI reclassified to Profit or loss		-	-	-	-	-	(44,268)	-	(44,268)
Revaluation gain on equity instrument at FVOCI		-	-	-	-	-	1,053	-	1,053
Tax on other comprehensive income	40	-	-	-	-	-	(1,369)	-	(1,369)
Translation reserve		-	-	-	-	-	-	(694)	(694)
Total comprehensive income		-	-	**351,407**	-	-	**3,070**	**(694)**	**353,783**
Transfer of excess depreciation net of deferred tax	50	-	-	534	-	-	(534)	-	-
Transfer to general Banking reserve and regulatory Banking risk reserve		-	-	(830)	820	-	-	-	(10)
Legal Provision		-	-	(4,114)		4,114	-	-	-
Transactions with shareholders		-	-	-	-	-	-	-	-
Dividends declared	23	-	-	(94,025)	-	-	-	-	(94,025)
At 31 December 2022		**65,296**	**158,314**	**1,196,472**	**1,576**	**11,065**	**46,011**	**342**	**1,479,076**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020

Group

In TZS' Million Year ended 31 December 2021	Note	Share capital	Share premium	Retained earnings	Regulatory reserve	Legal provision reserve	Revaluation reserve	Translation reserve	Total
At 1 January 2021		**65,296**	**158,314**	**735,698**	**1,259**	**3,346**	**45,224**	**1,827**	**1,010,964**
Profit for the year		-	-	268,161	-	-	-	-	268,161
Comprehensive income									
Gain on Debt instruments at FVOCI		-	-	-	-	-	26,467	-	26,467
Gain on Debt instrument at FVOCI reclassified to Profit or loss							(31,084)		(31,084)
Revaluation gain on equity instrument at FVOCI		-	-	-	-	-	1,991	-	1,991
Tax on other comprehensive income	40	-	-	-	-	-	2,091	-	2,091
Translation reserve		-	-	-	-	-	-	(791)	(791)
Total comprehensive income		**-**	**-**	**268,161**	**-**	**-**	**(535)**	**(791)**	**266,835**
Transfer of excess depreciation net of deferred tax	50	-	-	1,214	-	-	(1,214)	-	-
Transfer to general Banking reserve and regulatory Banking risk reserve		-	-	(508)	(503)	-	-	-	(1,011)
Legal Provision		-	-	(3,605)	-	3,605	-	-	-
Transactions with shareholders									
Dividends declared	23	-	-	(57,460)	-	-	-	-	(57,460)
At 31 December 2021		**65,296**	**158,314**	**943,500**	**756**	**6,951**	**43,475**	**1,036**	**1,219,328**

*The amount relates to the retain earnings of the MFSCL subsidiary liquidated during the year by transferring its operations to the parent company.

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REPORTING ACCOUNTANT'S REPORT

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020

Group

In TZS' Million Year ended 31 December 2020	Note	Share capital	Share premium	Retained earnings	General Banking reserve	Legal provision reserve	Revaluation reserve	Translation reserve	Total
At 1 January 2020		**65,296**	**158,314**	**619,407**	**695**	**3,346**	**23,825**	**2,186**	**873,069**
Liquidation of MFSCL*		-	-	(4,631)	-	-	(297)	-	(4,928)
Profit for the year		-	-	165,186	-	-	-	-	165,186
Comprehensive income									
Gain on Debt instruments at fair value through OCI		-	-	-	-	-	22,545	-	22,545
Transfer of excess depreciation net of deferred tax		-	-	701	-	-	(701)	-	-
Revaluation surplus – Motor Vehicle and mobile branches		-	-	-	-	-	1,047	-	1,047
Translation reserve		-	-	-	-	-	-	(359)	(359)
Revaluation loss on equity instruments at FVOCI		-	-	-	-	-	(1,195)	-	(1,195)
Total comprehensive income		**-**	**-**	**165,887**	**-**	**-**	**21,696**	**(359)**	**187,224**
Transfer to general Banking reserve and Regulatory Banking risk reserve		-	-	(564)	564	-	-	-	-
Transactions with shareholders									
Dividends declared	23	-	-	(44,401)	-	-	-	-	(44,401)
At 31 December 2020		**65,296**	**158,314**	**735,698**	**1,259**	**3,346**	**45,224**	**1,827**	**1,010,964**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020

Bank

In TZS' Million Year ended 31 December 2022	Note	Share capital	Share premium	Retained earnings	Revaluation reserve	Total
At 1 January 2022		**65,296**	**158,314**	**919,841**	**43,475**	**1,186,926**
Profit for the year		-	-	332,480	-	332,480
Comprehensive income						
Gain/ (Loss) on debt instruments at fair value through OCI	50	-	-	-	47,654	47,654
Reclassified to profit or loss		-	-	-	(44,268)	(44,268)
Revaluation gain/ (loss) on equity instrument at FVOCI		-	-	-	1,053	1,053
Tax on other comprehensive income			-	-	(1,369)	(1,369)
Total comprehensive income		**-**	**-**	**332,480**	**3,070**	**335,550**
Transfer of excess depreciation net of deferred tax	50	-	-	534	(534)	-
Transactions with shareholders						
Dividend declared	23	-	-	(94,025)	-	(94,025)
At 31 December 2022		**65,296**	**158,314**	**1,158,830**	**46,011**	**1,428,451**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020

Bank

In TZS' Million Year ended 31 December 2021	Note	Share capital	Share premium	Retained earnings	Regulatory reserve	Revaluation reserve	Total
At 1 January 2021		**65,296**	**158,314**	**716,470**	**-**	**45,224**	**985,304**
Profit for the year		-	-	259,617	-	-	259,617
Comprehensive income							
Gain/ (Loss) on debt instruments at fair value through OCI	50					26,467	26,467
Reclassified to profit or loss		-	-	-	-	(31,084)	(31,084)
Revaluation gain/ (loss) on equity instrument at FVOCI		-	-	-	-	1,991	1,991
Tax on other comprehensive income		-	-	-	-	2,091	2,091
Total comprehensive income		-	-	259,617	-	(535)	259,082
Transfer of excess depreciation net of deferred tax	50	-	-	1,214	-	(1,214)	-
Transactions with shareholders		-	-	-	-	-	-
Dividend declared	23	-	-	(57,460)	-	-	(57,460)
At 31 December 2021		**65,296**	**158,314**	**919,841**	**-**	**43,475**	**1,186,926**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

STATEMENT OF CHANGE IN EQUITY (CONTINUED)

FOR THE YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020

Bank

In TZS' Million	Note	Share capital	Share premium	Retained earnings	General Banking reserve	Revaluation reserve	Total
At 1 January 2020		**65,296**	**158,314**	**607,181**	-	**23,528**	**854,319**
Profit for the year		-	-	152,989	-	-	152,989
Comprehensive income							
Gain/ (Loss) on debt instruments at fair value through OCI		-	-	-	-	22,545	22,545
Transfer of excess depreciation net of deferred tax		-	-	701	-	(701)	-
Revaluation surplus – Motor Vehicle and mobile branches		-	-	-	-	1,047	1,047
Revaluation gain/ (loss) on equity instrument at FVOCI		-	-	-	-	(1,195)	(1,195)
Total comprehensive income		**-**	**-**	**153,690**	**-**	**21,696**	**175,386**
Transfer to general banking reserve and regulatory banking risk reserve		-	-	-	-	-	-
Transactions with shareholders							
Dividend declared	23	-	-	(44,401)	-	-	(44,401)
At 31 December 2020		**65,296**	**158,314**	**716,470**	**-**	**45,224**	**985,304**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

STATEMENT OF CASHFLOWS

FOR THE YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020

In TZS' Million	Note	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
Cash flow from operating activities							
Profit before income tax		**497,709**	**387,366**	**236,171**	**477,405**	**377,513**	**221,583**
Adjustment for:							
Depreciation of property and equipment	36A	48,066	40,862	32,735	47,310	39,941	32,092
Depreciation of motor vehicle and mobile branches	36B	3,467	3,314	2,879	3,328	3,170	2,720
Depreciation of right-of-use assets	37	9,499	13,041	12,961	9,312	12,856	12,766
Amortization of intangible assets	39	9,608	9,005	9,826	9,377	8,795	9,527
Depreciation of prepaid operating leases	38	278	298	318	278	298	318
Loss on disposal of property and equipment*	17	1,712	78	581	1,712	78	517)
Loan impairment charges	30	72,224	54,788	74,462	71,461	54,944	74,147
Provisions - Debt instruments	31	117	41	(3,725)	117	41	(3,725)
Provisions – Placements	31	864	(203)	906	864	(203)	906
Provisions - Off balance sheet	31	(298)	1,050	55	(298)	1,050	55
Provisions - Credit cards	31	435	(682)	1,367	435	(682)	1,367
Dividend income	17	-	38	2,934	(4,344)	5,171	5,604
Other assets impairment charges	33	4,709	2,380	15,021	4,710	2,520	15,021
Grant utilization	45	(1,718)	(1,402)	(1,854)	(1,718)	(1,402)	(1,790)
Interest income	11	(967,285)	(790,445)	(699,294)	(919,463)	(759,040)	(671,129)
Interest expense	12	221,452	144,570	118,814	211,170	137,059	111,533
Loss/(Gain) on FVPL		595	(1,778)	-	595	(877)	-
Foreign currency exchange gain on borrowings	46	(1,327)	(74)	1,727	(1,327)	(74)	1,727
Foreign currency exchange loss on subordinated debt	47	82	-	-	82	-	-
Foreign currency exchange gain on cash and cash Equivalents		(1,832)	(6,353)	9,067	(1,832)	(6,353)	9,130
		(599,352)	**(531,472)**	**(421,220)**	**(568,231)**	**(502,708)**	**(399,214)**
Changes in operating assets and liabilities:							
Statutory minimum reserve		(158,334)	(1,387)	110,630	(158,334)	1,387	110,630
Due from banks		(201,154)	(133,451)	117,769	(268,722)	(57,429)	39,630

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

STATEMENT OF CASHFLOWS (CONTINUED)

FOR THE YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020

		Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
In TZS' Million							
Financial Assets at FVPL		2,497	(22,194)	(63,930)	2,493	(20,574)	(27,833)
Debt Instruments at FVOCI		(305,041)	134,344	(5,989)	(305,973)	134,344	-
Credit card		161	(631)	-	161	(631)	-
Loans and advances to customers		(1,895,526)	(1,145,226)	(694,798)	(1,859,436)	(1,097,684)	(627,056)
Debt Instrument at amortised costs		(276,762)	(181,820)	-	(146,426)	(138,960)	-
Other assets		(40,578)	(6,998)	(29,149)	(41,342)	(10,969)	(23,445)
Deposits from customers		1,788,983	1,054,061	231,065	1,556,726	921,092	166,370
Deposits and balances due to other bank		476,763	485,709	252,142	583,506	381,335	277,321
Other liabilities		29,423	31,280	3,669	28,554	30,472	346
Provisions on legal claims		(1,109)	(2,703)	(453)	(1,099)	(2,292)	(453)
Interest received from loans and advances to customers		761,006	569,687	492,508	734,125	568,231	492,673
Interest received from credit card		1,088	692	-	1,088	692	-
Interest received from Debt instruments at amortised Cost		116,264	96,937	186,050	96,585	85,554	173,671
Interest received from Debt instruments at FVOCI		63,464	67,771	547	63,464	67,771	547
Interest received from financial assets FVPL		2,711	1,447	-	2,711	546	-
Interest paid		(175,649)	(110,159)	(83,695)	(162,383)	(105,585)	(80,813)
Income tax paid	21B	(156,050)	(99,618)	(47,777)	(155,537)	(98,937)	(46,344)
Net cash generated from operating activities		**(69,486)**	**593,635**	**283,540**	**(120,665)**	**533,168**	**277,613**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020

In TZS' Million	Note	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
Cash flows from investing activities							
Purchase of property and equipment	36B	(45,552)	(63,890)	(88,572)	(42,814)	(63,108)	(85,883)
Purchase of motor vehicle and mobile branches	36A	(1,944)	(6,339)	(6,337)	(1,944)	(6,049)	(5,937)
Purchase of intangible assets	39	(25,667)	(4,449)	(3,980)	(25,496)	(3,863)	(3,640)
Dividend received		-	38	2,322	4,344	38	2,322
Investment in shares	33	-	-	(7,000)	-	-	(7,000)
Proceeds from disposal of property and equipment, motor vehicle and intangible assets		665	988	393	665	566	393
Net cash used in investing activities		**(72,498)**	**(73,652)**	**(103,174)**	**(65,245)**	**(72,416)**	**(99,745)**
Cash flows from financing activities							
Dividends paid		(91,928)	(57,546)	(44,401)	(91,928)	(57,546)	(43,518)
Borrowings received	46	349,880	20,970		349,880	20,970	-
Repayment of borrowings	46	(59,202)	(59,450)	(59,652)	(59,202)	(59,450)	(59,652)
Interest paid on borrowings	46	(24,663)	(14,201)	(14,242)	(24,663)	(14,201)	(14,242)
Subordinated debt received/(repayment)	47	116,597	(30,000)	-	116,597	(30,000)	-
Interest paid on subordinate debt	47	(2,920)	(3,998)	-	(2,920)	(3,998)	-
Interest paid on lease liabilities	43B	(1,979)	(2,331)	(2,509)	(1,952)	(2,278)	(2,461)
Principal payment on lease liabilities	43B	(9,075)	(12,745)	(12,131)	(8,880)	(12,369)	(12,164)
Net cash (used in) financing activities		**276,710**	**(159,301)**	**(132,935)**	**276,932**	**(158,872)**	**(132,037)**
Cash and cash equivalents at 1 January		1,151,892	784,857	747,098	1,081,842	773,609	737,416
Net cash (used in)/generated from operating activities		(69,486)	593,635	283,540	(120,665)	533,168	277,613
Net cash used in investing activities		(72,498)	(73,652)	(103,174)	(65,245)	(72,416)	(99,745)
Net cash generated from/(used in) financing activities		276,710	(159,301)	(132,935)	276,932	(158,872)	(132,037)
Effect of exchange rate changes on cash and cash equivalents		1,832	6,353	(9,672)	1,832	6,353	(9,638)
Cash and cash equivalents at 31 December	51	**1,288,450**	**1,151,892**	**784,857**	**1,174,696**	**1,081,842**	**773,609**

Includes Loss on disposal of Property plant & Equipment's, Motor Vehicles and Mobile Branches, Intangibles, Prepaid Operating leases.

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

CRDB Bank PLC (the "Bank") and its subsidiaries CRDB Insurance Broker Limited, and CRDB Bank Burundi S.A (together, "the Group") provide corporate and retail Banking services including microfinance and insurance services. The Bank is a public limited company incorporated under the Companies Act No.12 of 2002 and is domiciled in Tanzania.

The Bank and CRDB Insurance Brokerage Limited operate in Tanzania. CRDB Bank Burundi S.A. operates in Burundi.
The Bank's shares are listed on the Dar es Salaam Stock Exchange (DSE). The address of its registered office is as follows:

CRDB Headquarters
Plot No.25 & 26 Ali Hassan Mwinyi Road & Plot No.21 Barack Obama Road
P.O. Box 268, 11101 Dar es Salaam, Tanzania

The consolidated and Bank's financial statements for the year ended 31 December 2022 were approved for issue by Those Charged with governance on 18th February 2022. Neither the entity's owners nor others have the power to amend the financial statements after issue.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis, except for the following;

- Debt instrument at fair value through OCI and motor vehicles and/or mobile branches measured at fair value
- Other financial assets and liabilities measured at amortised cost as explained in the accounting policies.
- Financial assets measured at FVPL
- Equity instrument measured at FVOCI
- Equity instrument measured at FVPL

In the preparation of financial statements, the Bank has considered the impact of macro-economic and geopolitical uncertainty especially on areas which needs significant estimates and judgements and considered materiality assessments.

The financial statements are presented in Tanzania shillings (TZS) which is the functional currency, and the amounts are rounded to the nearest million, except where otherwise indicated.
The Bank has prepared its consolidated financial statement on the basis that it will continue to operate as a going concern-refer to note 8.3.

3 STATEMENT OF COMPLIANCE

The Group's consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The Group's consolidated and separate financial statements, except for cashflow statement, have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Group's accounting policies.

CRDB BANK PLC

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NOTES TO THE FINANCIAL STATEMENTS

3 STATEMENT OF COMPLIANCE (CONTINUED)

Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The directors believe that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 8.

4 PRESENTATION OF FINANCIAL STATEMENTS

These financial statements comprise the statements of financial position (also referred to as the balance sheet) as at 31 December 2022, the income statement; and statement of other comprehensive income, statements of changes in equity and statements of cash flows for the year ended; as well as the notes, which comprise a summary of significant accounting policies and other explanatory notes.

The Bank presents its statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle most assets/liabilities of the corresponding financial statement line item. Financial assets and financial liabilities are generally reported gross in the consolidated statement of financial position except when IFRS netting criteria are met.

Application of the going concern principle

The Group's management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. In making this assessment, the Bank has considered the impact of climate-related matters on going concern assessment. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective in these financial statements. Other amendments and interpretations apply for the first time in 2022, but do not have an impact on the Bank's consolidated financial statements.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

(i) New and amended standards adopted by the Group and Bank

The following standards have been adopted by the Group and Bank for the first time for the financial year beginning on 1 January 2022:

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(i) New and amended standards adopted by the Group and Bank (continued

International Financial Reporting Standards and amendments effective for the first time for December 2022 year-end		
Number	**Effective date**	**Executive summary**
Amendment to IFRS 3, 'Business combinations' Asset or liability in a business combination clarity	Annual periods beginning on or after 1 January 2022 (Published May 2021)	The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date. Based on management assessment, the amendment is not expected to have a significant impact to the bank's financial statements.
Amendments to IAS 37 Onerous Contracts- Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract. Based on management assessment, the amendment does not have a significant impact to the bank's financial statements.
Annual improvements cycle 2018 - 2021	Annual periods beginning on or after 1 January 2022 (Published May 2021)	These amendments include minor changes to: IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. *IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities* IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(i) New and amended standards adopted by the Group and Bank (continued)

International Financial Reporting Standards and amendments effective for the first time for December 2022 year-end		
Number	**Effective date**	**Executive summary**
		The Group applied the amendments to financial liabilities that are modified or exchanged. The amendment had no material impact on financial statements. IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. No material impact to the Group.
IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment	Annual periods beginning on or after 1 April 2021 (early adoption is permitted) (Published March 2021	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The March 2021 amendment will only be available if an entity chose to apply the May 2020 optional practical expedient. The Bank has performed an assessment there was no rent concessions that met the criteria under the amendment.
Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss. Based on management assessment, the amendment does not have a significant impact to the bank's financial statements.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(i) New and amended standards adopted by the Group and Bank

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Number	**Effective date**	**Executive summary**
		amount of premiums and acquisition cash flows that have been recognised in profit or loss over the expired portion of the coverage period based on the passage of time. ▪ For group of contracts that are assessed as onerous at initial recognition(loss making groups), an onerous loss will be recognised in profit or loss with the corresponding increase in the liability of remaining coverage. ▪ The liability for incurred claims will be measured at the amount of the fulfilment cash flows relating to incurred claims, in accordance with the fulfilment cash flow requirements of the general measurement model. Management has performed a preliminary assessment and considered the impact of the new standard to its portfolio of performance bonds is insignificant. As of 31 December 2022, the Bank held Performance Bonds with exposure of TZS 578 billion. Based on Management's assessments none of the performance bonds issued to customers transfers significant insurance risk to the bank. This is because the terms of the performance bonds contracts require applicants to fully collateralize their obligations by making cash deposits with the Bank. In the event of the claim the Bank has no obligation to pay in excess of cash deposits.
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023 (Published Jan 2021)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The Group does not expect the amendment will have significant impact to the financial statements. The Group is expecting to apply the standard/ amendment on 1 January 2023.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(i) New and amended standards adopted by the Group and Bank

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Number	**Effective date**	**Executive summary**
Definition of Accounting Estimates - Amendments to IAS 8	The amendments are effective for annual reporting periods beginning on or after 1 January 2023	In February 2022, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted if this fact is disclosed. The amendments are not expected to have a material impact on the Group. The Group is expecting to apply the standard/ amendment on 1 January 2023.
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted.	In February 2022, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures. The Group is expecting to apply the standard/ amendment on 1 January 2023.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(i) New and amended standards adopted by the Group and Bank (continued)

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Number	**Effective date**	**Executive summary**
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	The amendments apply for annual reporting periods beginning on or after 1 January 2023	The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g., leases. For leases, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. Under the amendments, the Group will recognise a separate deferred tax asset and a deferred tax liability. The amendments are not expected to have a material impact on the Group. The Group is expecting to apply the standard/ amendment on 1 January 2023.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group and the Bank in the current or future reporting periods and on foreseeable future transactions.

For all new standards and interpretations not yet adopted and the Group and Bank, will be adopted on the respective effective dates.

6 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Bank and its subsidiaries, CRDB Insurance Broker Limited and CRDB Bank Burundi S.A. for the year ended 31 December 2022. The reporting date for all subsidiaries is 31 December.

The Bank consolidates a subsidiary when it controls it. Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether it has power over an investee and therefore controls the variability of its returns, the Bank considers all relevant facts and circumstances, including:

- The purpose and design of the investee
- The relevant activities and how decisions about those activities are made and whether the Bank can direct those activities
- Contractual arrangements such as call rights, put rights and liquidation rights

Whether the Bank is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such returns. Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Bank and to the non-controlling interests (NCIs), even if this results in the NCIs having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Bank's accounting policies.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

6 BASIS OF CONSOLIDATION (CONTINUED)

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Bank loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, NCI, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value at the date of loss of control. Disclosures for investment in subsidiaries, are provided in Note 34

Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position, respectively.

Transactions eliminated on consolidation

All Intercompany transactions/ balances (assets, liabilities, equity, income, expenses, and cash flows) between members of the Bank are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Tanzanian Shillings (TZS), which is the Group's presentation and functional currency. The Bank uses the direct method of consolidation.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Transactions in foreign currencies during the year are converted into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. All foreign exchange differences arising on non–trading activities are taken to other operating income/expense in the income statement, except for the effective portion of the differences on foreign currency borrowings that are accounted for as an effective hedge against a net investment in a foreign entity. These differences are recognised in OCI until the disposal of the net investment, at which time, they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI. Non–monetary items that are measured at historical cost in a foreign currency are translated using the prevailing exchange rates as at the date of recognition.

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.1 Foreign currency translation (continued)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows: -

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period.
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in 'translation reserve' in equity.

7.2 Recognition of interest income and expense

Interest income includes:

- Interest on financial instruments measured at amortised cost and debt instruments measured at fair value through other comprehensive income.
- Interest on financial asset debt instruments measured at fair value through profit or loss that are held by and managed as part of the group's funding operations

7.2.1 The effective interest rate method

The Bank recognise interest income for all financial assets measured at amortised cost and FVOCI using the effective interest rate method. Interest expense is also calculated using the effective interest rate method for all financial liabilities held at amortised cost.

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' or 'interest expense' in the statement of profit or loss. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

The calculation includes loan application and loan commitment fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by considering transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also considers the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.2 Recognition of interest income and expense (continued)

7.2.1 The effective interest rate method (continued)

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability. The IBOR reform Phase 2 amendments allow as a practical expedient for changes to the basis for determining contractual cash flows to be treated as changes to a floating rate of interest, provided certain conditions are met. The conditions include that the change is necessary as a direct consequence of IBOR reform and that the transition takes place on an economically equivalent basis.

7.2.2 Interest and similar income/expense

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information. The Group calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

In its Interest income/expense calculated using the effective interest method, the Bank only includes interest on those financial instruments that are set out in Note 7.2.1 above. Other interest income/expense includes interest on all financial assets/liabilities measured at FVPL, other than those held for trading, using the contractual interest rate. Interest income/expense on all trading financial assets/liabilities is recognised as a part of the fair value change in 'Net trading income'.

When a financial asset becomes credit-impaired (as set out in Note 7.15) and is therefore regarded as "stage 3" the interest income is calculated by applying the EIR to the net amortised cost of the credit- impaired financial asset (i.e., the gross carrying amount less the allowance for expected credit losses (ECLs). If the financial asset cures (as outlined in Note 7.16) and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

For financial assets originated or purchased credit impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset. This interest rate is determined based on the amortised cost and not the gross carrying amount of the financial asset and incorporates the impact of expected credit losses in the estimated future cash flows of the financial asset.

7.3Fees and commission income

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Bank's revenue contracts do not include multiple performance obligations, as explained further in note 7.3.1 and 7.3.2 below.

When the Bank provides a service to its customers, consideration is determined as per the Banks' rates and charges and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time. The Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer. Based on the nature of Bank's revenue contracts which is in a single performance obligation the Bank has not made any significant judgement when allocating the transaction price to the performance obligation. Fees and commissions that form an integral part of the effective interest rate are excluded from fees and commissions from customers.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.3 Fees and commission income (continued)

Performance obligations satisfied over time includes, Loan commitment fees, Loan syndication fees, custody fees, interchange fees and other services, where the customer simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs. The Bank's fee and commission income from services where performance obligations are satisfied over time include the following:

7.3.1 The Group's fees and commission where performance obligations are satisfied over time.

Loan commitment fees: These are fixed annual fees paid by customers for loan and other credit facilities with the Bank. Commitment/Facility fees received by the Group to originate loan at market interest rate are integral to the effective interest rate if it is probable that the Group will enter a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. Commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and amortised over the loan tenure.

As the benefit of the services is transferred to the customer evenly over the period of entitlement, the fees are recognised as revenue on a straight-line basis. Payment of the fees is due and received monthly in arrears. But, where it is unlikely that a specific lending arrangement will be entered into with the customer, the loan commitment is not measured at fair value.

The Group does not designate loan commitments as financial liabilities at fair value through profit or loss. Commitment fees, together with related direct costs, for loan facilities where draw down is probable are deferred and recognised as an adjustment to the effective interest on the loan once drawn. Commitment fees in relation to facilities where draw down is not probable are recognised over the term of the commitment.

Loan syndication fees: These are recognised as revenue when the syndication has been completed and the Group has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses – are recognised on completion of the underlying transaction.

Custody fees: The Bank earns a fixed annual fee for providing its customers with custody services, which include the safekeeping of purchased securities and processing of any dividend income and interest payments. As the benefit to the customer of the services is transferred evenly over the service period, these fees are recognised as revenue evenly over the period, based on time elapsed. Payment of these fees is due and received quarterly in arrears.

Interchange fees: The Bank provides its customers with credit card processing services (i.e., authorisation and settlement of transactions executed with the Bank's credit cards) where it is entitled to an interchange fee for each transaction (i.e., when a credit cardholder purchases goods and services from merchants using the Bank's credit card).

The fees vary based on the number of transactions processed and are structured as either a fixed rate per transaction processed or at a fixed percentage of the underlying cardholder transaction. Interchange and merchant fees are recognised upon settlement of the card transaction payment.

Other non-banking fee and commission income relates to fees and commissions earned for rendering services to customers other than those related to the banking operations. This includes fee and commission income earned from providing services on behalf of third-party service providers, in effect acting as an agent. Commissions and brokerage earned on the sale of insurance products to customers of the group on behalf of an insurer (Bank assurance services) are recognised at the point that the significant obligation has been fulfilled.

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.3 Fees and commission income (continued)

7.3.2 The Group's fees and commission where performance obligations are satisfied at a point in time

Services provided where the Bank's performance obligations are satisfied at a point in time are recognised once control of the services is transferred to the customer, where the customer does not simultaneously receive and consumes the benefits of the Bank's performance as it performs the service. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria.

These include fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as Salary processing fees, Insurance Commission from Insurance brokerage services, Sale of cheque books, ATM withdrawal charges, statement charges, and other fees and commissions of that nature. The Bank has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

The Bank's fee and commission income from services where performance obligations are satisfied at a point include the following:

Transactional fees: Transactional fees are service charges on deposit accounts, cash management services and transactional processing fees such as fees income generated from credit and bank card usage. Fees earned on the execution of a significant act typically includes transactional fees. Transaction and processing fees are recognised at the point in time the transaction occurs, or service is performed. They include banking services such as Automated Teller Machine (ATM) fees, wire transfer fees, overdraft or late fees and foreign exchange fees, among others.

These fees are received, and the Group's provides the service, monthly; the fees are recognised in income on this basis. The Group also receives certain fees in respect of its asset finance business where the performance obligations are typically fulfilled towards the end of the customer contract; these fees are recognised in income on this basis.

7.3.3 Contract balances

Fees and commissions receivables are recognised in the statement of financial position under 'Other assets. The receivable is arising from revenue from contracts with customers which represent the Bank's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). These are measured at amortised cost and subject to the impairment provisions of IFRS 9. Revenue recognised from contract with customers are disaggregated based on nature and timing of revenue recognition.

Fees and commissions receivables are recognised in the statement of financial position under 'Other assets. The receivable is arising from revenue from contracts with customers which represent the Bank's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

These are measured at amortised cost and subject to the impairment provisions of IFRS 9. Revenue recognised from contract with customers are disaggregated based on nature and timing of revenue recognition.

'Unearned fees and commissions' included under 'Other liabilities', which represent the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A liability for unearned fees and commissions is recognised when the payment is made, or the payment is due (whichever is earlier). Unearned fees and commissions are recognised as revenue when (or as) the Group performs.

7.4 Net trading income

Net trading income includes all gains/ (losses) from changes in fair value and the related interest income or expense and dividends, for financial assets and financial liabilities held for trading.

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.5 Net gains / (losses) on financial assets at fair value through profit or loss

Net gains/ (losses) on financial asset at FVTPL represents revenue from non-trading asset invested for the purpose of cashflow management. The financial asset is designated at FVTPL and measured at FVTPL as elected under IFRS 9. The line item represents fair value changes.

7.6 Net gains/(losses) on derecognition of financial assets measured at amortised cost or FVOCI

Net gain/(loss) on derecognition of financial assets measured at amortised cost includes income (or loss) recognised on sale or derecognition of financial assets measured at amortised costs calculated as the difference between the book value (including impairment) and the proceeds received. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and presented in the profit or loss statement within 'net gains/ (losses) on derecognition of financial assets measured at fair value through OCI'.

7.7 Financial instruments - initial recognition

7.7.1 Date of recognition

Financial assets and liabilities, except for loans and advances to customers and balances due to customers, are initially recognised on the date on which the Bank becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank.

7.7.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value (as defined in Note 7.7). Except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Receivables are measured at the transaction price.

Immediately after initial recognition, an expected credit loss allowance is recognised for newly originated financial assets measured at amortised cost or fair value through other comprehensive income debt instruments (refer to note 27 for further details).

7.7.3 Day 1 profit or Loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

7.7.4 Measurement categories of financial assets and liabilities

Classification and subsequent measurement of financial assets depends on;

- The Bank's business model for managing the asset; and
- The cash flow characteristics of the asset.

Based on these factors, the Bank classifies its financial assets into one of the following three measurement categories.

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7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.7 Financial instruments - initial recognition (continued)

7.7.4 Measurement categories of financial assets and liabilities (continued)

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- **Fair value through profit or loss (FVPL):** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the profit or loss statement within 'net gains/ (losses) on financial assets at fair value through profit or loss' in the period in which it arises. Financial assets designated in this class are not held for trading.
- **Fair value through other comprehensive income (FVOCI**): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest and are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. Interest income from these financial assets is included in interest income' using the effective interest rate method.

The business model assessment is not performed on an instrument-by-instrument basis, but at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The main consideration in determining the different business models across the group is whether the objectives of the business model are met primarily through holding the financial assets to collect contractual cash flows, through the sale of these financial assets, by managing assets and liabilities on a fair value basis, or through a combination of these activities.

The Group classifies the financial instruments into classes that reflect the nature of information and consider the characteristics of those financial instruments. The classification made can be seen in the table below:

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7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.7 Financial instruments - initial recognition (continued)

7.7.4 Measurement categories of financial assets and liabilities (continued)

Category (as defined by IFRS 9)		Class (as determined by the Bank)		Subclass
Financial Assets	Amortized cost	Due from banks		
		Loans and advances to customers	Loans to individuals (personal lending)	Personal Loans
				Mortgage Loans
			Loans to corporate entities	Corporate Customers
			Loans to SMEs	SME Loans
			Loans to Microfinance	Microfinance Loans
		Credit cards		
		Other assets (excluding non-financial assets)		
		Investment in Debt securities	Debt instruments	Treasury Bill and Bonds (SPPI)
			Private Bonds	Private Bonds
		Settlement and clearing accounts		
		Cash balances with central bank		
	Fair value through other comprehensive income (FVOCI)	Equity investments designated at FVOCI		
		Other treasury bonds held to collect contractual cash flows and sale		
	Fair value through Profit or Loss (FVPL)	Equity investments designated at FVPL		
		Financial asset designated at FVPL		
Financial assets Held for trading	Fair value through Profit or Loss (FVPL)	Debt Instruments		
Financial liabilities	Financial liabilities at amortised cost	Deposits from Banks		
		Borrowings, subordinated debts, and other liabilities		
		Deposits from customers	Retail customers	
			Corporate customers	
Off-balance sheet financial instruments	Loan commitments			
	Guarantees, acceptances and other financial liabilities			

7.8 Fair value measurement

The Group measures financial instruments such as equity investments and debt instruments at FVTPL and FVOCI investment securities at fair value at each reporting date. Fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.8 Fair value measurement (continued)

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

<u>Level 1 financial instruments</u>: Those financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on market prices or dealer price quotations. This includes listed equity securities and debt instruments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

<u>Level 2 financial instruments</u>: Where the fair value of financial instruments is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, FX rates, volatilities, and counterparty spreads) existing at the balance sheet date.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at FVOCI. The fair value for loans and advances as well as liabilities to banks and customers are determined using a present value model based on contractually agreed cash flows, considering credit quality, liquidity and costs. The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

<u>Level 3 financial instruments</u>: Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re- assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets at the reporting date without any deduction for transaction costs. The Group's fair value methodology and the governance over its models includes several controls and other procedures to ensure appropriate measures are in place to ensure its quality and adequacy. All new product initiatives including their valuation methodologies are subject to approvals by various functions of the Group including Risk Department and Finance. The responsibility of ongoing measurement resides with Finance which reports to Chief Financial Officer.

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NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.8 Fair value measurement (continued)

The fair value estimates are being validated by:
- Benchmarking prices against observable market prices or other independent sources
- Evaluating and validating input parameters

Gains or losses on valuation of FVOCI are recognised in other comprehensive income.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

For fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Transfers between levels of the fair value hierarchy are recognized by the Group at the end of the reporting period during which the change occurred.

The fair value of financial instrument is generally measured on individual basis however when the bank manages a group of financial assets and liabilities on the basis of its net market or credit risk exposure (as defined in IFRS 7), the bank can opt to measure the fair value of that group on the basis of the net position (that is, the net position is the unit of account that is being measured at fair value, not the individual financial assets and liabilities).The underlying financial assets and liabilities are presented separately in the financial statements, unless they satisfy the IFRS offsetting criteria.

The Bank periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Bank's financial instruments such as credit risk, own credit and/or funding costs.

Therefore, the Bank applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, to reflect the credit risk of the individual counterparties for non-collateralized financial instruments.

The Bank estimates the value of its own credit from market observable data, such as secondary prices for its traded debt.

The Bank evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments, when necessary, based on the facts at the end of the reporting period.

7.9 Financial assets and liabilities per financial statement line

7.9.1 Loan and advances to banks, Loans and advances to customers, Debt instruments measured at amortized cost, Credit cards, financial assets measured at FVPL, Equity instrument measure at FVPL, Equity instrument measured at FVOCI.

The Bank measures Loan and advances to banks, Loans and advances to customers, Debt instruments measured at amortized cost, Credit cards, financial assets measured at FVPL, Equity instrument measure at FVPL, Equity instrument measured at FVOCI only if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.9 Financial assets and liabilities per financial statement line (continued)

7.9.1 Loan and advances to banks, Loans and advances to customers, Debt instruments measured at amortized cost, Credit cards, financial assets measured at FVPL, Equity instrument measure at FVPL, Equity instrument measured at FVOCI (continued)

The details of these conditions are outlined below.

7.9.1.1 Business Model Assessment

The business model reflects how the Group manages the assets to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL.

Factors considered by the Group in determining the business model for a Group of assets include experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

In considering whether the business objective of holding a group of financial assets is achieved primarily through collecting contractual cash flows, among other considerations, management monitors the frequency and significance of sales of financial assets out of these portfolios for purposes other than managing credit risk. For the purposes of performing the business model assessment, the group only considers a transaction a sale if the asset is derecognised for accounting purposes.

For example, a repurchase transaction where a financial asset is sold with the commitment to buy back the asset at a fixed price at a future date is not considered a sale transaction because substantially all the risks and rewards relating to the ownership of the asset have not been transferred and the asset is not derecognised from an accounting perspective.

If sales of financial assets are infrequent, the significance of these sales is considered by comparing the carrying amount of assets sold during the period and cumulatively to the total carrying amount of assets held in the business model. If sales are either infrequent or insignificant, these sales will not impact the conclusion that the business model for holding financial assets is to collect contractual cash flows. Determining whether sales are significant or frequent requires management to use its judgement. The significance and frequency of sales are assessed on a case-by-case basis at the business model level.

7.9.1.2 The SPPI test

The frequency is assessed on an annual basis and sales of assets that take place once or less per annum is infrequent. If sales take place more than once per annum it does not mean that the business models are not to collect contractual cash flows, but rather that the reasons for the sales need to be more carefully considered. Management will consider both the volume and number of sales relatives to the total assets in the business model to determine whether it is significant.

The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.9 Financial assets and liabilities per financial statement line (continued)

7.9.1 Loan and advances to banks, Loans and advances to customers, Debt instruments measured at amortized cost, Credit cards, financial assets measured at FVPL, Equity instrument measure at FVPL, Equity instrument measured at FVOCI (continued)

7.9.1.2 The SPPI test (continued)

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified as held for trading business model and measured at FVPL.

The Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test. Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. The 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The SPPI test is applied on a portfolio basis for all loans and advances as the cash flow characteristics of these assets are standardized. Where the cash flow characteristics of an instrument is not standardized then the SPPI test will be performed at an individual instrument at initial recognition. In the context of IBOR reform, the Group has assessed the transition of financial assets from IBOR to RFRs and concluded that the impact is not substantial. It is expected that most reforms affecting the Group will be completed by the end of 2022.Management has determined that, the asset's amended contractual cashflow continues to represent solely payments of interest and principal (SPPI), and the basis for determining the contractual cashflows is economically equivalent to the previous basis.

7.9.2 Financial assets or financial liabilities held for trading

The Bank classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held for trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Included in this classification are debt securities and equities that have been acquired principally for the purpose of selling or repurchasing in the near term.

7.9.3 Debt instruments at FVOCI

The Group classifies debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortized cost as explained in note 7.2.2 The ECL calculation for debt instruments at FVOCI is explained in Note 7.12.3. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.9 Financial assets and liabilities per financial statement line (continued)

7.9.4 Equity instruments at FVOCI

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group's policy is to designate equity investments as FVOCI when those investments are held not for trading. Such classification is determined on an instrument-by instrument basis. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

7.9.5 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that either have been designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met.

Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis, or
- The liabilities are part of a group of financial liabilities, which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss except for movements in fair value of liabilities designated at FVPL due to changes in the Group's own credit risk. Such changes in fair value are designated through OCI and do not get recycled to the profit or loss.

Interest earned or incurred on instruments designated at FVPL Interest earned on assets mandatorily required to be measured at FVPL is recorded using the contractual interest rate.

Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

7.9.6 Financial guarantees, letters of credit and undrawn loan commitments

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements. The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. Acceptances and letters of credit are accounted for as off-balance sheet transactions and disclosed as contingent liabilities. The Bank has elected not to apply IFRS 4 Insurance contracts as permitted for financial guaranteed contracts since the Bank has not explicitly asserted that it considers such contracts to be insurance contracts.

7.10 Reclassification of financial assets and liabilities

A change in business model only occurs on the rare occasion when the group changes the way in which it manages financial assets. Any change in business models would result in a reclassification of the relevant financial assets from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period. Financial liabilities are never reclassified.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.11 Modifications of financial assets and financial liabilities

7.11.1 Modification of financial assets

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired.

In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value plus any eligible transaction costs. To renegotiate or modify the contractual cash flows of loans to customers, the Bank assesses whether the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

Any costs or fees incurred, and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

7.11.2 Modification of Financial liabilities

The Group derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

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NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.11 Modifications of financial assets and financial liabilities (continued)

7.11.2 Modification of Financial liabilities (continued)

A substantial modification of the terms occurs where the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of a financial liabilityis not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss.

Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

7.12 Derecognition of financial assets and liabilities

7.12.1 Derecognition other than substantial modification of terms and conditions

The Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it become a new loan, with the difference recognise as a derecognition gains or losses to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as stage 1 for ECL measurement purposes unless the new loan is deemed to be POCI. In the context of IBOR reforms, the Bank's assessment of whether a change to an amortized cost financial instrument is substantial, is made after applying the practical expedient introduced by IBOR reform phase 2. This requires the transitions from an IBOR to an RFR to be treated as a change to a floating interest rate as described in note 7.2.1.

7.12.2 Derecognition other than substantial modification of terms and conditions

7.12.2.1 Financial assets

A financial asset is derecognized when the rights to receive cash flows from the financial asset have expired. The Bank also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset, or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement. Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the original asset), but assumes a contractual obligation to pay those cash flows to one or more entities (the eventual recipients), when all the following three conditions are met:
- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Bank must remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

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7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.12 Derecognition of financial assets and liabilities (continued)

7.12.2 Derecognition other than substantial modification of terms and conditions (continued)

7.12.2.1 Financial assets (continued)

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset, or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and can exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay. If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

7.12.2.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

7.13 Forborne modified Loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided because of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy.

Indicators of financial difficulties include defaults on covenants, or significant concerns raised by Credit analysts. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. If modifications are substantial, the loan is derecognised, as explained in Note 7.12. Once the terms have been renegotiated without this resulting in the derecognition of the loan, any impairment is measured using the original EIR as calculated before the modification of terms.

The Bank also reassesses whether there has been a significant increase in credit risk, as set out in note 10.3.2.5 and whether the assets should be classified as Stage 3. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

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NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.13 Forborne modified Loans

Once an asset has been classified as forborne, it will remain forborne for a minimum of 6-month for credit revolving facilities and 4 consecutive instalments for term loans as a probation period. For the loan to be reclassified out of the forborne category, the customer must meet all the following criteria:

- All of its facilities have to be considered performing.
- The probation period of two years has passed from the date the forborne contract was considered performing

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset, or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and can exercise that ability unilaterally and without imposing additional restrictions on the transfer.

- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period
- The customer does not have any contracts that are more than 30 days past due Details of forborne assets are disclosed in Note 10.3.5.

Following the outbreak of Covid-19 at the beginning of 2021, the circumstances in which payment holidays and similar measures were normally granted changed significantly. Various payment deferral arrangements were initiated by borrowers, banks, and governments, which were not necessarily prompted by an assessment of the financial condition of the borrower.

Based on regulators' published guidance, large scale moratoria were generally not considered forbearance measures and did not rigger Stage 2 transfers in a stand-alone basis.

7.14 Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Financial assets and financial liabilities are generally reported gross in the consolidated statement of financial position except when IFRS netting criteria are met.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

7.15 Impairment of financial assets

7.15.1 Overview of the ECL principles

The Group recognises loss allowances for ECLs on the following financial instruments that are not measured at FVPL:

- Due from banks;
- Loans and advances to customers;
- Debt instrument at FVOCI;
- Credit cards;
- Loan commitments issued;

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7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.15 Impairment of financial assets (continued)

7.15.1 Overview of the ECL principles (continued)

- Financial guarantee and letter of credit; and
- Other assets (excluding non-financial assets).

Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12- month ECL) as outlined in Note 7.15.2. The Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 10.3.2.5.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset, or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and can exercise that ability unilaterally and without imposing additional restrictions on the transfer.

Except for POCI financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Lifetime ECL, i.e., ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. The Group apply low credit risk exemption for financial instruments with no significant increase in credit risk.

Both Lifetime CL and 12month ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bank's policy for grouping financial assets measured on a collective basis is explained in Note 10.2.3.6.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. For the purposes of determining ECL, all facilities whose contractual payments are more than 30 days due but less than or equal to 90 days due are grouped in stage 2 as they are taken to have experienced a significant increase in credit risk.

As part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as stage 3 for ECL calculations or whether stage 2 is appropriate. Based on the above process, the Bank groups its loans into Stage 1, Stage 2, and Stage 3 as described below:

- *Stage 1:* When loans are first recognized, the Bank recognizes an allowance based on 12-month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

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7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.15 Impairment of financial assets (continued)

7.15.1 Overview of the ECL principles (continued)

- _Stage 2:_ When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the Lifetime ECL. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- _Stage 3:_ Loans considered credit-impaired (as outlined in Note 10.3.8) The Bank records an allowance for the Lifetime ECL.
- _POCI:_ Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

7.15.2 Calculation of ECL

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

The Group calculates ECL by projecting the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD – The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. It calibrated over up to 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating the impact of forward-looking economic assumptions that influence credit risk, such as interest rates, unemployment rates and GDP forecasts.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

EAD – The *Exposure at Default* is an estimate of the exposure at a future default date, considering the expected change in exposure over the lifetime of the exposure. This incorporates the impact of drawdowns of committed facilities, repayments of principal and interest, amortisation, and prepayments, together with the impact of forward-looking economic assumptions where relevant. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortized products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by the borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

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NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.15 Impairment of financial assets (continued)

7.15.2 Calculation of ECL (continued)

- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of remaining limit by the time of default. These assumptions vary by product type and current limit utilization band, based on an analysis of the Group's recent default data.

LGD – The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Bank expects to receive. The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

When estimating the ECL, the Bank considers three scenarios (a base case, an upside, and a downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Except for credit cards and other revolving facilities, for which the treatment is separately set out in Note 7.15.4, the maximum period for which the credit losses are determined is the contractual life of a financial instrument.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value. The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate, regardless of whether it is measured on an individual basis or a collective basis. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on an annual basis.

<u>The mechanics of the ECL method are summarised below:</u>

Stage 1: The 12-month ECL is calculated as the portion of Lifetime ECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12-month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the Lifetime ECL. The mechanics are like those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the Lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3: For loans considered credit-impaired, the Group recognizes the Lifetime expected credit losses for these loans. The method is like that for Stage 2 assets, with the PD set at 100%.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.15 Impairment of financial assets (continued)

7.15.2 Calculation of ECL (continued)

POCI: POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECL since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

Loan commitments and letters of credit: When estimating Lifetime ECL for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECL is calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within other Liabilities.

Financial guarantee contracts: the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor, or any other party. The ECL related to financial guarantee contracts are recognised within Provisions.

7.15.3 Debt instruments measured at fair value through OCI

ECL for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

7.15.4 Credit cards and other revolving facilities

The Bank's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Bank has the right to cancel and/or reduce the facilities within a notice period. The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is like other lending products. This is based on shifts in the customer's internal credit grade, but greater emphasis is also given to qualitative factors such as changes in usage. The interest rate used to discount the ECL for credit cards is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities. This estimation considers that many facilities are repaid in full each month and are consequently not charged interest.

7.15.5 Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Bank only recognises the cumulative changes in Lifetime ECL since initial recognition in the loss allowance.

7.15.6 Forward-looking economic information

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs, such as, GDP growth, unemployment rates, inflation rates, lending rate, and money supply. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 10.3.3.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to note 7.15.2 for an explanation of forward-looking information and its inclusion in ECL calculations. There were no changes in estimation techniques/ assumptions made during the reporting period.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.15 Impairment of financial assets (continued)

7.15.7 Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: as a provision under other liabilities; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the cumulative changes in fair value reserve.

7.15.8 Limitation of estimation techniques

The models applied by the Group may not always capture all characteristics of the market at a point in time as they cannot be recalibrated at the same pace as changes in market conditions. Interim adjustments are expected to be made until the base models are updated. Although the Group uses data that is as current as possible, models used to calculate ECLs are based on data that is up to date except for certain macro-economic factors for which the data is updated once it is available.

7.16 Credit enhancements: collateral valuation and financial guarantees

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, and other non-financial assets. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. Cash flows expected from credit enhancements which are not required to be recognised separately by IFRS standards and which are considered integral to the contractual terms of a debt instrument which is subject to ECL, are included in the measurement of those ECL.

On this basis, the fair value of collateral affects the calculation of ECL. Collateral is generally assessed, at a minimum, at inception and re-assessed upon issuing an additional loan or restructuring a loan. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers or based on housing price indices.

Guarantees held are included in the measurement of loan ECL when either they are specified in the contractual terms of the loan or else are integral to the loan, in that they formed part of the basis on which the loan was extended. Guarantees that are not integral to the loan's contractual terms are accounted as separate units of accounts subject to ECL.

7.17 Collateral repossessed

The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Group's policy.

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NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.17 Collateral repossessed (Continued)

In its normal course of business, the Group engages external agents to recover funds from the repossessed assets, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

7.18 Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to profit or loss.

The Group writes off non-performing financial assets that have been past due for more than four (4) consecutive quarters. The Group may write-off financial assets in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full. The assessment is done to specific borrower.

7.19 Cure of non-performing financial assets including modified loans

An instrument is considered to no longer be SICR or in default (i.e., to have cured) when it has been established that the obligor is able to meet the requirements of the agreed terms and conditions. IFRS 9 allows credit exposures to migrate from higher credit risk categories to lower credit risk categories, that is, from stage 3 to stage 2 and from stage 2 to stage 1.

Under migration from stage 3 to stage 2, the Bank shall consider criteria for upgrade of credit accommodations as follows:

- In the case of overdraft facilities, the account has satisfactorily performed for a minimum period of two consecutive quarters; and
- In the case of term loans, the obligor has timely paid four consecutive instalments.

These periods have been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

On the other hand, credit exposures may migrate from stage 2 to stage 1 when there is a significant improvement of the credit exposure. In determining whether an exposure should shift backward from stage 2 to stage 1, The Bank shall consider the following;

- All outstanding payments on the credit facility are made on time and there are no payments in arrears.
- There is improvement of the quantitative and qualitative factors that caused significant increase of the credit risk.

Upgrade from stage 2 to stage 1 shall be subject to a monitoring period of 90 days for conventional loans and 30 days for Microfinance loans to confirm if the risk of default has decreased sufficiently before upgrading such exposure. For credit exposures that have cured i.e., shifted from stage 2 to stage 1, or stage 3 to stage 2, interest income is calculated on gross carrying amount of the asset at the beginning of the period before allowance for ECLs using effective interest rate. The gross carrying amount of the exposure shall be the amortized cost at the end of the period less allowance for ECL computed.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.20 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, including: cash and non-restricted balances with Central bank, Investment securities and amounts Due from banks that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents include the cash reserve requirement held with Central bank.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

7.21 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Bank retains substantially all the risks and rewards of ownership. The corresponding cash received is recognised in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR. Because the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred assets during the term of the arrangement.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within cash collateral on securities borrowed and reverse repurchase agreements, reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is recorded in net interest income and is accrued over the life of the agreement using the EIR.

7.22 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

The Bank leases office space in various parts of the region. Rental contracts are typically made for fixed periods of three to ten years but may have extension options as described in (v) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Bank allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Bank is a lessee, it has elected not to separate lease and non- lease components and instead accounts for these as a single lease component.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.22 Leases (continued)

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- variable lease payment that are based on an index or a rate.
- amounts expected to be payable by the lessee under residual value guarantees.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option; and
- Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Bank, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

To determine the incremental borrowing rate, the Bank:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and.
- adjusts specific to the lease, such as term, country, currency, and security

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability.
- any lease payments made at or before the commencement date less any lease incentives received.
- any initial direct costs; and
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

i. *Extension and termination options* - Extension and termination options are included in a number of properties leases contracts. These terms are used to maximise operational flexibility in terms of managing contracts.

ii. *Critical judgements in determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For the leases of office space, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Bank is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Bank is typically reasonably certain to extend (or not terminate).

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7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.22 Leases (continued)

Otherwise, the Bank considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicles leases have not been included in the lease liability, because the Bank could replace the assets without significant cost or business disruption. The lease term is reassessed if an option is actually exercised (or not exercised) or the Bank becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short- term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 7.22 Impairment of non-financial assets.

b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is premeasured if there is a modification, a change in the lease term, a change in the lease payments.

c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets (i.e., those that have the value of TZS 2 million or below) recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low- value assets are recognised as expense on a straight-line basis over the lease term.

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NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.22 Leases (continued)

Group as a lessor (continued)

c) Short-term leases and leases of low-value assets (continued)

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone selling prices.

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

7.23 Property and equipment, motor vehicles, and mobile branches

Recognition and measurement

Upon initial recognition motor vehicles and/or mobile branches are recorded at cost which includes expenditure that is directly attributable to the acquisition of the items.

Subsequently, motor vehicles and/or mobile branches are stated in the statement of financial position at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The valuation is determined by independent valuers with reference to the market value of the motor vehicles and/or mobile branches. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from it carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Any revaluation increase arising on the revaluation of such motor vehicles and/or mobile branches is recognized in other comprehensive income and cumulated in revaluation reserve in equity except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed.

A decrease in the carrying amount arising on the revaluation of such motor vehicles and/or mobile branches is recognized in profit or loss to the extent that it exceeds the balance, if any, held in revaluation reserve relating to a previous revaluation of that asset. Excess depreciation arising on the revaluation is amortized over the remaining useful life of the revalued assets through a transfer from revaluation reserve to retain earnings.

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NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.23 Property and equipment, motor vehicles, and mobile branches (continued)

Land and buildings comprise mainly conventional branches and offices. All property and equipment except motor vehicles and mobile branches are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. When revalued assets are sold, the amounts included in revaluation surplus relating to those assets are transferred to retained earnings.

Depreciation

Depreciation of assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (or lease periods if shorter), as follows:

Bank buildings	66 years
Computer equipment	5 years
Motor vehicles:	
Hardtop	10 years
Other Motor vehicles	7 years
Motorcycle	3 years
Office equipment	5 years
Furniture and fittings:	
Hardwood	10 years
Softwood	5 years
Smart card equipment	8 years
Mobile branch	10 years
Security equipment	5 years
Leasehold improvement (ATM and Branches):	
Leasehold for ATM	8 years
Leasehold for Branches	10years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.24 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are: 10 years for the Core Banking System and 5 years for other systems.

The amortization method, useful life and the residual value are reviewed at each reporting date and adjusted if appropriate. Changes in the expected useful life, residual value or amortization method are accounted for as changes in accounting estimates.

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (ten years for the core banking system, and three to five years for other systems).

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it is incurred.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

The Group has no intangible assets with indefinite useful lives.

7.25 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purposes of assessing impairment, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets (Cash Generating Units or CGUs). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably.

The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.26 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation because of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The expense relating to any provision is presented in the income statement net of any reimbursement in other operating expenses. The detailed exposures are provided in Note 44. The unwinding of the discount is recognised as finance cost.

7.27 Taxes

7.27.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the Tanzania Regulatory Authority. Income tax expense is the aggregate of the charge to the profit or loss in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with the Tanzanian Income Tax Act.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively and not in the statement of profit or loss. Detailed disclosures are provided in Note 21.

7.27.2 Deferred tax

Deferred income tax is provided in full, using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most significant management assumption is the forecasts that are used to support the probability assessment that sufficient taxable profits will be generated by the entities in the group to utilise the deferred tax assets.

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value remeasurement of debt instruments at fair value through OCI, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI. These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain. The Bank also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities .The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.27 Taxes (continued)

7.27.3 Uncertain tax positions

The group recognises liabilities for uncertain tax positions in accordance with the criteria defined within IAS 12 and IFRIC 23, based on objective estimates of the amount of tax that may be due, which is calculated, where relevant, with reference to expert advice received. Where payment is determined to be possible but not probable, the tax exposure is disclosed as a contingent liability. The group recognises probable liabilities based on objective estimates of the amount of tax that may due. Where the final tax determination is different from the amounts that were initially recorded, the difference will impact the income tax and deferred income tax provisions in the period in which such determination is made.

7.27.4 Levies and similar charges

The Group recognises the liability arising from levies and similar charges such as City service levy paid quarterly to the local government authority, excise and stamp duty paid monthly to the Tanzania Revenue Authority (TRA). These charges are to be legally enforceable in the reporting period. A revision for levies is recognised when the condition that triggers the payment of the levy is met.

7.28 Equity instruments

Own equity instruments of the Group which are acquired by it or by any of its subsidiaries (treasury shares) are deducted from equity. Consideration paid or received on the purchase, sale, issue, or cancellation of the Bank's own equity instruments is recognised directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue, or cancellation of own equity instruments.

7.29 Borrowing costs

The Group incurs borrowing costs in relation to the acquisition of borrowed funds. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

7.30 Financial liabilities

Financial liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Financial liabilities are derecognized when extinguished. Such financial liabilities include deposits from banks or customers, other liabilities, subordinate debts and borrowings.

7.31 Share capital and reserves

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

The reserves recorded in equity (OCI) on the Bank's statement of financial position include:

- The cumulative net change in the fair value of debt instruments classified at FVOCI, less the allowance for ECL
- The cumulative net change in fair value of equity instruments at FVOCI

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NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.31 Share capital and reserves (continued)

- Foreign currency translation reserve, which is used to record exchange differences arising from the translation of the net investment in foreign operations.
- Revaluation of gain on property and equipment.
- Other capital reserve (further details are provided on note 50).

7.32 Earnings per share

The Group and Bank presents basic and diluted earnings per share (EPS) in their financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

7.33 Dividend income

Dividend income is recognized in profit or loss when the right to receive payment is established.

The presentation of dividend income in the consolidated statement of profit or loss depends on the classification and measurement of the equity investment, i.e.

- for equity instruments designated at FVOCI dividend income is presented in other income; and
- for equity instruments not designated at FVOCI and not held for trading, dividend income is presented as net income from other instruments at FVPL.

7.34 Dividend on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders at the Annual General Meeting. Payment of dividends is subjected to withholding tax at the enacted rate of 5%.

7.35 Legal and other claims

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation because of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

7.36 Contingencies and commitments

Transactions are classified as contingencies where the Group's obligations depend on uncertain future events. Items are classified as commitments where the Group commits itself to future transactions if the items will result in the acquisition of assets.

7.37 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7.37 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as employee benefit expenses in profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group also contributes to the statutory defined contribution in the various countries in which it operates. The Group's contribution to these schemes is recognised in the profit or loss.

Gratuity

Contract staff are entitled to gratuity payment at the completion of the contract. Provision is made for gratuity in line with the contracts. The gratuity is not a defined benefit arrangement. The estimated monetary liability for employees accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

7.38 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with any of the Group's other components, whose operating results are regularly reviewed by the Group's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the Bank's Management Team, which is chief operating decision maker. The Group's is divided into three business segments and two geographic segments. Details of the Group's segments are provided under Note 9.

8 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Bank's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions when they occur. Items with the most significant effect on the amounts recognised in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

8 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

8.1. Impact of climate risk on accounting judgments and estimates

The Bank and its customers are exposed to the physical risks from climate change and risks of transitioning to a net-zero economy. Most climate-related physical risks are expected to manifest over a term that is generally longer than the maturity of most of the outstanding exposures.

The following balances may be impacted by physical and transition risks:

- *Expected credit losses (ECL):* Customers and portfolios with exposure to climate risk may have a resultant deterioration in creditworthiness, which has an impact on ECL. An analysis was performed of the exposure of counterparties to climate risk, which determined that, overall, counterparties are not expected to be materially impacted by physical or transition risks associated with climate change. For example, most of the counterparties are not employed, or do not operate, in high-risk sectors, nor are they located in high risk geographical areas. A detailed analysis of the exposure to climate risk also indicated that for a significant part of the portfolio the time horizon for any physical impact of climate risk is longer than the maturity of most of the assets. Refer to note 10.4.4 where this is evidenced in the analysis of the contractual maturities.

  Where the maturity of the exposures is longer than the estimated time horizon for climate risk impact, for example, for those assets with a longer maturity, such as the mortgage book, the nature of the counterparties was assessed. This assessment showed that for these assets, the nature of the counterparties as described above would limit any material impact. Refer to note 10.3.6 where credit risk per industry segment is disclosed. As a result of the factors outlined here, it was assessed that the magnitude of any impact of climate risk would not be material in the current reporting period.

- *Classification of ESG-linked (or sustainability-linked) loans*: For loans with sustainability linked features, the Bank determines whether the instrument passes the solely payments of principal and interest test by considering whether they provide commensurate compensation for basic lending risks, such as credit risk, or whether they do not introduce compensation for risks that are inconsistent with basic lending arrangements. Some features may be de minimis or non- genuine. Refer to Note 7.9.1.2 above for further considerations. Based on the size of the portfolio of these products held by the Bank at 31 December 2022, any impact was assessed to be immaterial.

- *Fair value measurement:* The Bank has assumed that any climate change variables incorporated in fair value measurement are those that market participants would consider when pricing the asset or liability, in line with IFRS 13 Fair Value Measurement. The Bank has concluded that climate risk has been adequately reflected within the fair value. Where prices are observable, it is assumed that the fair value already incorporates market's participants view of climate risk variables. Where a proxy valuation approach has been used for unobservable prices, the selection of the proxy includes consideration of climate risk factors where appropriate.

8.2 Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

8 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

8.2 Impairment losses on financial assets (continued)

a) The Bank's internal credit grading model, which assigns PDs to the individual grades.

b) The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment: - Significant increase in credit risk is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after taking into account the passage of time). Whether a change in the risk of default is significant or not is assessed using several quantitative and qualitative factors (as per note 4), the weight of which depends on the type of product and counterparty. Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk. Financial assets that are 30 or less days past due are considered to have low credit risk.

c) Cure rate:- Cure rate is a percentage of credit exposure accounts which were in default category, but as at assessment date have moved to a better category. Cure rate shall be factored in at the LGD level when assessing recovery rate. The rate reduces the percentage of loss given default and is computed at the overall credit portfolio level. Consideration of movement of accounts is done annually.

d) Qualitative criteria applied when checking whether the account has cured or not are those in line with Bank of Tanzania guideline on IFRS 9 Implementation. Defaulted accounts which are assessed whether they have cured shall exclude accounts which have restructured or which have been charged off during the period.

e) Development of ECL models, including the various formulas and the choice of inputs.

f) Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.

g) The segmentation of financial assets when their ECL is assessed on a collective basis: - When ECLs are measured on a collective basis, the financial instruments are Grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that Group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

h) Development of ECL models, including the various formulas and the choice of inputs.

i) Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.

j) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models :- The evolving economic environment is a key determinant of the ability of a Bank's clients to meet their obligations as they fall due. It is a fundamental principle of IFRS 9 that the provisions banks hold against potential future credit risk losses should depend not just on the health of the economy today, but should also take account of changes to the economic environment in the future. To capture the effect of changes to the economic environment in the future, the computation of probability of default (PD), loss given default (LGD) and so expected credit loss incorporates forward-looking information; assumptions on the path of economic variables and asset prices that are likely to have an effect on the repayment ability of the Group's clients. Such variables include Inflation, GDP Growth, oil prices fluctuation, average electricity generation, natural gas, population, total household spending, total food sales, total public debt, Government spending in priority sector, unemployment rate, exchange rate movement.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

8 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

8.2 Impairment losses on financial assets (continued)

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary. Moreover, the Bank regularly review its models in the context of expected loss experience and adjust when necessary.

8.3 Going Concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. In making this assessment, the Bank has considered the impact of climate-related matters on their going concern assessment. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

8.4 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. Changes in valuation assumptions could affect the reported fair value of the financial instruments. The impact on change in assumptions on the fair value is disclosed under Note 7.8.

8.5 Derecognition of financial instruments in the context of IBOR reform

The Bank derecognises financial assets and financial liabilities if there has been a substantial modification of their terms and conditions. In the context of IBOR reform, many financial instruments will be amended in the future as they transition from IBORs to RFRs. In addition to the interest rate of a financial instrument changing, there may be other changes made to the terms of the financial instrument at the time of transition.

For financial instruments measured at amortised cost, the Bank first applies the practical expedient as described below in Note 8.5, to reflect the change in the referenced interest rate from an IBOR to an RFR. Second, for any changes not covered by the practical expedient, the Bank apples judgement to assess whether the changes are substantial and if they are, the financial instrument derecognised and a new financial instrument recognised. If the changes are not substantial, the Bank adjust the gross carrying amount of the financial instrument by the present value of the changes not covered by the practical expedient, discounted using the revised EIR.

8.6 Effective Interest Rate (EIR) method

The Bank's EIR method, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).In making this assessment, the Bank considers the extent of any changes to the contractual cash flows because of the transition and the factors that have given rise to the changes, with consideration of both quantitative and qualitative factors. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life cycle of the instruments, as well expected changes to Bank's base rate and other fee income/expense that are integral parts of the instrument.

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NOTES TO THE FINANCIAL STATEMENTS

8 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

8.6 Effective Interest Rate (EIR) method (continued)

IBOR reform Phase 2 requires, as a practical expedient that changes to the basis for determining contractual cash flows that are necessary as a direct consequence of IBOR reform are treated as a change to a floating rate of interest provided that the transition from IBOR to an RFR takes place on a basis that is 'economically equivalent'. To qualify as 'economically equivalent', the terms of the financial instrument must be the same before and after transition except for the changes required by IBOR reform. For changes that are not required by IBOR reform, the Bank applies judgement to determine whether they result in the financial instrument being derecognised as described in Note 8.4 above.

Therefore, as financial instruments transition from IBOR to RFRs, the Bank applies judgment to assess whether the transition has taken place on an economically equivalent basis. In making this assessment, the Bank considers the extent of any changes to the contractual cash flows because of the transition and the factors that have given rise to the changes, with consideration of both quantitative and qualitative factors. Examples of changes that are economically equivalent include changing the reference interest rate from an IBOR to an RFR, changing the reset period for days between coupons to align with the RFR.

8.7 Deferred tax assets

The recognition of a deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profits and future reversals of existing taxable temporary differences. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies. The judgments take into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income, and future reversals of existing taxable temporary differences.

8.8 Provisions and other contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings arising in the ordinary course of the Bank's business.

When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case. Where the probability of outflow is remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Bank does not include detailed, case- specific disclosers in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank considers several factors including legal advice, the stage of the matter and historical evidence from similar incidents.

8.9 Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank has several lease contracts that include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

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8 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

8.9 Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee) (continued)

After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

8.10 Property, equipment, and intangible assets

Critical estimates are made by those charged with governance in determining the useful lives of property, equipment, and intangible assets as well as their residual values. The Group reviews the estimated useful lives of property, equipment, and useful lives at the end of each reporting period. Applicable useful rates are provided under Note 7.23.

In accordance with IFRS 8, the Group has the following business segments: Treasury, Retail Banking and Microfinance services and Corporate Banking.

Operating segments are reported in a manner consistent with the internal reporting. All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs eliminated in head office. Income and expenses directly associated with each segment are included in determining business segment performance.

The following segment information has been prepared in accordance with the "management approach" which requires presentation of segments based on the internal reports about components of the entity which are regularly reviewed by the executive committee who are the chief operating decision makers to allocate resources to segments and to assess their performance. The agreed allocation basis between segments was not changed during the year.

The following business segments represent the Group's organization structure as reflected in the internal management reporting system. For management purposes, the Group is divided into the following three segments:

i) Corporate Banking

Includes services and products to corporate and high net worth individuals including deposits, letters of credit, guarantee, lending and other products and dealing with financial institutions.

ii) Retail Banking and microfinance

Includes services and products to individuals and small and medium enterprises, including deposits and lending.

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8 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

8.10 Property, equipment, and intangible assets (continued)

i) Treasury

Includes treasury services, investment management services and asset management activities related to dealing, managing and custody of securities. This segment also includes all other cost centres and profit centres in the head office in areas of technology services and support and currency exchange.

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the consolidated financial statements.

9 SEGMENT INFORMATION

9.1 Profit segments

An analysis of the Profit or Loss statement, total assets and liabilities are, as follows.

Group	**Corporate Banking**	**Retail Banking**	**Treasury**	**Total**
In TZS' Million				
31 December 2022				
External Operating income				
Interest income Calculated using the Effective	208,064	544,440	212,967	965,471
Other Interest and Similar Income	-	-	1,814	1,814
Interest expense Calculated using the Effective Interest Method	(68,253)	(72,096)	(79,123)	(219,472)
Other Interest and Similar expense	(596)	(1,370)	(14)	(1,980)
Internal net interest income/(expense)	7,283	9,268	(16,551)	-
Net interest income	**146,498**	**480,242**	**119,093**	**745,833**
Fee and Commission income	113,961	214,788	5,160	333,909
Fee and Commission expense	(57,614)	(13,123)	-	(70,737)
Net Fee and Commission income	**56,347**	**201,665**	**5,160**	**263,172**
Net foreign exchange income	-	-	57,557	57,557
Credit Loss expense on financial assets	(24,828)	(34,626)	(981)	(60,435)
Net gains on derecognition of financial assets measured at fair value through profit or loss	-	2,613	-	2,613
Net losses on financial assets at fair value through profit or loss	-	-	(595)	(595)
Net gains on derecognition of financial assets measured at fair value through OCI	-	-	44,268	44,268
Other Operating income	-	98	-	98
	178,017	**649,992**	**224,502**	**1,052,511**
General and Administrative Expense	(57,373)	(102,907)	(18,413)	(178,693)
Depreciation and amortisation	(21,195)	(49,241)	(482)	(70,918)
Employee benefit expenses	(84,880)	(166,720)	(48,882)	(300,482)
Impairment Other Assets	(1,439)	(3,238)	(32)	(4,709)
Total Operating Expenses	**(164,887)**	**(322,106)**	**(67,809)**	**(554,802)**

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NOTES TO THE FINANCIAL STATEMENTS

9 SEGMENT INFORMATION (CONTINUED)

9.1 Profit segments (continued)

An analysis of the Profit or Loss statement, total assets and liabilities are, as follows;

Profit Before Tax	28,849	311,383	157,477	497,709
Income tax expense	(7,017)	(91,259)	(48,026)	(146,302)
Profit for the year	**21,832**	**220,124**	**109,451**	**351,407**
Assets and Liabilities				
Segment assets*	2,140,14	4,737,610	2,969,40	9,847,16
PPE Additions	5	8,284	3,29	11,63
Unallocated Asset	-	-	-	1,777,759
Total Assets	**2,140,199**	**4,745,894**	**2,972,705**	**11,636,557**
Segment liabilities**	(1,879,346)	(6,316,997)	(1,739,241)	(9,935,584)
Unallocated liabilities	-	-	-	**(221,897)**
Total Liabilities	**(1,879,346)**	**(6,316,997)**	**(1,739,241)**	**(10,157,481)**

Group **In TZS' Million**	**Corporate Banking**	**Retail Banking**	**Treasury**	**Total**
31 December 2021				
External Operating income				
Interest income Calculated using the Effective Interest Method	131,724	459,159	199,562	790,445
Interest expense Calculated using the Effective Interest Method	(42,691)	(68,211)	(31,337)	(142,239)
Other Interest and Similar expense	(559)	(1,759)	(13)	(2,331)
Internal net interest income/(expense)	2,418	7,089	(9,507)	-
Net interest income	**90,892**	**396,278**	**158,705**	**645,875**
Fee and Commission income	77,409	177,296	2,600	257,305
Fee and Commission expense	(15,649)	(35,599	-	(51,248)
Net Fee and Commission income	**61,760**	**141,697**	**2,600**	**206,057**
Net foreign exchange income	-	-	37,768	37,768
Credit Loss expense on financial assets	(10,230)	(13,186)	161	(23,255)
Net gains on derecognition of financial assets measured at fair value through OCI	-	1,447	-	1,447
Net gains on financial assets at fair value through profit or loss	-	-	331	331
Net gains on derecognition of financial assets measured at fair value through OCI	-	-	31,084	31,084
Other Operating income	-	1,408	-	1,408
Net Operating Income	**142,422**	**527,644**	**230,649**	**900,715**
General and Administrative Expense	(41,143)	(92,825)	(16,693)	(150,661)
Depreciation and amortisation	(13,117)	(41,503)	(11,900)	(66,520)
Employee benefit expenses	(40,874)	(198,426)	(54,488)	(293,788)
Impairment Other Assets	(583)	(1,784)	(13)	(2,380)
Total Operating Expenses	**(95,717)**	**(334,538)**	**(83,094)**	**(513,349)**

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9 SEGMENT INFORMATION (CONTINUED)

9.1 Profit segments (continued)

An analysis of the Profit or Loss statement, total assets and liabilities are, as follows;

Group **In TZS' Million** **31 December 2021 (continued)**	**Corporate Banking**	**Retail Banking**	**Treasury**	**Total**
Profit Before Tax	**46,705**	**193,106**	**147,555**	**387,366**
Income Tax Expense	(14,374)	(59,424)	(45,407)	(119,205)
Profit for the year	**32,331**	**133,682**	**102,148**	**268,161**
Asset and Liability				
Segment assets*	2,140,147	2,902,064	2,146,881	7,189,092
PPE Additions	22,065	29,920	22,071	73,906
Unallocated Asset	-	-	-	1,554,561
Total Assets	**2,162,212**	**2,931,985**	**2,168,951**	**8,817,559**
Segment liabilities**	(2,050,561)	(4,443,783)	(913,065)	(7,407,409)
Unallocated liabilities	-	-	-	(190,822)
Total Liabilities	**(2,050,561)**	**(4,443,783)**	**(913,065)**	**(7,598,231)**

Group **In TZS' Million** **31 December 2020**	**Corporate Banking**	**Retail Banking**	**Treasury**	**Total**
External Operating income				
Interest income Calculated using the Effective Interest Method	129,199	372,537	197,558	699,294
Interest expense Calculated using the Effective Interest Method	(37,031)	(51,478)	(27,796)	(116,305)
Other Interest and Similar expense	(583)	(1,912)	(14)	(2,509)
Add/ (less) inter-segment interest income	14,353	13,286	(27,639)	-
Net interest income	**105,938**	**332,433**	**142,109**	**580,480**
Impairment of financial assets	(30,774)	(45,110)	2,819	(73,065)
Net Interest income after loan impairment charges	75,164	287,323	144,928	507,415
Fee and Commission income	62,696	139,976	1,420	204,092
Fee and Commission expense	(10,554)	(25,879)	-	(36,433)
Net Fee and Commission income	**52,142**	**114,097**	**1,420**	**167,659**
Foreign exchange income	-	-	36,721	36,721
Net gains on derecognition of financial assets measured at FVPL	-	556	-	556
Net gain or (loss) on equity investments at fair value through profit or loss	-	-	(485)	(485)
Net gains on derecognition of financial assets measured at FVOCI	11,118	8,392	-	19,510
Other operating income	-	4,261	-	4,261
Net operating income	**138,424**	**414,629**	**182,584**	**735,637**

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9 SEGMENT INFORMATION (CONTINUED)

9.1 Profit segments (continued)

An analysis of the Profit or Loss statement, total assets and liabilities are, as follows;

Group In TZS' Million 31 December 2020 (continued)	Corporate Banking	Retail Banking	Treasury	Total
General and Administrative Expense	(35,354)	(82,393)	(14,926)	(132,673)
Impairment Other Assets	(3,559)	(11,376)	(86)	(15,021)
Depreciation and amortisation	(11,300)	(37,279)	(10,139)	(58,718)
Employee benefit expenses	(40,109)	(198,447)	(54,498)	(293,054)
Total Operating Expenses	(90,322)	(329,495)	(79,649)	(499,466)
Profit Before Tax	**48,102**	**84,649**	**103,420**	**236,171**
Income Tax Expense	(14,458)	(25,442)	(31,085)	(70,985)
Profit for the year	**33,644**	**59,207**	**72,335**	**165,186**
Asset and Liability				
Segment assets	1,480,023	2,449,917	1,859,889	5,789,829
PPE Additions	26,133	43,167	29,589	98,889
Unallocated Asset	-	-	-	1,281,754
Total Assets	**1,506,156**	**2,493,084**	**1,889,478**	**7,170,472**
Segment liabilities	(1,875,499)	(3,565,280)	(566,673)	(6,007,452)
Unallocated liabilities	-	-	-	(152,034)
Total Liabilities	**(1,875,499)**	**(3,565,658)**	**(566,673)**	**(6,159,486)**

Bank In TZS' Million 31 December 2022	Corporate Banking	Retail Banking	Treasury	Total
External Operating income				
Interest income Calculated using the Effective Interest Method	203,182	519,270	195,197	917,649
Other Interest and Similar Income	-	-	1,814	1,814
Interest expense Calculated using the Effective Interest Method	(60,292)	(70,552)	(78,374)	(209,218)
Other Interest and Similar expense	(596)	(1,342)	(14)	(1,952)
Internal net interest income/(expense)	6,896	8,130	(15,026)	-
Net interest income	**149,190**	**455,506**	**103,597**	**708,293**
Fee and commission income	112,161	211,572	5,150	328,883
Fee and commission expense	(55,595)	(12,732)	(1,217)	(69,544)
Net fee and commission income	**56,566**	**198,840**	**3,933**	**259,339**

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9 SEGMENT INFORMATION (CONTINUED)

9.1 Profit segments (continued)

An analysis of the Profit or Loss statement, total assets and liabilities are, as follows;

Bank **In TZS' Million**	**Corporate Banking**	**Retail Banking**	**Treasury**	**Total**
31 December 2022 (continued)				
Net foreign exchange income	-	-	54,786	54,786
Credit Loss expense on financial assets	(24,828)	(33,866)	(981)	(59,675)
Net gains on derecognition of financial assets measured at fair value through OCI	-	1,814	-	1,814
Net losses on financial assets at fair value through profit or loss	-	-	(595)	(595)
Net gains on derecognition of financial assets measured at fair value through OCI	-	-	44,268	44,268
Other operating income	-	98	4,344	4,442
Net operating income	**196,432**	**604,952**	**211,288**	**1,012,672**
General and Administrative Expense	(57,373)	(93,480)	(17,736)	(168,589)
Depreciation and amortisation	(21,195)	(47,691)	(719)	(69,605)
Employee benefit expenses	(84,880)	(159,098)	(48,385)	(292,363)
Impairment other assets	(1,439)	(3,238)	(33)	(4,710)
Total operating expenses	**(164,887)**	**(303,507)**	**(66,873)**	**(535,267)**
Profit Before Tax	28,463	304,526	144,416	477,405
Income tax expense	(8,640)	(92,455)	(43,840)	(144,925)
Profit for the year	**19,823**	**212,081**	**100,576**	**332,480**
Asset and Liability				
Segment assets*	2,140,147	4,597,49	2,608,189	9,345,82
PPE Additions	52	5,505	3,297	8,854
Unallocated Asset	-	-	-	1,680,783
Total Assets	**2,140,199**	**4,602,997**	**2,611,486**	**11,035,465**
Segment liabilities**	(1,879,346)	(5,789,486)	(1,499,021)	(9,167,853)
Unallocated liabilities	-	-	-	(439,161)
Total liabilities	**(1,879,346)**	**(5,789,486)**	**(1,499,021)**	**(9,607,014)**

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9 SEGMENT INFORMATION (CONTINUED)

9.1 Profit segments (continued)

An analysis of the Profit or Loss statement, total assets and liabilities are, as follows;

Bank	**Corporate Banking**	**Retail Banking**	**Treasury**	**Total**
In TZS' Million				
31 December 2021				
External Operating income				
Interest income Calculated using the Effective Interest Method	131,725	445,418	181,897	759,04
Interest expense Calculated using the Effective Interest Method	(42,692)	(61,413)	(30,676)	(134,781
Other Interest and Similar expense	(558)	(1,707)	(13)	(2,278)
Internal net interest income/(expense)	2,724	7,983	(10,707)	-
Net interest income	**91,199**	**390,281**	**140,501**	**621,981**
Fee and Commission income	77,202	173,258	2,600	253,060
Fee and Commission expense	(15,860)	(35,290)	-	(51,150)
Net Fee and Commission income	**61,342**	**137,96**	**2,600**	**201,910**
Net foreign exchange income	-	-	36,502	36,502
Credit Loss expense on financial assets	(10,921)	(12,673)	161	(23,433)
Net gains on derecognition of financial assets measured at fair value through OCI	-	546	-	54
Net gains on financial assets at fair value through profit or loss	-	-	331	331
Net gains on derecognition of financial assets measured at fair value through OCI	-	-	31,084	31,08
Other Operating income	-	6,541	-	6,541
Net Operating Income	**141,620**	**522,661**	**211,181**	**875,462**
General and Administrative Expense	(41,019)	(86,451)	(16,653)	(144,123)
Depreciation and amortisation	(13,103)	(40,079)	(11,878)	(65,060)
Employee benefit expenses	(40,734)	(191,203)	(54,309)	(286,246)
Impairment Other Assets	(617)	(1,889)	(14)	(2,520)
Total Operating Expenses	**(95,473)**	**(319,622)**	**(82,854)**	**(497,949)**
Profit Before Tax	46,147	203,039	128,327	377,513
Income Tax Expense	(14,411)	(63,408)	(40,077	(117,896)
Profit for the year	**31,736**	**139,631**	**88,250**	**259,617**
Asset and Liability				
Segment assets*	2,093,614	2,811,678	1,889,869	6,795,161
PPE Additions	22,498	30,214	20,309	73,021
Unallocated Asset	-	-	-	1,545,617
Total Assets	**2,116,112**	**2,841,892**	**1,910,178**	**8,413,799**
Segment liabilities**	(2,336,900)	(3,821,750)	(880,811)	(7,039,461)
Unallocated liabilities	-	-	-	(187,412)
Total Liabilities	**(2,336,900)**	**(3,821,750)**	**(880,811)**	**(7,226,873)**

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9 SEGMENT INFORMATION (CONTINUED)

9.1 Profit segments (continued)

An analysis of the Profit or Loss statement, total assets and liabilities are, as follows.

Bank **In TZS' Million** **31 December 2020**	**Corporate Banking**	**Retail Banking**	**Treasury**	**Total**
External Operating income				
Interest income Calculated using the Effective Interest Method	129,685	358,978	182,466	671,129
Interest expense Calculated using the Effective Interest Method	(37,031)	(46,192)	(25,849)	(109,072)
Other Interest and Similar expense	(583)	(1,863)	(15)	(2,461)
Add/ (less) inter-segment interest income	9,621	8,489	(18,110)	-
Net interest income	**101,692**	**319,412**	**138,492**	**559,596**
Impairment of Financial Assets	(30,880)	(44,689)	2,819	(72,750)
Net interest income after loan impairment charges	**70,812**	**274,723**	**141,311**	**486,846**
Fee and commission income	60,714	131,887	1,420	194,021
Fee and commission expense	(10,755)	(25,673)	-	(36,428)
Net fee and commission income	**49,959**	**106,214**	**1,420**	**157,593**
Foreign exchange income		-	34,444	34,444
Net gain or (loss) on equity investments at fair value through profit or loss		-	(485)	(485)
Net gains on derecognition of financial assets measured at FVOCI	11,118	8,392	-	19,510
Other operating income	-	6,931	-	6,931
Net Operating Income	**131,889**	**396,260**	**176,690**	**704,839**
General and Administrative Expense	(35,176)	(77,182)	(14,861)	(127,219)
Impairment Other Assets	(3,559)	(11,376)	(86)	(15,021)
Depreciation and amortisation	(11,274)	(36,046)	(10,102)	(57,422)
Employee benefit expenses	(39,652)	(190,065)	(53,877)	(283,594)
Total operating expenses	**(89,661)**	**(314,669)**	**(78,926)**	**(483,256)**
Profit before tax	**41,743**	**81,591**	**98,249**	**221,583**
Income tax expense	(12,922)	(25,258)	(30,414)	(68,594)
Profit for the year	**28,821**	**56,334**	**67,835**	**152,989**
Asset and liability				
Segment assets	1,509,573	2,346,592	1,724,623	5,580,788
Assets additions	26,567	41,298	27,595	95,460
Unallocated assets	-	-	-	1,265,197
Total assets	**1,536,140**	**2,387,890**	**1,752,218**	**6,941,445**
Segment liabilities	(2,043,594)	(3,196,683)	(566,445)	(5,806,722)
Unallocated liabilities	-	-	-	(149,419)
Total liabilities	**(2,043,594)**	**(3,196,683)**	**(566,445)**	**(5,956,141)**

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9 SEGMENT INFORMATION (CONTINUED)

9.2 Geographical information

Geographically, the Group operates in the United Republic of Tanzania and in the Republic of Burundi. The financial performance and financial position of the Group by the geographic segments is as follows:

Group	**Tanzania**	**Burundi**	**Consolidation adjustment**	**Total**
In TZS' Million				
31 December 2022				
External Operating income				
Interest income Calculated using the Effective Interest Method	919,463	57,701	(9,879)	967,285
Interest expense Calculated using the Effective Interest Method	(209,217)	(20,134)	9,879	(219,472)
Other Interest and Similar expense	(1,952)	(28)	-	(1,980)
Net interest income	**708,294**	**37,539**	**-**	**745,833**
Fee and Commission income	328,979	6,170	-	333,909
Fee and Commission expense	(74,649)	(2,410)	-pro	(70,737)
Net Fee and Commission income	**254,330**	**3,760**	**-**	**263,172**
Net foreign exchange income	54,786	2,771	-	57,557
Credit Loss expense on financial assets	(59,675)	(760)	-	(60,435)
Net gains on derecognition of financial assets measured at fair value through profit or Loss	2,613	-	-	2,613
Net losses on financial assets at fair value through profit or loss	(595)	-	-	(595)
Net gains on derecognition of financial assets measured at fair value through OCI	44,268	-	-	44,268
Other Operating income	4,442	-	(4,344)	98
Net Operating Income	**1,013,545**	**43,310**	**(4,344)**	**1,052,511**
General and Administrative Expense	(168,555)	(10,138)	-	(178,693)
Depreciation and amortisation	(70,079)	(839)	-	(70,918)
Employee benefit expenses	(292,860)	(7,622)	-	(300,482)
Impairment Other Assets	(4,710)	1	-	(4,709)
Total Operating Expenses	**(536,204)**	**(18,598)**	**-**	**(554,802)**
Profit Before Tax	**477,341**	**24,712**	**(4,344)**	**497,709**
Income Tax Expense	(144,640)	(1,662)	-	(146,302)
Profit for the year	**332,701**	**23,050**	**(4,344)**	**351,407**
Asset and Liability				
Segment assets*	11,026,903	848,205	(250,184)	11,624,924
PPE Additions	9,354	2,279	-	11,633
Total Assets	**9,258,498**	**850,484**	**(250,184)**	**11,636,557**
Segment liabilities**	(9,167,853)	(1,218,130)	(228,502)	(10,157,481)
Total Liabilities	**(9,167,853)**	**(1,218,130)**	**(228,502)**	**(10,157,481)**

CRDB BANK PLC

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NOTES TO THE FINANCIAL STATEMENTS

9 SEGMENT INFORMATION (CONTINUED)

9.2 Geographical information (continued)

Geographically, the Group operates in the United Republic of Tanzania and in the Republic of Burundi. The financial performance and financial position of the Group by the geographic segments is as follows:

Group

In TZS' Million	Tanzania	Burundi	Consolidation adjustment	Total
31 December 2021				
External Operating income				
Interest income Calculated using the Effective Interest Method	759,040	38,280	(6,875)	790,445
Interest expense Calculated using the Effective Interest Method	(134,781)	(14,333)	6,875	(142,239)
Other Interest and Similar expense	(2,278)	(53)	-	(2,331)
Net interest income	**621,981**	**23,894**	**-**	**645,875**
Fee and commission income	253,859	3,446	-	257,305
Fee and commission expense	(50,307)	(941)	-	(51,248)
Net fee and commission income	**203,552**	**2,505**	**-**	**206,057**
Net foreign exchange income	36,504	1,264	-	37,768
Credit Loss expense on financial assets	(23,433)	178		(23,255)
Net gains on derecognition of financial assets measured at fair value through OCI	1,447	-	-	1,447
Net gains on financial assets at fair value through profit or loss	331	-	-	331
Net gains on derecognition of financial assets measured at fair value through OCI	31,084	-	-	31,084
Other operating income	2,519	-	(1,111)	1,408
Net operating income	**873,985**	**27,841**	**(1,111)**	**900,715**
General and Administrative Expense	(144,577)	(6,084)	-	(150,661)
Depreciation and amortisation	(65,140)	(1,380)	-	(66,520)
Employee benefit expenses	(287,199)	(6,589)	-	(293,788)
Impairment on other assets	(2,380)	-	-	(2,380)
Total operating expense	**(499,296)**	**(14,053)**	**-**	**(513,349)**
Profit Before Tax	374,689	13,788	(1,111)	387,366
Income tax expense	(117,648)	(949)	342	(118,597)
Profit for the year	**257,041**	**12,839**	**(769)**	**(268,769)**
Assets and Liabilities				
Segment assets*	8,331,651	550,275	-138,272	8,743,654
PPE Additions	73,021	884	138,272	73,905
Total Assets	**8,404,672**	**551,159**	**(138,272)**	**8,817,559**
Segment liabilities**	(7,227,235)	(487,586)	116,590	(7,598,231)
Total Liabilities	**(7,227,235)**	**(487,586)**	**116,590**	**(7,598,231)**

**Segment assets mainly includes loans and advances to customers, and Debt instruments. The amounts for these items are shown in the statement of financial position.*

***Segment liabilities mainly includes deposit from customers, Deposits, and balances due to other Banks and Borrowings. The amounts for these items are shown in the statement of financial position.*

CRDB BANK PLC

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NOTES TO THE FINANCIAL STATEMENTS

9 SEGMENT INFORMATION (CONTINUED)

9.2 Geographical information (continued)

Geographically, the Group operates in the United Republic of Tanzania and in the Republic of Burundi. The financial performance and financial position of the Group by the geographic segments is as follows:

Group	Tanzania	Burundi	Consolidation adjustment	Total
In TZS' Million				
31 December 2020				
External Operating income				
Interest income Calculated using the Effective Interest Method	919,463	57,701	(9,879)	967,285
Interest expense Calculated using the Effective Interest Method	(209,217)	(20,134)	9,879	(219,472)
Other Interest and Similar expense	(1,952)	(28)	-	(1,980)
Net interest income	**708,294**	**37,539**	**-**	**745,833**
Fee and Commission income	328,979	6,170	-	333,909
Fee and Commission expense	(74,649)		-	(70,737)
Net Fee and Commission income	**254,330**	**3,760**	**-**	**263,172**
Net foreign exchange income	54,786	2,771	-	57,557
Credit Loss expense on financial assets	(59,675)	(760)	-	(60,435)
Net gains on derecognition of financial assets measured at fair value through profit or Loss	2,613	-	-	2,613
Net losses on financial assets at fair value through profit or loss	(595)	-	-	(595)
Net gains on derecognition of financial assets measured at fair value through OCI	44,268	-	-	44,268
Other Operating income	4,442	-	(4,344)	98
Net Operating Income	**1,013,545**	**43,310**	**(4,344)**	**1,052,511**
General and Administrative Expense	(168,555)	(10,138)	-	(178,693)
Depreciation and amortisation	(70,079)	(839)	-	(70,918)
Employee benefit expenses	(292,860)	(7,622)	-	(300,482)
Impairment Other Assets	(4,710)	1	-	(4,709)
Total Operating Expenses	**(536,204)**	**(18,598)**	**-**	**(554,802)**
Profit Before Tax	**477,341**	**24,712**	**(4,344)**	**497,709**
Income Tax Expense	(144,640)	(1,662)	-	(146,302)
Profit for the year	**332,701**	**23,050**	**(4,344)**	**351,407**
Asset and Liability				
Segment assets*	11,026,903	848,205	(250,184)	11,624,924
PPE Additions	9,354	2,279	-	11,633
Total Assets	**9,258,498**	**850,484**	**(250,184)**	**11,636,557**
Segment liabilities**	(9,167,853)	(1,218,130)	(228,502)	(10,157,481)
Total Liabilities	**(9,167,853)**	**(1,218,130)**	**(228,502)**	**(10,157,481)**

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NOTES TO THE FINANCIAL STATEMENTS

9 SEGMENT INFORMATION (CONTINUED)

9.2 Geographical information (continued)

Cash flows from operating, investing, and financing activities for the geographical segments are as follows:

Year 31 December 2022	Tanzania	Burundi	Total
In TZS' Million			
Net cash from operating activities	(105,156)	35,670	(69,486)
Net cash used in investing activities	(69,449)	(3,049)	(72,498)
Net cash used in financing activities	276,710	-	276,710
	102,105	**32,621**	**134,726**
Net increase in cash and cash equivalents	102,105	32,621	134,726
Cash and cash equivalents at 1 January	1,088,274	63,618	1,151,892
Effect of exchange rate change in cash and cash equivalent	1,832	-	1,832
Cash and cash equivalent at 31 December	**1,192,211**	**96,239**	**1,288,450**
Year ended 31 December 2021			
Net cash from operating activities	585,299	7,563	593,635
Net cash used in investing activities	(71,205)	(1,674)	(73,652)
Net cash used in financing activities	(190,213	30,912	(159,301)
	323,881	**36,801**	**360,682**
Net increase in cash and cash equivalents	323,881	36,801	360,682
Cash and cash equivalents at 1 January	758,269	26,588	784,857
Effect of exchange rate change in cash and cash equivalent	6,124	229	6,353
Cash and cash equivalents at 31 December	**1,088,274**	**63,618**	**1,151,892**
Year ended 31 December 2020			
Net cash from operating activities	585,299	7,563	593,635
Net cash used in investing activities	(71,205)	(1,674)	(73,652)
Net cash used in financing activities	(190,213)	30,912	(159,301)
	323,881	**36,801**	**360,682**
Net increase in cash and cash equivalents	323,881	36,801	360,682
Cash and cash equivalents at 1 January	758,269	26,588	784,857
Effect of exchange rate change in cash and cash equivalent	6,124	229	6,353
Cash and cash equivalents at 31 December	**1,088,274**	**63,618**	**1,151,892**

In computing the above segment information;

- Interest Income, Interest Expense and Loan Impairment charges segmentation computation has been changed from systematic allocation basis using agreed internal allocation basis to specific identification from individual segment.
- Expenses have been specifically identified with individual segment or using agreed internal allocation. Retail (branch) overhead cost has been transferred to Corporate and Treasury due to Retail segment support to corporate and treasury business through branch network whose costs are assumed to be shared at 5 and 10 percent of retail (Administrative and staff overhead) between treasury and corporate segment, respectively.

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NOTES TO THE FINANCIAL STATEMENTS

9 SEGMENT INFORMATION (CONTINUED)

9.2 Geographical information (continued)

- Assets and liabilities have been either specifically identified with individual segment or allocated to segment on a systematic basis using an agreed internal allocation basis. Cash, Bank Balances, Debt instruments and Due from banks have been allocated to Treasury; Loans and advances and Deposits have been allocated to Corporate and Retail Segments.
- Unallocated assets includes, Sundry debtors, bills receivables, Bank card stock, advance payment for capital expenditures, prepayments, receivables from mobile phone companies, tax related accounts and due from related party. Unallocated liabilities includes; bills payables, dividends payable, accrued expenses, deferred income, sundry creditors, credit outstanding, unclaimed customers balances and due to related party.
- Inter-segment transactions have been generally based on transfer pricing measures as determined by the Management.

There were no revenues from transactions with a single external customer that amounted to 10% or more of the Group's revenues in 2022 or 2021.

Currently it is not possible to segregate revenues from external customers for each product and service as the information is not available and the cost to develop will be excessive.

There were no changes from prior periods in the measurement methods used to determine the reported segment profit or loss.

10 RISK MANAGEMENT

10.1 Risk management Framework

The group is committed to meeting stakeholders' expectations in mitigating risks through a robust enterprise-wide risk management framework. The framework aims at ensuring that risks are identified, quantified, managed, and monitored to achieve an optimal-risk reward profile. Our enterprise risk management framework has well-defined the internal structures, adequate processes, systems, and policies, which monitor and help to mitigate existing and prospective risks or threats of damage, injury, liability, loss, and any other negative occurrence that may arise from external or internal vulnerabilities, and which may be avoided through preventive action.

We strongly believe that preventing risks enhances shareholder value because it allows us to manage risks proactively and intelligently, which maximizes the group's potential for earnings, ensures stability and takes measures to protect the business against unexpected losses. Primarily, our risk management aims to protect the solvency through the preservation of high asset quality, efficient operations and prudent capital management resulting in sustained earnings that augment core capital, enabling regulatory compliance, enhancing market reputation and stakeholder support.

10.1.1 Introduction and risk profile

CRDB Group is based in Tanzania and has operations in Burundi as well. Whilst risk is inherent in the Group's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement, and monitoring, and subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each employee in the Group is accountable for the risk exposures relating to his or her responsibilities.

The Group has a General Risk Control and Management framework adapted to its business model, organization and the geographical areas in which it operates. The Group operates within the framework of the control and risk management strategy, defined by the Bank's Risk Management Committee and adapt to an economic and regulatory environment, addressing management globally and adapted to the circumstances at any time.

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

10 RISK MANAGEMENT (CONTINUED)

10.1 Risk management Framework (continued)

10.1.1 Introduction and risk profile (continued)

The framework establishes a system of risk management that is adapted to the Bank's risk profile and strategy. The risks inherent in the business that make up the risk profile of the Group referred to as Principal Risks which includes credit risk, market risk, operation risk, compliance risk, Information Technology ("IT") Risk, funding risk, strategic risk, and reputation risk which account for most of the total risks faced by the bank and the Group at large.

10.1.2 Risk management structure

The board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. The board has appointed members of the Risk Committee, which is responsible for monitoring the overall risk process within the Bank. The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies, and limits.

The Risk Committee is responsible for managing risk decisions and monitoring risk levels and reports to the main Board. The Risk Department is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The department works closely with and reports to the Risk Committee to ensure that procedures are compliant with the overall framework.

The Risk department is responsible for monitoring compliance with risk principles, policies, and limits across the Bank. Each department within the Bank has its own unit, which is responsible for the control of risks, including monitoring the actual risk of exposures against authorised limits and the assessment of risks of new products and structured transactions.

Risk department also ensures that the complete capture of the risks in its risk measurement and reporting systems. A Group Risk Profile report is produced monthly. The same cover all the principal risk inputs into the report for each risk type managed by the relevant Group Risk owner, with the overall report being coordinated and produced by the Group Risk and Compliance department. The Bank's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Bank.

The Bank's policy is that risk management processes throughout the Bank are audited annually by the Internal Audit function, which examines both the adequacy of the procedures and the Bank's compliance with them. Internal Audit discusses the results of all risk assessments conducted during the year with management and reports its findings and recommendations to the Board. In addition, the group maintains a risk register which is regularly reviewed by the Board.

10.1.3 Risk mitigation and risk culture

As part of its overall risk management, the Group monitors current and forecast economic variables such as economic growth, inflation, foreign exchange trends, interest rates, loan book performance and determines their impact on its strategies. To remain effective, the Group sets limits to monitor risk exposures to different economic sectors and/or risk areas which are continuously monitored to ensure that appropriate actions are taken timely to address them. We promote a strong risk culture where employees at all levels are responsible for the management and escalation of risks and are empowered and encouraged to act as risk managers.

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

10 RISK MANAGEMENT (CONTINUED)

10.1 Risk management Framework (continued)

10.1.3 Risk mitigation and risk culture (continued)

We expect employees to exhibit behaviours that support a strong risk culture in line with our Code of Conduct. This expectation continues to be reinforced through communications campaigns and mandatory training courses for employees. In addition, our board members and senior management frequently communicate the importance of a strong risk culture to support a consistent tone from the top.

10.1.4 Risk measurement and reporting systems

The Group's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worst-case scenarios that would arise if extreme events which are unlikely to occur do, in fact, occur. Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept.

Risk reports are submitted regularly to senior management committees and the board to keep them apprised of the Group's risk profile. A Group Risk Profile report which is produced monthly covers all the significant risks inputs for each risk type that is tabled to the board Risk Committee for review and auctioning on a quarterly basis. Similarly, there is a process to report and monitor intercompany risk exposures through the Group ALCO.

It is the Bank's policy to ensure that a robust risk awareness is embedded in its organizational risk culture. Employees are expected to take ownership and be accountable for the risks the Bank is exposed to that they decide to take on. The Bank's continuous training and development emphasizes that employees are made aware of the Bank's risk appetite, and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Bank's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

10.2 Risk governance and risk management strategies and systems

Our risk governance frameworks, policies and appetite provide the principles and guidance for the Group's risk management activities. They guide our key decisions for capital management, strategic planning and budgeting and performance management to ensure that the risk dimension is appropriately and sufficiently considered. The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. As part of its governance structure, the board of directors has embedded a comprehensive risk management framework for identifying, measuring, controlling (setting risk mitigations) and monitoring of the Group's risks.

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees/stakeholders understand their roles and obligations. The board's Credit Committee, Governance, Human Resource, Risk Management Committee, and Audit Committee are responsible for monitoring compliance with the Group's risk management policies and procedures, and review of the adequacy of risk management framework in relation to the risks faced by the Group. These committees are assisted in these functions by various management committees which undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the board.

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

10 RISK MANAGEMENT (CONTINUED)

10.2 Risk governance and risk management strategies and systems (continued)

The Group's Risk Management Framework is implemented through a 'three lines of defence' model which defines clear responsibilities and accountabilities and ensures effective independent oversight and assurance activities take place covering key decisions.

First Line of Defence – The Risk Owner: The business and support units have primary responsibility for implementing and executing effective controls to manage the risks arising from their business activities. This includes establishing adequate managerial and supervisory controls to ensure compliance with risk policies, appetite, limits, and controls and to highlight control breakdowns, inadequacy of processes and unexpected risk events.

Second Line of Defence – Risk Oversight: The Risk and Compliance department, which is a centralized function, headed by the Director of Risk and Compliance, provide the Second Line of Defence. It supports the Group's strategy of balancing growth with stability by establishing risk frameworks, policies, appetite, and limits within which the business functions must operate. They are also responsible for the independent review and monitoring of the Group's risk profile and for highlighting any significant vulnerabilities and risk issues to the respective senior management committees. The independence of risk and control oversight functions from business functions ensures that the necessary checks and balances are in place.

Third Line of Defence – Independent Audit: The Group's internal auditors conduct risk-based audits covering all aspects of the First and Second Lines of Defence to provide independent assurance to the Audit Committee (AC) and the board, on the effectiveness of the risk management and control structure, policies, frameworks, systems, and processes.

The major risks to which the Group is exposed, including non-financial risks are credit risk, operational risk, compliance risk, reputation risk, business risk, strategic risk, market risk, liquidity risk and capital risk.

A combination of these risks occurring concurrently would be the most likely cause of significant loss. The Group's approach to managing risk on a holistic basis therefore ensures that risks are not managed in isolation.

46 Combined assurance

The Group has implemented a combined assurance framework, which require coordinated control activities across the three lines of defence for an effective control oversight. This has maximized oversight, minimized duplication of efforts, and optimized overall assurance provided to executive and board of directors about the overall control environment of the Group.

10.2.1 Excessive risk concentration

Concentrations arise when several counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location. To avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. We perform regular assessments of emerging risks and in-depth reviews on industry trends to provide a forward-looking view on developments that could impact the Group's portfolio.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits. There is also credit risk in the off-balance sheet financial instruments, such as loan commitments, letters of credit and guarantees. The credit risk management and control are centralised under the credit risk management team of the Bank and reported to the board of directors and management regularly.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established using a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Group to assess the potential loss because of the risks to which it is exposed and take corrective actions.

Climate risk considerations

The effect of climate risk on credit risk was assessed, and the impact in the current year was determined to not be material at 31 December 2022. Refer to Note 8.1 for further details on the judgements made as part of this assessment.

10.3.1 Credit–related commitments risks

The Bank makes available to its customers guarantees that may require that the Bank makes payments on their behalf and enters commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies.

Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings on behalf of a customer authorising a third party to draw drafts on a Bank up to a stipulated amount under specific terms and conditions
– are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group and Bank are potentially exposed to loss in amounts equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group and Bank monitor the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

10.3.2 Impairment assessment

10.3.2.1 Definition of default and credit-impaired assets

IFRS 9 does not define default but requires the definition to be consistent with the definition used for internal credit risk management purposes. The Group considers a financial asset as 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

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NOTES TO THE FINANCIAL STATEMENTS

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.2 Impairment assessment (continued)

10.3.2.1 Definition of default and credit-impaired assets (continued)

Loans and advances to customers, credit cards, loan commitments and financial guarantees

Quantitative criteria-The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria-The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- the borrower is in long-term forbearance
- the borrower is deceased
- the borrower is insolvent
- the borrower is in breach of financial covenant(s)
- an active market for that financial asset has disappeared because of financial difficulties
- concessions have been made by the lender relating to the borrower's financial difficulty
- it is becoming probable that the borrower will enter Bankruptcy
- financial assets are purchased or originated at a deep discount that reflects the incurred credit losses
- payment deferral
- extension of payment period

Due from banks and Cash and Balances with Central Bank

For Due from banks, below are considered as default when they occur

- When repayment of interest and principal are not done on time as per contractual schedules to the extent of 30 days delay
- When a counterparty is taken under management by Statutory Manager
- When a counterparty license has been revoked by the Central bank
- When the counterparty is declared bankrupt by responsible bodies like Registration, Insolvency or court.

Debt instruments

For Debt instruments, below are considered as default when they occur; Quantitative and qualitative criteria.

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NOTES TO THE FINANCIAL STATEMENTS

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.2 Impairment assessment (continued)

10.3.2.1 Definition of default and credit-impaired assets (continued)

Debt instruments (Continued)

- When repayment of interest and principal are not done on time as per contractual schedules to the extent of 30 days delay.
- When repayments of interest and principal are not done on time as per contractual schedules and that such delays considered are not those caused by operational issues
- When the government is downgraded to below rating "C" status by international rating agency such as Moody's, S & P, or Fitch
- When the Government is declared default/bankrupt by responsible agencies i.e., World Bank, IMF etc.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the customer has met certain criteria. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Other financial assets

For other financial assets, below are considered as default when they occur; Quantitative and qualitative

criteria;

- The Group considers other financial assets in default when contractual payments are over 90 days past due.
- The Group may also consider other financial assets to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group.

10.3.2.2 Group's internal ratings scale and PD estimation process

Loans and advances to customers, credit cards, loan commitments and financial guarantees

The Group and Bank has its internal credit rating tools tailored in accordance with the Bank of Tanzania (BOT) guidelines that reflect its assessment of the probability of default of individual counterparties. Customers are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class.

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10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.2 Impairment assessment (continued)

10.3.2.2 Group's internal ratings scale and PD estimation process (continued)

Group rating	Description of the grade	Stage	PD Range		Number of days past due
1	Current	Stage 1	0.09%	4.68%	0
2	Current	Stage 1	0.57%	13.40%	1-30
3	Especially mentioned 1	Stage 2	2.02%	20.00%	31-60
4	Especially mentioned 2	Stage 2	3.65%	26.37%	61-90
5	Substandard, Doubtful, Loss	Stage 3	100.00%	100.00%	91 and above

The PDs obtained as above are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information. This is repeated for each economic scenario as appropriate.
Due from banks, nostro balances and debt instruments

For internal monitoring, Due from banks, nostro balances and debt instruments are rated into four categories/ staging based on their financial position. Additionally, qualitative characteristics is taken into consideration when scoring a counterparty. Counterparts with history of default are usually rated as High risk and dealing limits are cancelled.

Group's rating	Score	PD range	Staging
Defaulted	3 - 5	100.0%	Stage 3
High	2.51 - 3	22.8%-100.0%	Stage 2
Medium	1.51 – 2.5	0.5%-22.8%	Stage 1
Low	1 - 1.51	0.0%-0.5%	Stage 1

The Due from banks, nostro balances and debt instruments as at 31 December 2022, are all low risk.

Other financial assets (receivables)

The internal ratings of other financial assets are based on their financial position. Additionally, qualitative characteristics is taken into consideration when scoring a counterparty. Counterparts with history of default are usually rated as High risk and dealing limits are cancelled.

Group's rating	Score	Loss rate	Staging
Current	0-30days	0.0%-0.03%	Stage 1
Especially mentioned 1	31-60days	0.04%-11.8%	Stage 2
Especially mentioned 2	61-90	11.9%-17.8%	Stage 2
Substandard and Doubtful	91-180	17.9%-20%	Stage 3
Loss	181 0r more	100%	Stage 3

Off balance sheet facilities

The internal PD ratings for off-balance sheet facilities are same as for on balance sheet facilities.

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NOTES TO THE FINANCIAL STATEMENTS

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.2 Impairment assessment (continued)

10.3.2.3 Exposure at Default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Bank assesses the possible default events within 12 months for the calculation of the 12-month ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are considered. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Bank determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Bank's models.

10.3.2.4 Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates consider the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held. The Bank segments its loans into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics. Further recent data and forward-looking economic scenarios are used to determine the IFRS 9 LGD rate for each group of financial instruments. The Bank estimates regulatory and IFRS 9 LGDs on a different basis. Under IFRS 9, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI IFRS 9 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

10.3.2.5 Significant increase in credit risk

The Group continuously monitors all assets subject to ECL. To determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or Lifetime ECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime PD as at the reporting date, with
- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure

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10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.2 Impairment assessment (continued)

10.3.2.5 Significant increase in credit risk (continued)

The Bank uses two criteria for determining whether there has been a significant increase in credit risk:
- A quantitative test based on movement in PD
- Qualitative indicators

The Bank considers debt instrument assets, credit cards, loan commitments and financial guarantee contracts to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

Loans and advances to customers, credit cards, loan commitments and financial guarantees

i) Quantitative criteria

Based on quantitative review for the purpose of the expected credit losses calculations, loans and advances, loan commitments and financial guarantees shall be classified as follows;

1. **0 – 30 days to be classified as Stage 1**; Loans and advances, loan commitments and financial guarantees which are performing according to contracted terms and conditions with low credit risk at the reporting date with 12-month expected credit losses being recognised.

2. **31 – 90 days to be classified as Stage 2;** Loans and advances, loan commitments and financial guarantees which have had significant increase in credit risk since initial recognition but do not have objective evidence of credit loss event with lifetime expected credit losses being recognized.

3. **90 days or more to be classified as Stage 3;** Loans and advances, loan commitments and financial guarantees which have objective evidence of impairment at the reporting date with lifetime expected credit losses being recognized (credit-impaired assets).

ii) Qualitative criteria

For Personal Loans if the borrower meets one or more of the following criteria:

- Short-term forbearance or restructuring.
- Adverse changes of external data from credit references agencies.
  For Corporate and SME portfolios, if the borrower is on the Watch list and/or the instrument meets one or more of the following criteria:
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates.
- Actual or expected forbearance or restructuring.
- Actual or expected significant adverse change in operating results of the borrower.
- Significant change in collateral value which is expected to increase risk of default.
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans.
- Adverse changes of external data from credit references agencies
- Significant adversely changes in political, regulatory and technological environment of the borrowers or in its business activities.

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10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.2 Impairment assessment (continued)

10.3.2.5 Significant increase in credit risk (continued)

The Group monitors all financial assets that are subject to assess whether there has been a significant increase in credit risk since initial recognition. When there is a significant increase in credit risk (SICR) since initial recognition is identified, a financial asset is moved from stage 1 to 'Stage 2' but is not yet deemed to be credit impaired. If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

The table below summarises the 'three-stage' model for impairment based on changes in credit quality since initial recognition.

	Stage 1 (performing loans)	Stage 2 (under performing loans)	Stage 3 (non-performing loans)
Credit risk	Financial instruments with low credit risk at the reporting date or which have not had SICR	Financial instruments which have had a significant increase in credit risk since initial recognition but do not have objective evidence of a credit loss event.	Financial assets that have objective evidence of impairment at the reporting date
Recognition of expected credit losses	12 Month expected credit losses are recognized.	Lifetime expected credit losses are recognised.	Lifetime expected credit losses are recognized.
Recognition of interest	Interest revenue is calculated on the gross carrying amount of the asset.	Interest revenue is calculated on the gross carrying amount of the asset.	Interest revenue is calculated based on the amortized cost net of the loss provision, (net carrying amount).

Due from banks, Cash and Balances with Central Bank and other financial assets

Below are quantitative and qualitative factors considered as indicators of significant increase in credit risk;

- The counterparty is more than 15 days past due for Due from banks, Cash and Balances with Central Bank on its contractual payments and more than 30 days past due for other financial assets.
- Significant counterparty management restructuring due to continues bad performance of the company.
- Significant adverse change in the regulatory, economic or technology of the borrower that results in a significant change in the borrower's ability to meet its debt obligations.
- Significant reductions in financial support from a parent company that resulted to significant adverse change of operating results of the counterparty.

Debt instruments

Below are quantitative and qualitative factors considered as indicators of significant increase in credit risk
- The counterparty is more than 15 days past due on its contractual payments.
- The Government has received a low credit rating i.e.,"C" by the international rating agencies; and
- The Government has initiated debt restructuring process.

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10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.2 Impairment assessment (continued)

10.3.2.6 Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed into segments and sub-segments to account for the differences in risk between segments and sub segments into smaller homogeneous portfolio based on combination of internal and external characteristics of the loan and based on shared risk characteristics, such that risk exposures within a Group are homogeneous.

Furthermore, the sectoral sub-segments are consolidated into segments as per the nature of the activity and similarity in characteristics to arrive at a homogeneous pool. The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk team.

The default definition has been applied consistently for all the segments to model the probability of default (PD), exposure at default (EAD) and loss given default (LGD) throughout the Group's expected loss calculations.

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process.

Forecasts of these economic variables (the "base economic scenario") are provided by the Group's economics team on a quarterly basis and provide the best estimate view of the economy over the next five years. After five years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to either a long run average rate (e.g., For unemployment) or a long run average growth rate (e.g., GDP) over a period of two to five years.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Group's economics team also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearity's are captured. The number of scenarios and their attributes are reassessed at each reporting date.

The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The assessment of SICR is performed using the lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators.

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10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

This determines whether the whole financial instrument is in stage 1, stage 2, or stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12-month ECL (stage 1), or a probability weighted lifetime ECL (stages 2 and 3). This probability weighted ECLs is determined by running. Each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs). As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearity's and asymmetries within the Group's different portfolio to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The Group and Bank assess on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

Note 7.15 provides more detail of how the expected credit loss allowance is measured.

The following table shows a representative summary of the economic variables and asset prices that the Group considers to be among the most important determinants of the Group's expected credit loss. The variables may vary from one year to another depending on the correlation of the variables to the inputs of ECL assessment. The bank updated the most significant assumptions to include GDP nominal rate, Consumption private real rate, gross value added real and Domestic demand real rate to align with the changes in market conditions.

	2022			2021			2020		
Macroeconomic variable	**Average**	**Max**	**Min**	**Average**	**Max**	**Min**	**Average**	**Max**	**Min**
GDP Nominal Rate %	8.96	14.88	6.18	2.68	3.81	(0.95)	6.0	7.1	5.7
Consumption private Real Rate %	3.95	5.61	1.12	4.09	5.30	3.30	3.8	5.1	3.0
Lending Rate %	16.89	17.77	15.96	9.75	11.60	7.20	16.1	17.0	15.5
Gross Value Added Real%	6.43	7.35	4.75	1.10	12.53	(23.84)	-	-	-
Domestic Demand Real %	5.70	9.73	4.52	102.98	106.85	101.50	-	-	-

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10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

The most significant period-end assumptions used for the ECL estimate are set out below;

31-Dec-22	Assigned weight %	2022 %	2023 %	2024 %	2025 %	2026 %
GDP Nominal Rate*						
Base Case	68.20%	8.98	12.50	11.78	12.09	11.39
Upside	10.60%	10.41	14.16	13.45	13.76	13.05
Downside	21.20%	7.56	11.22	10.50	10.82	10.11
Consumption Private real Rate**						
Base Case	68.20%	4.54	5.60	5.00	4.89	3.57
Upside	10.60%	5.43	6.47	5.88	5.76	4.44
Downside	21.20%	3.65	4.73	4.13	4.02	2.70
Lending Rate						
Base Case	68.20%	16.36	17.43	17.34	17.28	17.09
Upside	10.60%	15.85	16.75	16.66	16.61	16.41
Downside	21.20%	16.86	17.89	17.80	17.74	17.55
Gross Value Added real***						
Base Case	68.20%	4.35	4.60	4.44	4.47	4.42
Upside	10.60%	5.46	5.65	5.48	5.52	5.47
Downside	21.20%	3.23	3.02	2.86	2.89	2.84
Domestic Demand real****						
Base Case	68.20%	5.36	3.32	4.39	4.52	5.62
Upside	10.60%	7.52	5.36	6.44	6.56	7.67
Downside	21.20%	3.19	1.08	2.16	2.28	3.39

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10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

The most significant period-end assumptions used for the ECL estimate are set out below;

31-Dec-21	Assigned weight	2021	2022	2023	2024	2025
	%	%	%	%	%	%
GDP Real Rate*						
Base Case	68.20%	2.17	3.18	2.74	2.77	2.56
Upside	10.60%	4.26	5.14	4.70	4.73	4.52
Downside	21.20%	0.08	1.09	0.65	0.68	0.47
Inflation Rate**						
Base Case	68.20%	3.80	5.50	5.50	5.50	5.50
Upside	10.60%	2.79	4.49	4.49	4.49	4.49
Downside	21.20%	4.81	6.51	6.51	6.51	6.51
Lending Rate**						
Base Case	68.20%	6.80	8.75	10.00	10.00	10.00
Upside	10.60%	5.09	7.04	8.29	8.29	8.29
Downside	21.20%	8.51	10.46	11.71	11.71	11.71
Utilities Gross Value Added**						
Base Case	68.20%	7.33	9.49	10.42	10.43	10.54
Upside	10.60%	20.72	24.65	25.58	25.59	25.70
Downside	21.20%	(6.06)	(3.90)	(2.97)	(2.96)	(2.85)
Total Domestic Demand**						
Base Case	68.20%	101.50	102.18	102.61	102.47	102.27
Upside	10.60%	103.79	104.22	104.66	104.52	104.32
Downside	21.20%	99.21	99.89	100.32	100.18	99.98

* GDP Growth are expressed as an annual percentage change
** These rates are expressed as a percentage as at the end of the forecast year.
*** The value that producers have added to the goods and services they have bought.
**** The monetary value of final goods and services bought by the final users/ consumers in a country in a given period of time.

The weightings assigned to each economic scenario during the year was 68.2%,10.6% and 21.2% for "base", "upside" and "downside" respectively.

Analysis of inputs to the ECL model under multiple economic scenarios relating to loan and advances (which include credit cards under personal segment) and off-balance sheet.

The Bank has assessed the impact of climate risks, macro-economic and geopolitical uncertainties at the end of the reporting period, no material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Furthermore, the Bank has performed sensitivity analysis of the macro-economic variables to the expected credit loss and disclosed only the Lending rate which is the most sensitive to the bank's performance.

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10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

The most significant period-end assumptions used for the ECL estimate are set out below;

31 December 2020	Assigned weightage	2020	2021	2022	2023	2024
	%	%	%	%	%	%
GDP Growth Rate*						
Base Case	50	5.7	5.5	5.3	5.4	5.4
Upside	25	6.0	5.8	5.7	5.7	5.7
Downside	25	5.4	5.2	5.0	5.1	5.1
Inflation Rate**						
Base Case	50	3.0	5.3	5.5	5.4	5.4
Upside	25	3.2	5.6	5.8	5.7	5.7
Downside	25	2.9	5.0	5.2	5.1	5.1
Lending Rate**						
Base Case	50	17.0	15.5	15.5	15.5	15.5
Upside	25	17.8	16.3	16.3	16.3	16.3
Downside	25	16.1	14.7	14.7	14.7	14.7
Money supply**						
Base case	50	5.9	11.6	11.0	11.6	11.6
Upside	25	6.2	12.2	11.6	12.2	12.2
Downside	25	5.6	11.0	10.5	11.0	11.0
Unemployment**						
Base Case	50	2.0	4.5	4.5	4.5	4.5
Upside	25	2.1	4.7	4.7	4.7	4.7
Downside	25	1.9	4.3	4.3	4.3	4.3

* GDP Growth are expressed as an annual percentage change

** These rates are expressed as a percentage as at the end of the forecast year.

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10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

The most significant period-end assumptions used for the ECL estimate are set out below;

If the Lending rate had changed by 10% expected loss allowance would have been as follows:

Group	**2022**		**2021**		**2020**	
Sensitivity Analysis	**Expected loss allowance**					
In TZS' Million	**Higher end**	**Lower end**	**Higher end**	**Lower end**	**Higher end**	**Lower end**
31 December						
Corporate	100,971	89,550	89,801	76,279	65,574	67,020
SME	23,422	21,475	10,327	8,791	12,404	12,678
Microfinance	609	560	469	402	457	468
Mortgage	1,525	1,397	814	691	857	875
Personal loans	52,455	48,097	44,006	37,374	61,562	62,919
Off-balance sheet exposures	1,085	1,004	1,325	1,126	168	171
Total expected loss allowance	**180,077**	**162,083**	**146,742**	**124,663**	**141,022**	**144,131**

Bank

	2022		**2021**		**2020**	
Sensitivity Analysis	**Expected loss allowance**					
In TZS' Million	Higher end	Lower end	Higher end	Lower end	Higher end	Lower end
31 December						
Corporate	100,911	88,786	89,718	76,197	65,574	67,020
SME	23,322	21,376	10,188	8,653	12,404	12,678
Microfinance	598	548	442	375	457	468
Mortgage	1,525	1,397	814	691	857	875
Personal loans	52,155	47,803	44,000	37,369	61,562	62,919
Off-balance sheet exposures	1,085	995	1,324	1,125	168	171
Total expected loss allowance	**179,596**	**160,905**	**146,486**	**124,410**	**141,022**	**144,131**

Under current and forecast economic conditions, cash and balances with central bank, other assets, debt instruments and due from banks are not expected to be materially sensitive to changes in macroeconomic assumptions and therefore have not been included in this sensitivity analysis. Instead, ECL for these instruments is more sensitive to obligor-specific factors and recovery strategies that are independent of macroeconomic factors.

The following tables outline the impact of multiple scenarios on the allowance. This table shows both the contribution to total ECL of each probability weighted scenario in addition to the total incremental effect on ECL of applying multiple economic scenarios compared to the ECL that would have resulted from applying a 100% weighting to the base case scenario:

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10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

a) ECL for each scenario based on the probability allocation

Group 31 December 2022 In TZS' Million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Gross exposure	3,184,884	712,206	136,123	60,636	2,947,440	3,783,334	10,824,623
Upside (10.6%)	9,880	2,292	60	149	5,135	107	17,623
Base (68.2%)	63,570	14,750	385	960	33,038	690	113,393
Downside (21.2%)	25,669	2,838	73	184	5,797	123	34,684
	99,119	**19,880**	**518**	**1,293**	**43,970**	**920**	**165,700**
Effect of multiple economic scenario	127	44	15	1	922	27	1,136

Group 31 December 2021 In TZS' Million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Gross exposure	2,140,147	561,070	56,945	113,214	2,303,886	2,729,536	7,904,798
Upside (10.6%)	8,762	1,008	39	79	4,433	129	14,450
Base (68.2%)	56,261	6,492	305	511	28,358	831	92,758
Downside (21.2%)	17,514	2,016	91	159	8,865	258	28,903
	82,537	**9,516**	**435**	**749**	**41,656**	**1,218**	**136,111**
Effect of multiple economic scenario	145	31	10	-	16	31	233

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10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

a) ECL for each scenario based on the probability allocation (continued)

Group 31 December 2020 In TZS' Million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Gross exposure	2,140,147	561,070	56,945	113,214	2,303,886	2,729,536	7,904,798
Upside (10.6%)	8,762	1,008	39	79	4,433	129	14,450
Base (68.2%)	56,261	6,492	305	511	28,358	831	92,758
Downside (21.2%)	17,514	2,016	91	159	8,865	258	28,903
	82,537	**9,516**	**435**	**749**	**41,656**	**1,218**	**136,111**
Effect of multiple economic scenario	145	31	10	-	16	31	233

Bank 31 December 2022 In TZS' Million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Gross exposure	3,137,686	707,411	129,671	60,636	2,834,917	3,710,217	10,580,538
Upside (10.6%)	9,874	2,282	59	149	5,103	106	17,573
Base (68.2%)	63,530	14,683	377	960	32,834	683	113,067
Downside (21.2%)	25,646	2,816	71	184	5,735	131	34,583
	99,050	**19,781**	**507**	**1,293**	**43,672**	**920**	**165,223**
Effect of multiple economic scenario	125	44	15	1	919	26	1,130

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10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

a) ECL for each scenario based on the probability allocation (continued)

Bank 31 December 2021 In TZS' Million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Gross exposure	2,140,147	561,070	56,945	113,214	2,303,886	2,729,395	7,904,657
Upside (10.6%)	8,753	993	36	79	4,432	129	14,422
Base (68.2%)	56,264	6,391	287	511	28,389	831	92,673
Downside (21.2%)	17,496	1,986	83	159	8,864	258	28,846
	82,513	**9,370**	**406**	**749**	**41,685**	**1,218**	**135,941**
Effect of multiple economic scenario	145	31	10	-	16	31	233

Bank 31 December 2020 In TZS' Million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Gross exposure	2,140,147	561,070	56,945	113,214	2,303,886	2,729,395	7,904,657
Upside (10.6%)	8,753	993	36	79	4,432	129	14,422
Base (68.2%)	56,264	6,391	287	511	28,389	831	92,673
Downside (21.2%)	17,496	1,986	83	159	8,864	258	28,846
	82,513	**9,370**	**406**	**749**	**41,685**	**1,218**	**135,941**
Effect of multiple economic scenario	145	31	10	-	16	31	233

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10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

The following tables outline the impact on ECL from applying a 100% weighting to each scenario:

b) ECL under each case assuming 100% weight for each probability scenario

Group
31 December 2022

In TZS' million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Upside	92,421	21,264	476	1,396	42,283	802	158,642
Base	93,087	21,583	549	1,406	47,520	984	165,129
Downside	94,033	21,957	653	1,417	54,470	1,201	173,731

Proportion of assets in stage 2

Upside	0.65%	7.19%	7.58%	9.30%	7.06%	19.58%	3.43%
Base	0.81%	7.74%	8.45%	9.91%	6.75%	17.92%	3.63%
Downside	0.99%	8.26%	8.90%	10.52%	6.29%	16.29%	3.78%

Group

31 December 2021

In TZS' million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Upside	81,270	9,109	426	718	34,901	981	127,405
Base	82,327	9,340	437	749	41,798	1,187	135,838
Downside	83,537	9,599	449	777	48,675	1,436	144,473

Proportion of assets in stage 2

Upside	5.02%	16.69%	0.84%	30.01%	16.70%	2.53%	6.49%
Base	5.74%	18.74%	1.03%	30.85%	15.64%	2.32%	6.87%
Downside	6.50%	20.70%	1.23%	31.79%	14.80%	2.10%	2.10%

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NOTES TO THE FINANCIAL STATEMENTS

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

The following tables outline the impact on ECL from applying a 100% weighting to each scenario:

b) ECL under each case assuming 100% weight for each probability scenario

Group

December 2020

In TZS' million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Upside	81,270	9,109	426	718	34,901	981	127,405
Base	82,327	9,340	437	749	41,798	1,187	135,838
Downside	83,537	9,599	449	777	48,675	1,436	144,473
Proportion of assets in stage 2							
Upside	5.02%	16.69%	0.84%	30.01%	16.70%	2.53%	6.49%
Base	5.74%	18.74%	1.03%	30.85%	15.64%	2.32%	6.87%
Downside	6.50%	20.70%	1.23%	31.79%	14.80%	2.10%	2.10%

Bank

31 December 2022

In TZS' million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Upside	92,376	21,168	468	1,396	42,003	795	158,206
Base	93,030	21,485	538	1,406	47,224	975	164,658
Downside	93,959	21,856	639	1,417	54,153	1,189	173,213
Proportion of assets in stage 2							
Upside	0.65%	7.21%	7.50%	9.30%	4.66%	19.75%	3.39%
Base	0.81%	7.76%	8.41%	9.91%	6.61%	18.09%	3.59%
Downside	0.99%	8.28%	8.90%	10.52%	6.16%	16.46%	3.74%

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

The following tables outline the impact on ECL from applying a 100% weighting to each scenario:

c) ECL under each case assuming 100% weight for each probability scenario

Bank
31 December 2021

In TZS' million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Upside	81,270	9,109	426	718	34,901	981	127,405
Base	82,327	9,340	437	749	41,798	1,187	135,838
Downside	83,537	9,599	449	777	48,675	1,436	144,473
Proportion of assets in stage 2							
Upside	5.02%	16.69%	0.84%	30.01%	16.70%	2.53%	6.49%
Base	5.74%	18.74%	1.03%	30.85%	15.64%	2.32%	6.87%
Downside	6.50%	20.70%	1.23%	31.79%	14.80%	2.10%	2.10%

Bank
31 December 2020

In TZS' million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Upside	81,270	9,109	426	718	34,901	981	127,405
Base	82,327	9,340	437	749	41,798	1,187	135,838
Downside	83,537	9,599	449	777	48,675	1,436	144,473
Proportion of assets in stage 2							
Upside	5.02%	16.69%	0.84%	30.01%	16.70%	2.53%	6.49%
Base	5.74%	18.74%	1.03%	30.85%	15.64%	2.32%	6.87%
Downside	6.50%	20.70%	1.23%	31.79%	14.80%	2.10%	2.10%

Under current and forecast economic conditions, stage 3 instruments are not expected to be materially sensitive to changes in macroeconomic assumptions and therefore have not been included in this sensitivity analysis. Instead, ECL on stage 3 instruments is more sensitive to idiosyncratic obligor- specific factors and recovery strategies that are independent of macroeconomic factors.

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NOTES TO THE FINANCIAL STATEMENTS

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

10.3.3.1 Expected credit losses

Summary of credit risk

Group

31 December 2022

In TZS' million	Corporate	SME	Microfinance	Mortgage	Personal	Off-balance sheet exposure	Total
Gross carrying amount						**Notional amount**	
Stage 1	2,904,920	603,343	127,823	53,545	2,899,597	3,716,964	10,306,192
Stage 2	170,534	66,389	3,754	4,763	16,561	58,705	320,706
Stage 3	109,430	42,474	4,546	2,328	31282	7,665	197,725
Total	**3,184,884**	**712,206**	**136,123**	**60,636**	**2,947,440**	**3,783,334**	**10,824,623**
ECL							
Stage 1	6,763	1,852	167	22	17,676	643	27,123
Stage 2	19,109	2,935	47	141	3,206	213	25,651
Stage 3	73,247	15,093	304	1,130	23,088	64	112,926
Total	**99,119**	**19,880**	**518**	**1,293**	**43,970**	**920**	**165,700**
Amortised cost							
Stage 1	2,898,157	601,491	127,656	53,523	2,881,921	-	6,562,748
Stage 2	151,425	63,454	3,707	4,622	13,355	-	236,563
Stage 3	36,183	27,381	4,242	1,198	8,194	-	77,198
Total	**3,085,765**	**692,326**	**135,605**	**59,343**	**2,903,470**	**-**	**6,876,509**
Coverage ratio							
Stage 1	0.2%	0.3%	0.1%	0.0%	0.6%	0.0%	0.3%
Stage 2	11.2%	4.4%	1.3%	3.0%	19.4%	0.4%	8.0%
Stage 3	66.9%	35.5%	6.7%	48.5%	73.8%	0.8%	57.1%
Total	**3.1%**	**2.8%**	**0.4%**	**2.1%**	**1.5%**	**0.0%**	**1.6%**
Impairment charge							
Stage 1	(17,018)	1,600	134	(27)	102	(293)	(15,502)
Stage 2	(4,047)	1,999	47	(80)	298	185	(1,598)
Stage 3	60,894	8,519	(91)	765	6,222	(190)	76,119
Total	**39,829**	**12,118**	**90**	**658**	**6,622**	**(298)**	**59,019**
Cost of risk							
Stage 1	(0.6%)	0.3%	0.1%	(0.1%)	0.0%	0.0%	(0.1%)
Stage 2	(2.4%)	3.0%	1.3%	(1.7%)	1.8%	0.3%	(0.5%)
Stage 3	55.2%	20.1%	(2.0%)	32.9%	19.9%	(2.4%)	38.3%
Total	**1.3%**	**1.7%**	**0.1%**	**1.1%**	**0.2%**	**0.0%**	**0.5%**

Total cost of risk for the Group 0.5%

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NOTES TO THE FINANCIAL STATEMENTS

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

10.3.3.1 Expected credit losses (continued)

Summary of credit risk (continued)

Group

31 December 2021

In TZS' million	Corporate	SME	Microfinance	Mortgage	Personal	Off-balance sheet exposures	Total
						Notional amount	
Gross carrying amount							
Stage 1	1,842,800	467,675	106,286	47,569	2,261,006	2,699,537	7,424,873
Stage 2	210,471	58,235	3,159	5,709	15,444	4,613	297,631
Stage 3	86,876	35,160	3,769	3,667	27,436	25,386	182,294
Total	**2,140,147**	**561,070**	**113,214**	**56,945**	**2,303,886**	**2,729,536**	**7,904,798**
ECL							
Stage 1	21,674	437	27	53	19,551	936	42,678
Stage 2	22,582	1,197	11	232	3,199	28	27,249
Stage 3	38,281	7,882	451	464	18,906	254	66,238
Total	**82,537**	**9,516**	**489**	**749**	**41,656**	**1,218**	**136,165**
Amortised cost							
Stage 1	1,821,126	467,238	106,259	47,516	2,241,455	-	4,683,594
Stage 2	187,889	57,038	3,148	5,477	12,245	-	265,797
Stage 3	48,595	27,278	3,318	3,203	8,530	-	90,924
Total	**2,057,610**	**551,554**	**112,725**	**56,196**	**2,262,230**	**-**	**5,040,315**
Coverage ratio							
Stage 1	1.2%	0.1%	0.0%	0.1%	0.9%	0.0%	0.6%
Stage 2	10.7%	2.1%	0.3%	4.1%	20.7%	0.6%	9.2%
Stage 3	44.1%	22.4%	12.0%	12.7%	68.9%	1.0%	36.3%
Total	**3.9%**	**1.7%**	**0.4%**	**1.3%**	**1.8%**	**0.0%**	**1.8%**
Impairment charge							
Stage 1	16,920	(150)	(1)	(10)	(13,815)	848	3,792
Stage 2	17,194	(429)	-	(43)	(1,781)	15	14,956
Stage 3	15,912	(2,822)	(10)	(87)	(7,829)	187	5,351
Total	**50,026**	**(3,401)**	**(11)**	**(140)**	**(23,425)**	**1,050**	**24,099**
Cost of risk							
Stage 1	0.9%	0.0%	0.0%	0.0%	(0.6%)	0.0%	0.1%
Stage 2	8.2%	(0.7%)	0.0%	(0.8%)	(11.5%)	0.5%	5.0%
Stage 3	18.3%	(8.4%)	(0.3%)	(2.4%)	(65.0%)	0.9%	2.9%
Total	**2.3%**	**(0.6%)**	**0.0%**	**(0.3%)**	**(1.0%)**	**0.0%**	**0.3%**

Total cost of risk for the Group 0.3%

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

10.3.3.1 Expected credit losses (continued)

Summary of credit risk (continued)

Group

31 December 2020

In TZS' million	Corporate	SME	Microfinance	Mortgage	Personal	Off-balance sheet exposures	Total
Gross carrying amount						**Notional amount**	
Stage 1	1,842,800	467,675	106,286	47,569	2,261,006	2,699,537	7,424,873
Stage 2	210,471	58,235	3,159	5,709	15,444	4,613	297,631
Stage 3	86,876	35,160	3,769	3,667	27,436	25,386	182,294
Total	**2,140,147**	**561,070**	**113,214**	**56,945**	**2,303,886**	**2,729,536**	**7,904,798**
ECL							
Stage 1	21,674	437	27	53	19,551	936	42,678
Stage 2	22,582	1,197	11	232	3,199	28	27,249
Stage 3	38,281	7,882	451	464	18,906	254	66,238
Total	**82,537**	**9,516**	**489**	**749**	**41,656**	**1,218**	**136,165**
Amortised cost							
Stage 1	1,821,126	467,238	106,259	47,516	2,241,455	-	4,683,594
Stage 2	187,889	57,038	3,148	5,477	12,245	-	265,797
Stage 3	48,595	27,278	3,318	3,203	8,530	-	90,924
Total	**2,057,610**	**551,554**	**112,725**	**56,196**	**2,262,230**	**-**	**5,040,315**
Coverage ratio							
Stage 1	1.2%	0.1%	0.0%	0.1%	0.9%	0.0%	0.6%
Stage 2	10.7%	2.1%	0.3%	4.1%	20.7%	0.6%	9.2%
Stage 3	44.1%	22.4%	12.0%	12.7%	68.9%	1.0%	36.3%
Total	**3.9%**	**1.7%**	**0.4%**	**1.3%**	**1.8%**	**0.0%**	**1.8%**
Impairment charge							
Stage 1	16,920	(150)	(1)	(10)	(13,815)	848	3,792
Stage 2	17,194	(429)	-	(43)	(1,781)	15	14,956
Stage 3	15,912	(2,822)	(10)	(87)	(7,829)	187	5,351
Total	**50,026**	**(3,401)**	**(11)**	**(140)**	**(23,425)**	**1,050**	**24,099**
Cost of risk							
Stage 1	0.9%	0.0%	0.0%	0.0%	(0.6%)	0.0%	0.1%
Stage 2	8.2%	(0.7%)	0.0%	(0.8%)	(11.5%)	0.5%	5.0%
Stage 3	18.3%	(8.4%)	(0.3%)	(2.4%)	(65.0%)	0.9%	2.9%
Total	**2.3%**	**(0.6%)**	**0.0%**	**(0.3%)**	**(1.0%)**	**0.0%**	**0.3%**

Total cost of risk for the Group 0.3%

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

10.3.3.1 Expected credit losses (continued)

Summary of credit risk (continued)

Bank – 31 December 2022

In TZS' million	Corporate	SME	Microfinance	Mortgage	Personal	Off-balance sheet exposures	Total
						Notional amount	
Gross carrying amount							
Stage 1	2,860,070	599,371	121,420	53,545	2,790,764	3,643,847	10,069,017
Stage 2	170,366	66,621	3,796	4,763	13,478	58,705	317,729
Stage 3	107,250	41,819	4,545	2,328	30,675	7,665	194,282
Total	**3,137,686**	**707,411**	**129,761**	**60,636**	**2,834,917**	**3,710,217**	**10,581,028**
ECL							
Stage 1	6,710	1,845	157	22	17,658	643	27,035
Stage 2	19,108	2,933	46	141	3,121	213	25,562
Stage 3	73,232	15,003	304	1,130	22,893	64	112,626
Total	**99,050**	**19,781**	**507**	**1,293**	**43,672**	**920**	**165,223**
Amortised cost							
Stage 1	1,773,656	464,063	96,491	47,518	2,166,936	-	4,548,664
Stage 2	187,144	56,723	3,154	5,477	11,815	-	264,313
Stage 3	48,457	27,057	3,382	3,201	8,374	-	90,471
Total	**2,009,257**	**547,843**	**103,027**	**56,196**	**2,187,125**	**-**	**4,903,448**
Coverage ratio							
Stage 1	1.21%	0.09%	0.02%	0.11%	0.90%	0.04%	0.61%
Stage 2	10.77%	2.05%	0.16%	4.06%	21.31%	0.61%	9.19%
Stage 3	44.13%	22.33%	10.22%	12.71%	69.30%	1.00%	36.36%
Total	**3.94%**	**1.68%**	**0.39%**	**1.32%**	**1.87%**	**0.05%**	**1.81%**
Impairment charge							
Stage 1	(17,146)	1,603	151	(27)	86	(293)	(15,626)
Stage 2	(4,034)	2,003	46	(80)	214	185	(1,666)
Stage 3	60,484	8,553	(91)	765	6,030	(190)	75,551
Total	**39,304**	**12,159**	**106**	**658**	**6,330**	**(298)**	**58,259**
Cost of risk							
Stage 1	(0.6%)	0.3%	0.1%	(0.1%)	0.0%	0.0%	(0.2%)
Stage 2	(2.4%)	3.0%	1.2%	(1.7%)	1.6%	0.3%	(0.5%)
Stage 3	56.4%	20.5%	(2.0%)	32.9%	19.7%	(2.5%)	38.9%
Total	**1.3%**	**1.7%**	**0.1%**	**1.1%**	**0.2%**	**0.0%**	**0.5%**

Total cost of risk for the Bank 0.5%

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

10.3.3.1 Expected credit losses (continued)

Summary of credit risk (continued)

Bank – 31 December 2021

In TZS' million	Corporate	SME	Microfinance	Mortgage	Personal	Off-balance sheet exposures	Total
Gross carrying amount						**Notional amount**	
Stage 1	1,795,324	464,470	95,597	47,569	2,238,734	2,699,396	7,341,090
Stage 2	252,045	57,908	3,058	5,709	15,031	4,613	338,364
Stage 3	94,137	41,141	4,346	4,145	30,878	25,386	200,033
Total	**2,141,506**	**563,519**	**103,001**	**57,423**	**2,284,643**	**2,729,395**	**7,879,487**
ECL							
Stage 1	6,411	407	14	52	19,627	936	27,447
Stage 2	28,226	1,187	4	233	3,205	28	32,883
Stage 3	47,876	7,777	388	464	18,982	254	75,741
Total	**82,513**	**9,371**	**406**	**749**	**41,814**	**1,218**	**136,071**
Amortised cost							
Stage 1	1,788,913	464,063	95,583	47,517	2,219,107	-	4,615,183
Stage 2	223,819	56,721	3,054	5,476	11,826	-	300,896
Stage 3	46,261	33,364	3,958	3,681	11,896	-	99,160
Total	**2,058,993**	**554,148**	**102,595**	**56,674**	**2,242,829**	**-**	**5,015,239**
Coverage ratio[1]							
Stage 1	0.4%	0.1%	0.0%	0.1%	0.9%	0.0%	0.4%
Stage 2	11.2%	2.0%	0.1%	4.1%	21.3%	0.6%	9.7%
Stage 3	50.9%	18.9%	8.9%	11.2%	61.5%	1.0%	37.9%
Total	**3.9%**	**1.7%**	**0.4%**	**1.3%**	**1.8%**	**0.0%**	**1.8%**
Impairment charge							
Stage 1	16,978	(155)	(1)	(10)	(13,818)	848	3,842
Stage 2	17,196	(451)	-	(43)	(1,781)	15	14,936
Stage 3	16,187	(2,933)	(26)	(87)	(7,829)	187	5,499
Total	**50,361**	**(3,539)**	**(27)**	**(140)**	**(23,428)**	**1,050**	**24,277**
Cost of risk							
Stage 1	0.9%	0.0%	0.0%	0.0%	(0.6%)	0.0%	0.1%
Stage 2	6.8%	(0.8%)	0.0%	(0.8%)	(11.8%)	0.3%	4.4%
Stage 3	17.2%	(7.1%)	(0.6%)	(2.1%)	(25.4%)	0.7%	2.7%
Total	**2.4%**	**(0.6%)**	**0.0%**	**(0.2%)**	**(1.0%)**	**0.0%**	**0.3%**

Total cost of risk for the Bank 0.3%

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

10.3.3.1 Expected credit losses (continued)

Summary of credit risk (continued)

Bank – 31 December 2020

In TZS' million	Corporate	SME	Microfinance	Mortgage	Personal	Off-balance sheet exposures	Total
						Notional amount	
Gross carrying amount							
Stage 1	1,795,324	464,470	95,597	47,569	2,238,734	2,699,396	7,341,090
Stage 2	252,045	57,908	3,058	5,709	15,031	4,613	338,364
Stage 3	94,137	41,141	4,346	4,145	30,878	25,386	200,033
Total	**2,141,506**	**563,519**	**103,001**	**57,423**	**2,284,643**	**2,729,395**	**7,879,487**
ECL							
Stage 1	6,411	407	14	52	19,627	936	27,447
Stage 2	28,226	1,187	4	233	3,205	28	32,883
Stage 3	47,876	7,777	388	464	18,982	254	75,741
Total	**82,513**	**9,371**	**406**	**749**	**41,814**	**1,218**	**136,071**
Amortised cost							
Stage 1	1,788,913	464,063	95,583	47,517	2,219,107	-	4,615,183
Stage 2	223,819	56,721	3,054	5,476	11,826	-	300,896
Stage 3	46,261	33,364	3,958	3,681	11,896	-	99,160
Total	**2,058,993**	**554,148**	**102,595**	**56,674**	**2,242,829**	**-**	**5,015,239**
Coverage ratio							
Stage 1	0.4%	0.1%	0.0%	0.1%	0.9%	0.0%	0.4%
Stage 2	11.2%	2.0%	0.1%	4.1%	21.3%	0.6%	9.7%
Stage 3	50.9%	18.9%	8.9%	11.2%	61.5%	1.0%	37.9%
Total	**3.9%**	**1.7%**	**0.4%**	**1.3%**	**1.8%**	**0.0%**	**1.8%**
Impairment charge							
Stage 1	16,978	(155)	(1)	(10)	(13,818)	848	3,842
Stage 2	17,196	(451)	-	(43)	(1,781)	15	14,936
Stage 3	16,187	(2,933)	(26)	(87)	(7,829)	187	5,499
Total	**50,361**	**(3,539)**	**(27)**	**(140)**	**(23,428)**	**1,050**	**24,277**
Cost of risk							
Stage 1	0.9%	0.0%	0.0%	0.0%	(0.6%)	0.0%	0.1%
Stage 2	6.8%	(0.8%)	0.0%	(0.8%)	(11.8%)	0.3%	4.4%
Stage 3	17.2%	(7.1%)	(0.6%)	(2.1%)	(25.4%)	0.7%	2.7%
Total	**2.4%**	**(0.6%)**	**0.0%**	**(0.2%)**	**(1.0%)**	**0.0%**	**0.3%**

[3]Total cost of risk for the Bank 0.3%

[1]The coverage ratio is calculated as the total ECL allowance divided by the average balance of the underlying assets' gross carrying amount (for off balance sheet items – divided by the average notional amount).
[2]The cost of risk ratio is calculated as the impairment charge for the year divided by the average balance of the underlying assets' gross carrying amount.
[3]Total cost of risk for the Group is calculated as the total ECL charge per the Consolidated Statements of Comprehensive income divided by the average balance of loans and advances to customers and off balance sheet as disclosed above.

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10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

10.3.3.1 Expected credit losses (continued)

Summary of credit risk (continued)

[2]The cost of risk ratio is calculated as the impairment charge for the year divided by the average balance of the underlying assets' gross carrying amount.

[3]Total cost of risk for the Group is calculated as the total ECL charge per the Consolidated Statements of Comprehensive income divided by the average balance of loans and advances to customers and off balance sheet as disclosed above.

10.3.3.2 Analysis of stage 2 loans reflecting the criteria for inclusion in stage 2

An analysis of stage 2 balances at the reporting date reflecting the reasons for inclusion in stage 2 by class of loans and advances to customers (gross carrying amount and corresponding ECL) is presented below. For the purposes of this analysis, where balances satisfy more than one criterion for determining a significant increase in credit risk, the corresponding gross carrying amount and ECL have been assigned in the order of the categories presented, for example, accounts with PD deterioration may also trigger backstops, but are only reported under "PD movement". The indicators of significant increases in credit risk (SICR) are explained in Note 10.3.2.5.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios (continued)

13.3.3.2 Analysis of stage 2 loans reflecting the criteria for inclusion in stage 2 (continued)

In TZS' Million

Group **31 December 2022**	Corporate	ECL	SME	ECL	Microfinance	ECL	Mortgage	ECL	Personal	ECL	Off-balance sheet exposures	ECL	Total Gross Carrying amount	ECL
Less than 30 Days past due														
▪ Forbearance support provided	75,770	14,283	44,475	2,116	238	13	-	-	1,863	600	7,353	35	129,699	17,047
▪ Other qualitative reasons	43,021	1,197	6,563	193	86	1	3,171	102	3,610	839	51,352	178	107,803	2,510
More than 30 days past due	51,743	3,629	15,351	626	3,430	33	1,592	39	11,088	1,767	-	-	83,204	6,094
Total	**170,534**	**19,109**	**66,389**	**2,935**	**3,754**	**47**	**4,763**	**141**	**16,561**	**3,206**	**58,705**	**213**	**320,706**	**25,651**
31 December 2021														
Less than 30 Days past due														
▪ Forbearance support provided	115,853	16,597	40,164	953	549	9	338	8	990	290	-	-	157,894	17,857
▪ Other qualitative reasons	73,558	5,909	6,098	201	74	-	3,268	140	5,018	999	4,613	28	92,629	7,277
More than 30 days past due	21,060	76	11,973	43	2,536	2	2,103	84	9,436	1,910	-	-	47,108	2,115
Total	**210,471**	**22,582**	**58,235**	**1,197**	**3,159**	**11**	**5,709**	**232**	**15,444**	**3,199**	**4,613**	**28**	**297,631**	**27,249**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Expected Credit Losses (Continued)

10.3.3.2 Analysis of stage 3 loans

An analysis of stage 3 loans is presented below. The table shows loans less than 90 days past due and loans greater than 90 days past due by portfolio and stage, thus presenting the loans classified as stage 3 due to ageing and those identified at an early stage due to other criteria. Stage 3 exposures are further analysed to indicate those which are no longer credit impaired but in cure period that precedes a transfer back to stage 2.

In TZS' Million

Group

31 December 2022	**Corporate**	**ECL**	**SME**	**ECL**	**Microfinance**	**ECL**	**Mortgage**	**ECL**	**Personal**	**ECL**	**Off-balance sheet exposures**	**ECL**	**Total Gross Carrying amount**	**ECL**
Less than 90 days DPD	65,590	47,719	28,012	11,571	628	43	1,008	553	9,490	7,090	3,398	24	108,126	67,000
More than 90 days DPD	43,840	25,528	14,462	3,522	3,918	261	1,320	577	21,792	15,998	4,267	40	89,599	45,926
Total	109,430	73,247	42,474	15,093	4,546	304	2,328	1,130	31,282	23,088	7,665	64	197,725	112,926
No longer impaired but in cure period	8,458	507	4,248	420	508	43	837	529	4,002	3,058	-	-	18,053	4,557
Other	100,972	72,740	38,226	14,673	4,038	261	1,491	601	27,280	20,030	7,665	64	179,672	108,369

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Expected credit losses (continued)

10.3.3.2 Analysis of stage 3 loans (continued)

In TZS' Million

Group 31 December 2021	Corporate	ECL	SME	ECL	Microfinance	ECL	Mortgage	ECL	Personal	ECL	Off-balance sheet exposures	ECL	Total Gross Carrying amount	ECL
Less than 90 days DPD	51,671	17,514	13,946	2,577	749	76	1,679	223	8,235	4,929	25,386	254	101,666	25,573
More than 90 days DPD	35,205	20,767	21,214	5,305	3,020	375	1,988	241	19,201	13,977	-	-	80,628	40,665
Total	86,876	38,281	35,160	7,882	3,769	451	3,667	464	27,436	18,906	25,386	254	182,294	66,238
No longer impaired but in cure period	362	-	9,777	462	443	30	785	119	3,504	2,305	-	-	14,871	2,916
Other	86,514	38,281	25,383	7,420	3,326	421	2,882	345	23,932	16,601	25,386	254	167,423	63,322
31 December 2020														
Less than 90 days DPD	51,671	17,514	13,946	2,577	749	76	1,679	223	8,235	4,929	25,386	254	101,666	25,573
More than 90 days DPD	35,205	20,767	21,214	5,305	3,020	375	1,988	241	19,201	13,977	-	-	80,628	40,665
Total	86,876	38,281	35,160	7,882	3,769	451	3,667	464	27,436	18,906	25,386	254	182,294	66,238
No longer impaired but in cure period	362	-	9,777	462	443	30	785	119	3,504	2,305	-	-	14,871	2,916
Other	86,514	38,281	25,383	7,420	3,326	421	2,882	345	23,932	16,601	25,386	254	167,423	63,322

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 **RISK MANAGEMENT (CONTINUED)**

10.3 Credit risk (continued)

10.3.3.2 **Analysis of stage 3 loans (Continued)**

In TZS' Million

Bank	**Corporate**	**ECL**	**SME**	**ECL**	**Microfinance**	**ECL**	**Mortgag**	**ECL**	**Personal**	**ECL**	**Off-balance sheet exposures**	**ECL**	**Total Gross Carrying amount**	**ECL**
31 December 2022														
Less than 90 days DPD	63,641	47,704	27,640	11,561	628	43	1,008	553	9,052	6,951	3,398	24	105,367	66,836
More than 90 days DPD	43,609	25,528	14,179	3,442	3,917	261	1,320	577	21,623	15,942	4,267	40	88,915	45,790
Total	107,250	73,232	41,819	15,003	4,545	304	2,328	1,130	30,675	22,893	7,665	64	194,282	112,626
No longer impaired but in cure period	8,458	507	4,248	420	508	43	837	529	4,002	3,058	-	-	18,053	4,557
Other	98,792	72,725	37,571	13,257	3,149	234	1,225	502	22,501	17,716	7,665	58	170,903	104,492
31 December 2021														
Less than 90 days DPD	59,126	27,075	19,927	2,472	749	76	2,157	224	8,235	4,929	25,386	254	115,580	35,030
More than 90 days DPD	27,600	11,194	14,907	5,305	3,018	309	1,510	242	19,041	13,973	-	-	66,076	31,023
Total	86,726	38,269	34,834	7,777	3,767	385	3,667	466	27,276	18,902	25,386	254	181,656	66,053
No longer impaired but in cure period	362	-	9,777	462	443	30	785	119	3,504	305	-	-	14,871	2,916
Other	86,364	38,269	25,057	7,315	3,324	355	2,882	347	23,772	16,597	25,386	254	166,785	63,137
31 December 2020														
Less than 90 days DPD	59,126	27,075	19,927	2,472	749	76	2,157	224	8,235	4,929	25,386	254	115,580	35,030
More than 90 days DPD	27,600	11,194	14,907	5,305	3,018	309	1,510	242	19,041	13,973	-	-	66,076	31,023
Total	86,726	38,269	34,834	7,777	3,767	385	3,667	466	27,276	18,902	25,386	254	181,656	66,053
No longer impaired but in cure period	362	-	9,777	462	443	30	785	119	3,504	305	-	-	14,871	2,916
Other	86,364	38,269	25,057	7,315	3,324	355	2,882	347	23,772	16,597	25,386	254	166,785	63,137

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.3 Expected credit losses (Continued)

10.3.3.3 Analysis of stage 3 loans (Continued)

Management has determined post model adjustment to incorporate factors which are not specifically embedded in the model used as part of the normal modelling process and those which resulted from qualitative assessment.

Post-model adjustments (both positive and negative) represent adjustments in relation to data and model limitations because of climate risk, macro-economic and geopolitical uncertainties and other qualitative assessment which resulted into management overlay. The adjustments are based on a combination of portfolio level credit risk analysis and an evaluation of ECL coverage at an exposure level.

Assessment and impact on ECL measurement.

The Bank's models have been constructed and calibrated using historical trends and correlations as well as forward looking economic scenarios. Given the degree of uncertainty surrounding the current economic environment, and the potential limitations on reliable data to model the impact on the banking book, as well as operational and timing challenges in incorporating the latest available macroeconomic inputs into the ECL models, the use of judgmental adjustments was applied.

Management overlays

Management overlays are made to incorporate uncertainties resulting from Climate risk, macro- economic and geopolitical impact, and other qualitative assessment considerations. The significant overlay relates to Stage 3 loans. Additional information and sensitivity analysis in respect of the inputs to the ECL model under multiple economic scenarios is provided in Note 10.3.3.

The Bank has incorporated all the relevant information calibrated in the model and applying management overlay. The below were among the factors which were taken into consideration:

- Changes to the economic outlook and the impact on macroeconomic scenarios and assumptions.
- Qualitative assessment in considering portfolio level credit risk analysis by accelerate provision to some customers on a case by case basis.
- Extension of payment term on modified financial assets.
- Assessment on significant increase in credit risk.

10.3.4 Model adjustments

The Group has put in place a robust control in determining management overlays in the ECL computation. These controls involve regular reviews and approval of material overlay adjustment by senior management team.

Post-model adjustments and management overlays made in estimating the reported ECL for the Group and Bank as at 31 December 2022 are set out in the following table:

In TZS' Million	Modelled ECL	Post-model adjustments	Management overlays	Total ECL	djustment as a % of total ECL
Corporate lending	90,043	-	9,076	99,119	9%
SME lending	17,614	-	2,266	19,880	11%
Mortgage lending	713	-	580	1,293	45%
Microfinance lending	296	-	222	518	43%
Personal lending	42,932	-	1,038	43,970	2%
Total	**151,598**	**-**	**13,182**	**164,780**	**8%**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.4 Model adjustments

Management has determined post model adjustment

The management overlay adjustments relate to adjustment made by management outside the IFRS 9 Model to capture additional qualitative factors that could not be modelled without undue cost and effort. The adjustment mainly relates to staging assessments where additional ECL amount were recorded to take into consideration the significant increase in credit risk in the loan portfolio based on management assessment. The Bank has put in place robust governance processes around the measurement and approval of all overlay adjustments, this involves independent review and approval by the Director of Credit and Board Credit Committee.

Overlay adjustments are reassessed and adjusted where required at every reporting date.

No model adjustments/overlays were done for ECL relating to other financial instruments.

Post-model adjustments and management overlays made in estimating the reported ECL for the Group and Bank as at 31 December 2021 are set out in the following table:

In TZS' Million	Modelled ECL	Post-model adjustments	Management overlays	Total ECL	Adjustment as a % of total ECL
Corporate lending	28,377	-	54,160	82,537	66%
SME lending	2,830	-	6,686	9,516	70%
Microfinance lending	671	-	78	749	10%
Mortgage lending	81	-	354	435	81%
Personal lending	41,013	-	644	41,657	2%
Total	72,972	-	61,922	134,894	46%

10.3.4.3 Forborne and modified loans

Restructuring of loans with borrowers who are facing financial difficulty which resulted into modification loss has slightly increased during the year to TZS 411.7 billion (2021: TZS 360.0 billion).

Restructuring is a qualitative indicator of default and credit impairment, and expectations of restructuring are relevant to assessing whether there is a significant increase in credit risk. Following restructuring, a customer needs to demonstrate consistently good payment behaviour over a period before the exposure is no longer considered to be in default/credit-impaired or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECLs.

During the year ended 31 December 2022 the bank restructured credit facilities for specific customers with liquidity constraints arising from business operations. The gross carrying amount of restructured loans which resulted into modification loss was TZS 411.7 billion arising from business operations. All restructures were done within the regulatory and credit policy requirements.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.5 Forborne and modified loans (continued)

The table below include stage 2 and 3 assets which were modified during the period with the related modification loss suffered by the Group and Bank;

Amount in TZS' Million	2022	2021	2020
Amortised costs of financial assets that result into modification loss during the period (carrying amount)	411,694	359,983	319,800
Amortised costs of financial assets that result into modification loss during the period-COVID 19 restructured loans (carrying amount)	-	57,372	-
Net modification gain/(loss)	(875)	4,814	(1,139)

The table below shows the gross carrying amount of previously modified financial assets for which loss allowance has changed to 12-month ECL measurement during the period for the Group and Bank.

31 December 2022				Amount in TZS' Million
	Post modification		Pre-modification	
	Gross carrying amount	Corresponding ECL	Gross carrying amount	Corresponding ECL
Facilities that have been cured since modification and are now measured using 12-month ECL (Stage 1)	40,732	581	216,473	31,649
Facilities that reverted to (Stage 2/3) Lifetime ECL having once cured	11,051	17	586,054	190

31 December 2021				Amount in TZS' Million
	Post modification		Pre-modification	
	Gross carrying amount	Corresponding ECL	Gross carrying amount	Corresponding ECL
Facilities that have been cured since modification and are now measured using 12-month ECL (Stage 1)	297,348	10,729	251,490	2,654
Facilities that reverted to (Stage 2/3) Lifetime ECL having once cured	266,066	14,851	260,323	22,791

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.5 Forborne and modified loans (continued)

Amount in TZS' Million

31 December 2020	Post modification		Pre-modification	
	Gross carrying amount	**Corresponding ECL**	**Gross carrying amount**	**Corresponding ECL**
Facilities that have been cured since modification and are now measured using 12-month ECL (Stage 1)	28,447	29	39,930	203
Facilities that reverted to (Stage 2/3) Lifetime ECL having once cured	38,178	416	32,533	438

10.3.6 Analysis of risk concentration

The following tables break down the Group's and Bank's main credit exposure as categorised by industry sector and geographical sectors as of 31 December 2022.

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10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.6 Analysis of risk concentration (continued)

(a) *Industry sectors*

Group
In TZS' Million

31 December 2022	Financial institutions	Manufacturing	Government	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
Financial assets										
Balances with central bank*	602,881	-	-	-	-	-	-	-	-	602,881
Due from banks	693,506	-	-	-	-	-	-	-	-	693,506
Financial Assets at FVPL	23,703	-	-	-	-	-	-	-	-	23,703
Debt Instruments at FVOCI	-	-	786,118	-	-	-	-	-	-	786,118
Credit card	-	-	-	-	-	-	-	1,248	-	1,248
Loans and advances to customers										
- Corporate	208,664	365,388	-	941,714	136,948	41,177	786,259	-	605,614	3,085,764
- SME	11,312	6,773	-	245,516	42,129	27,767	162,709	-	196,121	692,327
- Microfinance	2,497	1,215	-	103,976	4,808	4,509	2,918	14	15,668	135,605
- Mortgage	-	-	-	-	-	-	-	-	59,343	59,343
- Personal	-	-	-	-	-	-	-	2,703,962	199,508	2,903,470
Debt Instrument at amortized costs	-	-	1,483,968	-	-	-	-	-	-	1,483,968
Other assets	-	-	-	-	-	-	-	-	132,687	132,687
	1,542,563	**373,376**	**2,270,086**	**1,291,206**	**183,885**	**73,453**	**951,886**	**2,705,224**	**1,208,941**	**10,600,620**
Off-Balance sheet items										
Guarantees and indemnities	-	57	-	46,384	13,004	1	24,016	779	1,366,375	1,450,616
Letters of credit	-	117,895	-	204,817	1,564	-	451,410	2,005	1,092,626	1,870,317
Commitment to extend credit	-	-	-	-	-	-	-	-	462,402	462,402
	-	**117,952**	**-**	**251,201**	**14,568**	**1**	**475,426**	**2,784**	**2,921,403**	**3,783,335**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.6 Analysis of risk concentration (continued)

(a) Industry sectors (continued)

Group
In TZS' Million

31 December 2021	Financial institutions	Manufacturing	Government	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
Financial assets										
Balances with central bank*	576,981	-	-	-	-	-	-	-	-	576,981
Due from banks	493,216	-	-	-	-	-	-	-	-	493,216
Financial Assets at FVPL	27,097	-	-	-	-	-	-	-	-	27,097
Debt Instruments at FVOCI	-	-	424,160	-	-	-	-	-	-	424,160
Credit card	-	-	-	-	-	-	-	1,844	-	1,844
Loans and advances to customers										
- Corporate	123,963	327,075	-	444,438	152,215	47,962	562,539	-	399,418	2,057,610
- SME	17,049	7,408	-	211,118	32,947	24,306	100,474	-	158,252	551,554
- Microfinance	2,853	983	-	83,168	4,852	2,915	2,784	-	15,224	112,779
- Mortgage	-	-	-	-	-	-	-	-	56,196	56,196
- Personal	-	-	-	-	-	-	-	2,182,415	79,814	2,262,229
Debt Instrument at amortized costs	-	-	1,202,593	-	-	-	-	-	-	1,202,593
Other assets	-	-	-	-	89,599	-	-	-		89,599
	1,241,159	**335,466**	**1,626,753**	**738,724**	**279,613**	**75,183**	**665,797**	**2,184,259**	**708,904**	**7,855,858**
Off-Balance sheet items										
Guarantees and indemnities	-	6,809	-	197,050	1,465	7	7,005	-	1,445,408	1,657,744
Letters of credit	-	840	-	801,698	-	-	-	-	241	802,779
Commitment to extend credit	838	8,664	-	60,490	14,850	3,911	85,605	28	94,627	269,013
	838	**16,313**	**-**	**1,059,238**	**16,315**	**3,918**	**92,610**	**28**	**1,540,276**	**2,729,536**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.6 Analysis of risk concentration (continued)

(a) Industry sectors (continued)

Group
In TZS' Million

31 December 2020	Financial institutions	Manufacturing	Government	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
Financial assets										
Balances with central bank*	345,487	-	-	-	-	-	-	-	-	345,487
Due from banks	361,902	-	-	-	-	-	-	-	-	361,902
Financial Assets at FVPL	-	-	5,572	-	-	-	-	-	-	5,572
Debt Instruments at FVOCI	-	-	501,005	-	-	-	-	-	-	501,005
Credit card	-	-	-	-	-	-	-	529	-	529
Loans and advances to customers										
- Corporate	101,265	188,448	3,299	147,225	129,227	50,822	431,920	-	431,994	1,484,200
- SME	11,463	7,939	-	176,244	30,433	21,876	84,094	38	143,579	475,666
- Microfinance	4,123	198	-	63,010	3,448	727	2,655	4	8,162	82,327
- Mortgage	-	-	-	-	-	-	-	50,614	-	50,614
- Personal	-	-	-	-	-	-	-	1,982,797	-	1,982,797
Debt Instrument at amortized costs	-	-	995,824	-	-	-	-	-	-	995,824
Other assets	-	-	-	-	89,566	-	-	-	5,222	94,788
	824,240	**196,585**	**1,505,700**	**386,479**	**252,674**	**73,425**	**518,669**	**2,033,453**	**761,613**	**6,380,182**
Off-Balance sheet items										
Guarantees and indemnities	978,587	66,038	-	41,795	84,966	-	495	-	51,619	1,223,500
Letters of credit	-	-	-	12,459	3,930	-	7,589	-	112,852	136,830
Commitment to extend credit	652	6,737	-	47,036	11,547	3,041	66,565	22	73,580	209,180
	979,239	**72,775**	**-**	**101,290**	**100,443**	**3,041**	**74,649**	**22**	**238,051**	**1,569,510**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)
10.3 Credit risk (continued)
10.3.6 Analysis of risk concentration (continued)
(a) Industry sectors (continued)
Bank
In TZS' Million
31 December 2022

	Financial institutions	Manufacturing	Government	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
Financial assets										
Balances with central bank	497,347	-	-	-	-	-	-	-	-	497,347
Due from banks	711,979	-	-	-	-	-	-	-	-	711,979
Financial Assets at FVPL	17,417	-	-	-	-	-	-	-	-	17,417
Debt Instruments at FVOCI	-	-	786,118	-	-	-	-	-	-	786,118
Credit card	-	-	-	-	-	-	-	1,248	-	1,248
Loans and advances to customers										
- Corporate	208,664	365,388	-	941,704	136,948	41,177	786,259	10	558,486	3,038,636
- SME	11,312	6,773	-	245,516	42,129	27,767	162,709	-	191,425	687,631
- Microfinance	2,497	1,215	-	103,976	4,808	4,509	2,918	14	9,226	129,163
- Mortgage	-	-	-	-	-	-	-	-	59,343	59,343
- Personal	-	-	-	-	-	-	-	2,703,962	87,283	2,791,245
Debt Instrument at amortized costs	-	-	1,148,248	-	-	-	-	-	-	1,148,248
Other assets	-	-	-	-	-	-	-	-	138,805	138,805
	1,449,216	**373,376**	**1,934,366**	**1,291,196**	**183,885**	**73,453**	**951,886**	**2,705,234**	**1,044,568**	**10,007,180**
Off-Balance sheet items										
Guarantees and indemnities	-	20	-	46,283	13,004	-	24,016	779	1,366,009	1,450,111
Letters of credit	-	117,895	-	204,817	1,564	-	378,797	2,005	1,092,626	1,797,704
Commitment to extend credit	-	-	-	-	-	-	-	-	462,402	462,402
	-	**117,915**	**-**	**251,100**	**14,568**	**-**	**402,813**	**2,784**	**2,921,037**	**3,710,217**

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CRDB BANK PLC
REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)
10.3 Credit risk (continued)
10.3.6 Analysis of risk concentration (continued)
(a) Industry sectors (continued)
Bank
In TZS' Million
31 December 2021

	Financial institutions	Manufacturing	Government	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
Financial assets										-
Balances with central bank	564,081	-	-	-	-	-	-	-	-	564,081
Due from banks	442,784	-	-	-	-	-	-	-	-	442,784
Financial Assets at FVPL	20,807	-	-	-	-	-	-	-	-	20,807
Debt Instruments at FVOCI	-	-	424,160	-	-	-	-	-	-	424,160
Credit card	-	-	-	-	-	-	-	1,844	-	1,844
Loans and advances to customers										
- Corporate	123,963	327,075	-	444,438	152,176	47,958	562,537	-	351,108	2,009,255
- SME	17,049	7,408	-	211,021	32,947	24,306	100,474	-	154,639	547,844
- Microfinance	2,853	983	-	83,168	4,852	2,915	2,784	-	5,471	103,026
- Mortgage	-	-	-	-	-	-	-	-	56,196	56,196
- Personal	-	-	-	-	-	-	-	2,182,413	4,714	2,187,127
Debt Instrument at amortized costs	-	-	1,001,563	-	-	-	-	-		1,001,563
Other assets	-	-	-	-	95,061	-	-	-		95,061
	1,171,537	**335,466**	**1,425,723**	**738,627**	**285,036**	**75,179**	**665,795**	**2,184,257**	**572,128**	**7,453,748**
Off-Balance sheet items										
Guarantees and indemnities	-	6,809	-	197,050	1,465	7	7,005	-	1,445,267	1,657,603
Letters of credit	-	880	-	801,658	-	-	-	-	241	802,779
Commitment to extend credit	838	8,664	-	60,490	14,850	3,911	85,605	28	94,627	269,013
	838	**16,353**	**-**	**1,059,198**	**16,315**	**3,918**	**92,610**	**28**	**1,540,135**	**2,729,395**

CRDB BANK PLC
REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)
10.3 Credit risk (continued)
10.3.6 Analysis of risk concentration (continued)

(a) Industry sectors (continued)

Bank In TZS' Million
31 December 2020

	Financial institutions	Manufacturing	Government	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
Financial assets										-
Balances with central bank	330,000	-	-	-	-	-	-	-	-	330,000
Due from banks	382,207	-	-	-	-	-	-	-	-	382,207
Debt Instruments at FVOCI	-	-	501,005	-	-	-	-	-	-	501,005
Credit card	-	-	-	-	-	-	-	529	-	529
Loans and advances to customers										
- Corporate	101,265	188,448	3,299	147,225	129,227	50,822	431,920	-	425,352	1,477,558
- SME	11,463	7,939	-	176,244	30,433	21,876	84,094	38	141,570	473,657
- Microfinance	4,123	198	-	63,010	3,448	727	2,655	4	667	74,832
- Mortgage	-	-	-	-	-	-	-	44,447	-	44,447
- Personal	-	-	-	-	-	-	-	1,927,801	-	1,927,801
Debt Instrument at amortized costs	-	-	843,316	-	-	-	-	-		843,316
Other assets	-	-	-	-	92,030	-	-	-	4,464	96,494
	829,058	**196,585**	**1,351,286**	**386,479**	**255,138**	**73,425**	**518,669**	**1,969,153**	**682,906**	**6,151,846**
Off-Balance sheet items										
Guarantees and indemnities	976,805	65,918	-	41,720	84,811	-	494	-	51,524	1,221,272
Letters of credit	-	-	-	12,340	3,893	-	7,517	-	111,782	135,532
Commitment to extend credit	652	6,737	-	47,035	11,547	3,041	66,566	22	68,052	203,652
	977,457	**72,655**	**-**	**101,095**	**100,251**	**3,041**	**74,577**	**22**	**231,358**	**1,560,456**

*Cash and balances with central Bank do not include cash in hand
**Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.6 Analysis of risk concentration (continued)

For these tables, the Group and Bank have allocated exposures to regions based on the country of domicile of its counterparties.

(b) Geographical sectors

Group
In TZS' Million

31 December 2022	**Tanzania**	**Europe**	**America**	**Burundi**	**Others**	**Total**
Financial assets						
Balances with central bank	497,347	-	-	105,534	-	602,881
Due from banks	459,014	129,909	76,738	26,793	1,052	693,506
Financial Assets at FVPL	17,417	-	-	6,286	-	23,703
Debt Instruments at FVOCI	786,118	-	-	-	-	786,118
Credit card	1,248	-	-	-	-	1,248
Loans and advances to customers						
- Corporate	2,862,905	-	-	222,860	-	3,085,765
- SME	687,630	-	-	4,696	-	692,326
- Microfinance	129,163	-	-	6,442	-	135,605
- Mortgage	59,343	-	-	-	-	59,343
- Personal	2,791,246	-	-	112,224	-	2,903,470
Debt instrument at amortized cost	1,148,248	-	-	335,720	-	1,483,968
Other assets	131,424	-	-	1,263	-	132,687
	9,571,103	**129,909**	**76,738**	**821,818**	**1,052**	**10,600,620**
Off balance sheet items						
Guarantees and indemnities	1,450,111	-	-	504	-	1,450,615
Letters of credit	1,797,704	-	-	72,613	-	1,870,317
Commitment to extend credit	462,402	-	-	-	-	462,402
	3,710,217	**-**	**-**	**73,117**	**-**	**3,783,334**

CRDB BANK PLC
REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.6 Analysis of risk concentration (continued)

For these tables, the Group and Bank have allocated exposures to regions based on the country of domicile of its counterparties.

(b) *Geographical sectors (continued)*

Group In TZS' Million 31 December 2021	Tanzania	Europe	America	Burundi	Others	Total
Financial assets						
Balances with central bank	576,981	-	-	-	-	576,981
Due from banks	256,463	68,627	126,506	18,635	22,985	493,216
Financial Assets at FVPL	27,097	-	-	-	-	27,097
Debt Instruments at FVOCI	424,160	-	-	-	-	424,160
Credit card	1,844	-	-	-	-	1,844
Loans and advances to customers						
- Corporate	1,920,749	-	-	136,861	-	2,057,610
- SME	547,697	-	-	3,857	-	551,554
- Microfinance	102,998	-	-	9,781	-	112,779
- Mortgage	56,196	-	-	-	-	56,196
- Personal	2,187,159	-	-	75,070	-	2,262,229
Debt instrument at amortized cost	1,202,593	-	-	-	-	1,202,593
Other assets	89,599	-	-	-	-	89,599
	7,393,536	**68,627**	**126,506**	**244,204**	**22,985**	**7,855,858**
Off balance sheet items						
Guarantees and indemnities	1,657,744	-	-	-	-	1,657,744
Letters of credit	802,779	-	-	-	-	802,779
Commitment to extend credit	269,013	-	-	-	-	269,013
	2,729,536	**-**	**-**	**-**	**-**	**2,729,536**

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CRDB BANK PLC
REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.6 Analysis of risk concentration (continued)

For these tables, the Group and Bank have allocated exposures to regions based on the country of domicile of its counterparties.

(b) Geographical sectors (continued)

Group
In TZS' Million

31 December 2020	**Tanzania**	**Europe**	**America**	**Burundi**	**Others**	**Total**
Financial assets						
Balances with central bank	330,000	-	-	15,487	-	345,487
Due from banks	141,537	70,507	108,154	18,635	41,704	361,902
Financial Assets at FVPL	5,572	-	-	-	-	5,572
Debt Instruments at FVOCI	501,005	-	-	-	-	501,005
Credit card	529	-	-	-	-	529
Loans and advances to customers						
- Corporate	1,477,459	-	-	6,741	-	1,484,200
- SME	473,824	-	-	1,842	-	475,666
- Microfinance	74,842	-	-	7,485	-	82,327
- Mortgage	50,614	-	-	-	-	50,614
- Personal	1,921,927	-	-	60,870	-	1,982,797
Debt instrument at amortized cost	843,316	-	-	152,508	-	995,824
Other assets	93,067	-	-	1,721	-	94,788
	5,913,692	**70,507**	**108,154**	**246,654**	**41,704**	**6,380,711**
Off balance sheet items						
Guarantees and indemnities	377,673	6,548	-	330	838,949	1,223,500
Letters of credit	24,917	57,176	-	-	54,737	136,830
Commitment to extend credit	204,447	-	-	4,733	-	209,180
	607,037	**63,724**	**-**	**5,063**	**893,686**	**1,569,510**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.6 Analysis of risk concentration (continued)

(b) Geographical sectors (continued)

Bank
In TZS' Million

31 December 2022	**Tanzania**	**Europe**	**America**	**Burundi**	**Others**	**Total**
Financial assets						
Balances with central bank*	497,347	-	-	-	-	497,347
Due from banks	459,014	126,554	76,738	47,622	2,051	711,979
Financial Assets at FVPL	17,417	-	-	-	-	17,417
Debt Instruments at FVOCI	786,118	-	-	-	-	786,118
Credit card	1,248	-	-	-	-	1,248
Loans and advances to customers						
- Corporate	2,862,905	-	-	175,731	-	3,038,636
- SME	687,630	-	-	-	-	687,630
- Microfinance	129,163	-	-	-	-	129,163
- Mortgage	59,343	-	-	-	-	59,343
- Personal	2,791,245	-	-	-	-	2,791,245
Debt instrument at amortized cost	1,148,248	-	-	-	-	1,148,248
Other assets	138,805	-	-	-	-	138,805
	9,578,483	**126,554**	**76,738**	**223,353**	**2,051**	**10,007,179**
Off balance sheet items						
Guarantees and indemnities	1,450,111	-	-	-	-	1,450,111
Letters of credit	1,797,704	-	-	-	-	1,797,704
Commitment to extend credit	462,402	-	-	-	-	462,402
	3,710,217	**-**	**-**	**-**	**-**	**3,710,217**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.6 Analysis of risk concentration (continued)

(b) Geographical sectors (continued)

Bank

31 December 2021 (In TZS' Million)	**Tanzania**	**Europe**	**America**	**Burundi**	**Others**	**Total**
Financial assets						
Balances with central bank*	564,081	-	-	-	-	564,081
Due from banks	206,030	68,628	126,507	18,635	22,984	442,784
Financial Assets at FVPL	20,807	-	-	-	-	20,807
Debt Instruments at FVOCI	424,160	-	-	-	-	424,160
Credit card	1,844	-	-	-	-	1,844
Loans and advances to customers						
- Corporate	1,920,606	-	-	88,649	-	2,009,255
- SME	547,843	-	-	-	-	547,843
- Microfinance	103,027	-	-	-	-	103,027
- Mortgage	56,196	-	-	-	-	56,196
- Personal	2,187,127	-	-	-	-	2,187,127
Debt instrument at amortized cost	1,001,563	-	-	-	-	1,001,563
Other assets	95,061	-	-	-	-	95,061
	7,128,345	68,628	126,507	107,284	22,984	7,453,748
Off balance sheet items						
Guarantees and indemnities	1,657,603	-	-	-	-	1,657,603
Letters of credit	802,779	-	-	-	-	802,779
Commitment to extend credit	269,013	-	-	-	-	269,013
	2,729,395	-	-	-	-	2,729,395

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CRDB BANK PLC
REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.6 Analysis of risk concentration (continued)

(b) Geographical sectors (continued)

Bank
In TZS' Million

31 December 2020	**Tanzania**	**Europe**	**America**	**Burundi**	**Others**	**Total**
Financial assets						
Balances with central bank*	330,000	-	-	-	-	330,000
Due from banks	140,833	70,507	108,154	23,203	39,510	382,207
Financial Assets at FVPL	-	-	-	-	-	-
Debt Instruments at FVOCI	501,005	-	-	-	-	501,005
Credit card	529	-	-	-	-	529
Loans and advances to customers						
- Corporate	1,395,266	-	-	82,292	-	1,477,558
- SME	473,657	-	-	-	-	473,657
- Microfinance	74,832	-	-	-	-	74,832
- Mortgage	44,447	-	-	-	-	44,447
- Personal	1,927,801	-	-	-	-	1,927,801
Debt instrument at amortized cost	843,316	-	-	-	-	843,316
Other assets	96,494	-	-	-	-	96,494
	5,828,180	**70,507**	**108,154**	**105,495**	**39,510**	**6,151,846**
Off balance sheet items						
Guarantees and indemnities	375,445	6,548	-	330	838,949	1,221,272
Letters of credit	23,619	57,176	-	-	54,737	135,532
Commitment to extend credit	198,919	-	-	4,733	-	203,652
	597,983	**63,724**	-	**5,063**	**893,686**	**1,560,456**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.6 Analysis of risk concentration (continued)

(c) Credit quality per segments, industry and asset classes

Group

In TZS' Million 31 December 2022	Stage 1	Stage 2	Stage 3	Others***	Total
Financial assets					
Balance with central bank*	602,881	-	-	-	602,881
Due from banks	693,506	-	-	-	693,506
Financial Assets at FVPL	-	-	-	23,703	23,703
Debt instruments at FVOCI	786,118	-	-	-	786,118
Credit card	1,248	-	-	-	1,248
Loans and advances					
Corporate	2,898,157	151,425	36,183	-	3,085,765
SME	601,491	63,454	27,381	-	692,326
Microfinance	127,656	3,707	4,242	-	135,605
Mortgage	53,523	4,622	1,198	-	59,343
Personal loans	2,881,921	13,355	8,194	-	2,903,470
Debt instruments at amortised cost	1,483,968	-	-	-	1,483,968
Other assets**	-	132,687	-	-	132,687
	10,130,469	**369,250**	**77,198**	**23,703**	**10,600,620**
Off balance sheet					
Guarantees and indemnities	1,450,615	-	-	-	1,450,615
Letters of credit	1,870,317	-	-	-	1,870,317
Commitments to extend credit	462,402	-	-	-	462,402
	3,783,334	**-**	**-**	**-**	**3,783,334**
Per industry segment					
Financial institutions	1,234,629	508	247	23,703	1,259,087
Manufacturing	407,811	24,246	835	-	432,892
Government	2,292,789	-	-	-	2,292,789
Trading	1,216,306	29,815	23,849	-	1,269,970
Transport and communication	166,741	9,877	9,000	-	185,618
Hotel and restaurant	55,430	18,572	648	-	74,650
Agriculture	947,845	79,692	17,772	-	1,045,309
Individuals	2,739,539	13,339	8,159	-	2,761,037
Others	1,069,379	193,201	16,688	-	1,279,268
	10,130,469	**369,250**	**77,198**	**23,703**	**10,600,620**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.6 Analysis of risk concentration (continued)

(c) Credit quality per segments, industry and asset classes (continued)

Group

In TZS' Million

31 December 2021	Stage 1	Stage 2	Stage 3	Others***	Total
Financial assets					
Balances with Central Bank*	576,981	-	-	-	576,981
Due from banks	493,216	-	-	-	493,216
Financial assets at FVPL	-	-	-	27,097	27,097
Debt instruments at FVOCI	424,160	-	-	-	424,160
Credit cards	1,844	-	-	-	1,844
Loans and advances to customers					
- Corporate	1,821,126	187,889	48,595	-	2,057,610
- SME	467,238	57,038	27,278	-	551,554
- Microfinance	106,313	3,148	3,318	-	112,779
- Mortgage	47,516	5,477	3,203	-	56,196
- Personal	2,241,455	12,245	8,530	-	2,262,230
Debt instruments at amortized cost	1,202,593	-	-	-	1,202,593
Other assets**	-	89,599	-	-	89,599
	7,382,442	**355,396**	**90,924**	**27,097**	**7,855,859**
Off balance sheet items:					
Guarantees and indemnities	1,657,744	-	-	-	1,657,744
Letters of credit	802,779	-	-	-	802,779
Commitments to extend credit	269,013	-	-	-	269,013
	2,729,536	**-**	**-**	**-**	**2,729,536**
Per industry segment					
Financial institutions	1,213,264	547	251	27,097	1,241,159
Manufacturing	330,360	4,664	442	-	335,466
Government	1,626,753	-	-	-	1,626,753
Trading	678,863	43,919	15,942	-	738,724
Transport and communication	225,152	38,788	13,758	-	277,698
Hotels and restaurants	60,259	12,691	2,233	-	75,183
Agriculture	542,185	101,987	21,625	-	665,797
Individuals	2,161,650	11,815	10,794	-	2,184,259
Others	543,955	140,985	25,879	-	710,819
	7,382,441	**355,396**	**90,924**	**27,097**	**7,855,858**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.6 Analysis of risk concentration (continued)

(c) Credit quality per segments, industry and asset classes (continued)

Group
In TZS' Million

31 December 2020	Stage 1	Stage 2	Stage 3	Others***	Total
Financial assets					
Balances with Central Bank*	345,487	-	-	-	345,487
Due from banks	361,902	-	-	-	361,902
Financial assets at FVPL	5,572	-	-	-	5,572
Debt instruments at FVOCI	501,005	-	-	-	501,005
Credit cards	529	-	-	-	529
Loans and advances to customers					
- Corporate	1,152,644	221,670	109,886	-	1,484,200
- SME	371,053	69,103	35,510	-	475,666
- Microfinance	78,765	2,037	1,525	-	82,327
- Mortgage	38,534	7,882	4,198	-	50,614
- Personal	1,930,869	24,122	27,806	-	1,982,797
Debt instruments at amortized cost	995,824	-	-	-	995,824
Other assets**	-	94,788	-	-	94,788
	5,782,184	**419,602**	**178,925**	-	**6,380,711**
Off balance sheet items:					
Guarantees and indemnities	1,223,500	-	-	-	1,223,500
Letters of credit	136,830	-	-	-	136,830
Commitments to extend credit	209,180	-	-	-	209,180
	1,569,510	**-**	-		**1,569,510**
Per industry segment					
Financial institutions	822,424	714	1,102	-	824,240
Manufacturing	188,353	7,852	380	-	196,585
Government	1,503,222	2,478	-	-	1,505,700
Trading	336,314	31,941	18,224	-	386,479
Transport and communication	214,716	24,362	13,596	-	252,674
Hotels and restaurants	44,996	24,506	3,923	-	73,425
Agriculture	393,966	81,132	43,571	-	518,669
Individuals	1,982,173	24,373	27,436	-	2,033,982
Others	292,754	225,510	70,693		588,957
	5,778,918	**422,868**	**178,925**	**-**	**6,380,711**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.6 Analysis of risk concentration (continued)

(c) Credit quality per segments, industry and asset classes (continued)

Bank
In TZS' Million

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Others*** **	**Total**
Financial assets					
Balance with central bank*	497,347	-	-	-	497,347
Due from banks	711,979	-	-	-	711,979
Financial Assets at FVPL	-	-	-	17,417	17,417
Debt instruments at FVOCI	786,118	-	-	-	786,118
Credit card	1,248	-	-	-	1,248
Loans and advances					
Corporate	2,839,900	164,718	34,018	-	3,038,636
SME	597,526	63,289	26,815	-	687,630
Microfinance	121,264	3,659	4,241	-	129,164
Mortgage	53,522	4,623	1,198	-	59,343
Personal loans	2,773,106	10,356	7,783	-	2,791,245
Debt instruments at amortised cost	1,148,248	-	-	-	1,148,248
Other assets**	138,805	-	-	-	138,805
	9,669,063	**246,645**	**74,055**	**17,417**	**10,007,180**
Off balance sheet					
Guarantees and indemnities	1,450,111	-	-	-	1,450,111
Letters of credit	1,797,704	-	-	-	1,797,704
Commitments to extend credit	462,402			-	462,402
	3,710,217	**-**	**-**	**-**	**3,710,217**
Per industry segment					
Financial institutions	1,414,675	460	248	17,417	1,432,800
Manufacturing	348,482	24,246	621	-	373,349
Government	1,950,783	-	-	-	1,950,783
Trading	1,210,848	29,591	23,124	-	1,263,563
Transport and communication	165,140	9,877	8,869	-	183,886
Hotel and restaurant	54,233	18,572	648	-	73,453
Agriculture	840,250	79,692	17,770	-	937,712
Individuals	2,642,132	10,340	7,747	-	2,660,219
Others	1,042,520	73,867	15,028	-	1,131,415
	9,669,063	**246,645**	**74,055**	**17,417**	**10,007,180**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.6 Analysis of risk concentration (continued)

(c) Credit quality per segments, industry and asset classes (continued)

Bank
In TZS' Million

31-Dec-21	Stage 1	Stage 2	Stage 3	Others***	Total
Financial assets					
Balance with central bank*	564,081	-	-	-	564,081
Due from banks	442,784	-	-	-	442,784
Financial Assets at FVPL	-	-	-	20,807	20,807
Debt instruments at FVOCI	424,160	-	-	-	424,160
Credit card	1,844	-	-	-	1,844
Loans and advances					
Corporate	1,773,656	187,144	48,455	-	2,009,255
SME	464,063	56,722	27,058	-	547,843
Microfinance	96,491	3,154	3,382	-	103,027
Mortgage	47,518	5,477	3,201	-	56,196
Personal loans	2,166,936	11,815	8,376	-	2,187,127
Debt instruments at amortised cost	1,001,563	-	-	-	1,001,563
Other assets**	-	95,061	-	-	95,061
	6,983,096	**359,373**	**90,472**	**20,807**	**7,453,748**
Off balance sheet					
Guarantees and indemnities	1,657,603	-	-	-	1,657,603
Letters of credit	802,779	-	-	-	802,779
Commitments to extend credit	269,013	-	-	-	269,013
	2,729,395	**-**	**-**	**-**	**2,729,395**
Per industry segment					
Financial institutions	1,149,932	547	251	20,807	1,171,537
Manufacturing	330,360	4,664	442	-	335,466
Government	1,425,723			-	1,425,723
Trading	678,766	43,919	15,942	-	738,627
Transport and communication	230,090	38,788	13,758	-	282,636
Hotel and restaurant	60,255	12,691	2,233	-	75,179
Agriculture	542,183	101,987	21,625	-	665,795
Individuals	2,161,648	11,815	10,794	-	2,184,257
Others	403,739	144,962	25,427	-	574,128
	6,982,696	**359,373**	**90,472**	**20,807**	**7,453,348**

*Cash and balances with central Bank do not include cash in hand
**Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).
***Represents Financial assets not measured using ECL model.

Where required prior year disclosures were updated to align with current year presentations.

Despite the macroeconomic and geopolitical uncertainties, credit portfolio performance has been relatively stable in the year 2022. there was no material adverse impact on portfolio as per industry basis.

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.6 Analysis of risk concentration (continued)

(d) Credit quality per segments, industry and asset classes (continued)

Bank

In TZS' Million					
31-Dec-20	**Stage 1**	**Stage 2**	**Stage 3**	**Others*** **	**Total**
Financial assets					
Balance with central bank*	330,000	-	-	-	330,000
Due from banks	382,207	-	-	-	382,207
Financial Assets at FVPL	-	-	-	-	-
Debt instruments at FVOCI	501,005	-	-	-	501,005
Credit card	529	-	-	-	529
Loans and advances					
Corporate	1,147,122	220,734	109,702	-	1,477,558
SME	369,249	69,080	35,328	-	473,657
Microfinance	71,271	2,037	1,524	-	74,832
Mortgage	32,367	7,882	4,198	-	44,447
Personal loans	1,876,171	24,392	27,238	-	1,927,801
Debt instruments at amortised cost	843,316	-	-	-	843,316
Other assets**	-	96,494	-	-	96,494
	5,553,237	**420,619**	**177,990**	**-**	**6,151,846**
Off balance sheet					
Guarantees and indemnities	1,221,272	-	-	-	1,221,272
Letters of credit	135,532	-	-	-	135,532
Commitments to extend credit	203,652	-	-	-	203,652
	1,560,456	**-**	**-**	**-**	**1,560,456**
Per industry segment					
Financial institutions	827,242	714	1,102		829,058
Manufacturing	188,353	7,852	380	-	196,585
Government	1,348,808	2,478	-	-	1,351,286
Trading	336,314	31,941	18,224	-	386,479
Transport and communication	217,180	24,362	13,596	-	255,138
Hotel and restaurant	44,996	24,506	3,923	-	73,425
Agriculture	393,966	81,132	43,571	-	518,669
Individuals	1,917,344	24,373	27,436	-	1,969,153
Others	386,621	226,528	69,757	-	682,906
	5,660,824	**423,886**	**177,989**	**-**	**6,262,699**

*Other assets (excludes prepayments, stock and advanced payment for capital expenditure as they are not financial assets).

**Includes financial assets measured at FVOCI and also at amortised cost. Where required prior year disclosures were updated to align with current year presentations.

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements

The amount and type of collateral required to secure loan and advances depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

In its normal course of business, the Bank engages external agents to recover funds from repossessed properties or other assets in its retail portfolio, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and not treated as non–current assets held for sale.

The exposure to any one borrower including banks is further restricted by sub-limits covering on- and off-balance sheet exposures. Actual exposures against limits are monitored daily. Exposure to credit risk is also managed through weekly analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits, where appropriate. Some other specific control and mitigation measures are outlined below.

(a) Collateral

The Group and Bank employ a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group and Bank implement guidelines on the acceptability of specific classes of collateral or credit risk mitigation. Collateralization requirement of 125% is applicable to Corporate, SMEs, Microfinance and Mortgage loans. Personal loans are practically unsecured in terms of physical securities.

The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable; and charges over financial instruments such as debt securities and equities

Terms and conditions that apply for collateral held as securities

- The collateral must be mortgaged by the Bank
- The borrower is required to pay the land rent if the pledged collateral is a landed property and insure the pledged collateral to a reputable insurance company
- In the event that the borrower default the pledged collateral can be ceased by the Bank and sold

The valuation and management of the collateral across all business units of the group are governed by the Group credit policy. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. To minimise the credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (Continued)

(a) Collateral

(Collateral) Collaterals

pledged

The Group has pledged part of its Treasury bills and bonds to fulfil the collateral requirements of various short-term borrowings from other Banks. The Group also holds Treasury Bills and Bonds amounting TZS 540,908 million as at 31 December 2022 (2021: TZS 102,055 million) in respects of short-term borrowings extended to other banks. The Group has no control on collaterals pledged by other banks as it has an obligation to return the securities to the counterparties upon settlement of the loans, and it is not permitted to sell or repledge the collateral in the absence of default by the owner of the collateral. There are no other significant terms and conditions associated with the use of collateral.

Despite the impact of climate risks, macro-economic and geopolitical uncertainties there were no material adverse impact on the value of collaterals pledges as securities which were considered in the measurement of ECL.

Collateral repossessed

It is the Group's policy to dispose-off repossessed properties on the open market, at fair market value. The proceeds are used to reduce or repay the outstanding claim. In general, the Group does not occupy or foreclose repossessed properties for its own business use. As at the year end, the Bank had repossessed collateral with fair value amounting TZS 16.6 billion with intention to sell within a year.

It is the Group's policy to dispose-off repossessed properties on the open market, at fair market value. The proceeds are used to reduce or repay the outstanding claim. In general, the Group does not occupy or foreclose repossessed properties for its own business use. As at the year end, the Bank had repossessed collateral with fair value amounting TZS 16.6 billion with intention to sell within a year.

(b) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings on behalf of a customer authorising a third party to draw drafts on a Bank up to a stipulated amount under specific terms and conditions
– are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group and Bank are potentially exposed to loss in amounts equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group and Bank monitor the term to maturity of credit commitments because longer- term commitments generally have a greater degree of credit risk than shorter-term commitments.

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (continued)

(c) Write-off

The Group may write-off financial assets that are still subject to enforcement activity while the Bank still seeks to recover amounts it is legally owed in full. The outstanding contractual amounts of such assets written off during the year ended 31 December 2022 was TZS 42,338 million (2021: TZS 66,402 million).

When entering new markets or new industries, to minimise the potential increase of credit risk exposure, the Group focused more on the business with large corporate enterprises or banks with good credit rating or retail customers providing sufficient collateral.

Collateral held against impaired loans is maintained at fair value. The valuation of collateral is monitored regularly and is tested after every three years.

Financial instruments whose carrying amounts represent the maximum exposure to credit risk without taking account of any collateral held or other credit enhancements are shown below: -

Group
In TZS' Million

	2022	%	2021	%	2020	%
Financial assets:						
Balances with Central Bank	602,881	4	576,981	5	345,487	4
Due from banks	693,506	5	493,216	5	361,902	5
Financial assets at FVPL	23,703	0	27,097	0	8,127	0
Debt instruments at FVOCI	786,118	5	424,160	4	501,005	6
Credit cards	1,248	0	1,844	0		
Loans and advances to customers						
- Corporate	3,085,765	22	2,057,610	19	1,484,200	19
- SME	692,326	5	551,554	5	475,666	6
- Microfinance	135,605	1	112,779	1	82,327	1
- Mortgage	59,343	0	56,196	1	50,614	0
- Personal	2,903,470	20	2,262,229	21	1,982,797	25
Debt instruments at amortised cost	1,483,968	10	1,202,593	11	995,824	13
Other assets*	132,687	1	89,599	1	94,788	1
	10,600,620	**74**	**7,855,858**	**74**	**6,382,737**	**80**
Off balance sheet items:						
Guarantees and indemnities	1,450,615	10	1,657,744	16	1,223,500	15
Letters of credit	1,870,317	13	802,779	8	136,830	2
Commitments to extend credit	462,402	3	269,013	2	209,180	3
	3,783,334	26	2,729,536	26	1,569,510	20
	14,383,954	**100**	**10,584,176**	**100**	**7,952,247**	**100**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (continued)

In TZS' Million

Bank	**2022**	**%**	**2021**	**%**	**2020**	**%**
Financial assets:						
Balances with Central Bank	497,347	4	564,081	6	330,000	4
Due from banks	711,979	5	442,784	4	382,207	5
Financial assets at FVPL	17,417	0	20,807	0	2,555	0
Debt instruments at FVOCI	786,118	6	424,160	4	501,005	6
Credit cards	1,248	0	1,844	0	-	0
Loans and advances to customers						
- Corporate	3,038,636	22	2,009,257	20	1,477,558	19
- SME	687,630	5	547,843	5	473,657	6
- Microfinance	129,164	1	103,027	1	74,832	1
- Mortgage	59,343	0	56,196	1	44,447	1
- Personal	2,791,245	20	2,187,125	21	1,927,801	25
Debt instruments at amortised cost	1,148,248	8	1,001,563	10	843,316	11
Other assets*	138,805	1	95,061	1	96,494	1
	10,007,180	**72**	**7,453,748**	**73**	**6,153,872**	**79**
Off balance sheet items:						
Guarantees and indemnities	1,450,111	11	1,657,603	16	1,221,272	16
Letters of credit	1,797,704	13	802,779	8	135,532	2
Commitments to extend credit	462,402	4	269,013	3	203,652	3
	3,710,217	28	2,729,395	27	1,560,456	21
	13,717,397	**100**	**10,181,925**	**100**	**7,714,328**	**100**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

The Group loans and advances to customers and off-balance sheet items comprise of 72% (2021: 73%) of the total credit exposure. The directors are confident in the ability to continue to minimize the credit risk to the Group and Bank.

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (continued)

Due from banks are to reputable banks operating internationally or in Tanzania and East Africa, and generally no securities held. The list of these banks and their nostro and placement accounts balances are shown below;

	Name of Bank	Country	2022 TZS Million	2021 TZS Million	2020 TZS Million	2022 TZS Million	2021 TZS Million	2020 TZS Million
1	Kenya Commercial Bank	Tanzania	62,038	66,040	5,000	62,038	66,040	5,000
2	Citi Bank	USA	172,323	126,887	108,154	172,323	126,887	108,154
3	DZ Bank	Germany	37,992	13,959	22,094	37,992	13,959	22,094
4	LLOYDS Bank PLC	UK	23,396	31,822	14,136	23,396	31,822	14,136
5	AFRIEXIM Bank Ltd.	Nigeria	53,741	23,053	-	53,741	23,053	-
6	Crown Agents Bank	UK	50,789	23,053	11,594	50,789	23,053	11,594
7	Absa Bank	Tanzania	20,321	10,000	10,000	20,321	10,000	10,000
8	CRDB Burundi	Burundi	-	18,691	22,279	47,622	18,691	22,279
9	NMB Bank	Tanzania	148,427	-	70,000	148,427	-	70,000
10	TPB Bank	Tanzania	43,403	19,000	10,000	43,403	19,000	10,000
11	PBZ	Tanzania	10,160	33,000	12,000	10,160	33,000	12,000
12	Others		70,916	127,711	76,645	41,767	77,279	96,950
	Total		**693,506**	**493,216**	**361,902**	**711,979**	**442,784**	**382,207**

While collateral is an important mitigant to credit risk, the Group's underwriting policy ensures that loans are strictly granted on a going concern basis with adequate demonstration of repayment capacity. Other than exposures that are unsecured, all other facilities are secured by collateral in the form of charges over cash, land and buildings, marketable securities, plant, and machinery, amongst other.

The tables on the following pages show;

- the maximum exposure to credit risk by class of financial asset. They also show the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.
- the analysis of the current fair values of collateral held and credit enhancements for stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECL when the expected value of the collateral, measured using multiple economic scenarios, is greater than the LGD. However, the Stage 3 ECL can be higher than net exposure shown below when the future value of collateral, measured using multiple economic scenarios, is lower than fair value at the reporting date.

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (continued)

Type of collateral or credit enhancement for all financial instruments and associated ECL

Group
In TZS' Million

31 December 2022	Maximum exposure to credit risk	Securities	3rd party/Gov Guarantees	Property	Other	Surplus collateral	Total Collateral	Net Exposure	Associated ECL
		Fair value of collateral and credit enhancements held							
Balance with central bank	602,881	-	-	-	-	-	-	602,881	-
Due from banks	693,506	-	-	-	-	-	-	693,506	
Financial Assets at FVPL	23,703	-	-	-	-	-	-	23,703	
Debt instruments at FVOCI	786,118	-	-	-	-	-	-	786,118	107
Credit card	1,248	-	-	-	-	-	-	1,248	563
Loans and advances									
Corporate	3,085,765	16,340	817,790	4,906,277	1,672,187	(1,620,225)	5,792,369	(2,706,604)	99,119
SME	692,326	39,811	96,213	1,519,135	194,381	(532,444)	1,317,096	(624,770)	19,880
Microfinance	135,605	1,861	65,035	388,292	33,909	(149,795)	339,302	(203,697)	518
Mortgage	59,343	1,039	26	114,732	1,408	(30,803)	86,402	(27,059)	1,293
Personal loans	2,903,470	117,547	23	146,199	26,451	(40,234)	249,986	2,653,484	43,970
Debt instruments at amortised cost	1,483,968	-	-	-	-	-	-	1,483,968	353
Other assets	132,687	-	-	-	-	-	-	132,687	17,588
Total Financial Assets	**10,600,620**	**176,598**	**979,087**	**7,074,635**	**1,928,336**	**-2,373,501**	**7,785,155**	**2,815,465**	**183,391**
Off-Balance sheet items									
Guarantees and indemnities	1,450,615	-	1,498,220	-	-	(19,592)	1,478,629	(28,014)	332
Letters of credit	1,870,317	-	369	-	-	-	369	1,869,948	588
Commitments to extend credit	462,402	-	-	-	-	-	-	462,402	-
Total off-Balance sheet items	**3,783,334**	**-**	**1,498,589**	**-**	**-**	**(19,592)**	**1,478,998**	**2,304,336**	**920**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (continued)

Type of collateral or credit enhancement for all financial instruments and associated ECL

Group In TZS' Million 31 December 2021	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held Securities	3^{rd} party/ gov guarantee	Property	Other	Surplus collateral	Total collateral	Net exposure	Associated ECL
Financial assets									
Balances with central bank	576,981	-	-	-	-	-	-	576,981	-
Due from banks	493,216	-	-	-	-	-	-	493,216	1,329
Financial assets at FVPL	27,097	-	-	-	-	-	-	27,097	-
Debt instruments at FVOCI	424,160	-	-	-	-	-	-	424,160	72
Credit cards	1,844	-	-	-	-	-	-	1,844	129
Loans and advances to customers	-								
- Corporate	2,057,610	14,144	844,327	3,772,481	611,902	(771,825)	4,471,029	(2,413,419)	82,537
- SME	551,554	57,413	88,688	1,295,372	137,629	(240,248)	1,338,855	(787,301)	9,516
- Microfinance	112,779	3,004	2,990	417,340	34,640	(70,573)	387,400	(274,621)	435
- Mortgage	56,196	1,001	31	124,002	905	(20,839)	105,100	(48,904)	749
- Personal	2,262,229	62,924	239	155,183	18,778	(36,391)	200,733	2,061,496	41,657
Debt instruments at amortised cost	1,202,593	-	-	-	-	-	-	1,202,593	271
Other assets	89,599	-	-	-	-	-	-	89,599	15,174
	7,855,858	**138,486**	**936,275**	**5,764,378**	**803,854**	**(1,139,876)**	**6,503,117**	**1,352,741**	**151,869**
Off-Balance sheet items									
Guarantees and indemnities	1,657,744		1,499,878			(238,070)	1,261,808	395,936	978
Letters of credit	802,779	-	-	-	-	-	-	802,779	240
Commitment to extend credit	269,013	-	-	-	-	-	-	269,013	-
	2,729,536	**-**	**1,499,878**	**-**	**-**	**(238,070)**	**1,261,808**	**1,466,510**	**1,218**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (continued)

Type of collateral or credit enhancement for all financial instruments and associated ECL

Group In TZS' Million 31 December 2020	Maximum exposure to credit risk	Securities	3rd party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	Net exposure	Associated ECL
Financial assets									
Balances with central bank	-	-	-	-	-	-	-	-	
Due from banks	361,902	-	-	-	-	-	-	361,902	1,532
Financial assets at FVPL	8,127	-	-	-	-	-	-	8,127	-
Debt instruments at FVOCI	501,005	-	-	-	-	-	-	501,005	-
Credit cards	1,919	-	-	-	-	-	-	1,919	1,390
Loans and advances to customers									
- Corporate	1,484,200	452,577	265,594	5,097,590	335,543	(3,241,041)	2,910,263	(1,426,063)	67,432
- SME	475,666	116,688	116,640	1,470,974	51,446	(535,471)	1,220,277	(744,611)	14,937
- Microfinance	82,327	12,853	16,376	450,459	17,415	(229,260)	267,843	(185,516)	2,370
- Mortgage	50,614	10,221	5,749	98,083	845	(22,139)	92,759	(42,145)	1,403
- Personal	1,982,797	30,283	5,130	178,026	1,082	(44,099)	170,422	1,812,375	60,365
Debt instruments at amortised cost	995,824	-	-	-	-	-	-	995,824	172
Other assets	-	-	-	-	-	-	-	-	-
	5,944,381	**622,622**	**409,489**	**7,295,132**	**406,331**	**(4,072,010)**	**4,661,564**	**1,280,898**	**149,601**
Off-Balance sheet items									
Guarantees and indemnities	1,223,500	-	1,107,081	-	-	(175,723)	931,358	292,142	155
Letters of credit	136,830	-	-	-	-	-	-	136,830	14
Commitment to extend credit	209,180	-	-	-	-	-	-	209,180	-
	1,569,510	-	**1,107,081**	-	-	**(175,723)**	**931,358**	**638,152**	**169**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (continued)

Type of collateral or credit enhancement for all financial instruments and associated ECL

Bank
In TZS' Million

31 December 2022	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held: Securities	3rd party/Gov Guarantees	Property	Other	Surplus collateral	Total Collatera	Net Exposure	Associated ECL
Balance with central bank	497,347	-	-	-	-	-		497,347	-
Due from banks	711,979	-	-	-	-	-		711,979	-
Financial Assets at FVPL	17,417	-	-	-	-	-		17,417	-
Debt instruments at FVOCI	786,118	-	-	-	-	-		786,118	107
Credit card	1,248	-	-	-	-	-		1,248	563
Loans and advances									
- Corporate	3,038,636	16,340	774,313	4,897,160	1,459,138	(1,546,862)	5,600,08	(2,561,455)	99,050
- SME	687,630	39,811	96,213	1,519,135	193,756	(525,441)	1,323,47	(635,844)	19,781
- Microfinance	129,164	1,861	65,034	376,705	29,747	(148,325)	325,02	(195,858)	507
- Mortgage	59,343	1,039.36	25.5	114,732	1,408.09	(30,803)	86,40	(27,060)	1,293
- Personal loans	2,791,245	117,547	23.31	134,694	21,079	(25,004)	248,33	2,542,907	43,672
Debt instruments at amortised cost	1,148,248	-	-	-	-	-		1,148,248	353
Other assets	138,805	-	-	-	-	-		138,805	17,588
Total Financial Assets held at amortised cost	**10,007,180**	**176,598**	**935,609**	**7,042,426**	**1,705,128**	**(2,276,435)**	**7,583,32**	**2,423,852**	**182,914**
Off Balance sheet Items									
Guarantees and indemnities	1,450,111	-	1,497,852	-	-	(19,592)	1,478,26	(28,149)	332
Letters of credit	1,797,704	-	-	-	-	-		1,797,704	588
Commitments to extend credit	462,402	-	-	-	-	-		-	-
	3,710,217	**-**	**1,497,852**	**-**	**-**	**(19,592)**	**1,478,26**	**1,769,555**	**920**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (continued)

Type of collateral or credit enhancement for all financial instruments and associated ECL

Bank — **Fair value of collateral and credit enhancements held**

In TZS' Million 31 December 2021	Maximum exposure to credit risk	Securities	3rd party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	Net exposure	Associated ECL
Financial assets									
Balances with central banks	564,081	-	-	-	-	-	-	564,081	-
Due from banks	442,784	-	-	-	-	-	-	442,784	1,329
Financial assets at FVPL	20,807	-	-	-	-	-	-	20,807	172
Debt instruments at FVOCI	424,160	-	-	-	-	-	-	424,160	72
Credit cards	1,844	-	-	-	-	-	-	1,844	129
Loans and advances to customers									
- Corporate	2,009,257	11,787	703,606	3,143,734	611,902	(905,539)	3,565,490	(1,556,233)	82,513
- SME	547,843	47,844	73,907	1,079,477	137,627	(393,834)	945,021	(397,178)	9,370
- Microfinance	103,027	2,503	2,492	347,783	34,623	(140,581)	246,819	(143,792)	406
- Mortgage	56,196	834	26	103,335	905	(28,719)	76,380	(20,184)	749
- Personal	2,187,125	52,437	199	129,319	18,778	(24,453)	176,280	2,010,845	41,685
Debt instruments at amortised cost	1,001,563	-	-	-	-	-	-	1,001,563	270
Other assets	95,061	-	-	-	-	-	-	95,061	15,141
	7,453,748	**115,405**	**780,230**	**4,803,648**	**803,835**	**(1,493,126)**	**5,009,990**	**2,443,758**	**151,836**
Off-Balance sheet items									
Guarantees and indemnities	1,657,603	-	1,499,878	-	-	(238,070)	1,261,808	395,795	978
Letters of credit	802,779	-	-	-	-	-	-	802,779	240
Commitment to extend credit	269,013	-	-	-	-	-	-	269,013	-
	2,729,395	**-**	**1,499,878**	**-**	**-**	**(238,070)**	**1,261,808**	**1,467,587**	**1,218**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (continued)

Type of collateral or credit enhancement for all financial instruments and associated ECL

Bank		Fair value of collateral and credit enhancements held							
In TZS' Million 31 December 2020	**Maximum exposure to credit risk**	**Securities**	**3rd party/ gov guarantees**	**Property**	**Other**	**Surplus collateral**	**Total collateral**	**Net exposure**	**Associated ECL**
Financial assets									
Balances with central banks									
Due from banks	382,207	-	-	-	-	-	-	382,207	1,532
Financial assets at FVPL	2,555	-	-	-	-	-	-	2,555	-
Debt instruments at FVOCI	501,005	-	-	-	-	-	-	501,005	-
Credit cards	1,919	-	-	-	-	-	-	-	1,390
Loans and advances to customers									
- Corporate	1,477,558	452,577	265,594	5,067,697	335,543	(3,231,077)	2,890,334	(1,412,776)	67,077
- SME	473,657	116,688	116,640	1,470,325	51,446	(535,255)	1,219,844	(746,188)	14,936
- Microfinance	74,832	12,853	16,376	450,252	17,415	(229,191)	267,705	(192,873)	2,360
- Mortgage	44,447	10,221	5,749	98,084	845	(22,139)	92,760	(48,312)	1,403
- Personal	1,927,801	30,284	5,130	173,836	1,082	(42,703)	167,629	1,760,172	60,361
Debt instruments at amortised cost	843,316	452,577	265,594	5,067,697	335,543	(3,231,077)	2,890,334	843,316	172
	5,729,297	**622,623**	**409,489**	**7,260,194**	**406,331**	**(4,060,365)**	**4,638,272**	**1,089,106**	**149,231**
Off-Balance sheet items									
Guarantees and indemnities	1,221,272	-	1,107,081	-	-	(175,723)	931,358	289,914	155
Letters of credit	135,532	-	-	-	-	-	-	135,532	14
Commitment to extend credit	203,652	-	-	-	-	-	-	203,652	-
	1,560,456	**-**	**1,107,081**	**-**	**-**	**(175,723)**	**931,358**	**629,098**	**169**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (continued)

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECL when the expected value of the collateral, measured using multiple economic scenarios, is greater than the LGD. However, the Stage 3 ECL can be higher than net exposure shown below when the future value of collateral, measured using multiple economic scenarios, is lower than fair value at the reporting date.

Group		Fair value of collateral and credit enhancements held under base case scenario							
In TZS' Million	Maximum exposure to credit risk	Securities	3rd party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	Net exposure	Associated ECL
31 December 2022									
Financial assets									
Loans and advances to customers									
- Corporate	36,183	-	10,510	144,939	17,314	(27,766)	144,997	(108,814)	73,247
- SME	27,381	-	13,621	78,270	9,569	(23,001)	78,459	(51,078)	15,093
- Microfinance	4,242	-	60	18,439	1,674	(7,578)	12,595	(8,353)	304
- Mortgage	1,198	-	-	3,050	-	(674)	2,376	(1,178)	1,130
- Personal	8,194	270	-	3,090	37	(198)	3,199	4,995	23,088
	77,198	**270**	**24,191**	**247,788**	**28,594**	**(59,217)**	**241,626**	**(164,428)**	**112,862**
31 December 2021									
Financial assets									
Loans and advances to customers									
- Corporate	48,595	-	117	168,669	4,798	(49,720)	123,864	75,251	38,281
- SME	27,278	1,740	6,827	89,535	10,836	(41,807)	67,132	39,854	7,882
- Microfinance	3,318	-	79	16,409	1,579	(8,011)	10,056	6,738	451
- Mortgage	3,203	-	-	8,612	-	(2,586)	6,026	2,823	464
- Personal	8,530	-	179	2,878	29	(1,076)	2,010	(6,520)	18,906
	90,924	**1,740**	**7,202**	**286,103**	**17,241**	**(103,199)**	**209,088**	**118,146**	**65,984**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (continued)

Group

In TZS' Million	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held under base case scenario Securities	3^{rd} party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	Net exposure	Associated ECL
31 December 2020									
Financial assets									
Loans and advances to customers									
- Corporate	110,261	-	176	230,249	-	(88,041)	142,384	(32,123)	64,334
- SME	35,345	16,082	7,023	86,006	579	(18,305)	91,385	(56,040)	9,553
- Microfinance	1,523	284	-	8,723	633	(2,593)	7,047	(5,524)	389
- Mortgage	4,198	-	-	7,094	-	(591)	6,503	(2,305)	361
- Personal	27,598	326	454	5,108	-	127	6,015	21,582	20,846
	178,925	16,692	7,653	337,180	1,212	(109,403)	253,334	(74,410)	95,483

Bank

In TZS' Million	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held under base case scenario Securities	3^{rd} party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	expos	Associated ECL
31 December 2022									
Financial assets									
Loans and advances to customers									
- Corporate	34,018	-	10,510	144,081	12,445	(23,288)	143,748	(109,730)	73,232
- SME	26,816	-	13,621	78,270	9,569	(21,130)	80,330	(53,514)	15,003
- Microfinance	4,241	-	60	18,439	1,674	(7,578)	12,595	(8,354)	304
- Mortgage	1,198	-	-	3,050	-	(674)	2,376	(1,178)	1,130
- Personal loans	7,782	270	-	556	25	(186)	665	7,117	22,893
	74,055	**270**	**24,191**	**244,396**	**23,713**	**(52,856)**	**239,714**	**(165,659)**	**112,562**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (continued)

Bank

In TZS' Million	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held under base case scenario: Securities	3rd party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	expos	Associated ECL
31 December 2021									
Financial assets									
Loans and advances to customers									
- Corporate	48,457	-	101	145,405	4,136	(31,676)	117,966	69,509	38,269
- SME	27,057	1,500	5,886	77,186	9,341	(29,977)	63,935	36,877	7,776
- Microfinance	3,382	-	68	14,145	1,361	(5,998)	9,577	6,195	385
- Mortgage	3,201	-	-	7,424	-	(1,685)	5,739	2,538	466
- Personal	8,374	-	154	2,481	25	(746)	1,914	(6,460)	18,902
	90,471	**1,500**	**6,209**	**246,641**	**14,863**	**(70,082)**	**199,131**	**108,659**	**65,798**
31 December 2020									
Financial assets									
Loans and advances to customers									
- Corporate	109,701	-	176	160,373	-	(26,137)	134,412	(24,711)	63,982
- SME	35,328	16,082	7,023	86,006	579	(18,478)	91,212	(55,884)	9,552
- Microfinance	1,523	284	-	8,723	633	(2,648)	6,992	(5,469)	388
- Mortgage	4,198	-	-	7,094	-	(591)	6,503	(2,306)	361
- Personal	27,239	326	454	5,108	-	(1,048)	4,841	22,398	20,844
	177,990	**16,692**	**7,653**	**267,305**	**1,212**	**(48,902)**	**243,960**	**(65,971)**	**95,127**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (continued)

Below table shows financial instruments for which an entity has not recognised a loss allowance because of the collateral.

Group		Fair value of collateral and credit enhancements held under base case scenario						
In TZS' Million	Maximum exposure to credit risk	Securities	3rd party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	Net exposure
31 December 2022								
Financial assets								
Loans and advances to customers								
- Corporate	1,512,753	16,339	479,633	4,430,634	1,220,485	(1,226,765)	4,920,325	(3,407,572)
- SME	86,027	36,684	74,164	1,359,229	206,268	(502,363)	1,173,983	(1,087,956)
- Microfinance	32,446	1,835	64,586	362,781	28,045	(147,029)	310,218	(277,772)
- Mortgage	-	-	-	-	-	-	-	-
- Personal	64,654	110,552	16	14,973	22,314	(8,720)	139,135	67,442
	1,695,880	**165,410**	**618,399**	**6,167,617**	**1,477,112**	**(1,884,877)**	**6,543,661**	**(4,705,858)**
31 December 2021								
Financial assets								
Loans and advances to customers								
- Corporate	1,154,960	11,644	403,567	2,638,114	402,945	(645,358)	2,810,912	(1,655,952)
- SME	319,767	44,851	60,568	889,222	110,766	(320,240)	785,167	(465,400)
- Microfinance	86,422	2,437	2,153	331,564	32,455	(133,440)	235,169	(148,747)
- Mortgage	-	-	-	-	-	-	-	-
- Personal	30,039	44,199	22	8,506	15,340	(2,823)	65,244	(35,205)
	1,591,188	**103,131**	**466,310**	**3,867,406**	**561,506**	**(1,101,861)**	**3,896,492**	**(2,305,304)**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (continued)

Below table shows financial instruments for which an entity has not recognised a loss allowance because of the collateral.

Group

In TZS' Million	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held under base case scenario: Securities	3rd party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	Net exposure
31 December 2020								
Financial assets								
Loans and advances to customers								
- Corporate	1,170,745	237,875	465,561	4,167,366	10,387	(2,062,738)	2,818,451	(1,647,707)
- SME	375,417	148,627	83,360	1,369,691	38,175	(441,472)	1,198,381	(822,964)
- Microfinance	68,488	33,130	8,786	445,000	4,363	(224,580)	266,699	(198,211)
- Mortgage	34,566	6,467	5,066	84,990	4,526	(11,094)	89,956	(55,390)
- Personal	48,827	3,297	25,102	85,892	7,772	29,684	151,747	(102,920)
	1,698,043	429,396	587,875	6,152,939	65,223	(2,710,200)	4,525,233	(2,827,191)

Bank

In TZS' Million	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held under base case scenario: Securities	3rd party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	Net exposure
31 December 2022								
Financial assets								
Loans and advances to customers								
- Corporate	1,477,640	16,340	479,633	4,428,884	1,207,016	(1,266,737)	4,865,136	(3,387,495)
- SME	84,194	36,684	74,164	1,353,803	162,234	(457,712)	1,169,174	(1,084,980)
- Microfinance	32,357	1,835	64,586	362,215	28,045	(142,176)	314,506	(282,148)
- Mortgage*	-	-	-	-	-	-	-	-
- Personal	68,653	110,552	16	11,933	19,774	(3,867)	137,933	69,255
	1,662,844	**165,411**	**618,399**	**6,156,835**	**1,417,069**	**(1,870,492)**	**6,486,749**	**(4,685,368)**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (continued)

Bank

		Fair value of collateral and credit enhancements held under base case scenario						
In TZS' Million	**Maximum exposure to credit risk**	**Securities**	**3rd party/ gov guarantees**	**Property**	**Other**	**Surplus collateral**	**Total collateral**	**Net exposure**
31 December 2021								
Financial assets								
Loans and advances to customers								
- Corporate	1,154,960	11,644	403,567	2,638,114	4,136	(246,549)	2,810,912	(1,655,952)
- SME	319,767	44,851	60,568	889,222	9,341	(218,815)	785,167	(465,400)
- Microfinance	86,422	2,437	2,153	331,564	1,361	(102,346)	235,169	(148,747)
- Mortgage*	-	-	-	-	-	-	-	-
- Personal	30,039	44,199	22	8,506	25	12,492	65,244	(35,205)
	1,591,188	**103,131**	**466,310**	**3,867,406**	**14,863**	**(555,218)**	**3,896,492**	**(2,305,304)**
31 December 2020								
Financial assets								
Loans and advances to customers								
- Corporate	1,165,921	237,875	424,246	4,167,366	10,386	(2,296,858)	2,543,015	(1,377,094)
- SME	374,669	148,627	73,507	1,369,691	38,175	(497,306)	1,132,694	(758,025)
- Microfinance	68,169	33,130	8,271	445,000	4,363	(227,497)	263,266	(195,097)
- Mortgage	34,566	6,467	3,805	84,990	4,526	(18,242)	81,546	(46,980)
- Personal	47,589	3,297	16,698	85,892	7,771	(17,939)	95,720	(48,131)
	1,690,915	**429,396**	**526,527**	**6,152,939**	**65,223**	**(3,057,843)**	**4,116,241**	**(2,425,327)**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (continued)

The table below summarises the gross carrying amount for loans and advances with significant increase in credit risk and associated collateral.

Group (In TZS' Million)	Gross carrying amount			Collateral			Net exposure		
31 December 2022	**Total**	**Stage 2**	**Stage 3**	**Total**	**Stage 2**	**Stage 3**	**Total**	**Stage 2**	**Stage 3**
Corporate	3,184,884	170,534	109,430	5,792,370	375,500	144,997	(2,607,486)	(204,966)	(35,567)
SME	712,206	66,389	42,474	1,328,602	91,122	12,595	(616,396)	(24,733)	29,879
Microfinance	136,123	3,754	4,546	327,715	10,198	2,376	(191,592)	(6,444)	2,170
Mortgage	60,636	4,763	2,328	86,403	5,826	1,328	(25,767)	(1,063)	1,000
Personal	2,947,440	16,561	31,282	249,042	1,711	80,330	2,698,398	14,850	(49,048)
Total	**7,041,289**	**262,001**	**190,060**	**7,784,132**	**484,357**	**241,626**	**(742,843)**	**(222,356)**	**(51,566)**
31 December 2021									
Corporate	2,140,147	210,471	86,876	4,471,029	466,774	149,642	(2,330,882)	(256,303)	(62,767)
SME	561,070	58,235	35,160	1,338,855	130,272	93,912	(777,785)	(72,038)	(58,753)
Mortgage	113,214	3,159	3,769	387,400	19,578	15,575	(274,186)	(16,419)	(11,806)
Personal	56,945	5,708	3,667	105,100	9,772	7,424	(48,155)	(4,063)	(3,757)
Microfinance	2,303,886	15,444	27,436	200,733	4,647	2,660	2,103,153	10,799	24,775
Total	**5,175,262**	**293,017**	**156,908**	**6,503,117**	**631,043**	**269,213**	**(1,327,855)**	**(338,024)**	**(112,308)**
31 December 2020									
Corporate	1,484,200	221,670	109,886	2,910,263	360,307	142,384	(1,426,063)	(138,637)	(32,498)
SME	475,666	69,103	35,510	1,220,277	179,990	91,385	(744,611)	(110,887)	(55,875)
Mortgage	50,614	7,882	4,198	267,843	8,756	7,047	(217,229)	(874)	(2,849)
Personal	1,982,797	24,122	27,806	92,759	11,631	6,503	1,890,038	12,491	21,303
Microfinance	82,327	2,037	1,525	170,422	3,896	6,016	(88,095)	(1,859)	(4,491)
Total	**4,075,604**	**324,814**	**178,925**	**4,661,564**	**564,580**	**253,335**	**(585,960)**	**(239,766)**	**(74,410)**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.7 Collateral and other credit enhancements (continued)

The table below summarises the gross carrying amount for loans and advances with significant increase in credit risk and associated collateral.

Bank in TZS' Million

	Gross carrying amount				Collateral			Net exposure	
31 December 2022	**Total**	**Stage 2**	**Stage 3**	**Total**	**Stage 2**	**Stage 3**	**Total**	**Stage 2**	**Stage 3**
SME	3,137,686	170,366	107,250	5,600,089	375,500	143,749	(2,462,403)	(205,134)	(36,499)
SME	707,411	66,221	41,819	1,323,475	91,108	12,595	(616,064)	(24,887)	29,224
Microfinance	129,671	3,706	4,545	325,022	10,198	2,376	(195,351)	(6,492)	2,169
Mortgage	60,636	4,763	2,328	86,403	5,826	665	(25,767)	(1,063)	1,663
Personal	2,834,917	13,478	30,675	248,339	1,711	80,330	2,586,578	11,767	(49,655)
Total	**6,870,321**	**258,534**	**186,617**	**7,583,327**	**484,343**	**239,716**	**(713,006)**	**(225,809)**	**(53,099)**
31 December 2021									
Corporate	2,091,770	209,722	86,726	4,471,029	413,121	149,642	(2,379,259)	(203,399)	(62,917)
SME	557,213	57,908	34,834	1,338,855	114,206	93,912	(781,642)	(56,299)	(59,078)
Mortgage	103,433	3,159	3,767	387,400	14,929	15,575	(283,967)	(11,770)	(11,806)
Personal	56,945	5,709	3,667	105,100	8,511	7,424	(48,155)	(2,802)	(3,757)
Microfinance	2,228,810	15,014	27,276	200,733	2,238	2,660	2,028,077	12,776	24,616
Total	**5,038,171**	**291,512**	**156,270**	**6,503,117**	**553,005**	**269,213**	**(1,464,946)**	**(261,494)**	**(112,942)**
31 December 2020									
Corporate	1,477,558	220,734	109,702	2,890,334	348,350	134,412	(1,412,776)	(127,616)	(24,710)
SME	473,657	69,080	35,328	1,219,845	179,730	91,212	(746,188)	(110,650)	(55,884)
Mortgage	44,447	7,882	4,198	267,705	8,673	6,992	(223,258)	(791)	(2,794)
Personal	1,927,801	24,392	27,238	92,759	11,631	6,503	1,835,042	12,761	20,735
Microfinance	74,832	2,037	1,524	167,485	2,133	4,841	(92,653)	(96)	(3,317)
Total	**3,998,295**	**324,125**	**177,990**	**4,638,128**	**550,517**	**243,960**	**(639,833)**	**(226,392)**	**(65,970)**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Loans and advances based on internal rating are summarised as follows:

Group

In TZS' Million

31 December 2022	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	6,589,228	-	-	**6,589,228**
Especially mentioned	-	262,001	-	**262,001**
Sub-standard	-	-	34,240	**34,240**
Doubtful	-	-	47,313	**47,313**
Loss	-	-	108,507	**108,507**
Gross Carrying amount	**6,589,228**	**262,001**	**190,060**	**7,041,289**
ECL allowance	(26,480)	(25,438)	(112,862)	**(164,780)**
Net Loans and advances to customers	**6,562,748**	**236,563**	**77,198**	**6,876,509**
31 December 2021				
Current	4,725,336	-	-	**4,725,337**
Especially mentioned	-	293,018	-	**293,017**
Sub-standard	-	-	73,450	**73,450**
Doubtful	-	-	62,204	**62,204**
Loss	-	-	21,254	**21,254**
Gross Carrying amount	**4,725,336**	**293,018**	**156,908**	**5,175,262**
ECL allowance	(41,689)	(27,221)	(65,984)	**(134,894)**
Net Loans and advances to customers	**4,683,647**	**265,797**	**90,924**	**5,040,368**
31 December 2020				
Current	3,571,865	-	-	**3,571,865**
Especially mentioned	-	324,814	-	**324,814**
Sub-standard	-	-	78,585	**78,585**
Doubtful	-	-	44,418	**44,418**
Loss	-	-	55,922	**55,922**
Gross Carrying amount	**3,571,865**	**324,814**	**178,925**	**4,075,604**
ECL allowance	(38,745)	(12,280)	(95,483)	**(146,508)**
Net Loans and advances to customers	**3,533,120**	**312,534**	**83,442**	**3,929,096**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Loans and advances based on internal rating are summarised as follows:

Bank

In TZS' Million

31 December 2022	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	6,425,171	-	-	**6,425,171**
Especially mentioned	-	258,535	-	**258,535**
Sub-standard	-	-	32,926	**32,926**
Doubtful	-	-	45,270	**45,270**
Loss	-	-	108,419	**108,419**
Gross Carrying amount	**6,425,171**	**258,535**	**186,615**	**6,870,321**
ECL allowance	(26,392)	(25,349)	(112,562)	**(164,303)**
Net Loans and advances to customers	**6,398,779**	**233,186**	**74,053**	**6,706,018**
31 December 2021				
Current	4,590,389	-	-	**4,590,389**
Especially mentioned	-	291,512	-	**291,512**
Sub-standard	-	-	72,946	**72,946**
Doubtful	-	-	62,070	**62,070**
Loss	-	-	21,254	**21,254**
Gross Carrying amount	**4,590,389**	**291,512**	**156,270**	**5,038,171**
ECL allowance	(41,725)	(27,200)	(65,798)	**(134,723)**
Net Loans and advances to customers	**4,548,664**	**264,312**	**90,472**	**4,903,448**
31 December 2020				
Current	3,496,180	-	-	**3,496,180**
Especially mentioned	-	324,125	-	**324,125**
Sub-standard	-	-	77,824	**77,824**
Doubtful	-	-	44,256	**44,256**
Loss	-	-	55,910	**55,910**
Gross Carrying amount	**3,496,180**	**324,125**	**177,990**	**3,998,295**
ECL allowance	(38,731)	(12,279)	(95,127)	**(146,137)**
Net Loans and advances to customers	**3,457,449**	**311,846**	**82,863**	**3,852,158**

The total impairment provision for loans and advances represents both individually impaired loans and loans assessed on a portfolio basis.

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Loans and advances based on internal rating are summarised as follows:

Corporate lending

An analysis of Loans and advances based on internal rating in relation to corporate lending is, as follows:

Group
In TZS' Million

31 December 2022	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	2,904,920	-	-	**2,904,920**
Especially mentioned	-	170,534	-	**170,534**
Sub-standard	-	-	12,153	**12,153**
Doubtful	-	-	21,429	**21,429**
Loss	-	-	75,84	**75,848**
Gross Carrying amount	**2,904,920**	**170,534**	**109,430**	**3,184,884**
ECL allowance	(6,76	(19,109	(73,247	**(99,119)**
Net Loans and advances to customers	**2,898,157**	**151,425**	**36,183**	**3,085,765**
31 December 2021				
Current	1,842,800	-	-	**1,842,800**
Especially mentioned	-	210,471	-	**210,471**
Sub-standard	-	-	43,742	**43,742**
Doubtful	-	-	40,468	**40,468**
Loss	-	-	2,666	**2,666**
Gross Carrying amount	**1,842,800**	**210,471**	**86,876**	**2,140,147**
ECL allowance	(21,674)	(22,582)	(38,281)	**(82,537)**
Net Loans and advances to customers	**1,821,126**	**187,889**	**48,595**	**2,057,610**
31 December 2020				
Current	1,152,644	-	-	**1,152,644**
Especially mentioned	-	221,670	-	**221,670**
Sub-standard	-	-	53,871	**53,871**
Doubtful	-	-	22,327	**22,327**
Loss	-	-	33,688	**33,688**
Gross Carrying amount	**1,152,644**	**221,670**	**109,886**	**1,484,200**
ECL allowance	(1,873)	(1,309)	(64,334)	**(67,516)**
Net Loans and advances to customers	**1,150,771**	**220,361**	**45,552**	**1,416,684**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

SME lending

An analysis of Loans and advances based on internal rating in relation to SME lending is, as follows:

Group

In TZS' Million

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Current	603,343	-	-	**603,343**
Especially mentioned	-	66,389	-	**66,389**
Sub-standard	-	-	10,512	**10,512**
Doubtful	-	-	15,166	**15,166**
Loss	-	-	16,796	**16,796**
Gross Carrying amount	**603,343**	**66,389**	**42,474**	**712,206**
ECL allowance	(1,852)	(2,935	(15,093)	**(19,880)**
Net Loans and advances to customers	**601,491**	**63,454**	**27,381**	**692,326**
31 December 2021				
Current	467,675	-	-	**467,675**
Especially mentioned	-	58,235	-	**58,235**
Sub-standard	-	-	17,181	**17,181**
Doubtful	-	-	8,755	**8,755**
Loss	-	-	9,224	**9,224**
Gross Carrying amount	**467,675**	**58,235**	**35,160**	**561,070**
ECL allowance	(437)	(1,197	(7,882)	**(9,516)**
Net Loans and advances to customers	**467,238**	**57,038**	**27,278**	**551,554**
31 December 2020				
Current	371,053	-	-	371,053
Especially mentioned	-	69,103	-	69,103
Sub-standard	-	-	12,149	12,149
Doubtful	-	-	11,558	11,558
Loss	-	-	11,803	11,803
Gross Carrying amount	**371,053**	**69,103**	**35,510**	**475,666**
ECL allowance	(3,815)	(1,568)	(9,553)	(14,936)
Net Loans and advances to customers	**367,238**	**67,535**	**25,957**	**460,730**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

SME lending

An analysis of Loans and advances based on internal rating in relation to SME lending is, as follows:

Microfinance lending

An analysis of Loans and advances based on internal rating in relation to Microfinance lending is, as follows:

Group

In TZS' Million

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Current	127,823	-	-	**127,823**
Especially mentioned	-	3,754	-	**3,754**
Sub-standard	-	-	1,473	**1,473**
Doubtful	-	-	1,784	**1,784**
Loss	-	-	1,28	**1,289**
Gross Carrying amount	**127,823**	**3,754**	**4,546**	**136,123**
ECL allowance	(167)	(47)	(304)	**(518)**
Net Loans and advances to customers	**127,656**	**3,707**	**4,242**	**135,605**
31 December 2021				
Current	106,286	-	-	**106,286**
Especially mentioned	-	3,159	-	**3,159**
Sub-standard	-	-	1,657	**1,657**
Doubtful	-	-	1,107	**1,107**
Loss	-	-	1,005	**1,005**
Gross Carrying amount	**106,286**	**3,159**	3,769	**113,214**
ECL allowance	(27)	(11)	(451)	**(435)**
Net Loans and advances to customers	**106,313**	**3,148**	**3,318**	**112,779**
31 December 2020				
Current	78,765	-	-	**78,767**
Especially mentioned	-	2,037	-	**2,037**
Sub-standard	-	-	457	**457**
Doubtful	-	-	649	**649**
Loss	-	-	419	**419**
Gross Carrying amount	**78,765**	**2,037**	**1,525**	**82,327**
ECL allowance	(1,966)	(10)	(389)	**(2,365)**
Net Loans and advances to customers	**76,799**	**2,027**	**1,136**	**79,962**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)
10.3.8 Analysis of loans and advances to customers (continued)

Mortgage lending

An analysis of Loans and advances based on internal rating in relation to Mortgage lending is, as follows:

Group
In TZS' Million

31 December 2022	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	53,545	-	-	53,545
Especially mentioned	-	4,763	-	4,763
Sub-standard	-	-	626	626
Doubtful	-	-	745	745
Loss	-	-	-9	957
Gross Carrying amount	**53,545**	**4,763**	**2,328**	**60,636**
ECL allowance	(22)	(141)	(1,130)	(1,293)
Net Loans and advances to customers	**53,523**	**4,622**	**1,198**	**59,343**

31 December 2021				
Current	47,569	-	-	47,570
Especially mentioned	-	5,709	-	5,708
Sub-standard	-	-	1,606	1,606
Doubtful	-	-	1,416	1,416
Loss	-		645	645
Gross Carrying amount	**47,569**	**5,709**	**3,667**	**56,945**
ECL allowance	(53)	(232)	(464)	(749)
Net Loans and advances to customers	**47,516**	**5,477**	**3,203**	**56,196**

31 December 2020				
Current	38,534	-	-	38,550
Especially mentioned	-	7,882	-	7,883
Sub-standard	-	-	2,391	2,391
Doubtful	-	-	798	798
Loss	-	-	1,009	1,009
Gross Carrying amount	**38,534**	**7,882**	**4,198**	**50,614**
ECL allowance	(619)	(425)	(361)	(1,405)
Net Loans and advances to customers	**37,915**	**7,457**	**3,837**	**49,209**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Personal lending

An analysis of Loans and advances based on internal rating in relation to Personal lending is, as follows:

Group

In TZS' Million

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Current	2,899,597	-	-	2,899,597
Especially mentioned	-	16,561	-	16,561
Sub-standard	-	-	9,478	9,478
Doubtful	-	-	8,187	8,187
Loss	-	-	13,61	13,617
Gross Carrying amount	**2,899,597**	**16,561**	**31,282**	**2,947,440**
ECL allowance	(17,676	(3,206	(23,088	(43,970)
Net Loans and advances to customers	**2,881,921**	**13,355**	**8,194**	**2,903,470**
As at 31 December 2021				
Current	2,261,006	-	-	2,261,006
Especially mentioned	-	15,444	-	15,444
Sub-standard	-	-	9,264	9,264
Doubtful	-	-	10,458	10,458
Loss	-	-	7,714	7,714
Gross Carrying amount	**2,261,006**	**15,444**	**27,436**	**2,303,886**
ECL allowance	(19,551	(3,199	(18,906	(41,656)
Net Loans and advances to customers	**2,241,455**	**12,245**	**8,530**	**2,262,230**
As at 31 December 2020				
Current	1,930,869	-	-	1,930,869
Especially mentioned	-	24,122	-	24,122
Sub-standard	-	-	9,717	9,717
Doubtful	-	-	9,086	9,086
Loss	-	-	9,003	9,003
Gross Carrying amount	1,930,869	24,122	27,806	1,984,328
ECL allowance	(30,472)	(8,968)	(20,846)	(60,286)
Net Loans and advances to customers	**1,900,397**	**15,154**	**6,960**	**1,922,511**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Corporate lending

An analysis of Loans and advances based on internal rating in relation to corporate lending is, as follows:

Bank

In TZS' Million

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Current	2,860,070	-	-	**2,860,070**
Especially mentioned	-	170,366	-	**170,366**
Sub-standard	-	-	11,938	**11,938**
Doubtful	-	-	19,464	**19,464**
Loss	-	-	75,84	**75,848**
Gross Carrying amount	**2,860,070**	**170,366**	**107,250**	**3,137,686**
ECL allowance	(6,710)	(19,108)	(73,232)	(99,050)
Net Loans and advances to customers	**2,853,360**	**151,258**	**34,018**	**3,038,636**
31 December 2021				
Current	1,795,322	-	-	**1,795,322**
Especially mentioned	-	209,722	-	**209,722**
Sub-standard	-	-	43,726	**43,726**
Doubtful	-	-	40,334	**40,334**
Loss	-	-	2,66	**2,666**
Gross Carrying amount	**1,795,322**	**209,722**	**86,726**	**2,091,770**
ECL allowance	(21,66	(22,578	(38,269	(82,513)
Net Loans and advances to customers	**1,773,656**	**187,144**	**48,457**	**2,009,257**
31 December 2020				
Current	1,147,122	-	-	**1,147,122**
Especially mentioned	-	220,734	-	**220,734**
Sub-standard	-	-	53,446	**53,446**
Doubtful	-	-	22,193	**22,193**
Loss	-	-	34,063	**34,063**
Gross Carrying amount	**1,147,122**	**220,173**	**109,702**	**1,477,558**
ECL allowance	(1,786)	(1,307)	(63,982)	**(67,075)**
Net Loans and advances to customers	**1,145,336**	**219,427**	**45,720**	**1,410,483**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

SME lending

An analysis of Loans and advances based on internal rating in relation to SME lending is, as follows:

Bank

In TZS' Million

31 December 2022	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	599,371	-	-	**599,371**
Especially mentioned	-	66,221	-	**66,221**
Sub-standard	-	-	9,980	**9,980**
Doubtful	-	-	15,104	**15,104**
Loss	-	-	16,73!	**16,735**
Gross Carrying amount	**599,371**	**66,221**	**41,819**	**707,411**
ECL allowance	**(1,845**	**(2,933**	**(15,003**	**(19,781)**
Net Loans and advances to customers	**597,526**	**63,288**	**26,816**	**687,630**
As at 31 December 2021				
Current	464,471	-	-	**464,471**
Especially mentioned	-	57,908	-	**57,908**
Sub-standard	-	-	16,855	**16,855**
Doubtful	-	-	8,755	**8,755**
Loss	-	-	9,22‹	**9,224**
Gross Carrying amount	**464,471**	**57,908**	**34,834**	**557,213**
ECL allowance	**(408**	**(1,185**	**(7,777**	**(9,370)**
Net Loans and advances to customers	**464,063**	**56,723**	**27,057**	**547,843**
As at 31 December 2020				
Current	369,249	-	-	**369,249**
Especially mentioned	-	69,080	-	**69,642**
Sub-standard	-	-	12,133	**12,133**
Doubtful	-	-	11,558	**11,558**
Loss	-	-	11,637	**11,637**
Gross Carrying amount	**369,249**	**69,080**	**35,328**	**473,657**
ECL allowance	**(3,816)**	**(1,571)**	**(9,552)**	**(14,939)**
Net Loans and advances to customers	**365,433**	**67,509**	**25,776**	**458,718**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Microfinance lending

An analysis of Loans and advances based on internal rating in relation to Microfinance lending is, as follows:

Bank

In TZS' Million

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Current	121,420	-	-	**121,420**
Especially mentioned	-	3,706	-	**3,706**
Sub-standard	-	-	1,473	**1,473**
Doubtful	-	-	1,784	**1,784**
Loss	-	-	1,288	**1,288**
Gross Carrying amount	**121,420**	**3,706**	**4,545**	**129,671**
ECL allowance	**(157)**	**(46)**	**(304)**	**(507)**
Net Loans and advances to customers	**121,263**	**3,660**	**4,241**	**129,164**
31 December 2021				
Current	96,507	-	-	96,507
Especially mentioned	-	3,159	-	3,159
Sub-standard	-	-	1,655	1,655
Doubtful	-	-	1,107	1,107
Loss	-	-	1,005	1,005
Gross Carrying amount	**96,507**	**3,159**	**3,767**	**103,433**
ECL allowance	**(16)**	**(5)**	**(385)**	**(406)**
Net Loans and advances to customers	**96,491**	**3,154**	**3,382**	**103,027**
31 December 2020				
Current	71,271	-	-	71,271
Especially mentioned	-	2,037	-	7
Sub-standard	-	-	457	457
Doubtful	-	-	649	649
Loss	-	-	418	418
Gross Carrying amount	**71,271**	**2,037**	**1,524**	**74,832**
ECL allowance	**(1,954)**	**(4)**	**(388)**	**(2,346)**
Net Loans and advances to customers	**69,317**	**2,033**	**1,136**	**72,486**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Mortgage lending

An analysis of Loans and advances based on internal rating in relation to Mortgage lending is, as follows:

Bank

In TZS' Million

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Current	53,545	-	-	**53,545**
Especially mentioned	-	4,763	-	**4,763**
Sub-standard	-	-	625	**625**
Doubtful	-	-	745	**745**
Loss	-	-	957	**957**
Gross Carrying amount	**53,545**	**4,763**	**2,328**	**60,636**
ECL allowance	**(22)**	**(141)**	**(1,130)**	**(1,293)**
Net Loans and advances to customers	**53,523**	**4,622**	**1,198**	**59,343**
31 December 2021				
Current	47,569	-	-	**47,569**
Especially mentioned	-	5,709	-	**5,709**
Sub-standard	-	-	1,606	**1,606**
Doubtful	-	-	1,416	**1,416**
Loss	-		645	**645**
Gross Carrying amount	**47,569**	**5,709**	**3,667**	**56,945**
ECL allowance	**(51)**	**(232)**	**(466)**	**(749)**
Net Loans and advances to customers	**47,518**	**5,477**	**3,201**	**56,196**
31 December 2020				
Current	32,367	-	-	**32,367**
Especially mentioned	-	7,882	-	**7,882**
Sub-standard	-	-	2,391	**2,391**
Doubtful	-	-	798	**798**
Loss	-	-	1,009	**1,009**
Gross Carrying amount	**32,367**	**7,882**	**4,198**	**44,447**
ECL allowance	**(619)**	**(425)**	**(361)**	**(1,405)**
Net Loans and advances to customers	**31,748**	**7,457**	**3,837**	**43,042**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Personal lending

An analysis of Loans and advances based on internal rating in relation to Personal lending is, as follows:

Bank

In TZS' Million 31 December 2022 Internal rating grade	Stage 1	Stage 2	Stage 3	Total
Current	2,790,764	-	-	**2,790,764**
Especially mentioned	-	13,478	-	**13,478**
Sub-standard	-	-	8,912	**8,912**
Doubtful	-	-	8,173	**8,173**
Loss	-	-	13,59(	**13,590**
Gross Carrying amount	**2,790,764**	**13,478**	**30,675**	**2,834,917**
ECL allowance	**(17,658)**	**(3,121)**	**(22,893)**	**(43,672)**
Net Loans and advances to customers	**2,773,106**	**10,357**	**7,782**	**2,791,245**
31 December 2021				
Current	2,186,520	-	-	**2,186,520**
Especially mentioned	-	15,014	-	**15,014**
Sub-standard	-	-	9,104	**9,104**
Doubtful	-	-	10,458	**10,458**
Loss	-	-	7,714	**7,714**
Gross Carrying amount	**2,186,520**	**15,014**	**27,276**	**2,228,810**
ECL allowance	**(19,584)**	**(3,199)**	**(18,902)**	**(41,685)**
Net Loans and advances to customers	**2,166,936**	**11,815**	**8,374**	**2,187,125**
31 December 2020				
Current	1,876,171	-	-	1,876,171
Especially mentioned	-	24,392	-	24,391
Sub-standard	-	-	9,397	9,397
Doubtful	-	-	9,058	9,058
Loss	-	-	8,783	8,783
Gross Carrying amount	**1,876,171**	**24,392**	**27,238**	**1,927,801**
ECL allowance	**(30,556)**	**(8,972)**	**(20,844)**	**(60,372)**
Net Loans and advances to customers	**1,845,615**	**15,420**	**6,394**	**1,867,429**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

An analysis of changes in the gross carrying amount for the Group is, as follows:

Group
Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	4,725,336	293,018	156,908	**5,175,262**
Changes in the gross carrying amount				
– Transfer to stage 1	73,462	(64,818)	(8,644)	**-**
– Transfer to stage 2	(75,128)	81,027	(5,899)	**-**
– Transfer to stage 3	(68,285)	(28,333)	96,618	**-**
New financial assets originated or purchased	4,283,610	-	-	**4,283,610**
Payments received and financial assets derecognised	(2,413,769)	(35,005)	(54,871)	**(2,503,645)**
Effects of modification	4,143	12,428	35,212	**51,783**
Accrued Interest	59,859	3,684	13,074	**76,617**
Write-offs	-	-	(42,338)	**(42,338)**
Gross carrying amount as at 31 December 2022	**6,589,228**	**262,001**	**190,060**	**7,041,289**
Loss allowance as at 31 December 2022	**26,480**	**25,438**	**112,862**	**164,780**
Gross carrying amount as at 1 January 2021	3,571,865	324,813	178,924	**4,075,602**
Changes in the gross carrying amount				
– Transfer to stage 1	26,026	(19,539)	(6,487)	**-**
– Transfer to stage 2	(54,020)	57,548	(3,528)	**-**
– Transfer to stage 3	(33,952)	(20,278)	54,230	**-**
New financial assets originated or purchased	2,966,503	-	-	**2,966,503**
Payments received and financial assets derecognised	(1,874,490)	(41,384)	(30,330)	**(1,946,204)**
Effects of modification	76,271	(14,698)	18,169	**79,742**
Accrued interest	47,133	6,556	12,332	**66,021**
Write-offs	-	-	(66,402	**(66,402)**
Gross carrying amount as at 31 December 2021	**4,725,336**	**293,018**	**156,908**	**5,175,262**
Loss allowance as at 31 December 2021	**41,689**	**27,221**	**65,984**	**134,894**
Gross carrying amount as at 1 January 2020	3,211,206	129,312	200,577	**3,541,095**
Changes in the gross carrying amount				
– Transfer to stage 1	53,682	(39,582)	(14,100)	**-**
– Transfer to stage 2	(234,030)	244,285	(10,255)	**-**
– Transfer to stage 3	(92,145)	(19,760)	111,905	**-**
New financial assets originated or purchased	715,231	27,199	3,254	**745,684**
Payments received and financial assets derecognised	(91,950)	(30,690)	(18,280)	**(140,920)**
Effects of modification	(37,107)	5,645	-	**(31,462)**
Accrued interest	46,978	8,405	5,920	**61,303**
Write-offs	-	-	(100,096)	**(100,096)**
Gross carrying amount as at 31 December 2020	**3,571,865**	**324,814**	**178,925**	**4,075,604**
Loss allowance as at 31 December 2020	**38,745**	**12,280**	**95,483**	**146,508**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

An analysis of changes in the corresponding ECL allowances for the Group is, as follows:

Group

Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million

	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2022	41,689	27,221	65,984	**134,894**
Changes in the loss allowance				
– Transfer to stage 1	5,975	(1,244)	(4,731)	**-**
– Transfer to stage 2	(3,479)	3,600	(121)	**-**
– Transfer to stage 3	(43,192)	(5,385)	48,577	**-**
– Write-offs	-	-	(42,238)	**(42,238)**
New financial assets originated or purchased	68,051	-	-	**68,051**
Financial assets that have been derecognised	(37,828)	(1,097)	(3,071)	**(41,995)**
Unwind discount	3,203	302	2,249	**5,754**
Impact on ECL Transfers	(7,987)	1,897	45,806	**39,716**
Effects of modification	48	144	406	**598**
Loss allowance as at 31 December 2022	**26,480**	**25,438**	**112,862**	**164,780**
Loss allowance as at 1 January 2021	38,745	12,280	95,483	**146,508**
Changes in the loss allowance	-	-	-	
– Transfer to stage 1	4,837	(3,321)	(1,516)	**-**
– Transfer to stage 2	(501)	1,963	(1,462)	**-**
– Transfer to stage 3	(385)	(2,260)	2,645	**-**
– Write-offs	-	-	(66,402)	**(66,402)**
New financial assets originated or purchased	81,417	-	-	**81,417**
Financial assets that have been derecognised	(24,267)	(15,537)	(10,117)	**(49,921)**
Unwind discount	4,057	331	1,908	**6,296**
Impact on ECL Transfers	2,366	3,953	13,887	**20,206**
Effects of modification	102	(3,339)	24,239	**21,002**
Changes in models/risk parameters	(64,682	33,15	7,319	**(24,212)**
Loss allowance as at 31 December 2021	**41,689**	**27,221**	**65,984**	**134,894**
Loss allowance as at 1 January 2020	46,446	10,704	101,921	159,071
Changes in the loss allowance				
– Transfer to stage 1	9,053	(5,393)	(3,660)	-
– Transfer to stage 2	(3,166)	4,222	(1,056)	-
– Transfer to stage 3	(2,837)	(2,271)	5,108	-
– Write-offs / Financial assets that have been derecognised	(45,716)	(6,578)	(43,347)	(95,641)
New financial assets originated or purchased	22,803	22	36	22,861
Unwind discount	4,760	619	8,065	13,444
Impact on ECL Transfers	87,346	(5,317)	(44,851)	37,178
Effects of modification	(174)	(22)	-	(196)
Changes in models/risk parameters	(79,770)	16,294	73,267	9,791
Loss allowance as at 31 December 2020	**38,745**	**12,280**	**95,483**	**146,508**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Bank

Loans and advances to customers at amortised cost

In TZS' Million	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 1 January 2022	4,590,389	291,512	156,270	5,038,171
Changes in the gross carrying amount				-
– Transfer to stage 1	73,082	(64,676)	(8,406)	-
– Transfer to stage 2	(73,284)	79,180	(5,896)	-
– Transfer to stage 3	(58,670)	(29,449)	88,119	-
New financial assets originated or purchased	4,071,622	-	-	**4,071,622**
Payments received and financial assets derecognised	(2,238,599)	(34,105)	(49,812)	**(2,322,516)**
Effects of modification	4,143	12,428	35,212	**51,783**
Accrued interest	56,487	3,645	13,010	**73,142**
Write-offs			(41,881)	**(41,881)**
Gross carrying amount as at 31 December 2022	**6,425,170**	**258,535**	**186,616**	**6,870,321**
Loss allowance as at 31 December 2022	**26,392**	**25,349**	**112,562**	**164,303**
Gross carrying amount as at 1 January 2021	3,496,180	324,125	177,990	**3,998,295**
Changes in the gross carrying amount				
– Transfer to stage 1	33,858	(27,514)	(6,344)	-
– Transfer to stage 2	(53,937)	57,174	(3,237)	-
– Transfer to stage 3	(33,646)	(18,278)	51,924	-
New financial assets originated or purchased	2,808,321	-	-	**2,808,321**
Payments received and financial assets derecognised	(1,780,143)	(35,852)	(28,205)	**(1,844,200)**
Effects of modification	76,271	(14,699)	18,168	**79,740**
Accrued interest	43,485	6,556	12,332	**62,373**
Write-offs	-	-	(66,358)	**(66,358)**
Gross carrying amount as at 31 December 2021	**4,590,389**	**291,512**	**156,270**	**5,038,171**
Loss allowance as at 31 December 2021	**41,725**	**27,200**	**65,798**	**134,723**
Gross carrying amount as at 1 January 2020	3,155,646	128,895	199,707	**3,484,248**
Changes in the gross carrying amount				
– Transfer to stage 1	52,754	(38,852)	(13,902)	-
– Transfer to stage 2	(228,871)	238,822	(9,951)	-
– Transfer to stage 3	(92,039)	(19,623)	111,662	-
New financial assets originated or purchased	678,415	27,536	3,180	**709,131**
Payments received and financial assets derecognised	(81,774)	(26,703)	(18,147)	**(126,624)**
Effects of modification	(31,483)	5,645	-	**(25,838)**
Accrued interest	43,532	8,405	4,886	**56,823**
Write-offs	-	-	(99,445)	**(99,445)**
Gross carrying amount as at 31 December 2020	**3,496,180**	**324,125**	**177,990**	**3,998,295**
Loss allowance as at 31 December 2020	**38,731**	**12,279**	**95,127**	**146,137**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

An analysis of changes in the corresponding ECL allowances for the Bank is, as follows:

Bank
Loss allowances - Loans and advances to customers at amortised cost
In TZS' Million

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 1 January 2022	41,725	27,200	65,798	134,723
Changes in the loss allowance				
– Transfer to stage 1	5,908	(1,244)	(4,664)	-
– Transfer to stage 2	(3,478)	3,599	(121)	-
– Transfer to stage 3	(43,373)	(5,374)	48,747	-
– Write-offs	-	-	(41,881)	(41,881)
New financial assets originated or purchased	67,996	-	-	67,996
Financial assets that have been derecognised	(37,826)	(1,130)	(3,615)	(42,571)
Unwind discount	3,173	302	2,239	5,714
Impact on ECL Transfers	(7,781)	1,852	45,653	39,724
Effects of modification	48	144	406	598
Loss allowance as at 31 December 2022	**26,392**	**25,349**	**112,562**	164,303
Loss allowance as at 1 January 2021	38,731	12,279	95,127	**146,137**
Changes in the loss allowance	-	-	-	
– Transfer to stage 1	4,829	(3,320)	(1,509)	**-**
– Transfer to stage 2	(503)	1,745	(1,242)	**-**
– Transfer to stage 3	(380)	(2,260)	2,640	**-**
– Write-offs	-	-	(66,358)	**(66,358)**
New financial assets originated or purchased	96,707	-	-	**96,707**
Financial assets that have been derecognised	(27,713)	(4,708)	(8,074)	**(40,495)**
Unwind discount	4,047	279	1,800	**6,126**
Impact on ECL Transfers	(20,181)	4,138	11,859	**(4,184)**
Effects of modification	102	(3,339)	24,239	**21,002**
Changes in models/risk parameters	(53,914)	22,386	7,316	**(24,212)**
Loss allowance as at 31 December 2021	**41,725**	**27,200**	**65,798**	**134,723**
Loss allowance as at 1 January 2020	46,258	10,701	101,676	**158,635**
Changes in the loss allowance				
– Transfer to stage 1	8,814	(5,391)	(3,423)	**-**
– Transfer to stage 2	(3,166)	4,219	(1,053)	**-**
– Transfer to stage 3	(2,837)	(2,270)	5,107	**-**
– Write-offs/ Financial assets that have been derecognised	(45,537)	(6,556)	(43,281)	**(95,374)**
New financial assets originated or purchased	22,802	22	36	**22,860**
Unwind discount	4,730	618	8,066	**13,414**
Impact on ECL Transfers	87,754	(5,314)	(45,205)	**37,235**
Effects of modification	(174)	(22)	-	**(196)**
Changes in models/risk parameters	(79,913)	16,272	73,204	**9,563**
Loss allowance as at 31 December 2020	**38,731**	**12,279**	**95,127**	**146,137**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Corporate lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

Group
Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	1,842,800	210,471	86,876	**2,140,147**
Changes in the gross carrying amount				
– Transfer to stage 1	61,193	(58,334)	(2,859)	**-**
– Transfer to stage 2	(53,095)	58,525	(5,430)	**-**
– Transfer to stage 3	(27,985)	(22,182)	50,167	**-**
New financial assets originated or purchased	2,043,051	-	-	**2,043,051**
Payments received and financial assets derecognised	(993,686)	(29,615)	(38,262)	**(1,061,563)**
Effects of modification	3,314	9,942	28,170	**41,426**
Accrued interest	29,328	1,727	5,413	**36,468**
Write-offs	-	-	(14,645)	**(14,645)**
Gross carrying amount as at 31 December 2022	**2,904,920**	**170,534**	**109,430**	**3,184,884**
Loss allowance as at 31 December 2022	**6,763**	**19,109**	**73,247**	**99,119**
Gross carrying amount as at 1 January 2021	1,152,644	221,670	109,886	**1,484,200**
Changes in the gross carrying amount				
– Transfer to stage 1	14,377	(14,377)	-	**-**
– Transfer to stage 2	(36,537)	38,302	(1,765)	**-**
– Transfer to stage 3	(9,203)	(10,041)	19,244	**-**
New financial assets originated or purchased	1,232,698	-	-	**1,232,698**
Payments received and financial assets derecognised	(561,949)	(29,317)	(17,854)	**(609,120)**
Effects of modification	30,547	366	14,331	**45,244**
Accrued interest	20,223	3,868	3,705	**27,796**
Write-offs	-	-	(40,671)	**(40,671)**
Gross carrying amount as at 31 December 2021	**1,842,800**	**210,471**	**86,876**	**2,140,147**
Loss allowance as at 31 December 2021	**21,674**	**22,582**	**38,281**	**82,537**
Gross carrying amount at 1 January 2020	1,169,262	86,535	133,149	**1,388,946**
Changes in the gross carrying amount				
- Transfer to stage 1	32,370	(26,654)	(5,716)	**-**
- Transfer to stage 2	(156,461)	164,489	(8,028)	**-**
- Transfer to stage 3	(43,422)	(8,115)	51,537	**-**
New financial assets originated or purchased	203,606	19,800	2,404	**226,580**
Payments received and financial asset derecognised	(38,012)	(24,899)	(4,551)	**(68,232)**
Effects of modification	(37,107)	5,645	-	**(31,462)**
Accrued interest	22,408	4,869	1,518	**28,795**
Write-offs	-	-	(60,427)	**(60,427)**
Gross carrying amount as at 31 December 2020	**1,152,644**	**221,670**	**109,886**	**1,484,200**
Loss allowance as at 31 December 2020	**1,873**	**1,309**	**64,334**	**67,516**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)
Corporate lending (continued)

Group

Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2022	21,674	22,582	38,281	**82,537**
Changes in the loss allowance				
– Transfer to stage 1	2,734	(53)	(2,681)	**-**
– Transfer to stage 2	(3,321)	3,321	-	**-**
– Transfer to stage 3	(31,048)	(4,699)	35,747	**-**
– Write-offs	-	-	(14,550)	**(14,550)**
New financial assets originated or purchased	37,905	-	-	**37,905**
Payments received and financial assets derecognised	(22,652)	(3,299)	(12,111)	**(38,062)**
Unwind discount	596	228	1,003	**1,827**
Impact on ECL Transfers	837	914	27,233	**28,984**
Effects of modification	38	115	325	**478**
Loss allowance as at 31 December 2022	**6,763**	**19,109**	**73,247**	**99,119**

Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2021	1,873	1,309	64,334	**67,516**
Changes in the loss allowance				
– Transfer to stage 1	75	(75)	-	**-**
– Transfer to stage 2	(260)	984	(724)	**-**
– Transfer to stage 3	(10)	(603)	613	**-**
– Write-offs	-	-	(40,671)	**(40,671)**
New financial assets originated or purchased	52,087	-	-	**52,087**
Payments received and financial assets derecognised	(9,461)	(2403)	(7,620)	**(19,484)**
Unwind discount	268	104	566	**938**
Impact on ECL Transfers	(3,767)	4,019	1,080	**1,332**
Effects of modification	150	(54)	22,357	**22,453**
Changes in models/risk parameters	(19,281)	19,301	(1,654)	**(1,634)**
Loss allowance as at 31 December 2021	**21,674**	**22,582**	**38,281**	**82,537**

Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2020	17,060	6,270	71,926	**95,256**
Changes in the loss allowance				
– Transfer to stage 1	4,235	(3,937)	(298)	**-**
– Transfer to stage 2	(2,229)	2,668	(439)	**-**
– Transfer to stage 3	(2,078)	(937)	3,015	**-**
– Write-offs/ Payments received and financial assets derecognised	(36,908)	-	(19,443)	**(56,351)**
New financial assets originated or purchased	7,772	-	-	**7,772**
Unwind discount	956	325	6,680	**7,961**
Impact on ECL Transfers	55,341	(3,341)	(29,353)	**22,647**
Effects of modification	(174)	(22)	-	**(196)**
Changes in models/risk parameters	(42,102)	28	32,246	**(9,573)**
Loss allowance as at 31 December 2020	**1,873**	**1,309**	**64,334**	**67,516**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

SME lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to SME lending is, as follows:

Group

Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	467,675	58,235	35,160	**561,070**
Changes in the gross carrying amount				
– Transfer to stage 1	2,327	(570)	(1,757)	-
– Transfer to stage 2	(10,576)	10,724	(148)	-
– Transfer to stage 3	(21,390)	(2,867)	24,257	-
New financial assets originated or purchased	423,064	-	-	**423,064**
Payments received and financial assets derecognised	(266,506)	(3,060)	(8,836)	**(278,401)**
Effects of modification	829	2,486	7,043	**10,357**
Accrued interest	7,920	1,441	2,861	**12,222**
Write-offs	-	-	(16,106)	**(16,106)**
Gross carrying amount as at 31 December 2022	**603,343**	**66,389**	**42,474**	**712,206**
Loss allowance as at 31 December 2022	**1,852**	**2,935**	**15,093**	**19,880**
Gross carrying amount as at 1 January 2021	371,053	69,103	35,510	**475,666**
Changes in the gross carrying amount				
– Transfer to stage 1	5,762	(2,284)	(3,478)	-
– Transfer to stage 2	(6,726)	8,234	(1,508)	-
– Transfer to stage 3	(6,703)	(4,910)	11,613	-
New financial assets originated or purchased	382,999	-	-	**382,999**
Payments received and financial assets derecognised	(296,410)	(4,891)	(3,705)	**(305,006)**
Effects of modification	10,172	(9,145)	2,141	**3,168**
Accrued interest	7,528	2,128	4,504	**14,160**
Write-offs	-	-	(9,917)	**(9,917)**
Gross carrying amount as at 31 December 2021	**467,675**	**58,235**	**35,160**	**561,070**
Loss allowance as at 31 December 2021	**437**	**1,197**	**7,882**	**9,516**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

SME lending (continued)

Group
Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2020	401,941	29,246	37,021	**468,208**
Changes in the gross carrying amount				
– Transfer to stage 1	11,977	(7,533)	(4,444)	**-**
– Transfer to stage 2	(49,976)	50,973	(997)	**-**
– Transfer to stage 3	(22,142)	(7,762)	29,904	**-**
New financial assets originated or purchased	87,539	1,655	-	**89,194**
Payments received and financial assets derecognised	(65,452)	(148)	(7,048)	**(72,648)**
Effects of modification	-	-	-	**-**
Accrued interest	7,166	2,672	3,934	**13,772**
Write-offs	-	-	(22,860)	**(22,860)**
Gross carrying amount as at 31 December 2020	**371,053**	**69,103**	**35,510**	**475,666**
Loss allowance as at 31 December 2020	**3,815**	**1,568**	**9,553**	**14,936**

GROUP
Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2022	437	1,197	7,882	**9,516**
Changes in the loss allowance				
– Transfer to stage 1	296	(112)	(184)	**-**
– Transfer to stage 2	(89)	89	-	**-**
– Transfer to stage 3	(7,089)	(25)	7,114	**-**
– Write-offs	-	-	(16,106)	**(16,106)**
New financial assets originated or purchased	10,894	-	-	**10,894**
Payments received and financial assets derecognised	(2,772)	1,382	8,862	**7,472**
Unwind discount	74	16	50	**140**
Impact on ECL Transfers	91	359	7,394	**7,844**
Effects of modifications	10	29	81	**120**
Loss allowance as at 31 December 2022	**1,852**	**2,935**	**15,093**	**19,880**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

SME lending (continued)

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2021	3,815	1,568	9,553	**14,936**
Changes in the loss allowance				
– Transfer to stage 1	356	(175)	(181)	**-**
– Transfer to stage 2	(68)	705	(637)	**-**
– Transfer to stage 3	(58)	(224)	282	**-**
– Write-offs	-	-	(9,917)	**(9,917)**
New financial assets originated or purchased	10,780	-	-	**10,780**
Payments received and financial assets derecognised	(3,368)	(973)	(427)	**(4,768)**
Unwind discount	152	122	357	**631**
Impact on ECL Transfers	(911)	(963)	2,857	**983**
Effects of modification	(75)	(778)	841	**(12)**
Changes in models/risk parameters	(10,186)	1,915	5,154	**(3,117)**
Loss allowance as at 31 December 2021	**437**	**1,197**	**7,882**	**9,516**
Loss allowance as at 1 January 2020	1,589	822	10,192	**12,603**
Changes in the loss allowance				
– Transfer to stage 1	1,357	(289)	(1,068)	**-**
– Transfer to stage 2	(354)	399	(45)	**-**
– Transfer to stage 3	(167)	(199)	366	**-**
– Write-offs/ Payments received and financial assets derecognised	(4,430)	(4,018)	(14,182)	**(22,630)**
New financial assets originated or purchased	2,163	7	1	**2,171**
Unwind discount	151	112	398	**661**
Impact on ECL Transfers	10,522	(667)	(2,465)	**7,390**
Changes in models/risk parameters	(7,016)	5,401	16,356	**14,741**
Loss allowance as at 31 December 2020	**3,815**	**1,568**	**9,553**	**14,936**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Microfinance lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Microfinance lending is, as follows:

GROUP

Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	106,286	3,159	3,769	**113,214**
Changes in the gross carrying amount				
– Transfer to stage 1	470	(316)	(154)	**-**
– Transfer to stage 2	(3,055)	3,220	(165)	**-**
– Transfer to stage 3	(2,840)	(1,002)	3,842	**-**
New financial assets originated or purchased	112,928	-	-	**112,928**
Payments received and financial assets derecognised	(86,972)	(1,423)	(2,546)	**(90,941)**
Accrued interest	1,006	116	835	**1,957**
Write-offs		-	(1,035)	**(1,035)**
Gross carrying amount as at 31 December 2022	**127,823**	**3,754**	**4,546**	**136,123**
Loss allowance as at 31 December 2022	**167**	**47**	**304**	**518**
Gross carrying amount as at 1 January 2021	78,765	2,037	1,525	**82,327**
Changes in the gross carrying amount				
– Transfer to stage 1	258	(109)	(149)	**-**
– Transfer to stage 2	(2,148)	2,245	(97)	**-**
– Transfer to stage 3	(5,087)	(902)	5,989	**-**
New financial assets originated or purchased	100,821	-	-	**100,821**
Payments received and financial assets derecognised	(67,501)	(499)	(4,242)	**(72,242)**
Effects of modification	290	267	151	**708**
Accrued interest	888	120	617	**1,625**
Write-offs	-	-	(25)	**(25)**
Gross carrying amount as at 31 December 2021	**106,286**	**3,159**	**3,769**	**113,214**
Loss allowance as at 31 December 2021	**(27)**	**11**	**451**	**466**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Microfinance lending (continued)

GROUP

Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2020	38,441	298	163	**38,902**
Changes in the gross carrying amount				
– Transfer to stage 1	30	(22)	(8)	**-**
– Transfer to stage 2	(1,093)	1,126	(33)	**-**
– Transfer to stage 3	(1,245)	(153)	1,398	**-**
New financial assets originated or purchased	43,383	835	248	**44,466**
Payments received and financial assets derecognised	(1,484)	(144)	(272)	**(1,900)**
Effects of modification	-	-	-	**-**
Accrued interest	733	97	174	**1,004**
Write-offs	-	-	(145)	**(145)**
Gross carrying amount as at 31 December 2020	**78,765**	**2,037**	**1,525**	**82,327**
Loss allowance as at 31 December 2020	**1,966**	**10**	**389**	**2,365**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Microfinance lending (continued)

GROUP
Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2022	(27)	11	451	**435**
Changes in the loss allowance				
– Transfer to stage 1	1	(1)	-	**-**
– Transfer to stage 2	(1)	22	(21)	**-**
– Transfer to stage 3	(1)	(1)	2	**-**
– Write-offs	-	-	(1,033)	**(1,033)**
New financial assets originated or purchased	273	-	-	**273**
Payments received and financial assets derecognised	(6)	45	730	**769**
Unwind discount	13	2	8	**23**
Impact on ECL Transfers	(85)	(31)	167	**51**
Loss allowance as at 31 December 2022	**167**	**47**	**304**	**518**
Loss allowance as at 1 January 2021	1,966	10	389	**2,365**
Changes in the loss allowance				
– Transfer to stage 1	40	(17)	(23)	**-**
– Transfer to stage 2	(7)	29	(22)	**-**
– Transfer to stage 3	(37)	(8)	45	**-**
– Write-offs	-	-	(25)	**(25)**
New financial assets originated or purchased	131	-	-	**131**
Payments received and financial assets derecognised	(1,835)	(30)	(21)	**(1,886)**
Unwind discount	3	15	53	**71**
Impact on ECL Transfers	(270)	(6)	93	**(183)**
Changes in models/risk parameters	(2)	1	15	**14**
Foreign exchange and other movements	(16)	17	(53)	**(52)**
Loss allowance as at 31 December 2021	**(27)**	**11**	**451**	**435**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Microfinance lending (continued)

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2020	420	7	5	**432**
Changes in the loss allowance				
– Transfer to stage 1	4	(3)	(1)	**-**
– Transfer to stage 2	(1)	6	(5)	**-**
– Transfer to stage 3	(3)	(1)	4	**-**
– Write-offs/ Payments received and financial assets derecognised	(19)	(36)	(90)	**(145)**
New financial assets originated or purchased	1,314	4	1	**1,321**
Unwind discount	16	-	1	**17**
Impact on ECL Transfers	607	(3)	(5)	**599**
Changes in models/risk parameters	(372)	35	478	**141**
Foreign exchange and other movements	-	-	-	**-**
Loss allowance as at 31 December 2020	**1,966**	**10**	**389**	**2,365**

Mortgage lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to mortgage lending is, as follows:

GROUP
Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	47,569	5,709	3,667	**56,945**
Changes in the gross carrying amount				
– Transfer to stage 1	2,342	(946)	(1,396)	**-**
– Transfer to stage 2	(751)	751	-	**-**
– Transfer to stage 3	(713)	(572)	1,285	**-**
New financial assets originated or purchased	19,587	-	-	**19,587**
Payments received and financial assets derecognised	(15,232)	(247)	(852)	**(16,331)**
Accrued interest	743	68	207	**1,018**
Write-offs	**-**	**-**	**(583)**	**(583)**
Gross carrying amount as at 31 December 2022	**53,545**	**4,763**	**2,328**	**60,636**
Loss allowance as at 31 December 2022	**22**	**141**	**1,130**	**1,293**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Mortgage lending (continued)

GROUP
Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	38,534	7,882	4,198	**50,614**
Changes in the gross carrying amount				
– Transfer to stage 1	2,711	(1,801)	(910)	**-**
– Transfer to stage 2	(1,537)	1,589	(52)	**-**
– Transfer to stage 3	(1,554)	(667)	2,221	**-**
New financial assets originated or purchased	23,707	-	-	**23,707**
Payments received and financial assets derecognised	(16,020)	(692)	(1,390)	**(18,102)**
Effects of modification	1,118	(659)	(424)	**35**
Accrued interest	610	57	313	**980**
Write-offs	-	-	(289)	**(289)**
Gross carrying amount as at 31 December 2021	**47,569**	**5,709**	**3,667**	**56,945**
Loss allowance as at 31 December 2021	**53**	**232**	**464**	**749**
Gross carrying amount as at 1 January 2020	37,308	1,427	3,651	**42,386**
Changes in the gross carrying amount				
– Transfer to stage 1	1,886	(721)	(1,165)	**-**
– Transfer to stage 2	(6,425)	6,672	(247)	**-**
– Transfer to stage 3	(2,468)	(276)	2,744	**-**
New financial assets originated or purchased	8,081	784	-	**8,865**
Payments received and financial assets derecognised	(235)	(150)	(416)	**(801)**
Effects of modification	-	-	-	**-**
Accrued interest	387	146	-	**533**
Write-offs	-	-	(369)	**(369)**
Gross carrying amount as at 31 December 2020	**38,534**	**7,882**	**4,198**	**50,614**
Loss allowance as at 31 December 2020	**619**	**425**	**361**	**1,405**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Mortgage lending (continued)

GROUP
Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2022	**53**	**232**	**464**	**749**
Changes in the loss allowance				
– Transfer to stage 1	**217**	**(22)**	**(195)**	**-**
– Transfer to stage 2	**(2)**	**2**	**-**	**-**
– Transfer to stage 3	**(6)**	**(40)**	**46**	**-**
– Write-offs	**-**	**-**	**(583)**	**(583)**
New financial assets originated or purchased	**108**	**-**	**-**	**108**
Payments received and financial assets derecognised	**(139)**	**(12)**	**437**	**286**
Unwind discount	**27**	**15**	**14**	**56**
Impact on ECL Transfers	**(236)**	**(34)**	**94**	**677**
Loss allowance as at 31 December 2022	**22**	**141**	**1,130**	**1,293**
Loss allowance as at 1 January 2021	619	425	361	**1,405**
Changes in the loss allowance				
– Transfer to stage 1	61	(41)	(20)	**-**
– Transfer to stage 2	(1)	2	(1)	**-**
– Transfer to stage 3	(1)	(1)	2	**-**
– Write-offs	-	-	(289)	**(289)**
New financial assets originated or purchased	270	-	-	**270**
Payments received and financial assets derecognised	(696)	(158)	(84)	**(938)**
Unwind discount	15	8	55	**78**
Impact on ECL Transfers	(94)	53	277	**236**
Effects of modification	1	(123)	218	**96**
Changes in models/risk parameters	(121)	67	(55)	**(109)**
Loss allowance as at 31 December 2021	**53**	**232**	**464**	**749**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Mortgage lending (continued)

Group
Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2020	118	77	1,047	**1,242**
Changes in the gross carrying amount				
– Transfer to stage 1	560	(60)	(500)	**-**
– Transfer to stage 2	(41)	73	(32)	**-**
– Transfer to stage 3	(16)	-	16	**-**
– Write-offs/ Payments received and financial assets derecognised	-	-	(369)	**(369)**
New financial assets originated or purchased	217	-	-	**217**
Unwind discount	64	11	47	**122**
Impact on ECL Transfers	556	(91)	(240)	**225**
Changes in in model/risk parameters	(839)	415	392	**(32)**
Loss allowance as at 31 December 2020	**619**	**425**	**361**	**1,405**

Personal lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to personal lending is, as follows:

Group

Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	2,261,006	15,444	27,436	2,303,886
Changes in the gross carrying amount				
– Transfer to stage 1	7,130	(4,652)	(2,478)	-
– Transfer to stage 2	(7,651)	7,807	(156)	-
– Transfer to stage 3	(15,357)	(1,710)	17,067	-
New financial assets originated or purchased	1,684,980	-	-	1,684,980
Payments received and financial assets derecognised	(1,051,373)	(660)	(4,376)	(1,056,409)
Accrued interest	20,862	332	3,758	24,952
Write-offs	-	-	(9,969)	(9,969)
Gross carrying amount as at 31 December 2022	**2,899,597**	**16,561**	**31,282**	**2,947,440**
Loss allowance as at 31 December 2022	**17,676**	**3,206**	**23,088**	**43,970**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Personal lending (continued)

GROUP

Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	1,930,869	24,122	27,806	1,982,797
Changes in the gross carrying amount				
– Transfer to stage 1	2,918	(968)	(1,950)	-
– Transfer to stage 2	(7,072)	7,178	(106)	-
– Transfer to stage 3	(11,405)	(3,758)	15,163	-
New financial assets originated or purchased	1,226,278	-	-	1,226,278
Payments received and financial assets derecognised	(932,610)	(5,985)	(3,139)	(941,734)
Effects of modification	34,144	(5,528)	1,969	30,585
Accrued interest	17,884	383	3,193	21,460
Write-offs	-	-	(15,500	(15,500)
Gross carrying amount as at 31 December 2021	**2,261,006**	**15,444**	**27,436**	**2,303,886**
Loss allowance as at 31 December 2021	**19,552**	**3,199**	**18,906**	**41,657**

Gross carrying amount as at 1 January 2020	1,564,254	11,806	26,593	1,602,653
Changes in the gross carrying amount				
– Transfer to stage 1	7,419	(4,652)	(2,767)	-
– Transfer to stage 2	(20,075)	21,025	(950)	-
– Transfer to stage 3	(22,868)	(3,454)	26,322	-
New financial assets originated or purchased	372,622	4,125	602	377,349
Payments received and financial assets derecognised	13,233	(5,349)	1,969	30,585
Effects of modification	-	-	-	-
Accrued interest	16,284	621	294	17,199
Write-offs	-	-	(16,295)	(16,295)
Gross carrying amount as at 31 December 2020	**1,930,869**	**24,122**	**27,806**	**1,982,797**
Loss allowance as at 31 December 2020	**30,472**	**8,968**	**20,846**	**60,286**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Personal lending (continued)

GROUP

Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2022	19,552	3,199	18,906	41,657
Changes in the loss allowance				-
– Transfer to stage 1	2,727	(1,056)	(1,671)	-
– Transfer to stage 2	(66)	166	(100)	-
– Transfer to stage 3	(4,949)	(620)	5,569	-
– Write-offs	-	-	(9,966)	(9,966)
New financial assets originated or purchased	18,871	-	-	18,871
Payments received and financial assets derecognised	(12,358)	787	(889)	(12,460)
Unwind discount	2,493	41	1,174	3,708
Impact on ECL Transfers	(8,594)	689	10,065	2,160
Loss allowance as at 31 December 2022	**17,676**	**3,206**	**23,088**	**43,970**
Loss allowance as at 1 January 2021	30,472	8,968	20,846	60,286
Changes in the loss allowance				
– Transfer to stage 1	4,305	(3,013)	(1,292)	-
– Transfer to stage 2	(165)	243	(78)	-
– Transfer to stage 3	(279)	(1,424)	1,703	-
– Write-offs	-	-	(15,500)	(15,500)
New financial assets originated or purchased	18,149	-	-	18,149
Payments received and financial assets derecognised	(8,907)	(11,973)	(1,965)	(22,845)
Unwind discount	3,619	82	877	4,578
Impact on ECL Transfers	7,408	850	9,580	17,838
Effects of modification	28	(2,385)	808	(1,549)
Changes in models/risk parameters	(35,078	11,85	3,92	(19,300)
Loss allowance as at 31 December 2021	**19,552**	**3,199**	**18,906**	**41,657**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Personal lending (continued)

Group

Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2020	27,259	3,528	18,751	49,538
Changes in the loss allowance				-
– Transfer to stage 1	2,897	(1,104)	(1,793)	-
– Transfer to stage 2	(541)	1,076	(535)	-
– Transfer to stage 3	(573)	(1,134)	1,707	-
– Write-offs/ Payments received and financial assets derecognised	(4,359)	(2,524)	(9,262)	(16,145)
New financial assets originated or purchased	11,336	10	33	11,379
Unwind discount	3,573	171	940	4,684
Impact on ECL Transfers	20,320	(1,215)	(12,788)	6,317
Changes in model/risk parameters	(29,440)	10,160	23,793	4,513
Loss allowance as at 31 December 2020	**30,472**	**8,968**	**20,846**	**60,286**

Corporate lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to corporate lending is, as follows:

Bank

Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	1,795,322	209,722	86,726	2,091,770
Changes in the gross carrying amount				
– Transfer to stage 1	61,193	(58,334)	(2,859)	-
– Transfer to stage 2	(53,096)	58,526	(5,430)	-
– Transfer to stage 3	(21,072)	(22,182)	43,254	-
New financial assets originated or purchased	1,902,423	-	-	1,902,423
Payments received and financial assets derecognised	(854,459)	(29,035)	(33,363)	(916,857)
Effects of modification	3,314	9,942	28,170	41,426
Accrued interest	26,445	1,727	5,397	33,569
Write-offs	-	-	(14,645)	(14,645)
Gross carrying amount as at 31 December 2022	**2,860,070**	**170,366**	**107,250**	**3,137,686**
Loss allowance as at 31 December 2022	**6,710**	**19,108**	**73,232**	**99,050**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Corporate lending (continued)

BANK

Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	1,147,122	220,734	109,702	1,477,558
Changes in the gross carrying amount				
– Transfer to stage 1	14,377	(14,377)	-	-
– Transfer to stage 2	(36,537)	38,012	(1,475)	-
– Transfer to stage 3	(9,202)	(9,542)	18,744	-
New financial assets originated or purchased	1,200,650	-	-	1,200,650
Payments received and financial assets derecognised	(568,210)	(29,339)	(17,611)	(615,160)
Effects of modification	30,547	366	14,331	45,244
Accrued interest	16,575	3,868	3,705	24,148
Write-offs	-	-	(40,670	(40,670)
Gross carrying amount as at 31 December 2021	**1,795,322**	**209,722**	**86,726**	**2,091,770**
Loss allowance as at 31 December 2021	**21,666**	**22,578**	**38,271**	**82,515**
Gross carrying amount as at 1 January 2020	1,159,951	86,118	133,102	1,379,171
Changes in the gross carrying amount				
– Transfer to stage 1	32,481	(26,654)	(5,827)	-
– Transfer to stage 2	(151,898)	159,675	(7,777)	-
– Transfer to stage 3	(44,007)	(8,016)	52,023	-
New financial assets originated or purchased	194,108	20,552	1,382	216,042
Payments received and financial assets derecognised	(30,992)	(21,403)	(6,897)	(59,292)
Effects of modification	(31,483)	5,645	-	(25,838)
Accrued interest	18,962	4,817	3,921	27,200
Write-offs	-	-	(60,225)	(60,225)
Gross carrying amount as at 31 December 2020	**1,147,122**	**220,734**	**109,702**	**1,477,558**
Loss allowance as at 31 December 2020	**1,786**	**1,307**	**63,982**	**67,075**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Corporate lending (continued)

Bank

Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2022	21,666	22,578	38,271	82,515
Changes in the loss allowance				
– Transfer to stage 1	2,734	(53)	(2,681)	-
– Transfer to stage 2	(3,321)	3,321	-	-
– Transfer to stage 3	(31,127)	(4,699)	35,826	-
– Write-offs	-	-	(14,645)	(14,645)
New financial assets originated or purchased	37,867	-	-	37,867
Payments received and financial assets derecognised	(22,624)	(3,296)	(12,103)	(38,023)
Unwind discount	589	228	1,001	1,818
Impact on ECL Transfers	888	914	27,238	29,040
Effects of modification	38	115	325	478
Loss allowance as at 31 December 2022	**6,710**	**19,108**	**73,232**	**99,050**

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2021	1,786	1,307	63,982	67,075
Changes in the loss allowance				
– Transfer to stage 1	75	(75)	-	-
– Transfer to stage 2	(260)	766	(506)	-
– Transfer to stage 3	(9)	(603)	612	-
– Write-offs	-	-	(40,670)	(40,670)
New financial assets originated or purchased	52,077	-	-	52,077
Payments received and financial assets derecognised	(9,365)	(2,150)	(7,485)	(19,002)
Unwind discount	267	67	566	900
Impact on ECL Transfers	(3,774)	4,019	1,069	1,314
Effects of modification	150	(54)	22,357	22,453
Changes in models/risk parameters	(19,281)	19,301	(1,654)	(1,634)
Loss allowance as at 31 December 2021	**21,666**	**22,578**	**38,271**	**82,515**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Corporate lending (continued)

BANK

Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2020	16,972	6,270	71,706	94,948
Changes in the loss allowance				
– Transfer to stage 1	4,017	(3,938)	(79)	-
– Transfer to stage 2	(2,229)	2,668	(439)	-
– Transfer to stage 3	(2,079)	(936)	3,015	-
– Write-offs/ Payments received and financial assets derecognised	(36,980)	-	(19,442)	(56,422)
New financial assets originated or purchased	7,772	-	-	7,772
Unwind discount	942	324	6,680	7,946
Impact on ECL Transfers	55,559	(3,341)	(29,707)	22,511
Effects of modification	(174)	(22)	-	(196)
Changes in models/risk parameters	(42,086)	228	32,248	(9,556)
Loss allowance as at 31 December 2020	**1,786**	**1,307**	**63,982**	**67,075**

SME lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to SME lending is, as follows:

Bank

Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	464,471	57,908	34,834	557,213
Changes in the gross carrying amount				
– Transfer to stage 1	2,112	(570)	(1,542)	-
– Transfer to stage 2	(10,540)	10,688	(148)	-
– Transfer to stage 3	(20,715)	(3,046)	23,761	-
New financial assets originated or purchased	420,821	-	-	420,821
Payments received and financial assets derecognised	(265,509)	(2,684)	(9,318)	(277,510)
Effects of modification	829	2,486	7,043	10,357
Accrued interest	7,902	1,439	2,838	12,179
Write-offs	-	-	(15,64	(15,649)
Gross carrying amount as at 31 December 2022	**599,371**	**66,221**	**41,819**	**707,411**
Loss allowance as at 31 December 2022	**1,845**	**2,933**	**15,003**	**19,781**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

SME lending (continued)

Bank

Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	369,249	69,080	35,328	473,657
Changes in the gross carrying amount				
– Transfer to stage 1	7,205	(3,727)	(3,478)	-
– Transfer to stage 2	(6,725)	8,234	(1,509)	-
– Transfer to stage 3	(6,533)	(4,910)	11,443	-
New financial assets originated or purchased	370,857	-	-	370,857
Payments received and financial assets Derecognised	(287,282)	(3,752)	(3,721)	(294,755)
Effects of modification	10,172	(9,145)	2,141	3,168
Accrued interest	7,528	2,128	4,504	14,160
Write-offs	-	-	(9,874)	(9,874)
Gross carrying amount as at 31 December 2021	**464,471**	**57,908**	**34,834**	**557,213**
Loss allowance as at 31 December 2021	**408**	**1,186**	**7,776**	**9,370**
Gross carrying amount as at 1 January 2020	400,924	29,246	36,856	**467,026**
Changes in the gross carrying amount				
– Transfer to stage 1	11,977	(7,533)	(4,444)	**-**
– Transfer to stage 2	(49,925)	50,922	(997)	**-**
– Transfer to stage 3	(21,891)	(7,762)	29,653	**-**
New financial assets originated or purchased	86,344	1,655	934	**88,933**
Payments received and financial assets derecognised	(65,346)	(120)	(4,572)	**(70,038)**
Effects of modification	-	-	-	**-**
Accrued interest	7,166	2,672	528	**10,366**
Write-offs	-	-	(22,630)	**(22,630)**
Gross carrying amount as at 31 December 2020	**369,249**	**69,080**	**35,328**	**473,657**
Loss allowance as at 31 December 2020	**3,816**	**1,571**	**9,552**	**14,939**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

SME lending (continued)
BANK
Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2022	408	1,186	7,776	9,370
Changes in the loss allowance				
– Transfer to stage 1	230	(112)	(118)	-
– Transfer to stage 2	(89)	89	-	-
– Transfer to stage 3	(7,121)	(14)	7,135	-
– Write-offs	-	-	(15,649)	(15,649)
New financial assets originated or purchased	10,888	-	-	10,888
Payments received and financial assets derecognised	(2,710)	1,380	8,318	6,988
Unwind discount	62	16	42	120
Impact on ECL Transfers	167	359	7,418	7,944
Effects of modification	10	29	81	120
Loss allowance as at 31 December 2022	**1,845**	**2,933**	**15,003**	**19,781**
Loss allowance as at 1 January 2021	3,816	1,571	9,552	14,939
Changes in the loss allowance				
– Transfer to stage 1	356	(175)	(181)	-
– Transfer to stage 2	(69)	705	(636)	-
– Transfer to stage 3	(55)	(224)	279	-
– Write-offs	-	-	(9,874)	(9,874)
New financial assets originated or purchased	8,652	-	-	8,652
Payments received and financial assets derecognised	(537)	(1,172)	(127)	(1,836)
Unwind discount	151	122	357	630
Impact on ECL Transfers	(75)	(778)	841	(12)
Effects of modification	(75)	(778)	841	(12)
Changes in models/risk parameters	(11,756	1,915	6,724	(3,117)
Loss allowance as at 31 December 2021	**408**	**1,186**	**7,776**	**9,370**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

SME lending (continued)

BANK
Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2020	1,578	825	10,191	12,594
Changes in the loss allowance				
– Transfer to stage 1	1,357	(289)	(1,068)	-
– Transfer to stage 2	(354)	399	(45)	-
– Transfer to stage 3	(167)	(199)	366	-
– Write-offs/ Payments received and financial assets derecognised	(4,426)	(4,018)	(14,186)	(22,630)
New financial assets originated or purchased	2,163	7	1	2,171
Unwind discount	150	112	398	660
Impact on ECL Transfers	10,530	(667)	(2,465)	7,398
Changes in models/risk parameters	(7,015)	5,401	16,360	14,746
Loss allowance as at 31 December 2020	**3,816**	**1,571**	**9,552**	**14,939**

Microfinance lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Microfinance lending is, as follows:

BANK
Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	96,507	3,159	3,767	103,433
Changes in the gross carrying amount				
– Transfer to stage 1	470	(316)	(154)	-
– Transfer to stage 2	(2,960)	3,125	(165)	-
– Transfer to stage 3	(2,840)	(1,002)	3,842	-
New financial assets originated or purchased	112,928	-	-	112,928
Payments received and financial assets Derecognised	(83,641)	(1,376)	(2,545)	(87,562)
Accrued interest	956	116	835	1,907
Write-offs	-	-	(1,035)	(1,035)
Gross carrying amount as at 31 December 2022	**121,420**	**3,706**	**4,545**	**129,671**
Loss allowance as at 31 December 2022	**157**	**46**	**304**	**507**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Microfinance lending (continued)

Bank

Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	71,271	2,037	1,524	**74,832**
Changes in the gross carrying amount				
– Transfer to stage 1	258	(109)	(149)	**-**
– Transfer to stage 2	(2,148)	2,245	(97)	**-**
– Transfer to stage 3	(5,087)	(902)	5,989	**-**
New financial assets originated or purchased	92,675	-	-	**92,675**
Payments received and financial assets Derecognised	(61,640)	(499)	(4,243)	**(66,382)**
Effects of modification	290	267	151	**708**
Accrued interest	888	120	617	**1,625**
Write-offs	-	-	(25)	**(25)**
Gross carrying amount as at 31 December 2021	**96,507**	**3,159**	**3,767**	**103,433**
Loss allowance as at 31 December 2021	**16**	**5**	**385**	**406**
Gross carrying amount as at 1 January 2020	32,794	298	162	**33,254**
Changes in the gross carrying amount				
– Transfer to stage 1	30	(22)	(8)	**-**
– Transfer to stage 2	(1,093)	1,126	(33)	**-**
– Transfer to stage 3	(1,195)	(153)	1,348	**-**
New financial assets originated or purchased	41,486	835	305	**42,626**
Payments received and financial assets Derecognised	(1,484)	(144)	(272)	**(1,900)**
Effects of modification	-	-	-	**-**
Accrued interest	733	97	117	**947**
Write-offs	-	-	(95)	**(95)**
Gross carrying amount as at 31 December 2020	**71,271**	**2,037**	**1,524**	**74,832**
Loss allowance as at 31 December 2020	**1,953**	**4**	**388**	**2,346**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Microfinance lending (continued)

Bank

Loss allowances - Loans and advances to customers at amortised cost

	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2022	16	5	385	**406**
Changes in the loss allowance				
– Transfer to stage 1	1	(1)	-	**-**
– Transfer to stage 2	-	21	(21)	**-**
– Transfer to stage 3	(1)	(1)	2	**-**
– Write-offs	-	-	(1,035)	**(1,035)**
New financial assets originated or purchased	273	-	-	**273**
Payments received and financial assets Derecognised	(128)	52	797	**721**
Unwind discount	2	2	8	**12**
Impact on ECL Transfers	(6)	(32)	168	**130**
Loss allowance as at 31 December 2022	**157**	**46**	**304**	**507**
Loss allowance as at 1 January 2021	1,954	4	388	**2,346**
Changes in the loss allowance				
– Transfer to stage 1	40	(17)	(23)	**-**
– Transfer to stage 2	(7)	29	(22)	**-**
– Transfer to stage 3	(37)	(8)	45	**-**
– Write-offs	-	-	(25)	**(25)**
New financial assets originated or purchased	53	-	-	**53**
Payments received and financial assets derecognised	(1,787)	(15)	(33)	**(1,835)**
Impact on ECL Transfers	(182)	(6)	93	**(95)**
Effects of modification	(2)	1	15	**14**
Changes in models/risk parameters	(16)	17	(53	**(52)**
Loss allowance as at 31 December 2021	**16**	**5**	**385**	**406**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Microfinance lending (continued)

BANK
Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2020	258	2	5	**265**
Changes in the loss allowance				
– Transfer to stage 1	4	(3)	(1)	**-**
– Transfer to stage 2	(1)	6	(5)	**-**
– Transfer to stage 3	(3)	(1)	4	**-**
– Write-offs/ Payments received and financial assets derecognised	(19)	(36)	(40)	**(95)**
New financial assets originated or purchased	1,314	4	2	**1,320**
Unwind discount	4	-	1	**5**
Impact on ECL Transfers	758	(3)	(5)	**750**
Changes in models/risk parameters	(361)	35	427	**101**
Loss allowance as at 31 December 2020	**1,954**	**4**	**388**	**2,346**

Mortgage lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to mortgage lending is, as follows:

BANK

Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	47,569	5,709	3,667	56,945
Changes in the gross carrying amount				
– Transfer to stage 1	2,342	(946)	(1,396)	-
– Transfer to stage 2	(751)	751	-	-
– Transfer to stage 3	(713)	(572)	1,285	-
New financial assets originated or purchased	19,587	-	-	19,587
Payments received and financial assets derecognised	(15,232)	(247)	(852)	(16,331)
Accrued interest	743	68	207	1,018
Write-offs	-	-	(583)	(583)
Gross carrying amount as at 31 December 2022	**53,545**	**4,763**	**2,328**	**60,636**
Loss allowance as at 31 December 2022	**22**	**141**	**1,130**	**1,293**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Mortgage lending (continued)

Bank
Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	32,367	7,882	4,198	**44,447**
Changes in the gross carrying amount				
– Transfer to stage 1	2,711	(1,801)	(910)	**-**
– Transfer to stage 2	(1,537)	1,589	(52)	**-**
– Transfer to stage 3	(1,554)	(667)	2,221	**-**
New financial assets originated or purchased	23,709	-	-	**23,709**
Payments received and financial assets derecognised	(9,855)	(692)	(1,390)	**(11,937)**
Effects of modification	1,118	(659)	(424)	**35**
Accrued interest	610	57	313	**980**
Write-offs	-	-	(289)	**(289)**
Gross carrying amount as at 31 December 2021	**47,569**	**5,709**	**3,667**	**56,945**
Loss allowance as at 31 December 2021	**51**	**232**	**466**	**749**
Gross carrying amount as at 1 January 2020	31,141	1,427	3,651	**36,219**
Changes in the gross carrying amount				
– Transfer to stage 1	1,886	(721)	(1,165)	**-**
– Transfer to stage 2	(6,425)	6,672	(247)	**-**
– Transfer to stage 3	(2,468)	(276)	2,744	**-**
New financial assets originated or purchased	7,611	432	-	**8,043**
Payments received and financial assets derecognised	235	150	(416)	**(31)**
Effects of modification	-	-	-	**-**
Accrued interest	387	198	-	**585**
Write-offs	-	-	(369)	**(369)**
Gross carrying amount as at 31 December 2020	**47,569**	**5,709**	**3,667**	**56,945**
Loss allowance as at 31 December 2020	**619**	**425**	**361**	**1,405**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Mortgage lending (continued)

BANK
Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2022	51	232	466	**749**
Changes in the loss allowance				
– Transfer to stage 1	217	(22)	(195)	**-**
– Transfer to stage 2	(2)	2	-	**-**
– Transfer to stage 3	(6)	(40)	46	**-**
– Write-offs	-	-	(583)	**(583)**
New financial assets originated or purchased	108	-	-	**108**
Payments received and financial assets derecognised	(137)	(12)	435	**286**
Unwind discount	27	15	14	**56**
Impact on ECL Transfers	(236)	(34)	947	**677**
Loss allowance as at 31 December 2022	**22**	**141**	**1,130**	**1,293**
Loss allowance as at 1 January 2021	619	425	361	**1,405**
Changes in the loss allowance				
– Transfer to stage 1	61	(41)	(20)	**-**
– Transfer to stage 2	(1)	2	(1)	**-**
– Transfer to stage 3	(1)	(1)	2	**-**
– Write-offs	-	-	(289)	**(289)**
New financial assets originated or purchased	215	-	-	**215**
Payments received and financial assets derecognised	(643)	(158)	(27)	**(828)**
Unwind discount	15	8	-	**23**
Impact on ECL Transfers	(94)	53	277	**236**
Effects of modification	1	(123)	218	**96**
Changes in models/risk parameters	(121)	67	(55)	**(109)**
Loss allowance as at 31 December 2021	**51**	**232**	**466**	**749**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Mortgage lending (continued)

Bank
Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2020	118	77	1,047	1,242
Changes in the gross carrying amount				
– Transfer to stage 1	560	(60)	(500)	-
– Transfer to stage 2	(41)	73	(32)	-
– Transfer to stage 3	(16)	-	16	-
– Write-offs/ Payments received and financial assets derecognised	-	-	(369)	(369)
New financial assets originated or purchased	217	-	-	217
Unwind discount	64	11	47	122
Impact on ECL Transfers	556	(91)	(240)	225
Changes in in model/risk parameters	(839)	415	392	(32)
Loss allowance as at 31 December 2020	**619**	**425**	**361**	**1,405**

Personal lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to personal lending is, as follows:

Bank

Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	2,186,520	15,014	27,276	2,228,810
Changes in the gross carrying amount				
– Transfer to stage 1	6,965	(4,510)	(2,455)	-
– Transfer to stage 2	(5,937)	6,090	(153)	-
– Transfer to stage 3	(13,330)	(2,648)	15,978	-
New financial assets originated or purchased	1,615,863	-	-	1,615,863
Payments received and financial assets derecognised	(1,019,758)	(763)	(3,735)	(1,024,256)
Accrued interest	20,441	295	3,733	24,469
Write-offs	-	-	(9,969)	(9,969)
Gross carrying amount as at 31 December 2022	**2,790,764**	**13,478**	**30,675**	**2,834,917**
Loss allowance as at 31 December 2022	**17,658**	**3,121**	**22,893**	**43,672**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Personal lending (continued)

BANK
Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	1,876,171	24,392	27,238	1,927,801
Changes in the gross carrying amount				
– Transfer to stage 1	9,307	(7,500)	(1,807)	-
– Transfer to stage 2	(6,990)	7,094	(104)	-
– Transfer to stage 3	(11,270)	(2,257)	13,527	-
New financial assets originated or purchased	1,120,430	-	-	1,120,430
Payments received and financial assets derecognised	(853,156)	(1,570)	(1,240)	(855,966)
Effects of modification	34,144	(5,528)	1,969	30,585
Accrued interest	17,884	383	3,193	21,460
Write-offs	-	-	(15,500)	(15,500)
Gross carrying amount as at 31 December 2021	**2,186,520**	**15,014**	**27,276**	**2,228,810**
Loss allowance as at 31 December 2021	**19,584**	**3,199**	**18,902**	**41,685**
Gross carrying amount as at 1 January 2020	1,530,836	11,806	25,936	1,568,578
Changes in the gross carrying amount				
– Transfer to stage 1	6,380	(3,922)	(2,458)	-
– Transfer to stage 2	(19,530)	20,427	(897)	-
– Transfer to stage 3	(22,478)	(3,416)	25,894	-
New financial assets originated or purchased	348,866	4,062	559	353,487
Payments received and financial assets derecognised	15,813	(5,186)	(5,990)	4,637
Effects of modification	-	-	-	-
Accrued interest	16,284	621	320	17,225
Write-offs	-	-	(16,126)	(16,126)
Gross carrying amount as at 31 December 2020	**1,876,171**	**24,392**	**27,238**	**1,927,801**
Loss allowance as at 31 December 2020	**30,556**	**8,927**	**20,844**	**60,372**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Personal lending (continued)

Bank
Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2022	**19,584**	**3,199**	**18,900**	**41,683**
Changes in the loss allowance				
– Transfer to stage 1	2,726	(1,056)	(1,670)	**-**
– Transfer to stage 2	(66)	166	(100)	**-**
– Transfer to stage 3	(4,954)	(620)	5,574	**-**
– Write-offs	-	-	(9,969)	**(9,969)**
New financial assets originated or purchased	18,860	-	-	**18,860**
Payments received and financial assets derecognised	(12,391)	746	(898)	**(12,543)**
Unwind discount	2,493	41	1,174	**3,708**
Impact on ECL Transfers	(8,594)	645	9,882	**1,933**
Loss allowance as at 31 December 2022	**17,658**	**3,121**	**22,893**	**43,672**
Loss allowance as at 1 January 2021	30,556	8,972	20,844	**60,372**
Changes in the loss allowance				
– Transfer to stage 1	4,297	(3,012)	(1,285)	**-**
– Transfer to stage 2	(166)	243	(77)	**-**
– Transfer to stage 3	(278)	(1,424)	1,702	**-**
– Write-offs	-	-	(15,500)	**(15,500)**
New financial assets originated or purchased	35,710	-	-	**35,710**
Payments received and financial assets derecognised	(15,381)	(1,213)	(402)	**(16,996)**
Unwind discount	3,614	82	877	**4,573**
Impact on ECL Transfers	(16,056)	850	9,579	**(5,627)**
Effects of modification	28	(2,385)	808	**(1,549)**
Changes in models/risk parameters	(22,740)	1,086	2,354	**(19,300)**
Loss allowance as at 31 December 2021	**19,584**	**3,199**	**18,900**	**41,683**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.3 Credit risk (continued)

10.3.8 Analysis of loans and advances to customers (continued)

Personal lending (continued)

BANK
Loss allowances - Loans and advances to customers at amortised cost

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2020	27,332	3,527	18,727	49,586
Changes in the loss allowance				-
– Transfer to stage 1	2,876	(1,101)	(1,775)	-
– Transfer to stage 2	(541)	1,073	(532)	-
– Transfer to stage 3	(573)	(1,134)	1,707	-
– Write-offs/ Payments received and financial assets derecognised	(4,358)	(2,524)	(9,244)	(16,126)
New financial assets originated or purchased	11,337	11	32	11,380
Unwind discount	3,570	171	940	4,681
Impact on ECL Transfers	20,351	(1,212)	(12,788)	6,351
Changes in model/risk parameters	(29,438)	10,161	23,777	4,500
Loss allowance as at 31 December 2020	**30,556**	**8,972**	**20,844**	**60,372**

10.4 Liquidity risk and funding management

Liquidity risk is defined as the risk that the Group does not have sufficient liquid financial resources to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due because of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. Funding risk arises when the Group does not maintain a diversified and stable funding base, while minimising its cost.

To limit these risks, management has arranged for diversified funding sources in addition to its core deposit base and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity daily. The Group has developed internal control processes and contingency plans for managing liquidity risk. The ALCO is responsible for managing the Group's liquidity risk through comprehensive policies, governance and review procedures, stress testing, monitoring of limit sets to ensure these are in line with the overall liquidity risk appetite and strategy of the Group. The treasury department is responsible for working with other departments within the Group to ensure the liquidity risk strategy is executed. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding, if required.

The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Group also has lines of credit that it can access to meet liquidity needs. Net liquid assets consist of cash, short–term bank deposits and liquid debt securities available for immediate sale, less deposit for banks and other issued securities and borrowings due to mature within the next month.

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.4 Liquidity risk and funding management (continued)

The ratios during the year were, as follows:

Liquidity ratio

	GROUP AND BANK		
In TZS' Million	**2022**	**2021**	**2020**
Year-end	**27.0%**	27.5%	25.5%
Maximum	**33.5%**	30.8%	25.5%
Minimum	**20.2%**	20.9%	20.3%
Average	**26.8%**	25.3%	22.7%

Macro -economic and geopolitical uncertainties had no significant impact to the Group liquidity as at 31 December 2022 the liquidity ratio stood at 27.0% which is above the required regulatory ratio of 20%

Advances to deposit ratios

	GROUP AND BANK		
In TZS' Million	**2022**	**2021**	**2020**
Year-end	**88.6%**	78.8%	77.10%
Maximum	**90.0%**	82.7%	81,95%
Minimum	**83.0%**	70.6%	72.10%
Average	**87.2%**	78.9%	77.03%

The Group stresses the importance of current accounts and savings accounts as sources of funds to finance lending to customers. They are monitored using the advances to deposit ratio, which compares loans and advances to customers as a percentage of core customer current accounts and savings accounts, together with term funding with a remaining term to maturity more than one year. Loans to customers that are part of reverse repurchase arrangements, and where the Bank receives securities which are deemed to be liquid, are excluded from the advances to deposits ratio.

The Group's and Bank's liquidity management process, as carried out within the Group and Bank and monitored by the Asset and Liability Committee (ALCO) of the individual banks include:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers. The Group and Bank maintain an active presence in money markets to enable this to happen.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring liquidity ratios against internal and regulatory requirements, and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets (Note 10.4.4).

10.4.1 Funding approach

The Group's and Bank's major source of funding is customer deposits. To this end, the Group and Bank maintain a diversified and stable funding base comprising current/demand, savings, and time deposits. The Group places considerable importance on the stability of these deposits, which is achieved through the Group's retail banking activities and by maintaining depositor confidence in the Group's business strategies and financial strength.

The Group borrows from the interbank market through transactions with other banks for short term liquidity requirements. As part of the contingency funding plan, the Group has funding lines with both local and foreign banks for short term funding requirements.

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.4 Liquidity risk and funding management (continued)

10.4.2 Stress Testing

In accordance with the Group's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group. Additionally, stress testing is performed for a combination of both the market and specific stress factors relating to the Bank. Liquidity mismatch reporting and stress testing results are reported regularly and reviewed by the Asset and Liability Committee (ALCO), Executive Committee and board risk committee.

10.4.3 Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the Group and Bank's financial assets and the undiscounted cash flows of its financial liabilities as of 31 December, as the Group and Bank manage the inherent liquidity risk based on expected undiscounted cash flows.

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.4 Liquidity risk and funding management (continued)

10.4.4 Analysis of financial assets and liabilities by remaining contractual maturities (continued)

In TZS' Million

GROUP **31 December 2022**	**Up to 3 months**	**3 - 12 months**	**Over 1 year**	**Total**
Financial Assets				
Cash and balances with Central bank	982,435	-	-	**982,435**
Due from banks	725,429	-	13,095	**738,524**
Financial assets at FVPL	-	-	58,734	**58,734**
Debt instruments at FVOCI	-	-	2,221,410	**2,221,410**
Credit cards	1,248	-	-	**1,248**
Equity investment at FVPL	-	-	2,291	**2,291**
Equity investment at FVOCI	-	-	11,644	**11,644**
Loans and advances to customers	1,051,875	1,356,281	8,601,294	**11,009,450**
Debt instruments at amortized cost	179,213	499,240	1,400,209	**2,078,662**
Other assets*	132,687	-	-	**132,687**
Total undiscounted financial assets	**3,072,887**	**1,855,521**	**12,308,677**	**17,237,085**
Financial Liabilities				
Deposits from customers	7,418,698	641,512	146,630	**8,206,840**
Deposits from banks	614,255	520,442	-	**1,134,697**
Borrowings	-	16,404	599,878	**616,281**
Lease liabilities	-	2,099	81,892	**83,991**
Other liabilities**	138,450	-	-	**138,450**
Total undiscounted financial liabilities	**8,171,403**	**1,180,457**	**828,400**	**10,180,260**
Net undiscounted financial assets/(liabilities)	**(5,098,516)**	**675,064**	**11,480,277**	**7,056,825**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).
**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

10 RISK MANAGEMENT (CONTINUED)

10.4 Liquidity risk and funding management (continued)

10.4.4 Analysis of financial assets and liabilities by remaining contractual maturities (continued)

In TZS' Million
GROUP

31 December 2021	Up to 3 months	3 - 12 months	Over 1 year	Total
Financial Assets				
Cash and balances with Central bank	888,698	-	-	**888,698**
Due from banks	498,283	-	-	**498,283**
Financial assets at FVPL	-	6,290	89,938	**96,228**
Debt instruments at FVOCI	-	-	468,860	**468,860**
Credit cards	1,844	-	-	**1,844**
Equity investment at FVPL	-	-	2,886	**2,886**
Equity investment at FVOCI	-	-	10,595	**10,595**
Loans and advances to customers	434,169	713,900	8,123,106	**9,271,175**
Debt instruments at amortized cost	56,923	403,737	1,279,073	**1,739,732**
Other assets*	95,061	-	-	**95,061**
Total undiscounted financial assets	**1,974,978**	**1,123,927**	**9,974,458**	**13,073,363**
Financial Liabilities				
Deposits from customers	6,178,381	287,598	42,959	6,508,938
Deposits from banks	715,737	-	-	715,737
Borrowings	-	58,251	170,573	228,824
Lease liabilities	2,859	7,547	35,959	43,365
Other liabilities**	110,005	-	-	110,005
Total undiscounted financial liabilities	**7,006,982**	**353,396**	**249,491**	**7,606,869**
Net undiscounted financial assets/(liabilities)	**(5,033,004)**	**770,531**	**9,724,967**	**5,463,494**

*Other assets (excludes prepayments, stock and advanced payment for capital expenditure as they are not financial assets).
**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

10 RISK MANAGEMENT (CONTINUED)

10.4 Liquidity risk and funding management (continued)

10.4.4 Analysis of financial assets and liabilities by remaining contractual maturities (continued)

GROUP 31 December 2020	Up to 3 months	3 - 12 months	Over 1 year	Total
Financial Assets				
Cash and balances with Central bank	652,918	-	-	**652,918**
Due from banks	361,902	-	-	**361,902**
Financial assets at FVPL	-	-	5,572	**5,572**
Debt instruments at FVOCI	17,153	-	483,852	**501,005**
Credit cards	529	-	-	**529**
Loans and advances to customers	324,849	602,310	6,012,106	**6,939,265**
Debt instruments at amortized cost	179,213	499,240	1,400,209	**2,078,662**
Other assets*	94,788	-	-	**94,788**
Total undiscounted financial assets	**1,478,895**	**788,349**	**7,284,559**	**9,551,803**
Financial Liabilities				
Deposits from customers	5,027,574	369,963	56,853	**5,454,390**
Deposits from banks	296,331	-	-	**296,331**
Borrowings	52,401	106,899	78,754	**238,054**
Subordinated debt	2,407	30,000	-	**32,407**
Lease liabilities	666	1,430	27,522	**29,618**
Other liabilities**	84,941	-	-	**138,450**
Total undiscounted financial liabilities	5,464,320	508,292	163,129	**6,135,741**
Net undiscounted financial assets/(liabilities)	**(3,985,425)**	**280,057**	**7,121,430**	**3,416,062**

10 RISK MANAGEMENT (CONTINUED)

10.4 Liquidity risk and funding management (continued)

10.4.4 Analysis of financial assets and liabilities by remaining contractual maturities (continued)

In TZS' Million

BANK 31 December 2022	Up to 3 months	3 - 12 months	Over 1 year	Total
Financial Assets				
Cash and balances with Central bank	864,565	-	-	864,565
Due from banks	702,911	-	13,095	716,006
Financial assets at FVPL	-	-	58,734	58,734
Debt instruments at FVOCI	-	-	2,221,410	2,221,410
Credit cards	1,248	-	-	1,248
Equity investment at FVPL	-	-	2,291	2,291
Equity investment at FVOCI	-	-	11,531	11,531
Loans and advances to customers	925,063	1,227,072	8,200,245	10,352,380
Debt instruments at amortized cost	153,852	438,400	1,102,043	1,694,294
Other assets*	138,805	-	-	138,805
Total undiscounted financial assets	**2,786,444**	**1,665,472**	**11,609,349**	**16,061,265**
Financial Liabilities				
Deposits from customers	6,917,886	623,585	144,082	7,685,553
Deposits from banks	590,491	520,442	-	1,110,933
Borrowings	-	16,404	599,878	616,281
Lease liabilities	-	2,089	81,111	83,200
Other liabilities**	136,302	-	-	136,302
Total undiscounted financial liabilities	**7,644,679**	**1,162,520**	**825,071**	**9,632,270**
Net undiscounted financial assets/(liabilities)	**(4,858,235)**	**502,952**	**10,784,278**	**6,429,995**

10 RISK MANAGEMENT (CONTINUED)

10.4 Liquidity risk and funding management (continued)

10.4.4 Analysis of financial assets and liabilities by remaining contractual maturities (continued)

In TZS' Million

BANK 31 December 2021	Up to 3 months	3 - 12 months	Over 1 year	Total
Financial Assets				
Cash and balances with Central bank	869,079	-	-	869,079
Due from banks	433,513	-	12,481	445,994
Financial assets at FVPL	-	-	89,938	89,938
Debt instruments at FVOCI	-	-	468,860	468,860
Credit cards	1,844	-	-	1,844
Equity investment at FVPL	-	-	2,886	2,886
Equity investment at FVOCI	-	-	10,479	10,479
Loans and advances to customers	433,467	701,569	7,913,067	9,048,103
Debt instruments at amortized cost	48,835	387,042	1,103,090	1,538,967
Other assets*	89,599	-	-	89,599
Total undiscounted financial assets	**1,876,337**	**1,088,611**	**9,600,801**	**12,565,749**
Financial Liabilities				
Deposits from customers	5,898,482	240,038	42,958	6,181,478
Deposits from banks	683,425		-	683,425
Borrowings	-	58,250	170,573	228,823
Lease liabilities	2,859	7,547	32,403	42,809
Other liabilities**	108,186	-	-	108,186
Total undiscounted financial liabilities	**6,692,952**	**305,835**	**245,934**	**7,244,721**
Net undiscounted financial assets/(liabilities)	**(4,816,615)**	**782,776**	**9,354,867**	**5,321,028**

10 RISK MANAGEMENT (CONTINUED)

10.4 Liquidity risk and funding management (continued)

10.4.4 Analysis of financial assets and liabilities by remaining contractual maturities (continued)

BANK 31 December 2020	Up to 3 months	3 - 12 months	Over 1 year	Total
Financial Assets				
Cash and balances with Central bank	633,209	-	-	633,209
Due from banks	370,363	-	11,844	382,207
Debt instruments at FVOCI	17,153	-	483,852	501,005
Credit cards	529	-	-	529
Loans and advances to customers	228,916	598,018	5,921,311	6,748,245
Debt instruments at amortized cost	24,117	186,039	633,160	843,316
Other assets*	96,494	-	-	96,494
Total undiscounted financial assets	**1,370,781**	**784,057**	**7,050,167**	**9,205,005**
Financial Liabilities				
Deposits from customers	4,827,072	369,962	56,853	5,253,887
Deposits from banks	295,984	-	-	295,984
Borrowings	52,401	106,899	78,754	238,054
Subordinated debt	2,407	30,000	-	32,407
Lease liabilities	503	1,254	26,931	28,688
Other liabilities**	83,989	-	-	83,989
Total undiscounted financial liabilities	**5,262,356**	**508,115**	**162,538**	**5,933,009**
Net undiscounted financial assets/(liabilities)	**(3,891,575)**	**275,942**	**6,887,629**	**3,271,996**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).
**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.4 Liquidity risk and funding management (continued)

10.4.4 Analysis of financial assets and liabilities by remaining contractual maturities (continued)

Assets available to meet all the liabilities and to cover outstanding loan commitments include cash, central Bank balances, cheques, and items for clearing and treasury and other eligible bills; Due from banks; and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. The Group would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

The tables below show the contractual expiry by maturity of the Bank's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. Capital commitments relate to the acquisition of property and equipment.

GROUP
In TZS' Million

31 December 2022	Within 1 year	1-5 years	Over 5 years	Total
Outstanding letters of credit	1,551,114	319,203	-	1,870,317
Guarantees and indemnities	1,190,845	236,333	23,437	1,450,615
Commitments to extend credit	462,402	-	-	462,402
Capital commitments	46,976	-	-	46,976
Total commitments and guarantees	**3,251,337**	**555,536**	**23,437**	**3,830,310**
31 December 2021				
Outstanding letters of credit	13,671	789,107	-	802,779
Guarantees and indemnities	42,608	1,615,086	50	1,657,744
Commitments to extend credit	269,013	-	-	269,013
Capital commitments	62,223	-	-	62,223
Total commitments and guarantees	**387,515**	**2,404,193**	**50**	**2,791,759**
31 December 2020				
Outstanding letters of credit	-	136,181	649	136,830
Guarantees and indemnities	916,455	305,871	1,174	1,223,500
Commitments to extend credit	209,180	-	-	209,180
Capital commitments	10,288	-	-	10,288
Total commitments and guarantees	**1,135,923**	**442,052**	**1,823**	**1,579,798**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.4 Liquidity risk and funding management (continued)

10.4.4 Analysis of financial assets and liabilities by remaining contractual maturities (continued)

BANK

BANK
In TZS' Million

31 December 2022	**Within 1 year**	**1 – 5 years**	**Over 5 years**	**Total**
Outstanding letters of credit	1,478,501	319,203	-	1,797,704
Guarantees and indemnities	1,190,341	236,333	23,437	1,450,111
Commitments to extend credit	462,402	-	-	462,402
Capital commitments	46,976	-	-	46,976
Total commitments and guarantees	**3,178,220**	**555,536**	**23,437**	**3,757,193**
31 December 2021				
Outstanding letters of credit	13,671	789,108	-	802,779
Guarantees and indemnities	42,608	1,614,945	50	1,657,603
Commitments to extend credit	269,013	-	-	269,013
Capital commitments	50,571	-	-	50,571
Total commitments and guarantees	**375,863**	**2,404,053**	**50**	**2,779,966**
31 December 2020				
Outstanding letters of credit	-	135,532	-	135,532
Guarantees and indemnities	916,081	305,131	60	1,212,272
Commitments to extend credit	203,652	-	-	203,652
Capital commitments	10,288	-	-	10,288
Total commitments and guarantees	**1,130,021**	**440,663**	**60**	**1,570,744**

10.4.5 Analysis of encumbered and unencumbered assets

Below is the analysis of the Bank's encumbered and unencumbered assets that would be available to obtain additional future funding as securities. For this purpose, encumbered assets are:

- Assets which have been pledged as collateral (e.g., which are required to be separately disclosed under IFRS 7); or
- Assets that an entity believes it is restricted from using to secure funding, for legal or other reasons, which may include market practice or sound risk management. Restrictions related to the legal position of certain assets, for example, those held by consolidated securitisation vehicles or in pools for covered bond issuances, may vary in different jurisdictions.

Unencumbered assets are the remaining assets that the Bank owns.

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.4 Liquidity risk and funding management (continued)

10.4.5 Analysis of encumbered and unencumbered assets (continued)

GROUP	Amount in TZS' Million				
As at 31 December 2022	Encumbered		Unencumbered		
	Pledged as collateral	Other*	Available as collateral	Other	Total
Cash and balances with central bank	-	379,554	602,881	-	982,435
Due from banks	-	-	-	693,506	693,506
Financial Assets at FVPL	-	-	-	23,703	23,703
Debt Instruments at FVOCI	-	-	-	786,118	786,118
Credit card	-	-	-	1,248	1,248
Equity investment at FVPL	-	-	-	2,291	2,291
Equity investment at FVOCI	-	-	-	11,644	11,644
Loans and advances to customers	-	-	-	6,876,509	6,876,509
Debt Instrument at amortised costs	450,449	-	-	1,033,519	1,483,968
Other assets	-	-	-	132,687	132,687
Total	**450,449**	**379,554**	**602,881**	**9,561,225**	**10,994,109**
As at 31 December 2021					
Cash and balances with central bank	-	231,350	657,348	-	888,698
Due from banks	-	-	-	493,216	493,216
Financial Assets at FVPL	-	-	20,807	6,290	27,097
Debt Instruments at FVOCI	-	-	-	424,160	424,160
Credit card	-	-	-	1,844	1,844
Equity investment at FVPL	-	-	-	2,886	2,886
Equity investment at FVOCI	-	-	-	10,595	10,595
Loans and advances to customers	-	-	-	5,040,368	5,040,368
Debt Instrument at amortised costs	293,152	-	-	909,441	1,202,593
Other assets	-	-		89,599	89,599
Total	**293,152**	**231,350**	**678,155**	**6,978,399**	**8,181,056**
As at 31 December 2020					
Cash and balances with central bank	-	229,963	422,955	-	652,918
Due from banks	-	-	-	361,902	361,902
Financial Assets at FVPL	-	-	-	5,571	5,571
Debt Instruments at FVOCI	-	-	-	501,005	501,005
Credit card	-	-	-	529	529
Equity investment at FVPL	-	-	-	2,555	2,555
Equity investment at FVOCI	-	-	-	8,623	8,623
Loans and advances to customers	-	-	-	3,929,096	3,929,096
Debt Instrument at amortised costs	103,252	-	-	892,572	995,824
Other assets	-	-		94,788	94,788
Total	**103,252**	**229,963**	**422,955**	**5,796,641**	**6,552,811**

*Represents the statutory minimum reserve balance with Bank of Tanzania which is not available for use by Group.

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.4 Liquidity risk and funding management (continued)

10.4.5 Analysis of encumbered and unencumbered assets (continued)

BANK — **Amount in TZS' Million**

As at 31 December 2022	Encumbered		Unencumbered		
	Pledged as collateral	Other*	Available as collateral	Other	Total
Cash and balances with central bank	-	367,218	-	497,347	864,565
Due from banks	-	-	-	711,979	711,979
Financial Assets at FVPL	-	-	-	17,417	17,417
Debt Instruments at FVOCI	-	-	-	786,118	786,118
Credit card	-	-	-	1,248	1,248
Equity investment at FVPL	-	-	-	2,291	2,291
Equity investment at FVOCI	-	-	-	11,531	11,531
Loans and advances to customers	-	-	-	6,706,018	6,706,018
Debt Instrument at amortised costs	450,449	-	-	697,799	1,148,248
Other assets	-	-	-	138,805	138,805
Total	**450,449**	**367,218**	**-**	**9,570,553**	**10,388,220**
As at 31 December 2021					
Cash and balances with central bank	-	231,350	637,729	-	869,079
Due from banks	-	-	-	442,784	442,784
Financial Assets at FVPL	-	-	20,807	6,290	27,097
Debt Instruments at FVOCI	-	-	-	424,160	424,160
Credit card	-	-	-	1,844	1,844
Equity investment at FVPL	-	-	-	2,886	2,886
Equity investment at FVOCI	-	-	-	10,479	10,479
Loans and advances to customers	-	-	-	4,903,448	4,903,448
Debt Instrument at amortised costs	293,152	-	-	708,411	1,001,563
Other assets		-		-	
Total	293,152	231,350	658,536	6,595,363	7,778,401
As at 31 December 2020					
Cash and balances with central bank	-	229,963	403,246	-	633,209
Due from banks	-	-	-	382,207	382,207
Financial Assets at FVPL	-	-	-	5,571	5,571
Debt Instruments at FVOCI	-	-	-	501,005	501,005
Credit card	-	-	-	529	529
Equity investment at FVPL	-	-	-	2,555	2,555
Equity investment at FVOCI	-	-	-	8,488	8,488
Loans and advances to customers	-	-	-	3,852,158	3,852,158
Debt Instrument at amortised costs	103,252	-	-	740,064	843,316
Other assets	-	-		96,494	96,494
Total	**103,252**	**229,963**	**403,246**	**5,796,641**	**6,552,811**

*Represents the statutory minimum reserve balance with Bank of Tanzania which is not available for use by Group.

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.4 Liquidity risk and funding management (continued)

10.4.6 Country risk

Country risk is the risk that an occurrence within a country could have an adverse effect on the Group, directly by impairing the value of the Group or indirectly through an obligor's ability to meet its obligations to the Group. Generally, these occurrences relate, but are not limited, to sovereign events such as defaults or restructuring; political events such as contested elections or referendums; restrictions on currency movements; non–market currency convertibility; regional conflicts; economic contagion from other events such as sovereign default issues or regional turmoil; banking and currency crisis; and natural disasters.

The Group's risk management framework incorporates several measures and tools to monitor this risk. These measures include stress testing of concentrated portfolios and various limits by country. The country risk is generally identified with the domicile of the legal entity which is the Group's counterparty, unless most assets or revenues of such entity are in another country, in which case reference is made to such different country.

The Group exposures by country risk has been disclosed under Note 10.3.6 Analysis of risk concentration (b) Geographical analysis

10.5 Market risk

Market risks arise from open positions in interest rate, currency, and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Group classifies exposures to market risk into either traded (the Trading book) or non-traded (the Banking book) portfolios and manages each of those portfolios separately. Trading portfolios include those positions arising from market-making transactions where the Group acts as principal with clients or with the market. Non-trading portfolios primarily arise from the interest rate management of the Group's retail and commercial Banking assets and liabilities, and debt instrument at fair value through OCI.

Risk management Process

The Group takes on various risks, and therefore requires adequate and robust risk management process in order to minimize losses and maximize opportunities. The risk management process involves identification, assessment/measurement, control/mitigation and reporting. The Limits Policy sets out the risk appetite or maximum approved exposures that can be taken by the Bank, while remaining in compliance with regulatory requirements.

Identification of market risks

The process of identifying all market risks associated with banking operations, for the Group to implement internal controls and procedures to mitigate those risks. It includes analysis of new products, processes, and systems.

For the purpose of identification, market risk has been categorised as follows:

- Foreign exchange risk in Note 10.5.1
- Equity price risk in Note 10.5.2
- Interest rate risk in Note 10.5.3

The Group's risk management strategy for its Banking book is different for each of the above categories of market risk.

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

Assessment/Measurement

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk.

The Group take on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions. The risk measures include; position limits, sensitivity limits, namely, Present Value of a Basis Point (PV01), Value-at-Risk (VaR) that reflects the interdependency between risk variables. The Group also applies interest rate gap coupled with Earning at Risk and stress testing analysis in measuring exposure to market risk for the purpose of managing and controlling market risk exposures within acceptable limits while optimising the return on investment.

Control/Mitigation

As a part of its established market risk management process, the Risk and compliance department monitors early signs of possible changes in market conditions such as:

- anticipated and actual changes to interest rates;
- economic and geopolitical factors driving currency
- equity price movements.

Furthermore, the Group set market risk limits which are approved by the Board and continuously reviewed by Group Risk and compliance department. At an operational level, market risk is primarily managed by the Bank's treasury department, which is responsible for ensuring that the Bank's exposures are in compliance with market risk limits approved by the Board and to take adequate actions when necessary.

Governance and Reporting

A Group Risk Profile report is produced monthly which cover all the principal risks and is managed by the relevant Group Risk owner, with the overall report being coordinated and produced by the Group Risk and Compliance department. The report is tabled to the Group Operational Risk Committee (ORC) for review and actioning on monthly basis, while a quarterly report is communicated to the Group Management Audit & Risk Committee (MARC) and then presented to the Board Risk Committee on quarterly basis by the Group Director of Risk and Compliance.

The Board of Directors determines the Group's risk appetite, approve the limits policy, and ensure management takes necessary steps to monitor, control and report on limits compliance in adherence to the Bank's policies and regulatory requirements. Management Audit and Risk Committee have a role to ensure adherence to the policy and regulatory requirements and quarterly reporting to the Board Risk Committee with respect to adherence of approved limits vs. utilization with explanation on all breaches including action taken to remediate the breach.

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

10.5.1 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The board sets limit on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

Currency sensitivity analysis

With all other variables held constant, a shift in foreign exchange rate by 4% on foreign denominated assets and liabilities would have resulted in lower or higher profit after tax as follows:

	Group			Bank		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
USD	5,122	10,601	3,629	5,122	10,699	4,969
EURO	13	1,476	103	13	1,422	94
GBP	1	157	49	2	149	48
BIF	2	6	- 67	2	25	1
Other	1	2,128	- 55	1	1,903	- 145

If the exchange rate for the BIF were to shift by 4%, then the impact on the translation reserve in relation to the translation of CRDB Bank Burundi SA for consolidation purposes would be TZS 880 million (2021: TZS 905 million).

The Bank's strategy is to monitor positions daily to ensure it manages itself against currency risk. Positions are maintained within established limits by balancing the assets and liabilities in the relevant currencies.

Measurement of Foreign exchange risk - VaR methodology

The Bank uses the Parametric (Normal distribution method) and non-parametric approaches (Historical Simulation method) to arrive to the VaR results.

Parametric Approach - From the distribution of daily returns, the standard deviation is estimated. It measures the maximum possible loss over a given period and confidence interval.

Assumptions

The approach assumes the log of daily foreign exchange rates and one day and seven days price changes, and that all follow a normal distribution. A confidence interval of 99% is adopted. In addition, this method uses two parameters in describing a normal distribution:

i. The mean and
ii. The variance.

With this information the probability distribution of underlying volatility (Forex returns) is used to find out the probability of the loss event occurring.

Non-parametric approach (Historical simulation approach)

Additionally, the Bank estimates VaR directly from the data without deriving parameters or making assumptions about the distribution of the data. This methodology is based on the premise that the pattern of historical returns is indicative of future returns. The percentile is used to indicate the percentage of score (the point of data where lowest return lies).

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

10.5.1 Foreign exchange risk (continued)

Assumptions (continued)

The approach does not require determination of distribution of the underlying forex volatility. The daily and seven days foreign exchange rates changes for a period of five years from the current reporting period, and a confidence interval of 99% is adopted.

For a 99% confidence level, the lowest 1% (1-99) % of the historical returns is computed. The value of the return that corresponds to the lowest 1% of the historical returns is then the daily VaR for this forex movement.

This approach applies the historical (5 years) changes in price levels to current market prices to generate a hypothetical data set.

The below tables show the concentrations of foreign currency risk on the gross carrying value of financial assets and liabilities.

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

10.5.1 Foreign exchange risk (continued)

Group

Financial Assets

As at 31 December 2022 (In TZS' Million)	TZS	USD	EURO	GBP	BIF	Others	Total
Cash and balances with Central bank	778,150	101,098	4,585	533	97,329	739	**982,435**
Due from banks	449,744	157,826	54,041	6,590	22,518	2,787	**693,506**
Financial assets at FVPL	23,703	-	-	-	-	-	**23,703**
Debt instruments at FVOCI	786,118	-	-	-	-	-	**786,118**
Loans and advances to customers	4,601,131	2,135,473	3,493	-	136,412	-	**6,876,509**
Debt instruments at amortized cost	1,483,968	-	-	-	-	-	**1,483,968**
Credit cards	1,248	-	-	-	-	-	**1,248**
Other assets	131,352	135	-	-	1,200	-	**132,687**
Total financial assets	**8,255,414**	**2,394,532**	**62,119**	**7,123**	**257,459**	**3,527**	**10,980,174**
Financial Liabilities							
Deposits from customers	6,763,623	880,377	61,483	7,240	486,997	673	**8,200,393**
Deposits from Banks	91,630	1,030,812	334	32	4,561	-	**1,127,369**
Lease liabilities	31,156	-	-	-	281	-	**31,437**
Other liabilities**	45,713	85,736	118	-	5,953	930	**138,450**
	184,612	**306,665**	**-**	**-**	**-**	**-**	**491,277**
Borrowings							
Subordinated debts	-	120,742	-	-	-	-	**120,742**
	7,116,734	**2,424,332**	**61,935**	**7,272**	**497,792**	**1,603**	**10,109,668**
Net on-balance sheet financial position	**1,138,680**	**(29,800)**	**184**	**(149)**	**(240,333)**	**1,924**	**870,506**
Off balance sheet commitments	**3,783,334**	**-**	**-**	**-**	**-**	**-**	**3,783,334**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).
**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

10.5.1 Foreign exchange risk (continued)

Group

In TZS' Million

Financial assets

As at 31 December 2021	**TZS**	**USD**	**EURO**	**GBP**	**BIF**	**Others**	**Total**
Financial Assets							
Cash and balances with Central bank	662,095	222,608	2,813	246	-	936	888,698
Due from banks	195,616	225,127	14,082	26	714	57,651	493,216
Financial assets at FVPL	27,097	-	-	-	-	-	27,097
Debt instruments at FVOCI	424,160	-	-	-	-	-	424,160
Loans and advances to customers	3,702,431	1,334,587	3,350	-	-	-	5,040,368
Debt instruments at amortized cost	1,202,593	-	-	-	-	-	1,202,593
Credit cards	1,844	-	-	-	-	-	1,844
Other assets	84,187	3,491	5	-	-	-	89,599
Total financial assets	**6,301,939**	**1,785,813**	**20,250**	**272**	**714**	**58,587**	**8,167,575**
Financial Liabilities							
Deposits from customers	5,616,271	808,056	55,693	4,208	-	5,386	6,489,614
Deposits from Banks	105,155	608,599	1,448	-	-	-	715,202
Lease liabilities	37,120	-	-	-	556	-	37,676
Other liabilities**	108,291	1,695	18	1	-	-	110,005
Borrowings	91,792	106,070	-	-	-	-	197,862
	5,958,629	1,524,420	57,159	4,209	556	5,386	7,550,359
Net on-balance sheet financial position	**343,310**	**261,393**	**(36,909)**	**(3,937)**	**158**	**53,201**	**617,216**
Off balance sheet	**680,194**	**1,765,118**	**15,066**	**-**	**262**	**3**	**2,460,643**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).
**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

10.5.1 Foreign exchange risk (continued)

Group

In TZS' Million

Financial assets

As at 31 December 2020	TZS	USD	EURO	GBP	BIF	Others	Total
Financial Assets							
Cash and balances with Central bank	548,805	91,013	8,895	1,476	-	2,729	652,918
Due from banks	127,841	173,420	47,816	6,568	-	6,257	361,902
Financial assets at FVPL	5,571	-	-	-	-	-	5,571
Debt instruments at FVOCI	501,005	-	-	-	-	-	501,005
Loans and advances to customers	3,069,406	853,526	6,164	-	-	-	3,929,096
Debt instruments at amortized cost	995,824	-	-	-	-	-	995,824
Credit cards	529	-	-	-	-	-	529
Other assets	93,380	1,408	5	-	-	-	94,788
Total financial assets	**5,343,769**	**1,119,367**	**62,875**	**8,044**	-	**8,986**	**6,541,633**
Financial Liabilities							
Deposits from customers	4,608,599	749,710	59,967	6,809	-	9,562	5,434,647
Deposits from Banks	79,427	215,654	323	-	-	808	296,212
Lease liabilities	28,710	-	-	-	908	-	29,618
Other liabilities**	82,061	2,115	6	1	758	-	84,941
Borrowings	175,769	62,285	-	-	-	-	238,054
Subordinated debt	32,407	-	-	-	-	-	32,407
	5,006,973	1,029,764	60,296	6,810	1,666	10,370	6,115,879
Net on-balance sheet financial position	**335,388**	**89,603**	**2,579**	**1,234**	**(1,666)**	**(1,384)**	**425,754**
Off balance sheet	**430,272**	**886,073**	**38,708**	**-**	**-**	**214,457**	**1,569,510**

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

10.5.1 Foreign exchange risk (continued)

Bank

In TZS' Million

Financial assets

As at 31 December 2022	TZS	USD	EURO	GBP	BIF	Others	Total
Cash and balances with Central bank	778,150	81,971	3,177	528	-	739	864,565
Due from banks	449,744	195,048	53,737	6,590	4,074	2,786	711,979
Financial assets at FVPL	17,417	-	-	-	-	-	17,417
Debt instruments at FVOCI	786,118	-	-	-	-	-	786,118
Loans and advances to customers	4,601,131	2,101,394	3,493	-	-	-	6,706,018
Debt instruments at amortized cost	1,148,248	-	-	-	-	-	1,148,248
Credit cards	1,248	-	-	-	-	-	1,248
Other assets	138,671	134	-	-	-	-	138,805
Total financial assets	**7,920,727**	**2,378,547**	**60,407**	**7,118**	**4,074**	**3,525**	**10,374,398**
Financial Liabilities							
Deposits from customers	6,763,623	846,509	59,630	7,240	-	673	7,677,675
Deposits from Banks	91,675	1,011,563	335	32	-	-	1,103,605
Lease liabilities	31,156	-	-	-	-	-	31,156
Other liabilities**	43,565	85,736	118	-	4,034	2,849	136,302
Borrowings	184,612	306,665	-	-	-	-	491,277
Subordinated debts	-	120,742	-	-	-	-	120,742
Total Financial Liabilities	**7,114,631**	**2,371,215**	**60,083**	**7,272**	**4,034**	**3,522**	**9,560,757**
Net on-balance sheet financial position	**806,096**	**7,332**	**324**	**(154)**	**40**	**3**	**813,641**
Off balance sheet	**3,710217**	**-**	**-**	**-**	**-**	**-**	**3,710,217**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).
**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

10.5.1 Foreign exchange risk (continued)

Bank

In TZS' Million

Financial assets As at 31 December 2021	TZS	USD	EURO	GBP	BIF	Others	Total
Cash and balances with Central bank	647,478	217,694	2,751	241	-	915	869,079
Due from banks	175,504	202,190	12,648	23	642	51,777	442,784
Financial assets at FVPL	20,807	-	-	-	-	-	20,807
Debt instruments at FVOCI	424,160	-	-	-	-	-	424,160
Loans and advances to customers	3,600,951	1,299,235	3,262	-	-	-	4,903,448
Debt instruments at amortized cost	1,001,563	-	-	-	-	-	1,001,563
Credit cards	1,844	-	-	-	-	-	1,844
Other assets	91,565	3,491	5	-	-	-	95,061
Total financial assets	**5,963,872**	**1,722,610**	**18,666**	**264**	**642**	**52,692**	**7,758,746**
Financial Liabilities							
Deposits from customers	5,325,754	846,509	59,630	3,990	-	5,107	6,153,920
Deposits from Banks	100,440	1,011,563	335	-	-	-	682,948
Lease liabilities	37,120	-	-	-	-	-	37,120
Other liabilities**	108,291	85,736	118	1	-	-	110,005
Borrowings	91,792	306,665	-	-	-	-	197,862
Total financial liabilities	**5,663,397**	**120,742**	**-**	**3,991**	**-**	**5,107**	**7,181,855**
Net on-balance sheet financial position	**300,475**	**267,463**	**35,547**	**(3,727)**	**642**	**47,585**	**576,891**
Off balance sheet	**680,194**	**1,765,118**	**15,066**	**-**	**-**	**3**	**2,460,381**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).
**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

10.5.1 Foreign exchange risk (continued)

Bank

In TZS' Million

Financial assets **As at 31 December 2020**	**TZS**	**USD**	**EURO**	**GBP**	**BIF**	**Others**	**Total**
Cash and balances with Central bank	534,817	87,006	8,638	1,450	-	1,298	633,209
Due from banks	127,342	195,793	47,839	6,568	14	4,651	382,207
Debt instruments at FVOCI	501,005	-	-	-	-	-	501,005
Loans and advances to customers	2,992,468	853,526	6,164	-	-	-	3,852,158
Debt instruments at amortized cost	843,316	-	-	-	-	-	843,316
Credit cards	529	-	-	-	-	-	529
Other assets	93,973	2,521	-	-	-	-	96,494
Total financial assets	**5,093,450**	**1,138,846**	**62,641**	**8,018**	**14**	**5,949**	**6,308,918**
Financial Liabilities							
Deposits from customers	4,422,574	735,235	59,967	6,808	-	9,561	5,234,145
Deposits from Banks	100,440	215,654	323	-	-	-	295,984
Lease liabilities	37,120	-	-	-	-	-	28,688
Other liabilities**	108,291	1,456	-	1	-	-	83,989
Borrowings	91,792	-	6	-	-	-	238,054
Subordinated debt	32,407	-					32,407
Total financial liabilities	**4,884,256**	**952,345**	**60,296**	**6,809**	**-**	**9,561**	**5,913,267**
Net on-balance sheet financial position	**209,194**	**186,501**	**2,345**	**1,209**	**-**	**(3,612)**	**395,651**
Off balance sheet	**430,272**	**886,073**	**38,708**	**-**	**14**	**205,403**	**1,560,456**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).
**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

10.5.2 Equity price risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the level of equity indices and individual stocks. The Group and the Bank is exposed to equity securities price risk as it currently holds;

- 327,632 shares invested in DSE amounting to TZS 557 million (2021: TZS 426 million),
- 3 million shares invested in TMRC with a total value of TZS 4,866 (2021: TZS 4,866 million).

Financial assets exposed to price risk are presented on the statement of financial position as equity instrument at fair value through Other Comprehensive Income (OCI). If the market price of instrument (had increased/decreased by 2% with all other variables held constant, the fair value reserve in equity instrument would have increased/decreased because of gains or losses on equity instrument classified as equity instrument at FVOCI by TZS 184 million as at 31 December 2022 (2021: TZS 182 million) for the Group and Bank.

For financial assets measured at fair value through profit or loss, a 2% increase (decrease) in discount rate would result in an increase (decrease) in fair value by TZS 44 (2021: TZS 43mn).

Measurement of equity Price risk

The Group is exposed to equity securities price risk as it has investment in listed shares (for the Dar es Salaam stock exchange PLC). The Group Board sets limits on the level of exposure for investment as well as stop loss triggers minimize equity price risk on listed stocks in case of declining price of listed stock investment, and to minimize losses from market price changes on the portfolio.

In relation to unlisted equity investments, the Group assess the appropriateness of valuation techniques used and the practicality of unobservable inputs and assumptions used in the determination of fair value and whether the valuation adjustments fell within an acceptable range based on industry knowledge and available market information.

Methodology

The Group uses the discounted cashflow method for unlisted equities to determine the present value of future cash flows to derive the value of an investment. For listed equities, the Group applies mark to market with prices from an independent source.

Assumptions

The below is the assumptions the Group uses to arrive at the fair value of the investment;

- Discount rate -The Group assumes the rate that would have applied if the same investment would have been invested in a quoted instrument.
- The Group treat cashflows associated with investment are known with certainty.

10.5.3 Interest rate risk

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. Risk management activities are aimed at optimizing net interest income, given market interest rates levels consistent with the Bank's business strategies. Interest rate monitoring is done through the Group's Asset and Liability Committee.

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)
10.5.3 Interest rate risk (continued)

The Group and Bank take on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase because of such changes but may produce losses if unexpected movements arise.

- Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

Control/Mitigations

The Group's Asset and Liability Committee (''ALCO'') sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is regularly monitored by an independent Risk and Compliance department and reported regularly to ALCO and the board. The interest rate gap is within internal limits.

Sensitivity analysis for interest rate risk.

Methodology

a) Gap analysis

Gap analysis is used to assess the interest rate sensitivity of re-pricing mismatches in the Bank's non-trading operations. The Bank's interest rate risk exposure calculations are generally based on the earlier of contractual re-pricing or maturity of assets and liabilities, although certain assets and liabilities such as deposits without a fixed maturity are assigned a maturity profile based on observed historical consumer behaviour.

The Bank utilises gap analysis for measuring and managing interest rate risk. A positive gap indicates that the Bank has more interest rate sensitive assets than interest rate sensitive liabilities. A positive or asset sensitive gap means that an increase in market interest rates could cause an increase in the net interest margin and vice versa. Conversely, a negative or liability sensitive gap implies that the Bank's net interest margin could decline because of increase in market rates and vice versa. The Bank assesses and monitors the impact on net income (upwards or downwards) in case of interest rates movement over time buckets of (0-90 days, 91-180 days and 181-365 days). The process is as follows:-

- Rate sensitive assets (RSAs) and Rate sensitive liabilities (RSLs) are classified into maturity buckets according to their contractual time left to maturity whereas variable rate RSAs and RSLs are classified according to time left until next re-pricing date.
- In line with the Basel Committee on Banking Supervision: RSAs and RSLs lacking definitive re-pricing buckets (e.g., savings deposit liabilities) are assigned to re-pricing time buckets according to judgment and past experience of the bank (based on behavioural assumptions).
- The GAP between RSAs and RSLs is calculated for each maturity bucket, as well as cumulatively.
- The cumulative GAP obtained in respective time buckets is stressed with an assumed 1% change interest to obtain change in value of unmatched RSAs or RSLs. The rate impact is adjusted to minimize double counting of stressing previous GAP made on earlier buckets, hence the formula used is *AEaR = (Cumm GAP × Δrate) × Time bucket adjusted / 365 days*.
- The result or change on income is then divided by budgeted earnings for that specific GAP i.e., quarterly budget to arrive at the impact of rate change on overall budgeted income for that specific period should the rate change.

A trigger has been set at less or equal to 10 percent. Results above this level should trigger calibration of the RSAs and/or RSLs in that specific bucket in order to reduce the gap and hence resulting impact should rate change.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

10.5.3 Interest rate risk (continued)

Sensitivity analysis for interest rate risk (continued)

b) Bonds Trading Book Interest Risk Measurement - PV01 methodology

The bank applies Present Value of a Basis Point (PV01) to measure the change in value of interest rate sensitive exposures resulting from one basis point increase in interest rate (the change in the price of bond/securities for a positive parallel shift of one basis point in the yield curve).

c) The Bank uses the Present value (PV) methodology

To measure the current value of the Available for Sale portfolio the Group use the prevailing yield minus the current value of security stressed with additional basis points on prevailing weighted average yield to maturity. The results show the potential loss on AFS bond portfolio.

With all other variables held constant, if the interest rates prevailing during the year shifted by 500 basis points on all Group's and Bank's interest-bearing assets and liabilities, profit before tax would be lower or higher by TZS 21,456 million (2021: TZS 18,154 million) and TZS 22,094 million (2021: TZS 19,001 million) respectively.

10.5.3.1. IBOR reform

Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform').

Following the decision by global regulators to phase out IBORs and replace them with alternative reference rates, the Bank has established a Team to manage the transition of all contracts that would be affected. The Team is being led by senior representatives from functions across the Group including Treasury, Corporate/ Retail banking, Legal, Finance and IT. The Group has assessed the transition of financial assets from IBOR to alternative nearly risk-free rate and concluded that the impact is not substantial.

The main risks to which the Group is exposed because of IBOR reform are operational. For example, the renegotiation of loan contracts through bilateral negotiation with customers, updating of contractual terms, updating of systems that use IBOR curves and revision of operational controls related to the reform. Financial risk is predominantly limited to interestrate risk.

Following the progress made during 2022, the Bank is confident that it has the operational capability to process the remaining transitions to RFRs for those interest rate benchmarks such as USD LIBOR that will cease to be available after 30 June 2023 and the Group IBORs for which the transition date has not yet been determined.

IBOR reform exposes the Group to various risks, which the team is managing and monitoring closely. These risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform
- Financial risk to the Bank and its clients that markets are disrupted due to IBOR reform giving rise to financial losses
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable
- Operational risk arising from changes to the Bank's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

10.5.3 Interest rate risk (continued)

10.5.3.1. IBOR reform (continued)

Based on Management's assessment the following loan exposures were subject to IBOR reform as of 31 December 2022.

31 December
In TZS' Million

Group and bank	2022	2021	2020
LIBOR USD (6 months)	70,622	280,761	280,761
LIBOR USD (12 months)	58,340	57,632	57,632
LIBOR TZS (6 months)	233,000	233,000	233,000
	361,962	**571,393**	**571,393**

These loan contracts were restructured as of 1 January 2023 to replace Libor with SOFR. Based on management assessment, the changes from Libor to SOFR were implemented in an economically equivalent basis. As a result, management applied the practical expedient under IFRS 9 that permit the changes to the basis for determining contractual cash flows that are necessary as a direct consequence of IBOR reform to be treated as a change to a floating rate instrument.
IBOR exposures in Group's subsidiaries are not material.

10.5.3.2. Interest rate repricing profile (non-trading)

The following table provides an analysis of the Bank's interest rate risk exposure on non–trading financial assets and liabilities. The Bank's assets and liabilities are included at carrying amount and categorised by the earlier of contractual repricing or maturity dates.

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

10.5.3 Interest rate risk (continued)

10.5.3.2 Interest rate repricing profile (non-trading) (continued)

Group

In TZS' Million	Up to 3 months	3-12 months	Over 1 year	Non-interest bearing	Total
As at 31 December 2022					
Assets					
Cash and balances with Central bank	-	-	-	982,435	**982,435**
Due from banks	693,506	-	-	-	**693,506**
Debt instruments at FVOCI	-	-	786,118	-	**786,118**
Credit cards	1,248	-	-	-	**1,248**
Loans and advances to customers	1,039,895	1,257,138	4,579,476	-	**6,876,509**
Debt instruments at amortized cost	172,846	374,137	936,984	-	**1,483,968**
Other financial assets*	-	-	-	132,687	**132,687**
Total financial assets	**1,907,495**	**1,631,275**	**6,302,578**	**1,115,122**	**10,956,470**
Liabilities					
Deposits from customers	7,415,973	612,619	118,171	53,630	**8,200,393**
Deposits from banks	617,928	509,441	-	-	**1,127,369**
Borrowings	-	14,738	476,539	-	**491,277**
Lease liability	-	-	-	31,437	**31,437**
Other Liabilities**	-	-	-	138,450	**138,450**
Total financial liabilities	**8,033,901**	**1,136,798**	**594,710**	**223,516**	**9,988,926**
Total interest gap	**6,126,406**	**(494,477)**	**(5,707,868)**	**-**	**-**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

10.5.3 Interest rate risk (continued)

1.5.3.2 Interest rate repricing profile (non-trading) (continued)

Group

In TZS' Million

	Up to 3 months	3-12 months	Over 1 year	Non-interest bearing	Total
As at 31 December 2021					
Assets					
Cash and balances with Central bank	-	-	-	888,698	888,698
Due from banks	493,216	-	-	-	493,216
Debt instruments at FVOCI	-	-	424,160	-	424,160
Credit cards	1,844	-	-	-	1,844
Loans and advances to customers	749	495,551	4,544,068	-	5,040,368
Debt instruments at amortized cost	56,463	549,382	596,748	-	1,202,593
Other financial assets*	-	-	-	89,599	89,599
Total financial assets	**552,272**	**1,044,933**	**5,564,976**	**978,297**	**8,140,478**
Liabilities					
Deposits from customers	6,170,480	232,629	38,373	48,132	**6,489,614**
Deposits from banks	715,202	-	-	-	**715,202**
Borrowings	-	58,250	139,612	-	**197,862**
Lease liability	-	-	-	37,676	**37,676**
Other Liabilities**	-	-	-	110,005	**110,005**
Total financial liabilities	**6,885,682**	**290,879**	**177,985**	**195,813**	**7,550,359**
Total interest gap	**(6,333,410)**	**754,054**	**5,386,991**	**-**	**-**

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)
10.5.3 Interest rate risk (continued)
1.5.3.2 Interest rate repricing profile (non-trading) (continued)
Group

In TZS' Million	Up to 3 months	3-12 months	Over 1 year	Non-interest bearing	Total
As at 31 December 2020					
Assets					
Cash and balances with Central bank	26,756	-	-	652,918	**652,918**
Due from banks	17,154	186,039	783,029	-	**995,824**
Debt instruments at FVOCI	5,572	-	483,851	-	**501,005**
Credit cards	361,902	-	-	-	**5,572**
Loans and advances to customers	229,870	556,327	3,289,407	-	**361,902**
Debt instruments at amortized cost	529	-	-	-	**4,075,604**
Other financial assets*	-	-	-	94,788	94,788
Total financial assets	**641,783**	**742,366**	**4,566,287**	**747,706**	**6,688,142**
Liabilities					
Deposits from customers	4,944,251	-	-	-	**296,212**
Deposits from banks	296,212	391,712	42,601	56,083	**5,434,647**
Borrowings	52,401	106,899	78,753	-	**238,054**
Subordinated debt	2,407	30,000	-	-	**32,407**
Lease liability	-	-	-	29,618	**29,618**
Other Liabilities**	-	-	-	84,941	**84,941**
Total financial liabilities	**5,295,272**	**528,611**	**121,354**	**170,642**	**6,115,879**
Total interest gap	**(4,653,489)**	**213,755**	**4,434,933**	**577,064**	**572,263**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).
**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities). All financial instruments are at fixed interest rate.

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REPORTING ACCOUNTANT'S REPORT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

10.5.3 Interest rate risk (continued)

1.5.3.2 Interest rate repricing profile (non-trading) (continued)

Bank

In TZS' Million

	Up to 3 months	3-12 months	Over 1 year	Non-interest bearing	Total
As at 31 December 2022					
Assets					
Cash and balances with Central bank	-	-	-	864,565	864,565
Due from banks	697,623	-	14,356	-	711,979
Debt instruments at FVOCI	-	-	786,118	-	786,118
Credit cards	1,248	-	-	-	1,248
Loans and advances to customers	913,083	1,134,392	4,658,543	-	6,706,018
Debt instruments at amortized cost	144,491	307,044	696,713	-	1,148,248
Other financial assets*	-	-	-	138,805	138,805
Total financial assets	**1,756,445**	**1,441,436**	**6,155,730**	**1,003,370**	**10,356,981**
Liabilities					
Deposits from customers	6,913,034	594,806	116,205	53,630	7,677,675
Deposits from banks	594,164	509,441	-	-	1,103,605
Borrowings	-	14,738	476,539	-	491,277
Lease liability	-	-	-	31,156	31,156
Other Liabilities**	-	-	-	136,302	136,302
Total financial liabilities	**7,507,198**	**1,118,986**	**592,744**	**221,088**	**9,440,016**
Total interest gap	**5,750,753**	**(322,450)**	**(5,562,986)**	**782,282**	**916,965**

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

10.5.3 Interest rate risk (continued)

1.5.3.2 Interest rate repricing profile (non-trading) (continued)

In TZS' Million

	Up to 3 months	3-12 months	Over 1 year	Non-interest bearing	Total
As at 31 December 2021					
Assets					
Cash and balances with Central bank	-	-	-	869,079	869,079
Due from banks	431,009	-	11,775	-	442,784
Debt instruments at FVOCI	-	-	424,160	-	424,160
Credit cards	1,844	-	-	-	1,844
Loans and advances to customers	433,467	645,717	3,824,264	-	4,903,448
Debt instruments at amortized cost	48,375	374,289	578,899	-	1,001,563
Other financial assets*	-	-	-	95,061	95,061
Total financial assets	**914,695**	**1,020,006**	**4,839,098**	**964,140**	**7,737,939**
Liabilities					
Deposits from customers	5,850,350	217,065	38,373	48,132	6,153,920
Deposits from banks	682,948	-	-	-	682,948
Borrowings	-	58,250	139,612	-	197,862
Lease liability	-	-	-	37,120	37,120
Other Liabilities**	-	-	-	108,186	108,186
Total financial liabilities	**6,533,298**	**275,315**	**177,985**	**193,438**	**7,180,036**
Total interest gap	**5,618,603**	**(744,691)**	**(4,661,113)**	**770,702**	**557,903**

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

10.5.3 Interest rate risk (continued)

1.5.3.2 Interest rate repricing profile (non-trading) (continued)

In TZS' Million	Up to 3 months	3-12 months	Over 1 year	Non-interest bearing	Total
As at 31 December 2020					
Assets					
Cash and balances with Central bank	-	-	-	633,209	633,209
Due from banks	26,756	183,399	633,161	-	843,316
Debt instruments at FVOCI	17,154	-	483,851	-	501,005
Credit cards	370,363	-	11,844	-	382,207
Loans and advances to customers	229,870	556,327	3,065,961	-	3,852,158
Debt instruments at amortized cost	529	-	-	-	529
Other financial assets*	-	-	-	96,494	96,494
Total financial assets	**644,672**	**739,726**	**4,194,817**	**729,703**	**6,308,918**
Liabilities					
Deposits from customers	295,984	-	-	-	295,984
Deposits from banks	4,771,295	364,310	42,457	56,083	5,234,145
Borrowings	52,582	106,899	78,573	-	238,054
Subordinated debt	2,407	30,000	-	-	32,407
Lease liability	503	1,254	26,931	-	28,688
Other Liabilities**	-	-	-	83,989	83,989
Total financial liabilities	**5,122,771**	**502,463**	**147,961**	**140,072**	**5,913,267**
Total interest gap	**(4,478,099)**	**237,263**	**4,046,856**	**589,631**	**395,651**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).
**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities). All financial instruments are at fixed interest rate.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.5 Market risk (continued)

10.5.3 Interest rate risk (continued)

10.5.3.3 Prepayment risk

Prepayment risk primarily relates to the Bank's loan portfolio and is the risk that the Bank will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected. It includes its borrowers that repay or refinance their fixed rate loans when interest rates fall or the corporate and small business customers with prepayment options with low penalties that refinance their loans when their credit quality improves to a point that they can obtain lower rates.

Within its risk management framework, the Bank has introduced various measures to limit its economic losses arising from prepayment risk. For its corporate and small business loans, the risk is primarily managed through product design and development, and by setting the costs of prepayment options to a level that does not encourage prepayments.

The Group does not consider prepayment risk to be material.

10.6 Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud, or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

10.7 Strategic risk

Strategic risk refers to the current or prospective negative impact on earnings, capital or reputation arising from adverse strategic decisions, improper implementation of decisions or a lack of responsiveness to industry, economic or technological changes. It is the risk of not achieving our strategic goals.

Business risk refers to the adverse impact on earnings or capital arising from changes in business parameters such as volumes, margins and costs. The sources of business risk include uncompetitive products or pricing, internal inefficiencies, and changes in general business conditions such as market contraction or changes in customers' expectations and demand. It is the risk of not achieving our short-term business objectives.

Our board of directors and senior management committees are responsible for managing risks associated with the Group's business. The Managing Director and CEO, supported by senior management committees, oversees the day-to-day management of the Group and make business decisions within the Group's risk appetite. The Group's strategy is then translated into annual financial targets, considering the macroeconomic environment, and cascaded to specific business for development and implementation.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.8 Climate-related risk

Climate-related risks are potential negative impacts on the Group arising from climate change. Climate-related risks have an impact on the principal risk categories discussed above (i.e., credit, liquidity, market, and operational risks), but due to their pervasive nature have been identified and managed by the Group on an overall basis.

The Group distinguishes between physical risks and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts, and rising sea levels. Transition risks arise because of measures taken to mitigate the effects of climate change and transition to a low-carbon economy – e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products, and services due to changes in consumer behaviour and investor demand.

The Group Risk department is responsible for developing group policies, processes and controls including climate risks in the management of principal risk categories. The Risk department is responsible for;

- identifying risk factors and assessing their potential impact on the Group's financial statements; and
- allocating responsibilities for managing each identified risk factor.

The Group has also set out principles on how to incorporate climate-related risk into stress test scenarios.
The Group has identified the following climate-related risk factors as having an impact on the Group's financial instruments and included them in its principal risk management processes.

- Industries exposed to increased transition risks: The Group has identified industries that are subject to increased risk of climate regulation negatively affecting their business model. The Group Credit Committee has set overall lending limits for these industries.
- Physical risk to real estate: The Group has identified areas in which it operates that are exposed to increased physical risk such as hurricanes or floods. Heightened physical risk is considered in valuing collateral, such as real estate, plant or inventory.

The Group is in the process of developing models that aim to assess how borrowers' performance is linked to climate change. The Group plans to use these models in pricing credit risk and in calculating ECLs.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

1.10 Fair value of assets and liabilities

Fair value measurement hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's and Bank's market assumptions.

These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

There were no transfers between hierarchy levels 1 and 2 during the year.
There were no transfers into and out of Level 3 of the fair value hierarchy during the year.

(a) Financial instruments not measured at fair value

The fair value of assets and liabilities not measured at fair value approximates carrying amounts. Where the fair value does not approximate carrying amount, the respective fair values have been computed and disclosed in this note below for both Group and Bank.

(i) Cash and balances with Central bank

The carrying amount of cash and balances with Central bank is a reasonable approximation of its fair value.

(ii) Due from banks

Due from banks include interbank placements and cheque and item for clearing. The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

(iii) Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

1.10 Fair value of assets and liabilities (continued)

(a) Financial instruments not measured at fair value (continued)

(i) Investment securities

The fair value for debt instruments measured at amortized costs, fair value is estimated using market prices for securities with similar credit, maturity and yield characteristics.

(ii) Deposits from banks and due to customers

The estimated fair value of deposits with no stated maturity, which includes non-interest- bearing deposits, is the amount repayable on demand. The estimated fair value of interest- bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The carrying amount is a reasonable approximation of fair value.

(iii) Off-balance sheet financial instruments

The estimated fair values of the off-balance sheet financial instruments are based on market prices for similar facilities. When this information is not available, fair value is estimated using discounted cash flow analysis.

(iv) Borrowings

The estimated fair value is based on discounted cash flows using prevailing interest rate.

(v) Credit card

The estimated fair value is based on discounted cash flows using prevailing interest rate.

(vi) Other assets/other liabilities

The carrying amount of other assets/liabilities is a reasonable approximation of its fair value because of its short term in nature

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

1.10 Fair value of assets and liabilities (continued)

(a) Financial instruments not measured at fair value (continued)

The table below summarises the carrying amounts and fair values of financial assets and liabilities.

Group

In TZS' Million	Hierarchy Level	Carrying amount	Fair value
31 December 2022			
Financial assets			
Cash and balances with Central bank	2	982,435	982,435
Due from banks	2	693,506	693,506
Loans and advances to customers	2	6,876,509	6,876,509
Credit cards	2	1,248	1,248
Debt instruments at amortized cost	2	1,483,968	1,483,968
Other assets*	2	132,687	132,687
		10,170,353	**10,170,353**
Financial liabilities			
Deposits from banks	2	1,127,369	1,127,369
Deposits from customers	2	8,200,393	8,200,393
Borrowings	2	491,277	491,277
Lease liabilities	2	31,437	31,437
Other liabilities**	2	138,450	138,450
		9,988,926	**9,988,926**
31 December 2021			
Financial assets			
Cash and balances with Central bank	2	888,698	888,698
Due from banks	2	493,216	493,216
Loans and advances to customers	2	5,040,368	5,040,368
Credit cards	2	1,844	1,844
Debt instruments at amortized cost	2	1,202,593	1,202,593
Other assets*	2	89,599	89,599
		7,714,403	**7,714,403**
Financial liabilities			
Deposits from banks	2	715,202	715,202
Deposits from customers	2	6,489,614	6,489,614
Borrowings	2	197,862	197,862
Lease liabilities	2	37,676	37,676
Other liabilities**	2	110,005	104,887
		7,550,359	**7,550,359**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).
**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

1.10 Fair value of assets and liabilities (continued)

(a) Financial instruments not measured at fair value (continued)

The table below summarises the carrying amounts and fair values of financial assets and liabilities.

Group

In TZS' Million	Hierarchy Level	Carrying amount	Fair value
31 December 2020			
Financial assets			
Cash and balances with Central bank	2	652,918	652,918
Due from banks	2	361,902	361,902
Loans and advances to customers	2	3,929,096	3,929,096
Credit cards	2	529	529
Debt instruments at amortized cost	2	995,824	995,824
Other assets*	2	94,788	94,788
		6,035,057	**6,035,057**
Financial liabilities			
Deposits from banks	2	296,212	296,212
Deposits from customers	2	5,434,647	5,434,647
Borrowings	2	238,054	238,054
Subordinated debts	2	32,407	32,407
Lease liabilities	2	29,618	29,618
Other liabilities**	2	84,773	84,773
		6,115,711	**6,115,711**

Bank

In TZS' Million	Hierarchy Level	Carrying amount	Fair value
31 December 2022			
Financial assets			
Cash and balances with Central bank	2	864,565	864,565
Due from banks	2	711,979	711,979
Loans and advances to customers	2	6,706,018	6,706,018
Credit cards	2	1,248	1,248
Debt instruments at amortized cost	2	1,148,248	1,148,248
Other assets*	2	138,805	138,805
		9,570,863	**9,570,863**
Financial liabilities			
Deposits from banks	2	1,103,605	1,103,605
Deposits from customers	2	7,677,675	7,677,675
Borrowings	2	491,277	491,277
Lease liabilities	2	31,156	31,156
Other liabilities**	2	136,302	136,302
		9,440,015	**9,440,015**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

1.10 Fair value of assets and liabilities (continued)

(a) Financial instruments not measured at fair value (continued)

The table below summarises the carrying amounts and fair values of financial assets and liabilities.

Bank

In TZS' Million	Hierarchy Level	Carrying amount	Fair value
31 December 2021			
Financial assets			
Cash and balances with Central bank	2	869,079	869,079
Due from banks	2	444,784	444,784
Loans and advances to customers	2	4,903,448	4,903,448
Credit cards	2	1,844	1,844
Debt instruments at amortized cost	2	1,001,563	1,001,563
Other assets*	2	95,061	95,061
		7,313,379	**7,313,379**
Financial liabilities			
Deposits from banks	2	682,948	682,948
Deposits from customers	2	6,153,920	6,153,920
Borrowings	2	197,862	197,862
Lease liabilities	2	37,120	37,120
Other liabilities**	2	108,186	108,186
		7,180,036	**7,180,036**
31 December 2020			
Financial assets			
Cash and balances with Central bank	2	633,209	633,209
Due from banks	2	382,207	382,207
Loans and advances to customers	2	3,852,158	3,852,158
Credit cards	2	529	529
Debt instruments at amortized cost	2	843,316	843,316
Other assets*	2	94,494	94,494
		5,807,913	**5,807,913**
Financial liabilities			
Deposits from banks	2	295,984	295,984
Deposits from customers	2	5,234,145	5,234,145
Borrowings	2	238,054	238,054
Subordinated debts		32,407	32,407
Lease liabilities	2	28,688	28,688
Other liabilities**	2	83,821	83,821
		5,913,099	**5,913,099**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).
**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

1.10 Fair value of assets and liabilities (continued)

(b) Fair value measurement hierarchy of the Group and Bank's assets and liabilities

The following tables represents the Group's and Bank's financial assets that are measured at fair value at 31 December 2022. Motor vehicles and mobile branches that are measured at fair value are disclosed under Note 37B.

Group — **In TZS' Million**

31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets measured at FVPL	-	23,703	-	23,703
Debt instrument measured at FVOCI:				
- Treasury Bonds	-	786,118	-	786,118
Equity Investment measured at FVOCI	557	4,979	6,108	11,644
Equity Investment measured at FVPL	-	-	2,291	2,291
Total assets	**557**	**814,800**	**8,399**	**823,756**
31 December 2021				
Financial Assets measured at FVPL	-	27,097	-	27,097
Debt instrument measured at FVOCI:				
- Treasury Bonds	-	424,160	-	424,160
Equity Investment measured at FVOCI	426	4,982	5,187	10,595
Equity Investment measured at FVPL	-	-	2,886	2,886
Total assets	**426**	**456,239**	**8,073**	**464,738**
31 December 2020				
Financial Assets measured at FVPL	-	5,572	-	5,572
Debt instrument measured at FVOCI:				
- Treasury Bonds	-	501,005	-	501,005
Equity Investment measured at FVOCI	288	3,391	4,404	8,623
Equity Investment measured at FVPL	-	-	2,555	2,555
Total assets	**288**	**510,508**	**6,959**	**517,755**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

1.10 Fair value of assets and liabilities (continued)

(b) Fair value measurement hierarchy of the Group and Bank's assets and liabilities (continued)

Bank

In TZS' Million				
31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets measured at FVPL	-	17,417	-	17,417
Debt instrument measured at FVOCI:				
- Treasury Bonds	-	786,118	-	786,118
Equity Investment measured at FVOCI	557	4,866	6,108	11,531
Equity Investment measured at FVPL	-	-	2,291	2,291
Total assets	**557**	**808,401**	**8,399**	**817,357**
31 December 2021				
Financial Assets measured at FVPL	-	20,807	-	20,807
Debt instrument measured at FVOCI:				
- Treasury Bonds	-	424,160	-	424,160
Equity Investment measured at FVOCI	426	4,866	5,187	10,479
Equity Investment measured at FVPL	-	-	2,886	2,886
Total assets	**426**	**449,833**	**8,073**	**400,829**
31 December 2020				
Debt instrument measured at FVOCI:				
- Treasury Bonds	-	501,005	-	501,005
Equity Investment measured at FVOCI	288	3,796	4,404	8,488
Equity Investment measured at FVPL	-	-	2,555	2,555
Total assets	**288**	**504,801**	**6,959**	**512,048**

During the year, there were no intra level transfers and there was sufficient information available to measure the fair value of financial instruments based on observable market inputs.

Reconciliation of Level 3 - Equity Investments at FVPL

	Group			**Bank**		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
At 1 January	2,886	2,555	3,040	2,886	2,555	3,040
Revaluation gain/ (loss)	(595)	331	(485)	(595)	331	(485)
Purchases	-	-	-	-	-	-
At 31 December	**2,291**	**2,886**	**2,555**	**2,291**	**2,886**	**2,555**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

1.10 Fair value of assets and liabilities (continued)

(b) Fair value measurement hierarchy of the Group and Bank's assets and liabilities (continued)

Reconciliation of Level 3 - Equity Investments at FVOCI

In TZS' Million	Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
At 1 January	5,187	4,404	-	5,187	4,404	-
Revaluation gain/ (loss)	921	-	7,000	921	-	7,000
Purchases	-	783	(2,596)	-	783	(2,596)
At 31 December	**6,108**	**5,187**	**4,404**	**5,187**	**5,187**	**4,404**

During the year there were no purchase, sales, issues and settlements.

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the Group is the current bid price of debt securities from the most current Bank of Tanzania auction results. Instruments included in Level 1 comprise primarily equity investments.

Financial instruments in level 2 (Continued)

Input into the models may include information obtained from other market participants, which includes observed primary and secondary transactions. To improve the accuracy of the valuation, estimate for retail and smaller commercial loans, homogeneous loans are grouped into portfolios with similar characteristics such as product and borrower type.

The fair value of deposits (banks and customers), borrowings, other liabilities is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms

Financial instruments in level 3

Investment securities are fair valued based on observable market information, including market prices for debt and equity securities. Where observable market inputs are unavailable, the Group uses valuation techniques to arrive to the fair value, including the use of transaction prices obtained at recent arm's length transactions and discounted cash flow analysis, based on market conditions and risks at the reporting date. Changes in fair value of equity instruments are measured at the end of each accounting period. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer/Bank of Tanzania quotes for similar instruments;
- Quoted prices for identical or similar assets or liabilities in markets that are not active.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

1.10 Fair value of assets and liabilities (continued)

Financial instruments in level 3 (continued)

The significant unobservable inputs used in the fair value measurements categorized within level 2 and 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 Dec 2022 and 2021 are shown below:

Instrument	Valuation Technique	Significant unobservable inputs	Range (Weighted Average)	Sensitivity of the inputs to fair value
KCBL	DCF method	Discount rate	2022:16%-17% 2021:16%-17%	2% increase (decrease) in discount rate would result in an (decrease) increase in fair value by TZS 16mn (2021: TZS 31mn).
		Discounted cashflow	Investment based	2 % increase (decrease) in investment would result in an increase (decrease) in fair value by TZS 122mn (2021: TZS 104mn).
TACOBA	DCF method	Discount rate	2022:16%-17% 2021:16%-17%	2% increase (decrease) in discount rate would result in an (decrease) increase in fair value by TZS 6mn (2021: TZS 13mn).
		Discounted cashflow	Investment based	2 % increase (decrease) in investment would result in an increase (decrease) in fair value by TZS 58mn (2021: TZS 50mn).
MOTOR VEHICLE & MOBILE BRANCHES	Direct sales comparison approach	Prices of similar nature (per unit cost)	2022: TZS 168mn 2021: TZS 162mn	4% increase (decrease) in discount rate would result in an increase (decrease) in fair value by TZS 1,672mn (2021: TZS 1,604mn).
Debt Instruments at FVOCI	DCF method	Discount rate	2022:14%-16% 2021:14%-16%	Significant increase in discount rate would result in lower fair value.
		Discounted cashflow	Based on expected cash flows as per contractual terms.	A significant increase in expected net cashflow would result in higher fair value.
Financial Assets FVPL	DCF method	Discount rate	2022:14%-16% 2021:14%-16%	Significant increase in discount rate would result in lower fair value.
		Discounted cashflow	Based on expected cash flows as per contractual terms.	A significant increase in expected net cashflow would result in higher fair value.

There were no other significant unobservable inputs used other than the discount rate and prices of similar nature (per unit cost) in the measurement of fair value of equity investments and motor vehicles and mobile branches respectively as stated above, hence no interrelationship of the inputs used in the fair value measurements.

During the year, there has been no change in valuation techniques on all levels.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

1.11 Capital management

Fair value measurement is based on assumptions and inputs. During financial disruptions, the assumptions and inputs are expected to change, however volatility in prices in Tanzania market was insignificant as there was no material change on both quoted and unquoted instruments despite the outbreak of the COVID-19 pandemic. This was mainly due to strong measures taken by the Central Bank of Tanzania (BOT) to minimize the risks of the pandemic.

The Bank's objectives for managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

- To comply with the capital requirements set by the Central Bank i.e., Bank of Tanzania;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Bank of Tanzania, for supervisory purposes. The required information is filed with the Central Bank on a quarterly basis.

The Central Bank requires the Banking Group to:
(a) hold the minimum level of core capital of TZS15 billion;
(b) maintain a ratio of core capital to the risk-weighted assets plus risk-weighted off-balance sheet assets (the 'Basel ratio') at or above the required minimum of 12.5%; and
(c) Maintain total capital of not less than 14.5% of risk-weighted assets plus risk-weighted off- balance sheet items.

The Bank's regulatory capital as managed by its Finance department is divided into two tiers:

- Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. Intangible assets and prepaid expenses are deducted in arriving at Tier 1 capital: and
- Tier 2 capital: qualifying subordinated loan capital and general banking reserve

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, considering any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

Capital allocation

Management uses regulatory capital ratios to monitor its capital base. The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital is undertaken by Treasury department and is subject to review by the Group Asset and Liability Management Committee (ALCO).

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2022 and 2021. During those two periods, the Group and Bank complied with all the externally imposed capital requirements to which they are subject.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 RISK MANAGEMENT (CONTINUED)

10.11 Capital management (Continued)

Capital allocation (continued)

In TZS' Million		Group 2022	Group 2021	Group 2020	Bank 2022	Bank 2021	Bank 2020
Tier 1 capital							
Share capital		65,296	65,296	65,296	65,296	65,296	65,296
Share Premium		158,314	158,314	158,314	158,314	158,314	158,314
Retained earnings		1,196,472	943,500	735,720	1,158,830	919,841	716,469
Prepaid expenses		(34,036)	(41,600)	(31,657)	(34,036)	(38,595)	(28,234)
Deferred tax asset		(51,949)	(41,130)	(48,639)	(51,743)	(41,138)	(48,647)
Total qualifying Tier 1 capital		**1,334,097**	**1,084,380**	**879,034**	**1,296,661**	**1,063,718**	**863,198**
Tier 2 capital							
General Banking reserve		1,576	756	1,259	-	-	-
Subordinated debt		120,742	-	4,500	120,742	-	4,500
Total qualifying Tier 2 capital		**122,318**	**756**	**5,759**	**120,742**	**-**	**4,500**
Total regulatory capital		**1,456,415**	**1,085,136**	**884,793**	**1,417,402**	**1,063,718**	**867,698**
Risk-weighted assets							
On-balance sheet		5,383,546	3,910,657	4,046,435	5,273,152	3,837,829	3,969,497
Off-balance sheet		1,938,573	989,896	409,448	1,938,573	989,896	409,448
Market risk		30,928	37,262	32,271	30,928	37,262	32,271
Operational risk		508,544	519,286	470,871	508,544	519,286	461,755
Total risk-weighted assets		**7,861,591**	**5,457,1017**	**4,939,230**	**7,751,198**	**5,384,273**	**4,853,176**
Required	**Ratio**						
	%	%	%	%	%	%	%
Tier 1 capital	12.5	17.0	20.0	17.8	16.7	20.0	17.8
Tier 1 + Tier 2 capital (Total capital)	14.5	18.5	20.0	17.9	18.3	20.0	17.9

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 INTEREST AND SIMILAR INCOME

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Interest income calculated using the effective interest method						
Loans and advances to customers						
- Term loans	659,813	518,391	440,516	640,123	506,034	428,577
- Overdrafts	91,602	72,131	61,054	88,667	70,747	55,783
- Credit cards	1,088	693	166	1,088	693	166
Due from banks	18,765	8,757	5,138	17,600	8,138	5,696
Discount earned and interest on Debt instruments						
-Treasury bills	14,450	10,333	12,275	13,502	9,237	12,052
-Treasury and corporate bonds at amortised cost	106,544	111,487	110,502	83,460	95,539	95,077
-Treasury bonds at FVOCI	73,209	67,873	69,643	73,209	67,873	69,643
	965,471	**789,666**	**699,294**	**917,649**	**758,261**	**671,129**
Other interest and Similar income						
-Treasury bonds at FVPL	1,814	779	-	1,814	779	-
Total interest and similar income	**967,285**	**790,445**	**699,294**	**919,463**	**759,040**	**671,129**

12 INTEREST AND SIMILAR EXPENSE

	Group			Bank		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Interest expense calculated using the effective interest method						
Deposits from customers						
– current accounts	18,361	16,961	15,651	13,310	14,697	14,249
– savings accounts	22,030	17,508	15,147	20,365	16,229	14,297
– fixed deposits	95,648	76,596	57,710	92,861	73,342	54,678
Deposits and balances due to other banks	47,724	17,020		46,974	16,359	
Borrowings	28,727	12,563	25,390	28,727	12,563	23,441
Subordinated debt	6,982	1,591	2,407	6,982	1,591	2,407
	219,472	**142,239**	**116,305**	**209,218**	**134,781**	**109,072**
Interest expense on lease liability calculated using the effective interest method (Note 43B)	1,980	2,331	2,509	1,952	2,278	2,461
Total interest and similar expenses	**221,452**	**144,570**	**118,814**	**211,170**	**137,059**	**111,533**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 NET FEE AND COMMISSION INCOME

A) Fee and Commission Income

In TZS' Million

	Group			Bank		
Type of service	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Fee income earned from services that are provided over time:						
Service charge on customer accounts	32,834	35,190	35,157	32,206	34,602	34,500
Commission on mobile phone services	71,729	61,267	51,303	71,549	61,109	51,006
Loan Commitment fees*	8,130	9,710	9,707	8,114	9,689	9,654
VISA and master card fees	14,565	12,197	9,514	14,437	12,161	9,452
Commission on letters of credit	23,100	8,356	5,520	22,593	8,329	5,489
Fee on issue of Bank cards	18,202	15,567	12,887	18,119	15,500	12,806
Agency Banking	54,277	31,212	19,515	54,169	31,147	19,408
Point of sale fees	10,223	7,719	5,881	10,202	7,703	
Custodianship Commission	5,160	2,272	6,678	5,150	2,267	6,641
Commission on guarantees and indemnities	14,397	6,268	9,085	14,175	6,187	8,972
	252,617	**189,758**	**166,335**	**250,714**	**188,694**	**163,907**
Fee income from providing financial services at a point in time:						
Salary processing fees	3,914	4,740	5,301	3,690	4,425	4,957
Insurance Commission	27,088	10,785	8,046	26,881	9,324	1,949
Fee on local transfers and drafts	7,633	6,168		6,496	5,625	
Fee on international telegraphic transfers	2,721	1,506		516	408	
Sale of Cheque books	626	679	715	599	645	
ATM withdrawal charges	22,072	18,429	14,123	22,027	18,296	13,955
Statement Charges	1,705	1,450	1,400	1,687	1,435	1,385
Commission from TRA collections	-	381	649	-	380	646
Other fees and commissions	15,522	23,409	6,282	16,723	23,828	5,318
	81,292	**67,547**	**37,757**	**78,169**	**64,366**	**30,114**
Gross fee and commission income	**333,909**	**257,305**	**204,092**	**328,883**	**253,060**	**194,021**

13 NET FEE AND COMMISSION INCOME (CONTINUED)

* These are fees which are not integral part in the calculation of effective interest rate for the financial assets that are not at FVPL.

Disaggregation of the above fee and commission is based on whether the customer simultaneously receives and consumes the benefits provided by the Group

Contract Balances

There were no significant judgements used in determination of revenue under IFRS 15. Details of contract balances related to unearned fees and commissions are disclosed under Note 43A.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 NET FEE AND COMMISSION INCOME (CONTINUED)

A) Fee and Commission Income (continued)

Disaggregated fee and commission income

In the following table, fee, and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by type of services. The table also includes a reconciliation of the disaggregated fee and commission income with the Group's reportable segments (see Note 9).

Group

In TZS' Million

Year ended 31 December 2022

Type of service	**Corporate Banking**	**Retail Banking**	**Treasury**	**Total**
Fee income earned from services that are provided over time:				
Service charge on customer accounts	8,531	24,303	-	**32,834**
Commission on mobile phone services	18,643	53,086	-	**71,729**
Loan Commitment fees*	2,113	6,017	-	**8,130**
VISA and master card fees	3,786	10,779	-	**14,565**
Commission on letters of credit	23,100	-	-	**23,100**
Fee on issue of Bank cards	4,731	13,471	-	**18,202**
Agency Banking	14,107	40,170	-	**54,277**
Point of sale fees	2,657	7,566	-	**10,223**
Custodianship Commission	-	-	5,160	**5,160**
Commission on guarantees and indemnities	14,397	-	-	**14,397**
	92,065	**155,392**	**5,160**	**252,617**
Fee income from providing financial services at a point in time:				
Salary processing fees	1,009	2,905	-	**3,914**
Insurance Commission	6,987	20,101	-	**27,088**
Fee on local transfers and drafts	1,984	5,649	-	**7,633**
Fee on international telegraphic transfers	707	2,014	-	**2,721**
Sale of Cheque books	161	465	-	**626**
ATM withdrawal charges	5,693	16,379	-	**22,072**
Statement Charges	440	1,265	-	**1,705**
Other fees and commissions	4,915	10,618	-	**15,533**
	21,896	**59,396**	**-**	**81,292**
Gross fee and commission income	**113,961**	**214,788**	**5,160**	**333,909**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 NET FEE AND COMMISSION INCOME (CONTINUED)

A) Fee and Commission Income (continued)

Disaggregated fee and commission income
Group
In TZS' Million
Year ended 31 December 2021

Type of service	Corporate Banking	Retail Banking	Treasury	Total
Fee income earned from services that are provided over time:				
Service charge on customer accounts	9,138	26,052	-	35,190
Commission on mobile phone services	15,891	45,376	-	61,267
Loan Commitment fees*	2,518	7,192	-	9,710
VISA and master card fees	3,164	9,033	-	12,197
Commission on letters of credit	8,356	-	-	8,356
Fee on issue of Bank cards	4,038	11,529	-	15,567
Agency Banking	8,095	23,117	-	31,212
Point of sale fees	2,002	5,717	-	7,719
Custodianship Commission	-	-	2,272	2,272
Commission on guarantees and indemnities	6,268	-	-	6,268
	59,470	**128,016**	**2,272**	**189,758**
Fee income from providing financial services at a point in time:				
Salary processing fees	1,206	3,534	-	4,740
Insurance Commission	2,417	8,368	-	10,785
Fee on local transfers and drafts	1,614	4,554	-	6,168
Fee on international telegraphic transfers	421	1,085	-	1,506
Sale of Cheque books	176	503	-	679
ATM withdrawal charges	4,746	13,683	-	18,429
Statement Charges	374	1,076	-	1,450
Commission from TRA collections	98	283	-	381
Other fees and commissions	6,887	16,522	-	23,409
	17,939	**49,608**	**-**	**67,547**
Gross fee and commission income	**77,409**	**177,624**	**2,272**	**257,305**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 NET FEE AND COMMISSION INCOME (CONTINUED)

A) Fee and Commission Income (continued)

Disaggregated fee and commission income (continued)

Group

In TZS' Million
Year ended 31 December 2020

Type of service	**Corporate Banking**	**Retail Banking**	**Treasury**	**Total**
Fee income earned from services that are provided over time:				
Service charge on customer accounts	4,859	30,298	-	35,157
Commission on mobile phone services	14,704	36,599	-	51,303
Loan Commitment fees*	3,445	6,262	-	9,707
VISA and master card fees	1,724	7,790		9,514
Commission on letters of credit	5,520	-	-	5,520
Fee on issue of Bank cards	3,692	9,195	-	12,887
Agency Banking	6,393	13,122	-	19,515
Fee on local transfers and drafts	1,583	4,298	-	5,881
Point of sale fees	1,914	4,764	-	6,678
Fee on international telegraphic transfers	122	879	87	1,088
Commission on guarantees and indemnities	9,085	-	-	9,085
	53,041	**113,207**	**87**	**166,335**
Fee income from providing financial services at a point in time:				
Salary processing fees	1,429	3,872	-	5,301
Insurance Commission	2,302	5,744	-	8,046
Sale of Cheque books	72	643	-	715
ATM withdrawal charges	4,023	10,100	-	14,123
Statement Charges	399	1,001	-	1,400
Custodianship Commission	-	-	1,241	1,241
Commission from TRA collections	186	463	-	649
Other fees and commissions	1,244	4,859	186	6,282
	9,655	**26,682**	**1,427**	**37,757**
Gross fee and commission income	**204,092**	**139,889**	**1,514**	**204,092**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 NET FEE AND COMMISSION INCOME (CONTINUED)

A) Fee and Commission Income (continued)

Disaggregated fee and commission income

Bank

In TZS' Million

Year ended 31 December 2022

Type of service	**Corporate Banking**	**Retail Banking**	**Treasury**	**Total**
Fee income earned from services that are provided over time:				
Service charge on customer accounts	8,368	23,838	-	**32,206**
Commission on mobile phone services	18,596	52,953	-	**71,549**
Loan Commitment fees*	2,109	6,005	-	**8,114**
VISA and master card fees	3,753	10,684	-	**14,437**
Commission on letters of credit	22,593	-	-	**22,593**
Fee on issue of Bank cards	4,710	13,409	-	**18,119**
Agency Banking	14,078	40,091	-	**54,169**
Point of sale fees	2,652	7,550	-	**10,202**
Custodianship Commission	-	-	5,150	**5,150**
Commission on guarantees and indemnities	14,175	-	-	**14,175**
	91,034	**154,530**	**5,150**	**250,714**
Fee income from providing financial services at a point in time:				
Salary processing fees	952	2,738	-	**3,690**
Insurance Commission	6,934	19,947	-	**26,881**
Fee on local transfers and drafts	1,688	4,808	-	**6,496**
Fee on international telegraphic transfers	134	382	-	**516**
Sale of Cheque books	154	445	-	**599**
ATM withdrawal charges	5,681	16,346	-	**22,027**
Statement Charges	435	1,252	-	**1,687**
Commission from TRA collections	-	-	-	**-**
Other fees and commissions	5,149	11,124	-	**-**
	21,127	**57,042**	**-**	**78,169**
Gross fee and commission income	**112,161**	**211,572**	**5,150**	**328,883**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 NET FEE AND COMMISSION INCOME (CONTINUED)

A) Fee and Commission Income (continued)

Disaggregated of fee and commission income

Bank
In TZS' Million
Year ended 31 December 2021

Type of service	**Corporate Banking**	**Retail Banking**	**Treasury**	**Total**
Fee income earned from services that are provided over time:				
Service charge on customer accounts	8,991	25611	-	34,602
Commission on mobile phone services	15,883	45226	-	61,109
Loan Commitment fees*	2,518	7171	-	9,689
VISA and master card fees	3,161	9000	-	12,161
Commission on letters of credit	8329		-	8,329
Fee on issue of Bank cards	4,029	11471	-	15,500
Agency Banking	8,095	23052	-	31,147
Point of sale fees	2,002	5701	-	7,703
Custodianship Commission	-	-	2,267	2,267
Commission on guarantees and indemnities	6,187	-	-	6,187
	59,195	**127,232**	**2,267**	**188,694**
Fee income from providing financial services at a point in time:				
Salary processing fees	1,141	3,284	-	4,425
Insurance Commission	2,405	6,919	-	9,324
Fee on local transfers and drafts	1,462	4,163	-	5,625
Fee on international telegraphic transfers	106	302		408
Sale of Cheque books	166	479	-	645
ATM withdrawal charges	4,719	13,577	-	18,296
Statement Charges	370	1,065	-	1,435
Commission from TRA collections	98	282	-	380
Other fees and commissions	7,540	16,288	-	23,828
	18,007	46,359	-	64,366
Gross fee and commission income	**77,202**	**173,591**	**2,267**	**253,060**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 NET FEE AND COMMISSION INCOME (CONTINUED)

A) Fee and Commission Income (continued)

Disaggregated of fee and commission income

	Corporate Banking	Retail Banking	Treasury	Total
Fee income earned from services that are provided over time:				
Service charge on customer accounts	4,768	29,732	-	34,500
Commission on mobile phone services	14,638	36,368	-	51,006
Loan Commitment fees*	3,427	6,227	-	9,654
VISA and master card fees	1,713	7,739		9,452
Commission on letters of credit	5,489	-	-	5,489
Fee on issue of Bank cards	3,668	9,138	-	12,806
Agency Banking	6,358	13,050	-	19,408
Fee on local transfers and drafts	1,479	4,013	-	5,492
Point of sale fees	1,904	4,737	-	6,641
Fee on international telegraphic transfers	55	278	154	333
Commission on guarantees and indemnities	8,972	-	-	8,972
	52,471	**111,282**	**154**	**163,753**
Fee income from providing financial services at a point in time:				
Salary processing fees	1,336	3,621	-	4,957
Insurance Commission	1,058	891	-	1,949
Sale of Cheque books	68	602	-	670
ATM withdrawal charges	3,975	9,980	-	13,955
Statement Charges	395	990	-	1,385
Custodianship Commission	-	-	1,234	1,234
Commission from TRA collections	185	461	-	646
Other fees and commissions	1,226	4,067	179	5,472
	8,243	**20,612**	**1,413**	**30,268**
Gross fee and commission income	**60,714**	**131,894**	**1,567**	**194,021**

*These are fees which are not integral part in the calculation of effective interest rate for the financial liabilities that are not at FVPL.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 NET FEE AND COMMISSION INCOME (CONTINUED)

A) Fee and Commission Income (continued)

Disaggregated of fee and commission income (continued)

B) Fee and Commission Expense

	2022	2021	2020	2022	2021	2020
Commission expense Agency Banking	42,292	30,542	21,025	42,186	30,490	21,020
Commission expense Nostro transactions	8,979	6,754	3,442	8,979	6,754	3,442
Commission expense to VISA and Mastercard	18,379	13,906	11,966	18,379	13,906	11,966
Other fees and commissions	1,087	46	-	-	-	-
	70,737	**51,248**	**36,433**	**69,544**	**51,150**	**36,428**

14 FOREIGN EXCHANGE INCOME

	GROUP			BANK		
	2022 TZS' Million	2021 TZS' Million	2020 TZS' Million	2022 TZS' Million	2021 TZS' Million	2020 TZS' Million
Foreign exchange income	57,557	37,768	36,721	54,786	36,502	34,444

15 NET GAIN OR (LOSS) ON EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP			BANK		
	2022 TZS' Million	2021 TZS' Million	2020 TZS' Million	2022 TZS' Million	2021 TZS' Million	2020 TZS' Million
Financial assets measured at fair value through profit or loss*	2,613	1,447	556	1,814	546	-
Equity investment measured at fair value through profit or loss (Note 29A)	(595)	331	(485)	(595)	331	(485)
	2,018	**1,778**	**71**	**1,219**	**877**	**(485)**

*Fair value gain relating to UTT investment in Liquid fund and debt instruments held for trading that have been classified as a financial asset at FVPL.

The above amounts relate to financial instruments mandatorily measured at fair value through profit or loss.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 NET GAIN OR (LOSS) ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT FVOCI

	GROUP			BANK		
	2022 TZS' Million	2021 TZS' Million	2020 TZS' Million	2022 TZS' Million	2021 TZS' Million	2020 TZS' Million
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	44,268	31,084	19,510	44,268	31,084	19,510

17 OTHER OPERATING INCOME

	GROUP			BANK		
	2022 TZS' Million	2021 TZS' Million	2020 TZS' Million	2022 TZS' Million	2021 TZS' Million	2020 TZS' Million
Rental income* (Note 54)	92	47	54	92	47	54
Dividend income	-	38	2,934	4,344	5,171	5,604
FSDT Assets grant income (Note 45.1)	786	833	1,205	786	833	1,205
MIVARF (Note 45.2)	932	568	585	932	568	585
Loss on disposal of fixed assets	(1,712)	(78)	(581)	(1,712)	(78)	(517)
	98	**1,408**	**4,261**	**4,442**	**6,541**	**6,931**

*This represents operating leases.

18 OTHER OPERATING EXPENSES

	GROUP			BANK		
	2022 TZS' Million	2021 TZS' Million	2020 TZS' Million	2022 TZS' Million	2021 TZS' Million	2020 TZS' Million
Administrative expenses	82,654	68,571	64,993	79,405	65,586	62,209
Board Fees*	1,363	1,381	1,123	965	956	733
Board Expenses**	5,346	3,273	1,924	3,743	2,443	1,378
Auditors' fees	689	681	836	628	619	785
Communication and IT costs	36,590	33,622	28,578	36,365	33,491	28,394
Marketing and advertising expenses	14,758	12,841	10,798	13,213	12,202	10,342
Travelling costs	14,683	10,834	9,672	12,530	9,916	9,137
Utilities expenses	5,045	4,998	4,427	4,875	4,739	4,296
Repairs and Maintenance	5,837	4,805	2,484	5,460	4,665	2,359
Local taxes	4,203	2,893	3,622	4,183	2,859	3,585
Shareholders Meetings expenses***	1,243	1,232	224	1,243	1,232	223
Other expenses	6,282	5,530	3,992	5,979	5,415	3,778
	178,693	**150,661**	**132,673**	**168,589**	**144,123**	**127,219**

*Board Fee refers to the retainer fee payable to non-executive directors during the year of service on Board.
**Board expenses are all reasonable out-of-pocket expenses incurred by each non-executive director in connection with attending the meetings of the board and any committee thereof.
*** Shareholders meeting expenses are expenses associated with the Annual General meeting which is being done every year.

Other expenses include several administrative expenses whose individual amounts are very small to be disclosed separately i.e., direct sales expenses, business development expenses etc.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

During the year there were neither short term lease expense nor expense of leases of low value.

19 DEPRECIATION AND AMORTISATION

	GROUP			BANK		
	2022 TZS' Million	2021 TZS' Million	2020 TZS' Million	2022 TZS' Million	2021 TZS' Million	2020 TZS' Million
Depreciation of property and equipment (Note 36A)	48,066	40,862	32,735	47,310	39,941	32,092
Depreciation of Motor vehicles and mobile branches (Note 36B)	3,467	3,314	2,879	3,328	3,170	2,720
Amortization right-of-use assets (Note 37)	9,499	13,041	12,961	9,312	12,856	12,766
ımortization of Prepaid operating Lease (Note 38)	278	298	317	278	298	317
Amortization of intangible assets (Note 39)	9,608	9,005	9,826	9,377	8,795	9,527
	70,918	**66,52**	**58,718**	**69,605**	**65,060**	**57,422**

20 EMPLOYEE BENEFIT EXPENSES

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Salaries and wages	202,480	196,016	186,899	196,539	190,418	180,259
Bonus	17,381	13,431	19,687	16,703	13,000	19,035
Social security contributions	25,958	25,264	23,981	25,717	24,992	23,499
Gratuity	4,397	4,305	4,581	3,877	3,847	4,072
Employee separation costs	225	127	3,295	225	127	3,295
Leave allowance	15,500	15,287	14,620	15,220	14,943	14,153
Medical expenses	8,161	8,574	8,118	8,120	8,527	8,001
Staff Welfare	9,865	9,299	10,581	9,566	9,025	10,341
Skills & Development Levy	8,553	8,355	9,310	8,553	8,334	9,216
Group Personal Accident	892	811	1,373	891	809	1,337
Staff Transfers	1,624	2,357	1,495	1,539	2,314	1,380
Staff award	2,659	2,924	2,748	2,659	2,924	2,748
Staff uniforms	21	3,507	1,254	15	3,489	1,216
Workman's compensation	1,036	1,470	1,760	1,035	1,465	1,740
Retirement benefits	1,491	1,557	2,660	1,491	1,557	2,660
Other staff costs*	239	504	692	213	475	642
	300,482	**293,788**	**293,054**	**292,363**	**286,246**	**283,594**

*Other staff costs include several employee benefits expenses whose individual amount are very small to be disclosed separately i.e., condolences and burial expenses, staff recruitment associated cost etc.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 INCOME TAX

(A) Income tax expense – amount recognised in profit or loss

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Current income tax – current year*	159,840	106,910	48,965	158,178	105,601	46,160
Current income tax – prior years	(1,351)	2,695	225	(1,279)	2,695	639
Deferred tax – current year	(12,563)	10,658	21,069	(12,313)	10,658	21,069
Deferred tax – prior years	376	(1,058)	726	339	(1,058)	726
	146,302	**119,205**	**70,985**	**144,925**	**117,896**	**68,594**

*The amount includes TZS 3,762mn (2021: 1,989mn relating to tax chargeable in respect of a foreign subsidiary.

(B) Income tax recoverable

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
At 1 January	8,940	17,170	18,962	9,619	17,506	16,713
Tax recoverable derecognised due to deconsolidation of MFSCL	-	-	(1,639)	-	-	-
Payments made during the year	156,050	99,618	47,777	155,537	98,937	46,344
Charge to profit or loss	(158,489)	(109,605)	(49,190)	(156,899)	(108,296)	(46,799)
Withholding tax utilized	1,597	1,757	1,259	1,597	1,472	1,247
Closing balance	**8,098**	**8,940**	**17,169**	**9,854**	**9,619**	**17,505**

(C) Reconciliation of accounting profit to tax charge

The tax on the Group and Bank profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Profit before income tax	497,709	387,366	236,171	477,405	377,513	221,583
Tax calculated at the statutory income tax rate at 30%	149,313	116,210	70,851	143,222	113,254	66,475
Tax effect of:						
Depreciation on non-qualifying assets	639	604	410	630	604	410
Losses/(gains) on sales of non-qualifying assets	19	(17)	(6)	19	(17)	(6)
Expenses not deductible for tax purposes	1,100	769	1,505	1,099	769	1,505
Under provisions of current tax in previous years	(1,351)	2,695	639	(1,279)	2,695	639
Under/(over) provision of deferred tax in previous years	375	(1,058)	726	339	(1,058)	726
Tax on foreign subsidiary	3,762	1,989	-	3,762	1,989	-
Tax on exempted income	(2,953)	(347)	-	(2,953)	(347)	-
Dividend received	-	-	(1,067)	-	-	(1,067)
Other*	(4,602)	(1,640)	(2,073)	86	7	(88)
Income tax expense	**146,302**	**119,205**	**70,985**	**144,925**	**117,896**	**68,594**
Effective tax rate	**29%**	**31%**	**30%**	**30%**	**31%**	**31%**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 INCOME TAX (CONTINUED)

(C) Reconciliation of accounting profit to tax charge (continued)

Bank's taxation is based on consistent rate of 30% for both 2022 and 2021.

There is no change in tax rate from the previous year and no amount of temporary differences associated with investments in subsidiaries which can be found in the statement of financial position mainly because of inexistence of temporary difference and the fact that it is unlikely that the difference will be reversed in future.

*Other includes the effect of the actual lower tax rate in Burundi from the expected 30% due to existing incentives and consolidation tax adjustment.

Uncertainty over income tax treatments

There is no uncertainty over income tax treatments. The adopted tax treatment is consistent with the requirement of the tax law. It is not probable that the allowed deduction will be disallowed by the tax authority during tax audit.

22 EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit attributed to the shareholders of the Group by the weighted average number of ordinary shares outstanding as at close of the year.

	GROUP			BANK		
	2022	**2021**	**2020**	**2022**	**2021**	**2020**
Profit for the year (TZS' Million)	351,407	268,161	165,186	332,480	259,617	152,989
Number of shares ('Million)	2,612	2,612	2,612	2,612	2,612	2,612
Basic and diluted earnings per share (TZS)	134.54	102.67	63.24	127.29	99.39	58.57

There were no potentially dilutive ordinary shares outstanding as at 31 December 2022 (2021: Nil).

Diluted earnings per share is the same as basic earnings per share.

23 DISTRIBUTIONS MADE AND PROPOSED

In TZS' Million	**2022**	**2021**	**2020**
Cash dividends on ordinary shares declared: *			
Dividend declared 2021 TZS 36 per share (2020: TZS 22 per share)	94,025	57,460	44,401
Proposed dividends on ordinary shares:			
Cash dividend for 2022: TZS 45 per share (2021: TZS 36 per share)	117,533	94,025	57,464

Non-cash distribution

There was no non-cash distribution during the year (2021: NIL)

The Directors propose payment of a dividend of TZS 45 per share, amounting to TZS 117.5 billion out of 2022 profit to be ratified at the Annual General Meeting to be held in May 2023. In May 2022, dividend of TZS 36 per share, amounting to TZS 94.0 billion was approved by shareholders and paid.

Proposed dividend on ordinary shares is subject to approval at the Annual General Meeting and are not recognised as a liability as at 31 December.

*Represents cash dividends declared in 2021 and paid in 2022 and dividends declared in 2020 paid in 2021.

24 CASH AND BALANCES WITH CENTRAL BANK

In TZS' Million	GROUP			BANK		
	2022	2021	2020	2022	2021	2020
Cash in hand	379,554	311,717	307,431	367,218	304,998	303,209
Clearing accounts with Central bank	213,197	345,630	115,524	107,663	332,731	100,037
Statutory Minimum Reserves (SMR) *	389,684	231,351	229,963	389,684	231,350	229,963
	982,435	**888,698**	**652,918**	**864,565**	**869,079**	**633,209**

*In accordance with Section 44 of the Bank of Tanzania Act, 2006 and Sections 4 and 71 of the Banking and Financial Institutions Act, 2006; the Bank is required to maintain Statutory Minimum Reserves (SMR) on its total deposit liabilities and funds borrowed from the public.

The SMR deposit is required to be at least 7% of customers' total deposits and borrowings from the public and 40% of government's deposits.

The required reserve ratio determined by the Bank of the Republic of Burundi is set at 3% of the total deposit liabilities, remain unchanged from previous year.

The allowance for ECL relating to Cash and balances with Central bank in 2022 and 2021 is immaterial.

Effective from 20th June 2017, the Bank of Tanzania unified the Statutory Minimum Reserves (SMR) account with the Clearing accounts to increase flexibility in liquidity management by banks and promote sustainability and short-term interest rates.

Deposits with the Central Bank represent mandatory reserve deposits and are not available for use in the Bank's Day–to–day operations. For this reason, does not meet the criteria for cash and cash equivalent. Cash in hand and balances with Central bank are non-interest-bearing assets.

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 CASH AND BALANCES WITH CENTRAL BANK (CONTINUED)

The table below shows the credit quality for the gross carrying amount of cash and balances with central per stages 1, 2 and 3 based on the bank's internal credit rating system, and year-end stage classification.

GROUP

31 December 2022 — Amounts in TZS' Million

Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%	**982,435**	**-**	**-**	**982,435**
Standard grade	0.5%-11.7%	**-**	**-**	**-**	**-**
Sub-standard grade	11.7%-29.5%	**-**	**-**	**-**	**-**
Low grade	29.5%-100.0%	**-**	**-**	**-**	**-**
Individually impaired	100 %	**-**	**-**	**-**	**-**
Gross Carrying amount		**982,435**	**-**	**-**	**982,435**

31 December 2021 — Amounts in TZS' Million

Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%	888,698	-	-	888,698
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%		-	-	-
Gross Carrying amount		**888,698**	**-**	**-**	**888,698**

In TZS' Million

GROUP

31 December 2020	12-month PD range	Stage 1	Stage 2	Stage 3	Total
Internal rating grade					
High grade	0.0%-0.5%	652,918	-	-	652,918
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**652,918**	**-**	**-**	**652,918**

BANK

31 December 2022

Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%	864,565	-	-	864,565
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**864,565**	**-**	**-**	**864,565**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 CASH AND BALANCES WITH CENTRAL BANK (CONTINUED)

BANK 31 December 2021 In TZS' Million	12-month PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%	869,079	-	-	869,079
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%		-	-	-
Gross Carrying amount		**869,079**	**-**	**-**	**869,079**

BANK 31 December 2020 In TZS' Million	12-month PD range	Stage 1	Stage 2	Stage 3	Total
Internal rating grade					
High grade	0.0%-0.5%	633,209	-	-	633,209
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**633,209**	**-**	**-**	**633,209**

25 DUE FROM BANKS

In TZS' Million	GROUP 2022	2021	2020	2022	BANK 2021	2020
Cheques and items for clearing	1,262	750	4,544	-	10	2,035
Nostro accounts balances	118,750	121,250	168,017	124,514	117,409	167,963
Placements with other banks	575,687	372,545	190,873	589,658	326,694	213,741
Less: Allowance for ECL	(2,193)	(1,329)	(1,532)	(2,193)	(1,329)	(1,532)
	693,506	**493,216**	**361,902**	**711,979**	**442,784**	**382,207**

Maturity analysis

Redeemable on demand (within 3 months)						
Cheques and items for clearing	1,262	750	4,544	-	10	2,035
Nostro accounts balances	118,750	121,250	168,017	124,514	117,409	167,963
Placements with other banks						
Maturing within 3 months	575,687	372,545	190,873	575,301	326,694	201,897
- Maturity after 1 year	-	-		14,357	-	11,844
Less: Allowance for ECL	(2,193)	(1,329)	(1,532)	(2,193)	(1,329)	(1,532)
	693,506	**493,216**	**361,902**	**711,979**	**442,784**	**382,207**

Cheques and items for clearing	1,262	750	4,544	-	10	2,035
Nostro accounts balances	118,750	121,250	168,017	124,514	117,409	167,963
Placements maturing within 3 months	575,687	371,545	190,873	573,301	326,694	201,897
Cash and cash equivalent (Note 51)	**695,699**	**494,545**	**363,434**	**699,815**	**444,113**	**371,895**

The maturity analysis is based on the remaining periods to contractual maturity from year end.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 DUE FROM BANKS (CONTINUED)

An analysis of changes in the gross carrying amount in relation to Placements with other banks is, as follows:

	GROUP			BANK		
Placements with other banks	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
In TZS' Million						
At start of year	372,545	190,873	226,759	326,694	213,741	255,419
Additions	13,678,935	11,702,976	5,479,110	13,658,846	11,657,125	5,479,110
Matured	(13,475,793)	(11,521,30	(5,514,99	(13,395,88	(11,544,172)	(5,520,788)
At end of year	**575,687**	**372,545**	**190,873**	**89,658**	**326,694**	**213,741**
Less: Allowance for ECL	(2,116)	(1,246)	(1,454)	(2,116)	(1,246)	(1,454)
	573,571	**371,299**	**189,419**	**587,542**	**325,448**	**212,287**

- ECL for nostro accounts balances and cheques and items for clearing are immaterial.

- The placements made at the year-end 2022 were for high rated banks with low credit risk as rated by Credit rating agencies which resulted into low ECL as compared with an increase in gross carrying amount.

GROUP

Placements with other banks	**Stage 1 TZS' Million**	**Total TZS' Million**
Gross carrying amount as at 1 January 2022	372,545	372,545
New financial assets originated or purchased	13,675,892	13,675,892
Payments received and financial assets derecognised	(13,475,793)	(13,475,793)
Accrued interest	3,043	3,043
Gross carrying amount as at 31 December 2022	**575,687**	**575,687**
Loss allowance as at 31 December 2022	**2,116**	**2,116**
Gross carrying amount as at 1 January 2021	190,873	190,873
New financial assets originated or purchased	11,699,682	11,699,682
Payments received and financial assets derecognised	(11,521,304)	(11,521,304)
Accrued interest	3,294	3,294
Gross carrying amount as at 31 December 2021	**372,545**	**372,545**
Loss allowance as at 31 December 2021	**1,246**	**1,246**
Gross carrying amount as at 1 January 2020	226,710	226,710
New financial assets originated or purchased	5,478,716	5,478,716
Payments received and financial assets derecognised	(5,514,996)	(5,514,996)
Accrued interest	443	443
Gross carrying amount as at 31 December 2020	**190,873**	**190,873**
Loss allowance as at 31 December 2020	**1,454**	**1,454**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 DUE FROM BANKS (CONTINUED)

An analysis of changes in the gross carrying amount in relation to placements with other banks (continued)

BANK

Placements with other banks	**Stage 1**	**Total**
	TZS' Million	**TZS' Million**
Gross carrying amount as at 1 January 2022	326,694	326,694
New financial assets originated or purchased	13,655,803	13,655,803
Payments received and financial assets derecognised	(13,395,882)	(13,395,882)
Accrued interest		3,043
Gross carrying amount as at 31 December 2022	589,658	589,658
Loss allowance as at 31 December 2022	2,116	2,116
Gross carrying amount as at 1 January 2021	213,741	213,741
New financial assets originated or purchased	11,653,680	11,653,680
Payments received and financial assets derecognised	(11,544,172)	(11,544,172)
Accrued interest	3,445	3,445
Gross carrying amount as at 31 December 2021	**326,694**	**326,694**
Loss allowance as at 31 December 2021	**1,246**	**1,246**
Gross carrying amount as at 1 January 2020	213,741	213,741
New financial assets originated or purchased	11,653,680	11,653,680
Payments received and financial assets derecognised	(11,544,172)	(11,544,172)
Accrued interest	3,445	3,445
Gross carrying amount as at 31 December 2020	**326,694**	**326,694**
Loss allowance as at 31 December 2020	**1,246**	**1,246**

The table below shows the gross carrying amount of placements with other banks by credit risk, based on the bank's internal credit rating system, and year-end stage classification.

GROUP

In TZS' Million

31 December 2022

Internal rating grade	**12 months PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
High grade	0.0%-0.5%	-	-	-	-
Standard grade	0.5%-11.7%	575,687	-	-	575,687
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**575,687**	**-**	**-**	**575,687**

31 December 2021

Internal rating grade	**12 months PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
High grade	0.0%-0.5%	-	-	-	-
Standard grade	0.5%-11.7%	372,545	-	-	372,545
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**372,545**	**-**	**-**	**372,545**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 DUE FROM BANKS (CONTINUED)

The table below shows the gross carrying amount of placements with other banks by credit risk, based on the bank's internal credit rating system, and year-end stage classification.

GROUP

31 December 2020

Internal rating grade	**12 months PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
		In TZS' Million			
High grade	0.0%-0.5%	-	-	-	-
Standard grade	0.5%-11.7%	190,873	-	-	190,873
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**190,873**	**-**	**-**	**190,873**

BANK

31 December 2022

Internal rating grade	**12 months PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
		In TZS' Million			
High grade	0.0%-0.5%				
Standard grade	0.5%-11.7%	589,658	-	-	589,658
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**589,658**	**-**	**-**	**589,658**

31 December 2021

Internal rating grade	**12 months PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
High grade	0.0%-0.5%	-	-	-	-
Standard grade	0.5%-11.7%	326,694	-	-	326,694
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**326,694**	**-**	**-**	**326,694**

31 December 2020

Internal rating grade	**12 months PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
High grade	0.0%-0.5%	-	-	-	-
Standard grade	0.5%-11.7%	213,741	-	-	213,741
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**213,741**	**-**	**-**	**213,741**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 DUE FROM BANKS (CONTINUED)

The table below shows the gross carrying amount of nostro accounts balances and cheques and items for clearing per credit risk, based on the bank's internal credit rating system, and year-end stage classification.

GROUP

In TZS' Million

31 December 2022 **Internal rating grade**	**12 months PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
High grade	0.0%-0.5%	-	-	-	-
Standard grade	0.5%-11.7%	120,012	-	-	120,012
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**120,012**	**-**	**-**	**120,012**

31 December 2021 **Internal rating grade**	**12 months PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
High grade	0.0%-0.5%	-	-	-	-
Standard grade	0.5%-11.7%	122,000	-	-	122,000
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**122,000**			**122,000**

31 December 2020 **Internal rating grade**	**12 months PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
High grade	0.0%-0.5%	-	-	-	-
Standard grade	0.5%-11.7%	172,561	-	-	172,561
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%		-	-	-
Gross Carrying amount		**172,561**			**172,561**

BANK

In TZS' Million

31 December 2022 **Internal rating grade**	**12 months PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
High grade	0.0%-0.5%	-	-	-	-
Standard grade	0.5%-11.7%	124,514	-	-	124,514
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**124,514**	**-**	**-**	**124,514**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 DUE FROM BANKS (CONTINUED)

The table below shows the gross carrying amount of nostro accounts balances and cheques and items for clearing per credit risk, based on the bank's internal credit rating system, and year-end stage classification.

BANK

31 December 2021

Internal rating grade	**12 months PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
High grade	0.0%-0.5%	-	-	-	-
Standard grade	0.5%-11.7%	117,419	-	-	117,419
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**117,419**	**-**	**-**	**117,419**

31 December 2020

Internal rating grade	**12 months PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
High grade	0.0%-0.5%	-	-	-	-
Standard grade	0.5%-11.7%	169,998	-	-	169,998
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%		-	-	-
Gross Carrying amount		**169,998**	**-**	**-**	**169,998**

An analysis of movement of ECL is, as follows:

GROUP and BANK

In TZS' Million	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
As at 31 December 2022				
As at 1 January 2022	1,329	-	-	1,329
Charge/(release) for the period	864			864
Loss allowance as at 31 December 2022	**2,193**	**-**	**-**	**2,193**

In TZS' Million	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
As at 31 December 2021				
As at 1 January 2021	1,532	-	-	1,532
Charge/(release) for the period	(203)	-	-	(203)
Loss allowance as at 31 December 2021	**1,329**	**-**	**-**	**1,329**

In TZS' Million	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
As at 31 December 2020				
As at 1 January 2020	626	-	-	626
Charge/(release) for the period	906	-	-	906
Loss allowance as at 31 December 2020	**1,532**	**-**	**-**	**1,532**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 DUE FROM BANKS (CONTINUED)

For customer with sovereign rating portfolio the PD and LGD is determined by looking up in transition matrices for time horizon of one year, published by external rating agencies. However, when the counterparty is not rated by external rating agencies, so it has no rating, and no externally available value of PD, the Bank set up an internal model for determining the PD value where each customer is assigned a credit rating reflective of their creditworthiness by using Analytic Hierarchy Process (AHP) which is a multi-criteria decision-making method based on mathematics and credit risk analysis rather than using the general country rating PD for each counterpart not rated. The counterparties PD range from 0.5% to 11.7%.

26 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP			BANK		
	2022	2021	2020	2022	2021	2020
In TZS' Million						
UTT Investment in Liquid Fund	6,286	6,290	5,572	-	-	-
Financial Assets held for trading	16,417	20,807	-	16,417	20,807	-
Watumishi Faida Fund	1,000	-	-	1,000	-	-
	23,703	**27,097**	**5,572**	**17,417**	**20,807**	**-**

- The total amount includes Group's subsidiary CRDB Insurance Brokerage Company Ltd investment in UTT Liquid Fund Unit Trust Scheme for the purpose of cashflow management. Management elected the designation of the financial assets at FVPL since initial recognition as required by IFRS 9 and no changes of classification at the reporting date. The financial asset is not held for trading.
- The carrying amount for financial assets held for trading best represent maximum exposure to credit risk.
- Watumishi faida fund relate to the investment made to Watumishi Housing investments (WHI) (Faida Fund) 10million units at TZS 100 per units.

27 DEBT INSTRUMENTS

In TZS' Million	2022	2021	2020	2022	2021	2020
	GROUP			BANK		
Debt instruments at amortized cost						
Treasury bills	515,200	303,606	144,751	451,535	283,103	124,036
Treasury and corporate bonds	969,121	899,258	851,305	697,066	718,730	719,512
Less: Allowance for ECL	(353)	(271)	(232)	(353)	(270)	(301)
	1,483,968	**1,202,593**	**995,824**	**1,148,248**	**1,001,563**	**843,316**
Debt instruments at FVOCI						
Treasury bond	786,225	424,232	501,074	786,225	424,232	501,074
Less: Allowance for ECL	(107)	(72)	(69)	(107)	(72)	(69)
	786,118	**424,160**	**501,005**	**786,118**	**424,160**	**501,005**

Treasury bills and bonds are debt securities issued by the Government. As at 31 December 2022, treasury bonds amounting to TZS 450,449 million (2021: TZS 293,152 million) had been pledged as collateral for various short-term borrowings from other Banks.
The fair value of the Treasury bills and bonds pledged as collateral approximate the carrying amount. In case of default, the lender has the rights over the debt securities pledged by the Bank.
The Bank did not have any debt instrument measured at FVOCI which were pledged as collateral as at 31 December 2022 (2021: Nil). As at 31 December, there were neither transferred financial assets nor repurchase and securities lending transactions (2021: Nil).

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 DEBT INSTRUMENTS (CONTINUED)

The maturity analysis of debt instruments net of ECL is as follows:

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Maturing within 3 months						
Treasury bills	143,700	16,308	35,119	143,700	12,860	4,984
Treasury bonds	7,995	40,155	13,383	7,995	35,515	38,926
Maturing after 3 months - 12 months						
Treasury bills	307,770	274,104	119,035	307,770	270,353	119,035
Treasury bonds	110,601	275,278	47,987	110,601	103,936	47,987
Maturing after 12 months						
Treasury bonds	1,700,020	1,020,908	780,300	1,364,300	1,003,059	632,384
	2,270,086	**1,626,753**	**995,824**	**1,934,366**	**1,425,723**	**843,316**
Current	570,066	605,845	215,523	570,066	422,664	210,932
Non-current	1,700,020	1,020,908	780,301	1,364,300	1,003,059	632,384
	2,270,086	**1,626,753**	**955,698**	**1,934,366**	**1,425,723**	**843,316**

All debt instruments for the Group and Bank measured at FVOCI are non-current.

An analysis of changes in the gross carrying amount in relation to debt instruments for the Group is, as follows:

GROUP **In TZS' Million**	**Amortised Cost**		**FVOCI**	**Total**
31 December 2022	**Treasury bills**	**Treasury and Corporate bonds**		
At start of year	303,606	899,258	424,232	1,627,096
New financial assets purchased	512,696	185,825	665,731	1,364,252
Accrued interest	7,877	25,975	16,376	50,228
Payments received and financial assets derecognised	(308,979)	(141,937)	(381,003)	(831,919)
Revaluation gains on debt instrument at FVOCI	-	-	60,889	60,889
At end of year	515,200	969,121	786,225	2,270,546
Less: Allowance for ECL	(64)	(289)	(107)	(460)
Net debt instruments	**515,136**	**968,832**	**786,118**	**2,270,086**
31 December 2021				
At start of year	144,751	851,305	501,074	1,497,130
New financial assets purchased	295,690	88,420	29,404	413,514
Accrued interest	7,916	25,093	13,431	46,440
Payments received and financial assets derecognised	(144,751)	(65,560)	(177,180)	(387,492)
Revaluation gains on debt instrument at FVOCI	-	-	57,503	57,503
At end of year	303,606	899,258	424,232	1,627,095
Less: Allowance for ECL	(39)	(232)	(72)	(342)
Net debt instruments	**303,567**	**899,026**	**424,160**	**1,626,753**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 DEBT INSTRUMENTS (CONTINUED)

In TZS' Million	Amortised Cost		FVOCI	Total
31 December 2020	Treasury bills	Treasury and Corporate bonds		
At start of year	211,894	732,061	477,434	1,421,389
New financial assets purchased	144,751	115,127	318,619	578,497
Accrued interest	-	20,549	16,304	36,853
Payments received and financial assets derecognised	(211,894)	(16,432)	(334,338)	(562,664)
Revaluation gain on debt instrument at FVOCI	-	-	23,055	23,055
At end of year	**144,751**	**851,305**	**501,074**	**1,497,130**
Less: Allowance for ECL	(17)	(215)	(69)	(301)
Net debt instruments	**144,734**	**851,090**	**501,005**	**1,496,829**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 DEBT INSTRUMENTS (CONTINUED)

An analysis of changes in the gross carrying amount in relation to debt instruments for the Bank is, as follows:

BANK

In TZS' Million	**Amortised Cost**		**FVOCI**	**Total**
31 December 2022	**Treasury bills**	**Treasury and Corporate bonds**		
At start of year	283,103	718,730	424,232	1,426,065
New financial assets purchased	463,993	124,450	665,731	1,254,174
Accrued interest	7,549	20,026	16,376	43,951
Payments received and financial assets derecognised	(303,110)	(166,140)	(381,003)	(850,253)
Revaluation gains on debt instrument at FVOCI	-	-	60,889	60,889
At end of year	**451,535**	**697,066**	**786,225**	**1,934,826**
Less: Allowance for ECL	(64)	(289)	(107)	(460)
Net debt instruments	**451,471**	**696,777**	**786,118**	**1,934,366**
As at 31 December 2021				
At start of year	124,036	719,512	501,074	1,344,622
New financial assets purchased	275,721	40,836	29,404	345,961
Accrued interest	7,382	19,325	13,431	40,138
Payments received and financial assets derecognised	(124,036)	(60,943)	(177,180)	(362,159)
Revaluation gains on debt instrument at FVOCI	-	-	57,503	57,503
At end of year	**283,103**	**718,730**	**424,232**	**1,426,065**
Less: Allowance for ECL	(39)	(231)	(72)	(342)
Net debt instruments	**283,064**	**718,499**	**424,160**	**1,425,723**

In TZS' Million	**Amortised Cost**		**FVOCI**	**Total**
31 December 2020	**Treasury bills**	**Treasury and Corporate bonds**		
At start of year	207,251	605,253	477,434	1,289,938
New financial assets purchased	124,036	111,523	318,619	554,178
Accrued interest	-	17,154	16,304	33,458
Payments received and financial assets derecognised	(207,251)	(14,418)	(334,338)	(556,007)
Revaluation gain on debt instrument at FVOCI	-	-	23,055	23,055
At end of year	**124,036**	**719,512**	**501,074**	**1,344,622**
Less: Allowance for ECL	(17)	(215)	(69)	(301)
Net debt instruments	**124,019**	**719,297**	**501,005**	**1,344,321**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 DEBT INSTRUMENTS (CONTINUED)

Debt instruments measured at amortised cost

An analysis of changes in the gross carrying amount in relation to debt instruments at amortised cost is, as follows:

GROUP
In TZS' Million

31 December 2022	Stage 1		
Debt instruments at amortised cost	**Treasury bills**	**Treasury and Corporate bonds**	**Total**
Gross carrying amount as at 1 January 2022	303,606	899,258	1,202,864
New financial assets originated or purchased	512,696	185,825	698,521
Accrued interest	7,877	25,975	33,852
Payments received and financial assets derecognised	(308,979)	(141,937)	(450,916)
Gross carrying amount as at 31 December 2022	**515,200**	**969,121**	**1,484,321**
Loss allowance as at 31 December 2022	**(64)**	**(289)**	**(353)**
31 December 2021			
Gross carrying amount as at 1 January 2021	144,751	851,305	996,056
New financial assets originated or purchased	295,690	88,420	384,110
Accrued interest	7,916	25,093	33,009
Payments received and financial assets derecognised	(144,751	(65,560)	(210,311)
Gross carrying amount as at 31 December 2021	**303,606**	**899,258**	**1,202,864**
Loss allowance as at 31 December 2021		**(232)**	**(271)**
31 December 2020			
Debt instruments at amortised cost			
Gross carrying amount as at 1 January 2020	211,894	732,061	943,955
New financial assets originated or purchased	144,751	115,127	259,878
Accrued interest	-	20,549	20,549
Payments received and financial assets derecognised	(211,894)	(16,432)	(228,326)
Gross carrying amount as at 31 December 2020	**144,751**	**851,305**	**996,056**
Loss allowance as at 31 December 2020	**(17)**	**(215)**	**(232)**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 DEBT INSTRUMENTS (CONTINUED)

BANK
In TZS' Million
Stage 1
In TZS' Million

31 December 2022	**Treasury bills**	**Treasury and Corporate bonds**	**Total**
Gross carrying amount as at 1 January 2022	283,103	718,730	1,001,833
New financial assets originated or purchased	463,993	124,450	588,443
Accrued interest	7,549	20,026	27,575
Payments received and financial assets derecognised	(303,110)	(166,140)	(469,250)
Gross carrying amount as at 31 December 2022	**451,535**	**697,066**	**1,148,601**
Loss allowance as at 31 December 2022		**(289)**	**(353)**
31 December 2021			
Gross carrying amount as at 1 January 2021	124,036	719,512	843,548
New financial assets originated or purchased	275,721	40,836	316,557
Accrued interest	7,382	19,325	19,325
Payments received and financial assets derecognised	(124,036)	(60,943)	(177,597)
Gross carrying amount as at 31 December 2021	**283,103**	**718,730**	**1,001,833**
Loss allowance as at 31 December 2021	**(39)**	**(231)**	**(270)**
31 December 2020			
Gross carrying amount as at 1 January 2020	207,25	605,253	812,504
New financial assets originated or purchased	124,036	111,523	235,559
Accrued interest	-	17,154	17,154
Payments received and financial assets derecognised	(207,251)	(14,418)	(221,669)
Gross carrying amount as at 31 December 2020	**124,036**	**719,512**	**843,548**
Loss allowance as at 31 December 2020	**(17)**	**(215)**	**(232)**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 DEBT INSTRUMENTS (CONTINUED)

The table below shows the gross carrying amount of the debt instruments measured at amortised cost by credit risk, based on the bank's internal credit rating system, and year-end stage classification.

GROUP

				Amounts in TZS' Million	
Internal rating grade	**12 months PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
31 December 2022					
High grade	0.0%-0.5%	1,484,321	-	-	1,484,321
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**1,484,321**	**-**	**-**	**1,484,321**
31 December 2021					
High grade	0.0%-0.5%	1,202,864	-	-	1,202,864
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%		-	-	-
		-			
Gross Carrying amount		**1,202,864**	**-**	**-**	**1,202,864**
31 December 2021					
High grade	0.0%-0.5%	996,056	-	-	996,056
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**996,056**	**-**	**-**	**996,056**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 DEBT INSTRUMENTS (CONTINUED)

BANK
31 December 2022

Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%	1,148,601	-	-	1,148,601
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**1,148,601**	**-**	**-**	**1,148,601**

31 December 2021

Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%	1,001,833	-	-	1,001,833
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**1,001,833**	**-**	**-**	**1,001,833**

31 December 2020

Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%	843,548	-	-	843,548
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	
Gross Carrying amount		**843,548**	**-**	**-**	**843,548**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 DEBT INSTRUMENTS (CONTINUED)

Debt instruments measured at amortised cost

An analysis of movement of ECL in relation to Debt instruments at amortised cost is, as follows:

GROUP AND BANK

In TZS' Million	Stage 1 Treasury bills	Treasury and Corporate bonds	Total
31 December 2022			
As at 1 January 2022	**39**	**232**	**271**
Charge/(release) for the period		**57**	**82**
Loss allowance as at 31 December 2022	**64**	**289**	**353**
As at 31 December 2021			
As at 1 January 2021	17	215	232
Charge/(release) for the period	22	17	39
Loss allowance as at 31 December 2021	**39**	**232**	**271**
As at 31 December 2020			
As at 1 January 2020	893	1,791	2,132
Charge/(release) for the period	(11)	44	22
Changes in model/assumptions	(865)	(1,620)	(2,485)
Loss allowance as at 31 December 2022	**17**	**215**	**232**

Debt instruments measured at FVOCI

An analysis of changes in the gross carrying amount in relation to Debt instruments at FVOCI is, as follows:

GROUP AND BANK

Debt instruments at FVOCI In TZS' Million	Stage 1	Total
31 December 2022		
Gross carrying amount as at 1 January 2022	**424,232**	**424,232**
New financial assets originated or purchased	665,731	665,731
Accrued Interest	16,376	16,376
Payments received and financial assets derecognised	(381,003)	(381,003)
Revaluation gains on debt instrument at FVOCI	60,8[illegible]	47,654
Gross carrying amount as at 31 December 2022	**786,225**	**786,225**
Loss allowance as at 31 December 2022	**(107)**	**(107)**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 DEBT INSTRUMENTS (CONTINUED)

GROUP AND BANK

In TZS' Million	Stage 1	Total
31 December 2021		
Gross carrying amount as at 1 January 2021	501,074	501,074
New financial assets originated or purchased	29,404	29,404
Accrued Interest	13,431	13,431
Payments received and financial assets derecognised	(177,180)	(177,180)
Revaluation gains on debt instrument at FVOCI	57,503	57,503
Gross carrying amount as at 31 December 2021	**424,232**	**424,232**
Loss allowance as at 31 December 2021	**(72)**	**(72)**
31 December 2020		
Gross carrying amount as at 1 January 2020	477,434	477,434
New financial assets originated or purchased	334,923	334,923
Payments received and financial assets derecognised	(334,338)	(334,338)
Revaluation gain on debt instrument at FVOCI	23,055	23,055
Gross carrying amount as at 31 December 2020	**501,074**	**501,074**
Loss allowance as at 31 December 2020	**(69)**	**(69)**

The table below shows the fair value of the debt instruments measured at FVOCI by credit risk, based on the bank's internal credit rating system, and year-end stage classification.

GROUP AND BANK

In TZS' Million

Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
31 December 2022					
High grade	0.0%-0.5%	786,225	-	-	786,225
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**786,225**	**-**	**-**	**786,225**
31 December 2021					
High grade	0.0%-0.5%	424,232	-	-	424,232
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**424,232**	**-**	**-**	**424,232**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 DEBT INSTRUMENTS (CONTINUED)

Debt instruments measured at FVOCI

The table below shows the fair value of the debt instruments measured at FVOCI by credit risk, based on the bank's internal credit rating system, and year-end stage classification.

GROUP AND BANK

31 December 2020		In TZS' Million			
Internal rating grade	**12 months PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
High grade	0.0%-0.5%	501,074	-	-	501,074
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**501,074**	**-**	**-**	**501,074**

In relation to grading of debt instruments measured at amortised cost and FVOCI, the Bank suggests that 'investment grade' rating which is classified as high grade under the Bank's internal rating system as an indicator for a low credit risk and use PD rate of 0.03% and LGD of 45% as recommended by Basel for non-collateralized facility.

An analysis of movement of ECL in relation to Debt instruments measured at FVOCI is, as follows:

GROUP AND BANK

In TZS' Million	FVOCI	Total
31 December 2022		
As at 1 January 2022	72	72
Charge/(release) for the period	35	35
Loss allowance as at 31 December 2022	**107**	**107**
31 December 2021		
As at 1 January 2021	69	69
Charge for the period	3	3
Loss allowance as at 31 December 2021	**72**	**72**
31 December 2020		
As at 1 January 2020	1,342	1,342
Charge for the period	28	28
Changes in model/assumptions**	(1,301)	(1,301)
Loss allowance as at 31 December 2020	**69**	**69**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 CREDIT CARDS

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to credit cards is, as follows

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Carrying amount	1,812	1,973	1,919	1,812	1,973	1,919
Less: Allowance for ECL	(564)	(129)	(1,390)	(564)	(129)	(1,390)
Net Credit cards	**1,248**	**1,844**	**529**	**1,248**	**1,844**	**529**

An analysis of credit cards based on internal rating are summarised as follows:

GROUP AND BANK

In TZS' Million

Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
31 December 2022				
Current	1,640	-	-	1,640
Especially mentioned	-	58	-	58
Sub-standard	-	-	71	71
Doubtful	-	-	18	18
Loss	-	-	25	25
Gross Carrying amount	**1,640**	**58**	**114**	**1,812**
Less: Allowance for ECL	(455)	(20	(89)	(564)
Net Credit cards	**1,185**	**38**	**25**	**1,248**
31 December 2021				
Current	1,849	-	-	**1,849**
Especially mentioned	**-**	17	-	**17**
Sub-standard	**-**	**-**	14	**14**
Doubtful	**-**	**-**	44	**44**
Loss	**-**	**-**	49	**49**
Gross Carrying amount	**1,849**	**17**	**107**	**1,973**
Less: Allowance for ECL	**(44)**	**(6)**	**(79)**	**(129)**
Net Credit cards	**1,805**	**11**	**28**	**1,844**
31 December 2020				
Current	515	-	-	**515**
Especially mentioned	-	35	-	**35**
Sub-standard	-	81	-	**81**
Doubtful	-	-	-	**-**
Loss	-	-	1,288	**1,288**
Gross Carrying amount	**515**	**116**	**1,288**	**1,919**
Less: Allowance for ECL	(10)	(92)	(1,288)	(1,390)
Net Credit cards	**505**	**24**	**-**	**5,29**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 CREDIT CARDS (CONTINUED)

An analysis of changes in the gross carrying amount in relation to credit cards is, as follows:

GROUP AND BANK

In TZS' Million **31 December 2022**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 1 January 2022	1,849	17	107	1,973
Changes in the gross carrying amount				
-Transfer to stage 1	38	(6)	(32)	-
-Transfer to stage 2	(216)	217	(1)	-
-Transfer to stage 3	(331)	-	331	-
New financial assets purchased	489	-	-	489
Accrued interest	295	54	61	410
Payment received and financial statements derecognised	(484)	(224	(352	(1,060)
Gross carrying amount as at 31 December 2022	**1,640**	**58**	**114**	**1,812**
Loss allowance as at 31 December 2022	**455**	**20**	**89**	**564**
31 December 2021				
Gross carrying amount as at 1 January 2021	515	116	1,288	1,919
Changes in the gross carrying amount				
-Transfer to stage 1	128	(80)	(48)	-
-Transfer to stage 2	(1)	1	-	-
-Transfer to stage 3	(155)	(8)	163	-
New financial assets originated	1,411	-	-	1,411
Accrued interest	15	-	-	15
Payments received and financial assets derecognised	(64)	(12)	(8)	(84)
Write off	-	-	(1,288)	(1,288)
Gross carrying amount as at 31 December 2021	**1,849**	**17**	**107**	**1,973**
Loss allowance as at 31 December 2021	**44**	**6**	**79**	**129**
Gross carrying amount as at 1 January 2020	1,335	-	-	1,335
Changes in the gross carrying amount				
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(47)	47	-	-
-Transfer to stage 3	(1,288)	-	1,288	-
New financial assets purchased	4,004	69	-	4,073
Accrued interest	14	-	-	14
Payments received and financial assets derecognised	(3,503)	-	-	(3,503)
Gross carrying amount as at 31 December 2020	**515**	**116**	**1,288**	**1,919**
Loss allowance as at 31 December 2020	**10**	**92**	**1,288**	**1,390**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 CREDIT CARDS (CONTINUED)

An analysis of changes in the corresponding ECL allowances in relation to credit cards is, as follows:

GROUP AND BANK
In TZS' Million

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 1 January 2022	44	6	79	129
Change in the loss allowance				
-Transfer to stage 1	26	(2)	(24)	-
-Transfer to stage 2	-	1	(1)	-
-Transfer to stage 3	(1)	-	1	-
New financial assets originated	73	-	-	73
Financial assets derecognized	(2)	(4)	(25)	(31)
Impact on ECL transfers	315	19	59	393
Loss allowance as at 31 December 2022	**455**	**20**	**89**	**564**

In TZS' Million

31 December 2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 1 January 2021	10	92	1,288	1,390
Change in the loss allowance				
-Transfer to stage 1	55	(9)	(46)	-
-Transfer to stage 2	-	-	-	-
-Transfer to stage 3	(29)	(67)	96	-
New financial assets originated	59	-	-	59
Financial assets derecognized	(13)	(12)	(5)	(30)
Impact on ECL transfers	(38)	2	33	(2)
Write-off	-	-	(1,288)	(1,288)
Loss allowance as at 31 December 2021	**44**	**6**	**79**	**129**

31 December 2020				
Loss allowance as at 1 January 200	23	-	-	23
Change in the loss allowance				
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	-	-	-	-
-Transfer to stage 3	(23)	-	23	-
New financial assets purchased	10	92	-	102
Impact on ECL transfers	-	-	1,265	1,265
New financial assets originated or purchased	-	-	-	-
Loss allowance as at 31 December 2020	**10**	**92**	**1,288**	**1,390**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 CREDIT CARD (CONTINUED)

An analysis of movement of ECL in relation to Credit Card is, as follows:

GROUP AND BANK

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
31 December 2022				
As at 1 January 2022	44	6	79	129
Charge/(release) for the period	411	14	10	435
Loss allowance as at 31 December 2022	**455**	**20**	**89**	**564**
31 December 2021				
As at 1 January 2021	10	92	1,288	1,390
Charge/(release) for the period	34	(86)	(630)	(682)
Write off	-	-	(579)	(579)
Loss allowance as at 31 December 2021	**44**	**6**	**79**	**129**
31 December 2020				
As at 1 January 2020	23	-	-	23
Charge/(release) for the period	(13)	92	1,288	1,367
Write off	-	-	-	-
Loss allowance as at 31 December 2021	**10**	**92**	**1,288**	**1,390**

29A EQUITY INVESTMENTS AT FVPL

	GROUP			**BANK**		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
At 1 January	2,886	2,555	3,040	2,886	2,555	3,040
Revaluation gain/ (loss)	(595)	331	(485)	(595)	331	(485)
At 31 December	**2,291**	**2,886**	**2,555**	**2,291**	**2,886**	**2,555**

TACOBA is a community Bank limited by shares operating in Tandahimba district council, Mtwara region since 2008. The Bank had more than 5,800 customers as at 31 December 2022, mainly being savings and time deposits. The percentage shareholding of the Bank in TACOBA as at 31 December 2022 was 7.7% (2021 and 2020: 7.7%). The Group holds 3.2 million preference shares and 100,000 ordinary shares of TACOBA with a total value of TZS 2,291 million (2021: TZS 2,886 million and 2020: TZS 2,555 million). The cumulative change in fair value of the financial assets at FVPL due to changes in market condition amounts to a loss of TZS 869 million (2021: TZS 274 million and 2020: TZS 645 million).

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The investment is measured at FVPL since initial recognition as permitted by IFRS 9 and no changes of classification at the reporting date. The equity investment is not held for trading.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29B EQUITY INVESTMENTS AT FVOCI

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Investment in Tanzania Mortgage Refinance Company (TMRC)	4,866	4,866	3,795	4,866	4,866	3,795
Investment in Dar es Salaam Stock Exchange (DSE)	557	426	288	557	426	288
Investment in Kilimanjaro Community Bank (KCBL)	6,108	5,187	4,405	6,108	5,187	4,405
Burundi National switch	-	116	135	-	-	-
	11,644	**10,595**	**8,623**	**11,531**	**10,479**	**8,488**

Tanzania Mortgage Refinance Company (TMRC) is a private sector institution owned by banks with the sole purpose of supporting banks to do mortgage lending by refinancing Banks' mortgage portfolios. The percentage shareholding of the Bank in TMRC as at 31 December 2022 was 17.14% (2021: 17.14%).

Dar es Salaam Stock Exchange (DSE) is a stock exchange located in Dar es Salaam, incorporated in September 1996 and trading started in April 1998. The activities of the exchange are monitored and supervised by the Capital Market and Securities Authority (CMSA). The percentage shareholding of the Bank in DSE as at 31 December 2022 was 1.6% (2021: 1.6%).

Kilimanjaro Cooperative Bank Limited (KCBL) was registered under Cooperative Societies Act, 1991 (Revised in 2003 and 2013) and was granted banking license no. CBA 008 on 4th August 1995 to operate as a community bank in Kilimanjaro Region. The bank started operations on 10th July 1996, becoming the first Cooperative Bank in the country, 100% owned by Tanzanians. The bank's target market are individuals and cooperative societies including AMCOS and SACCOS.

The percentage shareholding of the Bank in KCBL as at 31 December 2022 was 51% (2021: 51%). CRDB Bank PLC have no control over KCBL.

Burundi National switch is a company limited by shares whose shareholders are the members of the Burundi Bankers Association and the Bank of Republic of Burundi. The percentage shareholding of the Group in Burundi National switch as at 31 December 2022 was 0.52% (2021: 0.52%).

The FVOCI designation was made because the investments are expected to be held for the long term for strategic purposes.

The Group did not receive dividend from its FVOCI equities in 2022 (2021: 38 million). The Bank did not dispose-off or derecognize any FVOCI equity instruments in 2022.

The Bank did not have any debt instruments measured at FVOCI which were pledged as collateral as at 31 December 2022 (2021: nil).

The fair value of unquoted equity investments (KCBL) is estimated using discounted cash flow techniques. The following methods and assumptions were used to estimate fair values:

- The cash flow projection of the investment for the remaining period has been considered as at 31 December 2022.
- A discount rate of 16% per annum as a weighted average lending rate and average Treasury bond rate between 2-5 years.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29B EQUITY INVESTMENTS AT FVOCI (CONTINUED)

The Group held the following shares in the above equity investment as at 31 December 2022, 2021 and 2020:

Investment	Number of shares	Value of shares (TZS' Million)
Tanzania Mortgage Refinance Company (TMRC)	3,000,000	4,866
Dar es Salaam Stock Exchange (DSE)	327,632	557
Burundi National switch	10,000	113
Kilimanjaro Cooperative Bank (KCBL)*	1,400,000	6,108

* The shares held by the Group in KCBL are preference shares.

30 LOANS AND ADVANCES TO CUSTOMERS

GROUP

As at 31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
In TZS' Million				
Corporate	2,904,920	170,534	109,430	3,184,884
SME	603,343	66,389	42,474	712,206
Microfinance	127,823	3,754	4,546	136,123
Mortgage	53,545	4,763	2,328	60,636
Personal	2,899,59	16,56	31,28	2,947,440
Gross loans and advances to customers	**6,589,228**	**262,001**	**190,060**	**7,041,289**
Less: Provision for impairment	(26,480)	(25,438	(112,862	(164,780)
Net loans and advances to customers	**6,562,748**	**236,563**	**77,198**	**6,876,509**
As at 31 December 2021				
Corporate	1,842,800	210,471	86,876	2,140,147
SME	467,675	58,235	35,160	561,070
Microfinance	106,286	3,159	3,769	113,214
Mortgage	47,569	5,709	3,667	56,945
Personal	2,261,00	15,44	27,43	2,303,886
Gross loans and advances to customers	**4,725,336**	**293,018**	**156,908**	**5,175,262**
Less: Provision for impairment	(41,689)	(27,221	(65,984	(134,894)
Net loans and advances to customers	**4,683,647**	**265,797**	**90,924**	**5,040,368**
As at 31 December 2020				
Corporate	1,152,644	221,670	109,886	1,484,200
SME	371,053	69,103	35,510	475,666
Mortgage	38,534	7,882	4,198	50,614
Personal	1,930,869	24,122	27,806	1,982,797
Microfinance	78,765	2,037	1,525	82,327
Gross loans and advances to customers	**3,571,865**	**324,814**	**178,925**	**4,075,604**
Less: Provision for impairment	(38,745)	(12,280)	(95,483)	(146,508)
Net loans and advances to customers	**3,533,120**	**312,534**	**83,442**	**3,929,096**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

BANK
As at 31 December 2022

	Stage 1	Stage 2	Stage 3	Total
Corporate	2,860,070	170,366	107,250	3,137,686
SME	599,371	66,221	41,819	707,411
Microfinance	121,420	3,706	4,545	129,671
Mortgage	53,545	4,763	2,328	60,636
Personal	2,790,76	13,47	30,67	2,834,917
Gross loans and advances to customers	**6,425,170**	**258,534**	**186,617**	**6,870,321**
Less: Provision for impairment	(26,392	(25,349	(112,562	(164,303)
Net loans and advances to customers	**6,398,778**	**233,185**	**74,055**	**6,706,018**

As at 31 December 2021

	Stage 1	Stage 2	Stage 3	Total
Corporate	1,795,322	209,722	86,726	2,091,770
SME	464,471	57,908	34,834	557,213
Mortgage	96,507	3,159	3,767	103,433
Personal	47,569	5,709	3,667	56,945
Microfinance	2,186,52	15,01	27,27	2,228,810
Gross loans and advances to customers	**4,590,389**	**291,512**	**156,270**	**5,038,171**
Less: Provision for impairment	(41,725	(27,200	(65,79	(134,723)
Net loans and advances to customers	**4,548,664**	**264,312**	**90,472**	**4,903,448**

As at 31 December 2020

	Stage 1	Stage 2	Stage 3	Total
Corporate	1,147,122	220,734	109,702	1,477,558
SME	369,249	69,080	35,328	473,657
Mortgage	32,367	7,882	4,198	44,447
Personal	1,876,171	24,392	27,238	1,927,801
Microfinance	71,271	2,037	1,524	74,832
Gross loans and advances to customers	**3,496,180**	**324,125**	**177,990**	**3,998,295**
Less: Provision for impairment	(38,731)	(12,279)	(95,127)	(146,137)
Net loans and advances to customers	**3,457,449**	**311,846**	**82,863**	**3,852,158**

Despite the current macroeconomic and geopolitical uncertainties, credit portfolio performance has been relatively stable in the year 2022. There has been notable improvement in credit portfolio performance in the year 2022 compared to 2021 as evidenced by decrease in non-performing loan (NPL) ratio of 2.8% in December 2022 compared to 3.3% in December 2021. The Bank has attained this through establishing pro-active portfolio monitoring strategies through containment of migration, automatic identification of early warning signals and take corrective actions, strategic growth in portfolio with higher yield but lower credit risk such as consumer loans, de-risking strategy, timely restructuring of credit facilities to align with the anticipated cash flows and writing off accounts in line with BOT guidelines.

In 2022, the Group and Bank did not acquire a portfolio categorised as POCI.

The contractual amount outstanding on financial assets written off by the Bank as at 31 December 2022 and that are still subject to enforcement activity was TZS 42,338 million (2021: TZS 66,402 million).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Maturity analysis

The maturity analysis is based on the remaining periods to contractual maturity from year end.

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
- Maturity within 3 months	1,039,895	434,169	229,870	913,083	433,467	229,870
- Maturing after 3 months but within 12 months	1,257,138	652,671	556,327	1,134,392	645,717	556,327
- Maturity after 1 year	4,579,476	3,953,528	3,142,899	4,658,543	3,824,264	3,065,961
Net loans and advances to customers	**6,876,509**	**5,040,368**	**3,929,096**	**6,706,018**	**4,903,448**	**3,852,158**

Analysis by geographical location.

The Bank categorises loans and advances to customers into 6 regions of loan origination for the purpose of regulatory reporting to the Bank of Tanzania.

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Dar es Salaam zone	3,014,655	2,812,822	2,024,566	3,190,464	2,812,823	1,753,675
Mbeya zone	779,597	504,257	463,996	779,597	504,257	402,863
Lake zone	1,177,825	750,232	712,554	1,177,825	750,232	618,673
Zanzibar zone	599,866	463,847	374,187	599,866	463,847	324,887
Arusha zone	1,122,569	507,014	442,443	1,122,569	507,012	384,150
Burundi	346,7'	137,090	61,336	-	-	-
Gross loans and advances to customers	**7,041,289**	**5,175,262**	**4,079,082**	**6,870,321**	**5,038,171**	**3,484,248**

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The composition of the zones is as follows:

Zone	**Component regions**
Dar es Salaam zone	All Dar es Salaam branches
Lake zone	Kagera, Kigoma, Mara, Mwanza, Simiyu, Geita, Shinyanga, Tabora and Singida.
Mbeya zone	Mbeya, Sumbawanga Njombe, Katavi, Rukwa, Ruvuma and Mbeya.
Zanzibar zone	Coast, Unguja, Lindi, Morogoro and Mtwara.
Arusha zone	Arusha, Kilimanjaro, Manyara,Tanga and Dodoma.
Burundi zone	Bujumbura.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Analysis of impairment by industry;

In TZS' Million	GROUP 2022	GROUP 2021	GROUP 2020	BANK 2022	BANK 2021	BANK 2020
Agriculture	41,685	22,515	49,143	41,665	22,515	49,143
Building and Construction	4,739	4,566	5,745	4,736	4,566	5,744
Education	15,032	10,709	497	15,032	10,707	497
Financial Intermediaries	112	108	1,087	99	108	1,077
Hotels and restaurants	1,217	286	2,261	1,216	282	2,261
Manufacturing	272	6,035	2,732	264	6,035	2,732
Mortgage	1,989	2,397	1,746	1,989	2,397	1,746
Personal (Private)	43,283	56,578	60,748	42,976	56,576	60,744
Real Estate	16,769	4,709	2,126	16,766	4,705	2,126
Trade	23,046	12,395	8,170	22,944	12,297	7,814
Transport and Communication	8,472	12,918	10,969	8,461	12,879	10,969
Mining and quarrying	6,920	241	1,011	6,911	236	1,011
Others	1,244	1,437	273	1,244	1,420	273
Total loss allowance	**164,780**	**134,894**	**146,508**	**164,303**	**134,723**	**146,137**

Analysis of movement in the ECL;

GROUP

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
31 December 2022				
At 1 January 2022	41,689	27,221	65,984	134,894
Charge for the period	(15,209)	(1,783)	89,216	72,224
Write-offs	-		(42,338	(42,338)
Total loss allowance	**26,480**	**25,438**	**112,862**	**164,780**
31 December 2021				
At 1 January 2021 (restated)	38,745	12,280	95,483	146,508
Charge for the period	2,944	14,941	36,903	54,788
Write-offs	-	-	(66,402	(66,402)
Total loss allowance	**41,689**	**27,221**	**65,984**	**134,894**
31 December 2020				
At 1 January 2020	46,446	10,704	101,921	159,071
Charge for the period	190	9,761	77,582	87,533
Write-offs	(7,891	(8,185	(84,020	(100,096)
Total loss allowance	**38,745**	**12,280**	**95,483**	**146,508**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Impairment charge to profit or loss related to loans and advances to customers is broken down as follows;

GROUP
In TZS' Million

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Impairment charges for credit losses	(15,209)	(1,783)	89,216	72,224
Amount recovered during the year	-	-	(12,907	(12,907)
Charge to profit or loss*	**15,209)**	**(1,783)**	**76,309**	**59,317**
31 December 2021				
Impairment charges for credit losses	2,944	14,941	36,903	54,788
Amount recovered during the year	-	-	(31,739)	(31,739)
Charge to profit or loss	**2,944**	**14,941**	**5,164**	**23,049**
31 December 2020				
Impairment charges for credit losses	190	9,761	77,582	87,533
Amount recovered during the year	-	-	(13,071)	(13,071)
Charge to profit or loss	**190**	**9,761**	**64,511**	**74,462**

Analysis of movement in the ECL;
BANK

In TZS' Million

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
At 1 January 2022	41,725	27,200	65,798	134,723
Charge for the period	(15,333)	(1,851)	88,645	71,461
Write-offs	-	-	(41,881)	(41,881)
Total loss allowance	**26,392**	**25,349**	**112,562**	**164,303**
31 December 2021				
At 1 January 2021	38,731	12,279	95,127	146,137
Charge for the period	2,994	14,921	37,029	54,944
Write-offs	-	-	(66,358)	(66,358)
Total loss allowance	**41,725**	**27,200**	**65,798**	**134,723**
31 December 2020				
At 1 January 2020	46,258	10,701	101,676	158,635
Charge for the period	363	9,764	76,820	86,947
Write-offs	(7,890)	(8,186)	(83,369)	(99,445)
Total loss allowance	**38,731**	**12,279**	**95,127**	**146,137**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Impairment charge to profit or loss related to loans and advances to customers is broken down as follows;

BANK

In TZS' Million

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Impairment charges for credit losses	(15,333)	(1,851)	88,645	71,461
Amount recovered during the year	-	-	(12,904)	(12,904)
Charge to profit or loss	**(15,333)**	**(1,851)**	**75,741**	**58,557**

31 December 2021				
Impairment charges for credit losses	2,994	14,921	37,029	54,944
Amount recovered during the year	-	·	(31,717)	(31,717)
Charge to profit or loss	**2,994**	**14,921**	**5,312**	**23,227**

31 December 2020				
Impairment charges for credit losses	363	9,764	76,820	86,947
Amount recovered during the year	-	-	(12,800)	(12,800)
Charge to profit or loss	**363**	**9,764**	**64,020**	**74,148**

31 CREDIT LOSS EXPENSE

GROUP

In TZS' Million

31 December 2022		**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers	Note 30	(15,209)	(1,783)	76,309	59,317
Debt instruments*	Note 27	117	-	-	117
Placements with other banks	Note 25	864	-	-	864
Credit cards	Note 28	411	14	10	435
Off Balance sheet items	Note 32		185	(19C	(298)
		(14,110)	**(1,584)**	**76,129**	**60,435**

Loans and advances to customers	Note 30	2,944	14,941	5,164	23,049
Debt instruments*	Note 27	41	-	-	41
Placements with other banks	Note 25	(203)	-	-	(203)
Credit cards	Note 28	34	(86)	(630)	(682)
Off Balance sheet items	Note 32	848	15	187	1,050
		3,664	**14,870**	**4,721**	**23,255**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 CREDIT LOSS EXPENSE (CONTINUED)

GROUP

In TZS' Million

31 December 2020		**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers	Note 30	190	9,761	64,511	74,462
Debt instruments*	Note 27	(3,725)	-	-	(3,725)
Placements with other banks	Note 25	906	-	-	906
Credit cards	Note 28	1,367	-	-	1,367
Off Balance sheet items	Note 32		-		55
		(1,207)	**9,761**	**64,511**	**73,065**

BANK

In TZS' Million

31 December 2022		**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers	Note 30	(15,333)	(1,851)	75,741	58,557
Debt instruments*	Note 27	117	-	-	117
Placements with other banks	Note 25	864	-	-	864
Credit cards	Note 28	411	14	10	435
Off Balance sheet items	Note 32	(29	18	(190	(298)
		(14,239)	**(1,837)**	**75,751**	**59,675**

31 December 2021					
Loans and advances to customers	Note 30	2,994	14,921	5,312	23,227
Debt instruments*	Note 27	41	-	-	41
Placements with other banks	Note 25	(203)	-	-	(203)
Credit cards	Note 28	34	(86)	(630)	(682)
Off Balance sheet items	Note 32	848		18	1,050
		3,200	**14,921**	**5,312**	**23,433**

31 December 2020					
Loans and advances to customers	Note 30	363	9,764	64,020	37,147
	Note 27				
Debt instruments*		(3,725)	-	-	(3,725)
Placements with other banks	Note 25	906	-	-	906
Credit cards	Note 28	1,367	-	-	1,367
Off Balance sheet items	Note 32				55
		(1,034)	**9,764**	**64,020**	**72,750**

*Includes ECL charge for debt instruments measured at FVOCI and debt instrument at amortized cost.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 OFF BALANCE SHEET FINANCIAL ASSETS

An analysis of Off-balance sheet items based on internal rating are summarised as follows:

GROUP

In TZS' Million

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Current	3,716,964	-	-	3,254,562
Especially mentioned	-	58,705	-	58,705
Sub-standard	-	-	5,442	5,442
Doubtful	-	-	2,223	2,223
Loss	-	-	-	-
Gross Carrying amount	**3,716,964**	**58,705**	**7,665**	**3,783,334**
Less: Allowance for ECL	(643)	(213	(64)	(920)
Net Off Balance sheet financial assets	**3,716,321**	**58,492**	**7,601**	**3,782,414**

An analysis of movement of ECL in relation to off balance sheet is, as follows:

In TZS' Million **31 December 2022**				
As at 1 January 2022	936	28	254	1,218
Charge/(release) for the period	(293)	185	(190)	(298)
Loss allowance as at 31 December 2022	**643**	**213**	**64**	**920**

In TZS' Million **31 December 2021**				
Current	2,699,537	-	-	2,699,537
Especially mentioned	-	4,613	-	4,613
Sub-standard	-	-	32	32
Doubtful	-	-	993	993
Loss	-	-	24,36	24,361
Gross Carrying amount	**2,699,537**	**4,613**	**25,386**	**2,729,536**
Less: Allowance for ECL	(936	(28	(254)	(1,218)
Net Off Balance sheet financial assets	**2,698,601**	**4,585**	**25,132**	**2,728,318**

An analysis of movement of ECL in relation to off balance sheet is, as follows:

In TZS' Million **31 December 2021**				
As at 1 January 2021	88	13	67	168
Charge/(release) for the period	848	15	187	1,050
Loss allowance as at 31 December 2021	**936**	**28**	**254**	**1,218**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 OFF BALANCE SHEET FINANCIAL ASSETS (CONTINUED)

GROUP

In TZS' Million

31 December 2020	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Current	1,569,510	-	-	1,569,510
Especially mentioned	-	-	-	-
Sub-standard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Gross Carrying amount	**1,569,510**	**-**	**-**	**1,569,510**
Less: Allowance for ECL	(169)	-	-	(169)
Net Off-balance sheet financial assets	**1,563,226**	**-**	**-**	**1,563,226**

An analysis of movement of ECL in relation to off balance sheet is, as follows:

In TZS' Million				
31 December 2020				
As at 1 January 2020	88	13	67	168
Charge/(release) for the period	848	15	187	1,050
Loss allowance as at 31 December 2020	**936**	**28**	**254**	**1,218**

An analysis of Off-balance sheet items based on internal rating are summarised as follows:

BANK

In TZS' Million

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Current	3,643,847	-	-	3,643,847
Especially mentioned	-	58,705	-	58,705
Sub-standard	-	-	5,442	5,442
Doubtful	-	-	2,223	2,223
Loss	-	-	-	-
Gross Carrying amount	**3,643,847**	**58,705**	**7,665**	**3,710,217**
Less: Allowance for ECL	(643)	(213)	(64)	(920)
Net Off Balance sheet financial assets	**3,643,204**	**58,492**	**7,601**	**3,709,297**

An analysis of movement of ECL in relation to off balance sheet is, as follows:

In TZS' Million				
31 December 2022				
As at 1 January 2022	936	28	254	1,218
Charge/(release) for the period	(293)	185	(190)	(298)
Loss allowance as at 31 December 2022	**643**	**213**	**64**	**920**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 OFF BALANCE SHEET FINANCIAL ASSETS (CONTINUED)

BANK

In TZS' Million

31 December 2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Current	2,699,396	-	-	2,699,396
Especially mentioned	-	4,613	-	4,613
Sub-standard	-	-	32	32
Doubtful	-	-	993	993
Loss	-	-	24,361	24,361
Gross Carrying amount	**2,699,396**	**4,613**	**25,386**	**2,729,395**
Less: Allowance for ECL	(936)	(28)	(254)	(1,218)
Net Off Balance sheet financial assets	**2,698,460**	**4,585**	**25,132**	**2,728,177**

An analysis of movement of ECL in relation to off balance sheet is, as follows:

In TZS' Million

31 December 2021				
As at 1 January 2021	88	13	67	168
Charge/(release) for the period	848	15	187	1,050
Loss allowance as at 31 December 2021	**936**	**28**	**254**	**1,218**

In TZS' Million

31 December 2020	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Current	1,560,456	-	-	1,560,456
Especially mentioned	-	-	-	-
Sub-standard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Gross Carrying amount	**1,560,456**	**-**	**-**	**1,560,456**
Less: Allowance for ECL	(168)	-	-	(168)
Net Off-balance sheet financial assets	**1,560,288**	**-**	**-**	**1,560,288**

In TZS' Million

31 December 2020				
As at 1 January 2020	88	13	67	168
Charge/(release) for the period	848	15	187	1,050
Loss allowance as at 31 December 2020	**936**	**28**	**254**	**1,218**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 OFF BALANCE SHEET FINANCIAL ASSETS (CONTINUED)

An analysis of changes in the exposure amount in relation to financial guarantees is, as follows:

GROUP

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
31 December 2022				
Exposure amount as at 1 January 2022	1,656,813	95	836	1,657,744
New exposure	800,947	-	-	800,947
Exposures derecognised/ matured	(1,007,967)	(95)	(14)	(1,008,076)
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(20,636)	20,636	-	-
-Transfer to stage 3	(2,349)	-	2,349	-
Write-off	-	-	-	-
Exposure amount as at 31 December 2022	**1,426,808**	**20,636**	**3,171**	**1,450,615**
Loss allowance as at 31 December 2022	**265**	**48**	**19**	**332**

An analysis of movement of ECL in relation to financial guarantee is, as follows:

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
31 December 2022				
Loss allowance as at 1 January 2022	697	27	254	978
New exposures	298	-	-	298
Exposures derecognised/ matured	(663)	(27)	(254)	(944)
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(48)	48	-	-
-Transfer to stage 3	(19)	-	19	-
Write-off	-	-	-	-
Loss allowance as at 31 December 2022	**265**	**48**	**19**	**332**
31 December 2021				
Exposure amount as at 1 January 2021	1,221,638	-	-	1,221,638
New exposures	704,423	-	-	704,423
Exposures derecognised/ matured	(268,317)	-	-	(268,317)
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(95)	95	-	-
-Transfer to stage 3	(836)	-	836	-
Write off	-	-	-	-
Exposure amount as at 31 December 2021	**1,656,813**	**95**	**836**	**1,657,744**
Loss allowance as at 31 December 2021	**697**	**27**	**254**	**978**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 OFF BALANCE SHEET FINANCIAL ASSETS (CONTINUED)

An analysis of movement of ECL in relation to financial guarantee is, as follows:

31 December 2021

	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2021	144	7	4	155
New exposures	875	-	-	875
Exposures derecognised/ matured	(41)	(5)	(6)	(52)
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(25)	25	-	-
-Transfer to stage 3	(256)	-	256	-
Write off	-	-	-	-
Loss allowance as at 31 December 2021	**697**	**27**	**254**	**978**

GROUP

Year ended 31 December 2020	Stage 1	Stage 2	Stage 3	Total
Financial guarantees				
Exposure amount as at 1 January 2020	1,218,686	-	-	1,218,686
New exposures	206,834	-	-	206,834
Exposures derecognised/ matured	(202,020)	-	-	(202,020)
Exposure amount as at 31 December 2020	**1,223,500**	**-**	**-**	**1,223,500**
Loss allowance as at 31 December 2020	**155**	**-**	**-**	**155**

An analysis of changes in the exposure amount in relation to financial guarantees is, as follows:

BANK

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
31 December 2022				
Exposure amount as at 1 January 2022	1,656,672	95	836	1,657,603
New exposures	800,617	-	-	800,617
Exposures derecognised/ matured	(1,008,000)	(95)	(14)	(1,008,109)
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(20,636)	20,636	-	-
-Transfer to stage 3	(2,349)	-	2,349	-
Write off	-	-	-	-
Exposure amount as at 31 December 2022	**1,426,304**	**20,636**	**3,171**	**1,450,111**
Loss allowance as at 31 December 2022	**265**	**48**	**19**	**332**

In TZS' Million

31 December 2022	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2022	697	27	254	978
New exposures	298	-	-	298
Exposures derecognised/ matured	(663)	(27)	(254)	(944)
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(48)	48	-	-
-Transfer to stage 3	(19)		19	
Write off	-	-	-	-
Loss allowance as at 31 December 2022	**265**	**48**	**19**	**332**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 OFF BALANCE SHEET FINANCIAL ASSETS (CONTINUED)

31 December 2021

	Stage 1	Stage 2	Stage 3	Total
Exposure amount as at 1 January 2021	1,221,272	-	-	1,221,272
New exposures	702,420	-	-	702,420
Exposures derecognised/ matured	(266,089)	-	-	(266,089)
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(95)	95		
-Transfer to stage 3	(836)		836	
Exposure amount as at 31 December 2021	**1,656,672**	**95**	**836**	**1,657,603**
Loss allowance as at 31 December 2021	**697**	**27**	**254**	**978**

An analysis of movement of ECL in relation to financial guarantee is, as follows:

31 December 2021				
Loss allowance as at 1 January 2021	144	7	4	155
New exposures	875	-	-	875
Exposures derecognised/ matured	(41)	(5)	(6)	(52)
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(25)	25	-	-
-Transfer to stage 3	(256)	-	256	-
Loss allowance as at 31 December 2021	**697**	**27**	**254**	**978**

BANK

Year ended 31 December 2020	Stage 1	Stage 2	Stage 3	In TZS' Million Total
Financial guarantees				
Exposure amount as at 1 January 2020	1,218,357	-	-	1,218,357
New exposures	204,935	-	-	204,935
Exposures derecognised/ matured	(202,020)	-	-	(202,020)
Exposure amount as at 31 December 2020	**1,221,272**	**-**	**-**	**1,221,272**
Loss allowance as at 31 December 2020	**154**	**-**	**-**	**154**

An analysis of changes in the exposure amount in relation to letters of credit is, as follows:

GROUP

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
31 December 2022				
Exposure amount as at 1 January 2022	802,77 9	-	-	802,779
New exposures	1,783,44 6	-	-	1,783,446
Exposures derecognised/ matured	(715,908)	-	-	(715,908)
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(38,068)	38,068	-	-
-Transfer to stage 3	(4,494)		4,494	
Exposure amount as at 31 December 2022	**1,827,755**	**38,068**	**4,494**	**1,870,317**
Loss allowance as at 31 December 2022	**378**	**165**	**45**	**588**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 OFF BALANCE SHEET FINANCIAL ASSETS (CONTINUED)

An analysis of movement of ECL in relation to letters of credit is, as follows:

GROUP
TZS' Million

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 1 January 2022	**240**	**-**	**-**	**240**
New exposures	**585**	**-**	**-**	**585**
Exposures derecognised/ matured	**(237)**	**-**	**-**	**(237)**
-Transfer to stage 1	**-**	**-**	**-**	**-**
-Transfer to stage 2	**(165)**	**165**	**-**	**-**
-Transfer to stage 3	**(45)**	**-**	**45**	**-**
Write off	**-**	**-**	**-**	**-**
Loss allowance as at 31 December 2022	**378**	**165**	**45**	**588**

31 December 2021				
Exposure amount as at 1 January 2021	136,830	-	-	136,830
New exposures	802,779	-	-	802,779
Exposures derecognised/ matured	(136,830)	-	-	(136,830)
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	-	-	-	-
-Transfer to stage 3	-	-	-	-
Write off	-	-	-	-
Exposure amount as at 31 December 2021	**802,779**	**-**	**-**	**802,779**
Loss allowance as at 31 December 2021	**240**	**-**	.	**240**

An analysis of movement of ECL in relation to letters of credit is, as follows:

31 December 2021				
Loss allowance as at 1 January 2021	14	-	-	14
New exposures	240	-	-	240
Exposures derecognised/ matured	(14)	-	-	(14)
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	-	-	-	-
-Transfer to stage 3	-	-	-	-
Write off	-	-	-	-
Loss allowance as at 31 December 2021	240	-	-	240

GROUP **Year ended 31 December 2020** **Letters of credit**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Exposure amount as at 1 January 2020	187,598	-	-	187,598
New exposures	123,579	-	-	123,579
Exposures derecognised/ matured	(174,347)	-	-	(174,347)
Exposure amount as at 31 December 2020	**136,830**	**-**	**-**	**136,830**
Loss allowance as at 31 December 2020	**14**	**-**	**-**	**14**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 OFF BALANCE SHEET FINANCIAL ASSETS (CONTINUED)

An analysis of changes in the exposure amount in relation to Letter of credit is, as follows:

BANK

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
31 December 2022				
Exposure amount as at 1 January 2022	802,779	-	-	802,779
New exposures	1,710,833	-	-	1,710,833
Exposures derecognized/ matured	(715,908)	-	-	(715,908)
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(38,068)	38,068	-	-
-Transfer to stage 3	(4,494)	-	4,494	-
Write off	-	-	-	-
Exposure amount as at 31 December 2022	1,755,142	38,068	4,494	1,797,704
Loss allowance as at 31 December 2022	378	165	45	588

An analysis of movement of ECL in relation to letters of credit is, as follows:

BANK

TZS' Million

31 December 2022	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2022	240	-	-	240
New exposures	576	-	-	576
Exposures derecognised/ matured	(228)	-	-	(228)
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(165)	165	-	-
-Transfer to stage 3	(45)		45	
Write off	-	-	-	-
Loss allowance as at 31 December 2022	378	165	45	588
31 December 2021				
Exposure amount as at 1 January 2021	135,532	-	-	135,532
New exposures	802,779	-	-	802,779
Exposures derecognized/ matured	(135,532)	-	-	(135,532)
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	-	-	-	-
-Transfer to stage 3	-	-	-	-
Write off	-	-	-	-
Exposure amount as at 31 December 2021	802,779	-	-	802,779
Loss allowance as at 31 December 2021	240	-	-	240

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 OFF BALANCE SHEET FINANCIAL ASSETS (CONTINUED)

An analysis of movement of ECL in relation to letters of credit is, as follows:

31 December 2021

BANK **In TZS' Million**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 1 January 2021	14	-	-	14
New exposures	240	-	-	240
Exposures derecognised/ matured	(14)	-	-	(14)
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	-	-	-	-
-Transfer to stage 3	-	-	-	-
Write off	-	-	-	-
Loss allowance as at 31 December 2021	**240**	**-**	**-**	**240**

BANK **In TZS' Million** **Year ended 31 December 2020** **Letters of credit**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Exposure amount as at 1 January 2020	187,598	-	-	187,598
New exposures	122,281	-	-	122,281
Exposures derecognised/ matured	(174,347)	-	-	(174,347)
Exposure amount as at 31 December 2020	**135,532**	**-**	**-**	**135,532**
Loss allowance as at 31 December 2020	**14**	**-**	**-**	**14**

An analysis of changes in the exposure amount in relation to commitment to extend credit is, as follows:

GROUP **In TZS' Million**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
31 December 2022				
Exposure amount as at 1 January 2022	269,013	-	-	269,013
New exposures	462,402	-	-	462,402
Exposures derecognised/ matured	(269,013			(269,013)
Exposure amount as at 31 December 2022	**462,402**	**-**	**-**	**462,402**
Loss allowance as at 31 December 2022		**-**	**-**	**-**
31 December 2021				
Exposure amount as at 1 January 2021	209,180	-	-	209,180
New exposures	269,013	-	-	269,013
Exposures derecognised/ matured	(209,180)	-	-	(209,180)
Exposure amount as at 31 December 2021	**269,013**	**-**	**-**	**269,013**
Loss allowance as at 31 December 2021	-	-	-	-

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 OFF BALANCE SHEET FINANCIAL ASSETS (CONTINUED)

GROUP

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Year ended 31 December 2020				
Commitment to extend credit				
Exposure amount as at 1 January 2020	164,623	-	-	164,623
New exposures	209,180	-	-	209,180
Exposures derecognised/ matured	(164,623)	-	-	(164,623)
Exposure amount as at 31 December 2020	**209,180**	**-**	**-**	**209,180**
Loss allowance as at 31 December 2020	**8,515**	**-**	**-**	**8,515**

An analysis of changes in the exposure amount in relation to commitment to extend credit is, as follows:

BANK

Commitment to extend credit

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
31 December 2022				
Exposure amount as at 1 January 2022	**269,013**	**-**	**-**	**269,013**
New exposures	**462,402**	**-**	**-**	**462,402**
Exposures derecognised/ matured	**(269,013)**			**(269,013)**
Exposure amount as at 31 December 2022	**462,402**	**-**	**-**	**462,402**
Loss allowance as at 31 December 2022	**-**	**-**	**-**	**-**
31 December 2021				
Exposure amount as at 1 January 2021	203,652	-	-	203,652
New exposures	269,013	-	-	269,013
Exposures derecognised/ matured	(203,652)	-	-	(203,652)
Exposure amount as at 31 December 2021	**269,013**	**-**	**-**	**269,013**
Loss allowance as at 31 December 2021	-	-	-	-

BANK

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Year ended 31 December 2020				
Commitment to extend credit				
Exposure amount as at 1 January 2020	160,798	-	-	160,798
New exposures	203,652	-	-	203,652
Exposures derecognised/ matured	(160,798)	-	-	(160,798)
Exposure amount as at 31 December 2020	**203,652**	**-**	**-**	**203,652**
Loss allowance as at 31 December 2020	**8,515**	**-**	**-**	**8,515**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33 OTHER ASSETS

In TZS' Million	GROUP 2022	GROUP 2021	GROUP 2020	BANK 2022	BANK 2021	BANK 2020
*Other financial Assets**						
Due from a related party (Note 55)	-	-	-	7,385	5,277	-
Receivable from mobile phone companies	52,709	75,019	92,030	52,709	75,019	92,030
Other receivables**	97,569	29,754	28,488	96,299	29,906	28,518
Less: Impairment	(17,591)	(15,174)	(25,730)	(17,588)	(15,141)	(25,556)
	132,687	**89,599**	**94,788**	**138,805**	**95,061**	**94,992**
Other Non-financial assets						
Advance payment for capital expenditure	31,730	29,616	11,192	31,730	29,240	11,187
Prepaid expenses	78,922	87,294	98,366	75,567	84,288	94,943
Bank card stock	1,943	2,072	2,057	1,942	2,072	2,057
Stationery stock	1,542	2,351	2,194	1,542	2,351	2,194
	114,137	**121,333**	**113,809**	**110,781**	**117,951**	**110,381**
Total	**246,824**	**210,932**	**208,597**	**249,586**	**213,012**	**205,37**

* Impairment of other financial assets is determined based on the expected credit loss model under IFRS 9.

**Within 'Other receivables', includes receivables of fees and commissions of TZS 3,685 million (2021: TZS 1,514 million) which represent the Bank's right to an amount of consideration that is unconditional, only the passage of time is required before payment of the consideration is due. These are measured at amortised cost and subject to the impairment provisions of IFRS 9. As at 31 December 2022, the impairment provisions which relates to these receivables is TZS 882 million (2021: TZS 552 million).

As at 31 December 2022 the Group had no contract assets (2021: Nil) All other assets are current.

Maturity analysis

GROUP	**2022**		**2021**		**2020**	
In TZS' Million	**Within 3 months**	**3 -12 months**	**Within 3 months**	**3 -12 months**	**Within 3 months**	**3 -12 months**
31 December						
Receivable from mobile phone companies	52,709	-	75,019		92,030	-
Other receivables	97,569	-	29,754	-	28,488	-
Less: Provision for impairment	(17,591)	-	(15,141)	-	(25,730)	-
	132,687	**-**	**89,599**	**-**	**94,788**	

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33 OTHER ASSETS (CONTINUED)

BANK	2022		2021		2020	
In TZS' Million	Within 3 months	3 -12 months	Within 3 months	3 -12 months	Within 3 months	3 -12 months
31 December						
Due from a related party (Note 55)	7,385	-	5,277		1,502	-
Receivable from mobile phone companies	52,709	-	75,019	-	92,030	-
Other receivables	96,299	-	29,906	-	28,158	-
Less: Provision for impairment	(17,588)	-	(15,141)	-	(25,556)	-
	138,805	**-**	**95,061**	**-**	**96,134**	**-**

Movement in provision for impairment on other assets is as shown below:

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
At 1 January	15,174	25,730	14,969	15,141	25,557	12,927
Increase during the year	4,709	2,380	15,021	4,710	2,520	15,021
Write-offs	(2,292)	(12,936)	(4,620)	(2,263)	(12,936)	(2,392)
At 31 December	**17,591**	**15,174**	**25,730**	**17,588**	**15,141**	**25,556**

Historical loss rate used for the ECL Simplified Approach:

The Bank has used a simplified approach to estimate the ECL for receivables in scope of IFRS 9. The simplified approach used requires the bank to derive the loss rate after considering the payments received in respect to at least prior 12 months receivables. That being the case; ECL for the period as at December 2022 is based on the payments that the bank has received in the year 2022 in respect to December 2021 receivables and forward-looking information.
Given the short term nature of other receivables management has assessed that the impact of macro - economic and geopolitical uncertainties is insignificant on ECL measurement.

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33 OTHER ASSETS (CONTINUED)

An analysis of other assets based on internal rating are summarised as follows:

GROUP

			In TZS' Million	
31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Current	140,764	-	-	140,764
Especially mentioned	-	1,656	-	1,656
Sub-standard	-	-	876	876
Doubtful	-	-	1,662	1,662
Loss	-	-	5,320	5,320
Gross Carrying amount	**140,764**	**1,656**	**7,858**	**150,278**
Less: Allowance for ECL	(11,815	(19)	(5,757)	(17,591)
Net Carrying amount	**128,949**	**1,637**	**2,101**	**132,687**

An analysis of other assets based on internal rating are summarised as follows:

GROUP			In TZS' Million	
31 December 2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Current	88,492	-	-	88,492
Especially mentioned	-	4,938	-	4,938
Sub-standard	-	-	955	955
Doubtful	-	-	2,520	2,520
Loss	-	-	7,868	7,868
Gross Carrying amount	88,492	4,938	11,343	104,773
Less: Allowance for ECL	(3,495)	(336)	(11,343	(15,174)
Net Carrying amount	84,997	4,602	-	89,599

GROUP				**TZS' Million**
31 December 2020				**Total**
			In	
Stage 1	**Stage 1**	**Stage 2**	**Stage 3**	
Internal rating grade				
Current	208,580	-	-	208,580
Especially mentioned	-	6,841	-	6,841
Sub-standard	-	-	1,050	1,050
Doubtful	-	-	3,726	3,726
Loss	-	-	14,129	14,129
Gross Carrying amount	208,580	6,841	18,905	234,326
Less: Allowance for ECL	(7,353)	(218)	(18,158)	(25,729)
Net Carrying amount	**201,227**	**6,623**	**747**	**208,597**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33 OTHER ASSETS (CONTINUED)

BANK				
31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Current	146,879	-	-	146,879
Especially mentioned	-	1,656	-	1,656
Sub-standard	-	-	876	876
Doubtful	-	-	1,662	1,662
Loss	-	-	5,320	5,320
Gross Carrying amount	**146,879**	**1,656**	**7,858**	**156,393**
Less: Allowance for ECL	**(11,812)**	(19)	(5,757	(17,588)
Net Carrying amount	**135,067**	**1,637**	**2,101**	**138,805**

31 December 2021				
BANK	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Current	93,921	-	-	93,921
Especially mentioned	-	4,938	-	4,938
Sub-standard	-	-	955	955
Doubtful	-	-	2,520	2,520
Loss	-	-	7,868	7,868
Gross Carrying amount	93,921	4,938	11,343	110,202
Less: Allowance for ECL	(3,462	(33	(11,343)	(15,141)
Net Carrying amount	90,459	4,602	-	95,061

BANK				**TZS' Million**
31 December 2020	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Current	206,685	-	-	206,685
Especially mentioned	-	6,841	-	6,841
Sub-standard	-	-	1,050	1,050
Doubtful	-	-	3,725	3,725
Loss	-	-	14,129	14,129
Gross Carrying amount	**206,685**	**6,841**	**18,904**	**232,430**
Less: Allowance for ECL	(7,179)	(218)	(18,158)	(25,555)
Net Carrying amount	**199,506**	**6,623**	**746**	**206,875**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33 OTHER ASSETS (CONTINUED)

An analysis of changes in the gross carrying amount in relation to other financial assets is as follows:

GROUP

In TZS' Million	Stage 1	Stage 2	Stage 3	Total
31 December 2022				
Exposure amount as at 1 January 2022	**88,492**	**4,938**	**11,343**	**104,773**
Changes in gross carrying amount				
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(2,505)	2,505	-	-
-Transfer to stage 3	(4,486)	-	4,486	-
New exposures	192,672	-	-	192,672
Exposures derecognised/ matured	(133,409)	(5,787)	(5,679)	(144,875)
Write- off	-	-	(2,292)	(2,292)
Exposure amount as at 31 December 2022	**140,764**	**1,656**	**7,858**	**150,278**
Loss allowance	**11,815**	**19**	**5,757**	**17,591**

An analysis of changes in the ECL amount in relation to other financial assets is as follows:

	Stage 1	Stage 2	Stage 3	Total
31 December 2022				
Loss allowance as at 1 January 2022	**3,495**	**336**	**11,343**	**15,174**
Change in the loss allowance				
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(143)	143	-	-
-Transfer to stage 3	(500)	-	500	-
New exposures	9,223	-	-	9,223
Exposures derecognised/ matured	(260)	(460)	(3,794)	(4,514)
Write- off	-	-	(2,292	(2,292)
Loss allowance as at 31 December 2022	**11,815**	**19**	**5,757**	**17,591**

An analysis of changes in the gross carrying amount in relation to other financial assets is as follows:

GROUP

31 December 2021

	Stage 1	Stage 2	Stage 3	Total
Exposure amount as at 1 January 2021	94,772	6,841	18,905	120,518
Changes in gross carrying amount				
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(4,874)	4,874	-	-
-Transfer to stage 3	(19,465)	-	19,465	-
New exposures	113,672	-	-	113,672
Exposures derecognised/ matured	(95,612)	(6,777)	(14,091)	(116,481)
Write offs	-	-	(12,936	(12,936)
Exposure amount as at 31 December 2021	**88,492**	**4,938**	**11,343**	**104,773**
Loss allowance	**3,495**	**336**	**11,343**	**15,174**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33 OTHER ASSETS (CONTINUED)

An analysis of changes in the ECL amount in relation to other financial assets is as follows:

GROUP

In TZS' Million	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 1 January 2021	7,353	218	18,158	25,729
Change in the loss allowance				
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(263)	263	-	-
-Transfer to stage 3	(8,631)	-	(8,631)	-
New exposures	9,860	-	-	9,860
Exposures derecognised/ matured	(4,824)	(145)	(2,510)	(7,479)
Write off	-	-	(12,936)	(12,936)
Loss allowance as at 31 December 2021	**3,495**	**336**	**11,343**	**15,174**

An analysis of changes in the gross carrying amount in relation to other financial assets is as follows:

BANK

In TZS' Million	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
31 December 2022				
Exposure amount as at 1 January 2022	**93,921**	**4,938**	**11,343**	**110,202**
Changes in gross carrying amount				
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(2,505)	2,505	-	-
-Transfer to stage 3	(4,457)	-	4,457	-
New exposures	193,329	-	-	193,329
Exposures derecognised/ matured	(133,408)	(5,787)	(5,679)	(144,875)
Write off	-	-	(2,26	(2,263)
Exposure amount as at 31 December 2022	**146,879**	**1,656**	**7,858**	**156,393**
Loss allowance	**11,812**	**19**	**5,757**	**17,588**

An analysis of changes in the ECL amount in relation to other financial assets is as follows:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
31 December 2022				
Exposure amount as at 1 January 2022	**3,462**	**336**	**11,343**	**15,141**
Changes in gross carrying amount				
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(143)	143	-	-
-Transfer to stage 3	(500)	-	500	-
New exposures	9,253	-	-	9,253
Exposures derecognised/ matured	(260)	(460)	(3,823)	(4,543)
Write- off	**-**	**-**	(2,263)	(2,263)
Loss allowance as at 31 December 2022	**11,812**	**19**	**5,757**	**17,588**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33 OTHER ASSETS (CONTINUED)

An analysis of changes in the gross carrying amount in relation to other financial assets is as follows:

31 December 2021

In TZS' Million	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Exposure amount as at 1 January 2021	96,305	6,841	18,904	122,050
Changes in gross carrying amount				
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(4,874)	4,874	-	-
-Transfer to stage 3	(19,466)	-	19,466	-
New exposures	117,569	-	-	117,569
Exposures derecognised/ matured	(95,612)	(6,777)	(14,091)	(116,481)
Write off	-	-	(12,936)	(12,936)
Exposure amount as at 31 December 2021	**93,921**	**4,938**	**11,343**	**110,202**

An analysis of movement of ECL in relation to other assets is, as follows:

31 December 2021				
Loss allowance as at 1 January 2021	**7,353**	**218**	**18,158**	**25,729**
Change in the loss allowance				
-Transfer to stage 1	-	-	-	-
-Transfer to stage 2	(263)	263	-	-
-Transfer to stage 3	(8,631)	-	8,631	-
New exposures	9,827	-	-	9,827
Exposures derecognised/ matured	(4,824)	(145)	(2,510)	(7,479)
Write off	-	-	(12,936)	(12,936)
Loss allowance as at 31 December 2021	**3,462**	**336**	**11,343**	**15,141**

34 INVESTMENT IN SUBSIDIARIES

	Incorporation	**Held** %	2022 TZS' Million	2021 TZS' Million	2020 TZS' Million
CRDB Bank Burundi S.A	Burundi	100%	21,583	21,583	21,583
CRDB Insurance broker	Tanzania	100%	100	100	100
			21,683	21,683	21,683

- CRDB Bank Burundi S.A is a licensed bank in Burundi under the Banks and Financial Institutions Act, 2003 of the Republic of Burundi.
- CRDB Insurance Broker Limited is engaged in providing insurance brokerage Services.
- The countries of incorporation are also their principal place of business.
- All subsidiaries are unlisted and have the same financial statement date (31 December) as the parent. The investment in the subsidiaries includes the cost of shares and other initial payments made for the subsidiaries.
- The subsidiaries listed above have share capital consisting solely of ordinary shares.
- During the year, there were no significant judgements and assumptions made in determining the Bank's interest in the subsidiaries.
- There are no protective rights of the subsidiaries which can significantly restrict the parent from accessing or using the assets and settling the liabilities of the Group.
- There are no contingent liabilities relating to the Bank's interest in the subsidiaries during the year.
- During the year, the Group had no structured entity.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Restrictions

- During the year there were no significant restrictions (statutory, contractual, or regulatory) of a parent or its subsidiaries to transfer cash or other assets to or from other entities within a Group.
- There were no guarantees or other requirements that could restrict dividends and other capital distributions being paid, or loans and advances being made or repaid, to (or from) other entities within the group.
- There are no protective rights of non-controlling interests that can significantly restrict the entity's ability to access or use the assets and settle the liabilities of the Group.

35 NON-CURRENT ASSETS HELD FOR SALE

In TZS' Million	GROUP			BANK		
	2022	2021	2020	2022	2021	2020
Land and Equipment						
Carrying value as at 1 January	16,600	16,600	16,600	16,600	16,600	16,600
Additions	-	-	-	-	-	-
Carrying value as at 31 December	16,600	16,600	16,600	16,600	16,600	16,600

- The repossessed asset was classified has held for sale after management assessment that it cannot be used under normal operations of the Group.
- Fair value of collateral repossessed as at the year-end is TZS 16.6bn and was determined based on the offered price by the counterparty net of selling cost. This has been classified as level II in the fair value hierarchy. The key input used is the offered price and management does not expect the final selling price to differ significant from the offered price.
- Sale of the property is expected to be completed before the end of December 2023.
- There is no impairment or reversal recorded against the non-current assets held for sale. There were no additions during the year.
- It is the Group's policy to dispose-off repossessed properties on the open market, at fair market value. The proceeds are used to reduce or repay the outstanding claim.
- Once disposed, the gain or loss will be presented within "other operating income" on the face of the Income Statement.
- The net carrying amounts of the repossessed asset (TZS 16.6bn) is included in the corporate segment.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36A MOTOR VEHICLES AND MOBILE BRANCHES

	GROUP			BANK		
In TZS' Million	2022	2021	2020	2022	2021	2020
Cost						
At 1 January	26,865	21,308	16,328	25,540	20,071	13,570
Additions	1,944	6,339	6,337	1,944	6,049	5,937
Disposals	(1,045)	(782)	(891)	(890)	(580)	(483)
Revaluation adjustment	-	-	1,047	-	-	1,047
MFSCL winding up	-	-	(1,506)	-	-	-
Exchange differences	293	-	(7)	-	-	-
At 31 December	28,057	26,865	21,308	26,594	25,540	20,071
Depreciation						
At 1 January	(6,180)	(3,244)	(1,893)	(5,725)	(2,823)	(316)
Charge for the year	(3,467)	(3,314)	(2,879)	(3,328)	(3,170)	(2,720)
Disposals	370	378	621	370	268	213
MFSCL winding up	-	-	907	-	-	-
At 31 December	(9,277)	(6,180)	(3,244)	(8,683)	(5,725)	(2,823)
Net book value	18,780	20,685	18,064	17,911	19,815	17,248

- The Group's Mobile branches and Motor vehicles were last revalued on 2021 by independent valuers Coswil Consult Ltd and M & R Agency Limited, respectively. The valuers are registered and licensed to conduct valuation. The valuation, which conforms to International Valuation Standards, was determined by comparative method, and the valuation approach adopted was depreciated replacement cost, alternatively second-hand markets were visited, and comparable sales taken note. The valuation done was because the NPV of the valued assets was below market value and the assets are in use and based on assessment done the assets are expecting to have long life.
- Replacement method, is based on the rationale that value of vehicle involves the estimation of the cost as if it were new, using the comparison method or the available data. The amount of depreciation and obsolescence is then estimated and deducted from the cost of new vehicle to arrive at the depreciated replacement cost. The resultant figure is now the depreciated replacement cost, which in our case is equated to the market value/fair Value.
- The valuation techniques used are the same as those use in previous years.
- Based on management assessment the impact of fair value changes during the year is insignificant.

If motor vehicles and mobile branches were stated on the historical basis, the amount would be as follows;

	GROUP			BANK		
In TZS' Million	2022	2021	2020	2022	2021	2020
Cost	48,344	47,446	39,171	45,532	44,634	41,877
Accumulated depreciation	(43,281)	(41,281)	(32,143)	(46,333)	(38,369)	(934,764)
Net book value	2,251	6,165	7,028	2,011	6,265	113

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36A MOTOR VEHICLES AND MOBILE BRANCHES (CONTINUED)

Non-financial assets measured at fair value

	GROUP			BANK		
In TZS' Million	2022	2021	2020	2022	2021	2020
Fair value hierarchy – Level 3						
At 1 January	20,685	18,064	14,435	19,815	17,248	13,254
Exchange rate difference	293	(10)	(7)	-	-	-
Purchases	1,944	6,339	6,337	1,944	6,049	5,937
Disposals	(675)	(394)	(270)	(381)	(312)	(270)
Depreciation charge	(3,467)	(3,314)	(2,879)	(3,467)	(3,170)	(2,720)
Net book value	18,780	20,685	18,064	17,911	19,815	17,248

- As at 31 December 2022, the Group had neither restriction on title nor property and equipment pledged as security for liabilities (2021: Nil).
- There were no capitalized borrowing costs related to the acquisition of property. plant and equipment during the year ended 31 December 2022 (2021: Nil).
- There were no idle assets as at 31 December 2022 (2021: Nil).
- As at 31 December 2022, contractual commitment for the acquisition of property, plant and equipment amount of TZS 1,923 million (2021: TZS 12,317 million) Note 54.
- There was no property, plant and equipment acquired during the year through business combinations.
- During the year there was no revaluation for Motor vehicles and mobile branches.
- There were no other changes under property, plant and equipment during the year.
- As at 31 December 2022, management has assessed impairment of motor vehicles and mobile branches, there were no impairment recognised or reversed during the year.
- There is no material difference between the fair value of PPE and the carrying amounts as per cost model.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36B PROPERTY EQUIPMENT

GROUP 31 December 2022	Land & buildings	Leasehold improvement	Office equipment	Computer equipment	Smartcard equipment	Security equipment	Work in Progress*	Total
Cost								
At 1 January	212,094	105,103	118,444	97,326	74,914	12,907	5,124	625,912
Additions	4,410	3,562	9,677	13,651	6,793	3,477	3,982	45,552
Reclassification	491	1,405	250	115	6	1,619	(4,656)	(770)
Disposals	-	(3,260)	(5168)	(5,685)	(1,705)	(122)	-	(15,940)
Exchange rate difference**	-	212	107	(4)	(9)	(121)	(39)	146
At 31 December	216,995	107,022	123,310	105,403	79,999	17,760	4,411	654,900
Depreciation								
At 1 January	(28,195)	(63,409)	(78,352)	(55,843)	(36,478)	(6,079)	-	(268,356)
Charge for the year	(3,013)	(7,835)	(14,866)	(12,619)	(7,610)	(2,123)	-	(48,066)
Reclassification	(6)	(36)	43	-	226	-	-	227
Disposal	-	2,278	5,073	5,660	1,705	70	-	14,786
At 31 December	**(31,214)**	**(69,002)**	**(88,102)**	**(62,802)**	**(42,157)**	**(8,132)**	**-**	**(301,409)**
Net book value	**185,781**	**38,020**	**35,208**	**42,601**	**37,842**	**9,628**	**4,411**	**353,491**

36B PROPERTY EQUIPMENT (CONTINUED)

GROUP 31 December 2021 Cost	Land & buildings	Leasehold improvement	Office equipment	Computer equipment	Smartcard equipment	Security equipment	Work in Progress*	Total
At 1 January	81,953	100,802	95,905	71,334	67,796	8,105	154,281	580,176
Additions	3,853	6,898	15,060	16,122	13,234	3,815	4,908	63,890
Reclassification	126,288	1,864	11,043	12,079	41	2,733	(154,048)	-
Disposals	-	(3,919)	(3,394)	(2,179)	(6,144)	(1,745)	-	(17,381)
Exchange rate difference**	-	(542)	(170)	(30)	(13)	(1)	(17)	(773)
At 31 December	212,094	105,103	118,444	97,326	74,914	12,907	5,124	625,912
Depreciation								
At 1 January	(26,011)	(59,293)	(68,832)	(48,872)	(34,976)	(6,545)	-	(244,529)
Charge for the year	(2,174)	(7,734)	(12,892)	(9,137)	(7,646)	(1,279)	-	(40,862)
Reclassification	(10)	10	-	-	-	-	-	-
Disposal	-	3,608	3,372	2,166	6,144	1,745	-	17,035
At 31 December	(28,195)	(63,409)	(78,352)	(55,843)	(36,478)	(6,079)	-	(268,356)
Net book value	183,899	41,694	40,092	41,483	38,436	6,828	5,124	357,556

36B PROPERTY EQUIPMENT (CONTINUED)

GROUP In TZS' Million

31 December 2020	**Land & buildings**	**Leasehold improvement**	**Office equipment**	**Computer equipment**	**Smartcard equipment**	**Security equipment**	**Work in Progress***	**Total**
Cost								
At 1 January	78,414	95,210	86,603	54,448	57,380	7,194	113,849	493,098
Additions	3,539	6,150	9,227	16,926	10,461	891	41,378	88,572
Reclassification	-	224	611	151	(60)	20	(946)	-
Disposals	-	(699)	(507)	(225)	(47)	-	-	(1,478)
Exchange rate difference**	-	(83)	(29)	34	62	-	-	(16)
At 31 December	81,953	100,802	95,905	71,334	67,796	8,105	154,281	580,176
Depreciation								
At 1 January	(24,297)	(52,485)	(59,272)	(42,846)	(28,751)	(5,494)	-	(213,145)
Charge for the year	(1,725)	(7,413)	(10,015)	(6,247)	(6,297)	(1,038)	-	(32,735)
Reclassification	11	(19)	(17)	(2)	40	(13)	-	-
Disposal	-	624	472	223	32	-	-	1,351
At 31 December	(26,011)	(59,293)	(68,832)	(48,872)	(34,976)	(6,545)	-	(244,529)
Net book value	55,942	41,509	27,073	22,462	32,820	1,560	154,281	335,647

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36B PROPERTY EQUIPMENT (CONTINUED)

BANK **31 December 2022**	**Land & buildings**	**Leasehold improvement**	**Office equipment**	**Computer equipment**	**Smart card equipment**	**Security equipment**	**Work in Progress***	**Total**
Cost								
At 1 January	203,142	99,632	114,856	96,466	74,377	12,907	4,603	605,983
Additions	4,410	3,562	8,987	13,529	6,497	3,364	2,465	42,814
Reclassification	491	1,678	250	115	7	1,619	(4,317)	(157)
Disposals	-	(3,260)	(5,168)	(5,685)	(1,705)	(122)	-	(15,940)
At 31 December	**208,043**	**101,612**	**118,925**	**104,425**	**79,176**	**17,768**	**2,751**	**632,700**
Depreciation								
At 1 January	(19,242)	(67,715)	(75,437)	(55,233)	(36,237)	(6,079)	-	(259,943)
Charge for the year	(3,013)	(7,420)	(14,675)	(12,546)	(7,525)	(2,131)	-	(47,310)
Reclassification	(6)	(36)	42	-	204	-	-	204
Disposals	-	2,278	5,073	5,660	1,705	70	-	14,786
At 31 December	**(22,261)**	**(72,893)**	**(84,997)**	**(62,119)**	**(41,853)**	**(8,140)**		**(292,263)**
Net book value	**185,782**	**28,719**	**33,928**	**42,306**	**37,323**	**9,628**	**2,751**	**340,437**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36B PROPERTY EQUIPMENT (CONTINUED)

BANK 31 December 2021	Land & buildings	Leasehold improvement	Office equipment	Computer equipment	Smart card equipment	Security equipment	Work in Progress*	Total
Cost								
At 1 January	73,000	95,392	91,689	70,509	67,252	8,103	154,085	560,030
Additions	3,854	6,678	14,964	16,022	13,230	3,814	4,546	63,108
Reclassification	126,288	1,321	11,596	12,049	39	2,735	(154,028)	-
Disposals	-	(3,759)	(3,393)	(2,114)	(6,144)	(1,745)	-	(17,155)
At 31 December	203,142	99,632	114,856	96,466	74,377	12,907	4,603	605,983
Depreciation								
At 1 January	(17,034)	(64,036)	(66,107)	(48,306)	(34,796)	(6,545)	-	(236,824)
Charge for the year	(2,198)	(7,116)	(12,722)	(9,041)	(7,585)	(1,279)	-	(39,941)
Reclassification	(10)	10	-	-	-	-	-	
Disposals	-	3,427	3,392	2,114	6,144	1,745	-	16,822
At 31 December	(19,242)	(67,715)	(75,437)	(55,233)	(36,237)	(6,079)	-	(259,943)
Net book value	183,900	31,917	39,419	41,233	38,140	6,828	4,603	346,040

* Work in progress relates to the Bank's buildings under construction and other PPE.
** Net exchange differences arising on the translation of financial statement of CRDB Burundi (BIF) into the presentation currency (TZS).

36B PROPERTY EQUIPMENT (CONTINUED)

BANK

In TZS' Million

31 December 2020	Land & buildings	Leasehold improvement	Office equipment	Computer equipment	Smart card equipment	Security equipment	Work in Progress*	Total
Cost								
At 1 January	69,437	91,301	83,605	53,804	57,240	7,193	113,046	475,626
Additions	3,563	4,566	7,980	16,779	10,119	891	41,985	85,883
Reclassification	-	224	611	151	(60)	20	224	-
Disposals	-	(699)	(507)	(225)	(47)	-	-	(1,478)
At 31 December	**73,000**	**95,392**	**91,689**	**70,509**	**67,252**	**8,104**	**154,085**	**560,031**
Depreciation								
At 1 January	(15,320)	(57,660)	(56,683)	(42,336)	(28,590)	(5,494)	-	(206,083)
Charge for the year	(1,725)	(6,981)	(9,879)	(6,191)	(6,278)	(1,038)	-	(32,092)
Reclassification	11	(19)	(17)	(2)	40	(13)	-	-
Disposals	-	624	472	223	32	-	-	1,351
At 31 December	**(17,034)**	**(64,036)**	**(66,107)**	**(48,306)**	**(34,796)**	**(6,545)**	**-**	**(236,824)**
Net book value	**55,966**	**31,356**	**25,582**	**22,203**	**32,456**	**1,559**	**154,085**	**323,207**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36B PROPERTY AND EQUIPMENT (CONTINUED)

- As of 31 December 2022, the Group had neither restriction on title nor property and equipment pledged as security for liabilities (2021: Nil).
- There were no capitalized borrowing costs related to the acquisition of property. plant and equipment during the year ended 31 December 2022 (2021: Nil).
- There were no idle assets as at 31 December 2022 (2021: Nil).
- As at 31 December 2022, contractual commitment for the acquisition of property, plant and equipment amount of TZS 1,923 million (2021: TZS 12,317 million) Note 54.
- There was no property, plant and equipment acquired during the year through business combinations.
- There were no other changes under property, plant and equipment during the year.
- As at 31 December 2022, management has assessed impairment of property, plant and equipment, there were no impairment recognised or reversed during the year.
- There is no material difference between the fair value of PPE and the carrying amounts as per cost model.

37 RIGHT-OF-USE OF ASSETS

	GROUP			BANK		
In TZS' Million	2022	2021	2020	2022	2021	2020
At 1 January	69,589	53,815	52,351	68,598	52,730	51,301
Additions	3,414	20,709	1,464	3,414	20,803	1,429
Derecognition	(21,751)	(4,935)		(21,751)	(4,935)	
At 31 December	51,252	69,589	53,815	50,261	68,598	52,730
Depreciation						
At 1 January	(34,234)	(26,137)	(13,176)	(33,659)	(25,738)	(12,972)
Charge for the year	(9,499)	(13,041)	(12,961)	(9,312)	(12,856)	(12,766)
Derecognition	21,751	4,935		21,751	4,935	
Exchange rate difference		17 9		-	-	
At 31 December	(21,965)	(34,234)	(26,137)	21,220	(33,659)	(25,738)
Net book value	29,287	35,355	27,678	29,041	34,939	26,992

The Right-of-use of assets relates to leases of office spaces at carrying amount.

38 PREPAID OPERATING LEASES

	GROUP			BANK		
	2022	2021	2020	**2022**	2021	2020
Cost prepaid						
At 1 January	**11,992**	11,992	11,952	**11,992**	11,992	11,952
Disposal	**(146)**	-		**(146)**	-	
Transfer	**-**	-	40			40
At 31 December	**11,846**	11,992	11,992	**11,846**	11,992	11,992
Amortization						
At 1 January	**(2,262)**	(1,964)	(1,646)	**(2,262)**	(1,964)	(1,646)
Charge for the year	**(278)**	(298)	(318)	**(278)**	(298)	(318)
At 31 December	**(2,540)**	(2,262)	(1,964)	**(2,540)**	(2,262)	(1,964)
Net book value	**9,306**	9,730	10,028	**9,306**	9,730	10,028

Prepaid operating leases relates to advance payments made for the right of occupancy of various portions of leasehold land where the Bank has its business premises.

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

39 INTANGIBLES ASSETS

	GROUP			BANK		
	2022	2021	2020	2022	2021	2020
In TZS' Million						
Cost						
At 1 January	78,774	84,084	86,269	74,171	79,859	82,374
Additions	25,667	4,449	3,980	25,496	3,863	3,640
Write-off	(1,576)	(9,867)	(6,155)	(1,576)	(9,551)	(6,155)
Exchange rate difference**	(30)	108	(10)	-	-	-
At 31 December	102,835	78,774	84,084	98,091	74,171	79,859
Amortization						
At 1 January	(53,600)	(54,058)	(50,209)	(49,998)	(50,666)	(47,116)
Charge for the year	(9,608)	(9,005)	(9,826)	(9,377)	(8,795)	(9,527)
Reclassification adjustment	-	(88)	-	-	(88)	-
Write-off	1,173	9,551	-	1,173	9,551	-
At 31 December	(62,035)	(53,600)	(54,058)	58,202	(49,998)	(50,666)
Net book value At 31 December	40,800	25,174	30,026	39,889	24,173	29,193

All intangible assets are in use.

Intangible assets relate to computer software used by the Group. Fully amortized intangible assets with gross value TZS 44,266 million (2021: TZS 17,773 million) are still in use. The notional amortization charge would have been TZS 8,853 million (2021: TZS 3,554 million). Some fully depreciated software's are; PSQL, SAP system, OPICS system, TI Plus, Custody and investment system, Video conference system, and ATM monitoring system.

- As at 31 December 2022, included in intangible assets is the Core Banking system which is material with carrying amount of TZS 6,654 million (2021: TZS 8,650 million) with remaining amortization period of four (3) years.
- No intangible asset was pledged as security for liabilities as at 31 December 2022.
- There also no restrictions other than those outlined in the software license.
- As at 31 December 2022, there were no significant intangible assets controlled by the Group which have not been recognized as assets.
- There was no internally developed software during the year or 2021.
- There were no intangible assets acquired during the year through business combinations.
- No revaluation of intangible assets was done during the year.
- Write off related to intangible assets (software) that were decommissioned during the year and the full carrying value were write off. Based on management assessment there were no other intangible assets, that were impaired as at year end.
- During the year there were no intangible assets assessed as having indefinite useful life.
- There were no intangible assets acquired by way of a government grants during the year.
- As at 31 December 2022, there were no contractual commitments for the acquisition of intangible assets.
- As at 31 December 2022, there were no significant intangible assets controlled by the Group which have not been recognized as assets.

**Net exchange differences arising on the translation of financial statement of a subsidiary – CRDB Burundi (BIF) into the presentation currency (TZS).

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

40 DEFERRED INCOME TAX

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred income tax account is as follows:

	GROUP			BANK		
In TZS' Million	2022	2021	2020	2022	2021	2020
At 1 January	41,130	48,639	81,950	41,138	48,647	81,957
(Debit)/ Credit to profit or loss						
In respect to current year (Note 21a)	12,563	(10,658)	(21,069)	12,313	(10,658)	(21,069)
Under provision in prior year (Note 21a)	(375)	1,058	(726)	(339)	1,058	(726)
(Debit)/ Credit to OCI						
Charge to other comprehensive income*	(1,369)	2,091	(11,516)	(1,369)	2,091	(11,515)
At 31 December	**51,949**	**41,130**	**48,639**	**1,369**	**41,138**	**48,647**

*Charge to other comprehensive income includes;

Tax related to Debt instrument at FVOCI		(1,016)	2,915		(1,016)	2,915
Tax related to equity instrument at FVOCI		(353)	(824)		(353)	(824)
		1,369	**2,091**		**1,369**	**2,091**

Deferred income tax asset/(liability) is attributed to the following items:

	GROUP			BANK		
	2022	2021	2020	2022	2021	2020
In TZS' Million						
Accelerated capital allowance	(18,733)	(16,126)	(11,906)	(18,728)	(16,109)	(11,892)
Other provisions	24,192	22,149	26,034	23,981	22,140	26,028
ECL related to loans and advances	43,977	31,494	35,139	43,977	31,494	35,139
Deferred income	12,223	11,463	9,757	12,223	11,463	9,757
Leases	515	515	70	515	515	70
Unrealised (gain)/ loss on debt instrument at fair value through OCI	(18,267)	(17,251)	(20,166)	(18,267)	(17,251)	(20,166)
Unrealised (gain)/loss on equity instrument at fair value through OCI	(399)	(46)	779	(399)	(46)	779
ECL day 1 adjustment - IAS 39 to IFSR9 transition	8,441	8,932	8,932	8,441	8,932	8,932
	51,949	**41,130**	**48,639**	**51,743**	**41,138**	**48,647**
Expected to be recovered within 12months	4,574	3,623	4,282	4,556	3,622	4,283
Expected to be recovered after 12months	47,375	37,507	44,357	47,187	37,516	44,364
	51,949	**41,130**	**48,639**	**51,743**	**41,138**	**48,647**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

41 DEPOSITS FROM CUSTOMERS

	GROUP			BANK		
In TZS' Million	2022	2021	2020	2022	2021	2020
Current and demand accounts	4,107,066	3,045,460	2,367,639	3,690,185	2,810,441	2,249,458
Savings accounts	2,685,222	2,394,585	2,043,576	2,621,628	2,349,779	2,011,762
Term/call deposits	1,408,105	1,049,569	1,023,432	1,365,862	993,700	972,925
	8,200,393	**6,489,614**	**5,434,647**	**7,677,675**	**6,153,920**	**5,234,145**
Current deposits	8,082,287	6,306,263	5,392,172	7,561,470	5,970,569	5,191,670
Non-current deposits	118,106	183,351	42,475	116,205	183,351	42,475
	8,200,393	**6,489,614**	**5,434,647**	**7,677,675**	**6,153,920**	**5,234,145**

Savings accounts, term/call deposits and some current and demand deposits are interest bearing accounts. These interest-bearing customer deposit accounts carry variable interest rates.

Maturity analysis

GROUP

In TZS' Million	**On demand**	**Within 3 months**	**3 -12 months**	**Over 1 year**	**Total**
31 December 2022					
Current and demand accounts	4,107,066	-	-	-	4,107,066
Savings account	2,685,222	-	-	-	2,685,222
Term/call deposits	150,792	527,039	612,167	118,106	1,408,105
	6,943,080	**527,039**	**612,167**	**118,106**	**8,200,393**

	On demand	**Within 3 months**	**3 -12 months**	**Over 1 year**	**Total**
31 December 2021					
Current and demand accounts	3,045,460	-	-	-	3,045,460
Savings account	2,394,585	-	-	-	2,394,585
Term/call deposits	164,638	441,602	259,978	183,351	1,049,569
	5,604,683	**441,602**	**259,978**	**183,351**	**6,489,614**

GROUP (TZS' Million)

31 December 2020	**On demand**	**Within 3 months**	**3 -12 months**	**Over 1 year**	**Total**
Current and demand accounts	2,367,639	-	-	-	2,367,639
Savings account	2,043,576	-	-	-	2,043,576
Term deposits	301,055	323,162	356,740	42,475	1,023,432
	4,712,270	**323.162**	**356,740**	**42,475**	**5,434,647**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

41 DEPOSITS FROM CUSTOMERS (CONTINUED)

Maturity analysis

BANK

In TZS' Million	On demand	Within 3 months	3 -12 months	Over 1 year	Total
31 December 2022					
Current and demand accounts	3,690,185	-	-	-	3,690,185
Savings account	2,621,628-	-	-		2,621,628
Term/call deposits	150,793	504,058	594,806	116,205	1,365,862
	6,462,606	**504,058**	**594,806**	**116,205**	**7,677,675**

31 December 2021	On demand	Within 3 months	3 -12 months	Over 1 year	Total
Current and demand accounts	2,810,441	-	-	-	2,810,441
Savings account	2,349,779	-	-	-	2,349,779
Term/call deposits	164,638	401,298	244,413	183,351	993,700
	5,324,858	**401,298**	**244,413**	**183,351**	**6,153,920**

BANK **In TZS' Million**

31 December 2020	On demand	Within 3 months	3 -12 months	Over 1 year	Total
Current and demand accounts	2,249,458	-	-	-	2,249,458
Savings account	2,011,762	-	-	-	2,011,762
Term deposits	270,548	303,162	356,740	42,475	972,925
	4,531,768	**303,162**	**356,740**	**42,475**	**5,234,145**

42 DEPOSITS AND BALANCES DUE TO OTHER BANKS

	GROUP			BANK		
In TZS' Millions	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Deposits from banks	1,127,369	715,202	296,212	1,103,605	682,948	295,984

All deposits from banks are current.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

43A OTHER LIABILITIES

In TZS' Million	GROUP 2022	GROUP 2021	GROUP 2020	BANK 2022	BANK 2021	BANK 2020
Bills payable	1,404	1,766	1,382	769	725	498
Dividend payable	11,304	9,206	9,292	11,304	9,206	9,292
Accrued expenses	48,071	45,077	40,469	46,565	43,881	38,898
Contract liabilities (Deferred income)*	42,301	39,245	33,279	40,744	38,210	32,524
Outstanding credits	2,288	2,911	4,517	2,288	2,909	4,490
Unclaimed customer balances	29,849	20,083	18,583	29,831	20,016	18,224
ECL Off-balance sheet items (Note 32)	920	1,218	168	920	1,218	168
Other payables	45,534	30,962	10,530	45,546	31,449	12,061
	181,671	150,468	118,220	177,967	147,614	116,513

- Bills payable represents Banker's cheques issued to customers that have not yet been presented for payment.
- Dividend payable represents uncollected dividends by the Bank's shareholders.
- Outstanding credits represent suspended customer balances while their Bank accounts are in the process of being opened.
- Other liabilities are expected to be settled within no more than 12 months after the reporting date.

Contract Liabilities (Deferred income) *

In TZS' Million	GROUP 2022	GROUP 2021	GROUP 2020	BANK 2022	BANK 2021	BANK 2020
At 1 January	39,245	33,279	39,778	38,210	32,524	38,903
Additional	12,412	17,162	1,971	11,890	16,799	1,949
Revenue recognised	(9,356)	(11,196)		(9,356)	(11,113)	
At 31 December	42,301	39,245	29,618	40,744	38,210	28,688

Contract liabilities are unearned fees and commissions which relates to various services offered by the Bank.

Revenue recognized during the year that was included in the opening balance is TZS 3,346 million (2021: TZS 1,430 million) for the Group, and TZS 3,346 million (2021: TZS 1,430 million) for the Bank.

43B LEASE LIABILITIES

The Group leases various branch premises and offices under non-cancellable lease agreements. The lease terms are between 1 and 7 years, and most lease agreements are renewable at the end of the lease period at market rate. No arrangements have been entered into for contingent rental payments, and no restrictions have been imposed by these lease arrangements.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

43B LEASE LIABILITIES (CONTINUED)

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are considered in the lease term when there is reasonable certainty that those options will be exercised. The assessment of reasonable certainty is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee

The carrying amounts of lease liabilities and the movement during the year is shown below:

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
As at 1 January	37,676	29,618	39,778	37,120	28,688	38,903
Additions	3,414	20,803	1,971	3,414	20,801	1,949
Interest expense	1,979	2,331	2,509	1,952	2,278	2,461
Interest paid	(1,979)	(2,331)	(2,509)	(1,952)	(2,278)	(2,461)
Principal paid	(9,075)	(12,745)	(12,131)	(8,880)	(12,369)	(12,164)
Other movements	(578)	-		(498)	-	-
At 31 December	**31,437**	**37,676**	**29,618**	**31,156**	**37,120**	**28,688**

The Group had total cash outflows for leases of TZS 11,054 million (2021: TZS 15,076)

The following are the minimum lease payment commitments considered under IFRS 16 Relating to recognised liabilities.

	GROUP		BANK	
In TZS' Million	2022	2021	2022	2021
Present value of minimum lease commitment	31,437	37,676	31,156	37,120
Future finance costs	52,554	8,689	52,044	5,689
Minimum lease commitments	83,991	46,365	83,200	42,809
Total lease commitments	**83,991**	**46,365**	**83,200**	**42,809**

The maturity analysis for the lease liability is as follows;

	GROUP		BANK	
In TZS' Million	**2022**	**2021**	**2022**	**2021**
Within three Months	-	2,859	-	2,859
Within one Year	2,099	7,547	2,089	7,547
After One Year	81,892	35,959	81,111	32,403
Total lease commitments	**83,991**	**46,365**	**83,200**	**42,809**

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Current	952	1,017	2,096	948	1,017	1,757
Non – Current	30,485	36,659	27,522	30,208	36,103	26,931
	31,437	**37,676**	**29,618**	**31,156**	**37,120**	**28,688**

The maturity analysis of the lease liabilities on an undiscounted basis is set out in the liquidity risk section of note 10.4.4.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

44 PROVISIONS OF LEGAL CLAIMS

In TZS' Million	GROUP 2022	2021	2020	BANK 2022	2021	2020
Provision for litigation						
At 1 January	2,679	4,218	4,671	2,679	4,218	4,671
Additional provisions	2,639	753	649	2,639	753	649
Amount paid in the year	(3,738)	(2,292)	(1,102)	(3,738)	(2,292)	(1,102)
At 31 December	**1,580**	2,679	**4,218**	**1,580**	2,679	**4,218**

A Group recognised provision when it has a present obligation because of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation. Further, a reliable estimate of the amount of the obligation is required to be made.

When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case. Where the probability of outflow is remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

However, when the Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Bank does not include detailed, case-specific disclosers in its financial statements.

Various assumptions are therefore required to determine if a provision is required to be recognised, and further, the carrying amount thereof. With regards to the assessment of matters of a significant nature, including potential litigation and claims, management relies on the advice of the Group's legal counsel.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank considers several assumptions concerning future events including;

- legal advice,
- the stage of the matter and
- historical evidence from similar incidents.

As at year end, there were several pending legal cases where the Bank was a defendant. Provision has been made for legal cases where professional advice indicates that it is probable that loss will arise. The directors have considered it probable that the unfavourable outcome of these cases to the Bank could result into an estimated loss of TZS 1,580 million (2021: TZS 2,679million). For cases whose outcomes are uncertain, contingent liabilities have been considered as disclosed in Note 53.

Base on the nature of such disputes the outcome and expected timing of resulting outflows of economic benefits from settlement of these cases is uncertain.

The opinion of those charged with governance after taking proper legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2022.

In the year ending 31 December 2022, the company did not expect any reimbursement from the amount provided (2021: NIL).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

45 GRANTS

In TZS' Million	GROUP 2022	2021	2020	BANK 2022	2021	2020
At 1 January	4,730	6,132	7,986	4,730	6,132	7,922
Grant amount utilised	(1,718)	(1,402)	(1,854)	(1,718)	(1,402)	(1,790)
Write-off against grant receival	-	-	-	-	-	-
At 31 December	3,012	4,730	6,132	3,012	4,730	6,132

45.1 FSDT GRANTS

At 1 January	2,826	3,659	4,864	2,826	3,659	4,864
Grant amount utilised	(786)	(833)	(1,205)	(786)	(833)	(1,205)
At 31 December	2,040	2,826	3,659	2,040	2,826	3,659

On 26 May 2008, CRDB Bank PLC signed a four-year funding agreement with Financial Sector Deepening Trust of Tanzania (FSDT) amounting to USD 3,806,500 as a grant for strengthening of the Bank's microfinance partner institutions and increase outreach.

The grant was utilized to construct service centres and purchase mobile branches. There are no conditions attached to the grant during the year.

45.2 MIVARF ASSET GRANT

In TZS' Million	GROUP 2022	2021	2020	BANK 2022	2021	2020
At 1 January	1,904	2,473	3,058	1,904	2,473	3,058
Grant amount utilised	(932)	(569)	(585)	(932)	(569)	(585)
At 31 December	972	1,904	2,473	972	1,904	2,473

On 2 January 2013, the Group signed a six-year funding agreement with Marketing Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF) amounting to USD 4,000,008 as a grant for improving/ strengthening and developing access to financial services on a sustainable basis to rural micro and small-scale entrepreneurship activities that will lead to increased productivities in rural areas. The grant was utilized to construct service centres and purchase mobile branches.

This grant expired in 2019. The outstanding amount relates to deferred grant which is being amortized in line with corresponding depreciation for the respective PPE.

There are no conditions attached to the grant during the year.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

47 BORROWINGS

In TZS' Million	GROUP 2022	GROUP 2021	GROUP 2020	BANK 2022	BANK 2021	BANK 2020
At 1 January	197,862	238,054	297,092	197,862	238,054	297,092
Additional	349,880	20,970	-	349,880	20,970	-
Interest charge	28,727	12,563	11,042	28,727	12,563	11,042
Interest paid	(24,663)	(14,201)	(11,841)	(24,663)	(14,201)	(11,841)
Repayment	(59,202)	(59,450)	(59,049)	(59,202)	(59,450)	(59,049)
Exchange rate differences	(1,327)	(74)	810	(1,327)	(74)	810
At 31 December	**491,277**	**197,862**	**238,054**	**491,277**	**197,862**	**238,054**
Current	63,906	58,251	27,085	63,906	58,251	27,085
Non-current	427,371	139,611	210,969	427,371	139,611	210,969
	491,277	**197,862**	**238,054**	**491,277**	**197,862**	**238,054**

The Group and Bank has not had any defaults of principal, interest, or other breaches regarding borrowings during 2022 or 2021.

46.1 AFDB BORROWING

In TZS' Million	GROUP 2022	GROUP 2021	GROUP 2020	BANK 2022	BANK 2021	BANK 2020
At 1 January	106,603	142,410	176,148	106,603	142,410	176,148
Loan repaid during the year	(35,004)	(34,579)	(34,783)	(35,004)	(34,579)	(34,783)
Interest charge for the year	6,725	5,512	4,204	6,725	5,512	4,204
Interest paid in the year	(5,172)	(6,666)	(4,886)	(10,726)	(6,666)	(4,886)
Foreign exchange difference	(1,327)	(74)	1,727	(1,327)	(74)	1,727
At 31 December	**71,825**	**106,603**	**142,410**	**71,825**	**106,603**	**142,410**

During the year, the Bank and AFDB signed a Senior Credit line agreement of USD 10 Million for a period of eight years, aiming at supporting Bank's initiatives to grow women owned enterprises. The facility comes along with Technical Assistance to enhance the Bank's capacity to reach efficiently reach out to more women owned enterprises

Whereas in April 2017 the Bank received USD 90 Million a Long term loan facility signed with Bank in November 2016 with an expected maturity in August 2024. The fund was provided for financing infrastructure projects and utilize at least 25% of the proceeds on lending activities to Small and Medium-sized Enterprises (SME) in key economic sectors of the Tanzanian economy including agriculture, construction, transport, and services. The Bank has been performing well by meeting all her obligations with the lender, inclusive of timely interest settlement.

As at 31 December 2022, the Group and Bank were compliant with all the lender's covenants.

46.2 EIB BORROWING

In TZS' Million	GROUP 2022	GROUP 2021	GROUP 2020	BANK 2022	BANK 2021	BANK 2020
At 1 January	42,382	65,590	90,722	42,382	65,590	90,722
Interest charge for the year	3,117	4,342	4,027	3,117	4,342	4,027
Interest paid in the year	(3,740)	(4,879)	(4,488)	(3,740)	(4,879)	(4,488)
Principal repayment during the year	(23,603)	(23,671)	(23,671)	(23,603)	(23,671)	(23,671)
At 31 December	**18,156**	**42,382**	**66,590**	**18,156**	**42,382**	**66,590**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

47.1 AFDB BORROWING (CONTINUED)

The Bank entered into a facility agreement with European Investment Bank (EIB) for a senior credit line of Euro 55 million converted to TZS from initial recognition in 2016. The disbursement happened into two tranches Euro 40.2 million (TZS 97.5 billion) and Euro14.8 million (TZS 38 billion) received in August 2016 and December 2018, respectively. These funds were earmarked for Mid-caps and SMEs in the country.

The facility is for the period of up to 8 years with an expected maturity of April 2024.

As at 31 December 2022, the Group and Bank were compliant with all the lender's covenants.

46.3 TMRC BORROWING

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
At 1 January	27,085	27,085	27,085	27,085	27,085	27,085
Interest charge for the year	2,183	2,205	2,284	2,183	2,205	2,284
Interest paid in the year	(2,191)	(2,205)	(2,284)	(2,191)	(2,205)	(2,284)
At 31 December	**27,077**	**27,085**	**27,085**	**27,077**	**27,085**	**27,085**

The Bank signed a master finance agreement with Tanzania Mortgage Refinance Company (TMRC) in 2014, to support growth in the Bank's mortgage portfolio. As at 31 December the Bank had an outstanding loan of TZS 27 Billion which is fully deployed to the mortgage portfolio.

As at 31 December 2022, the Group and Bank were compliant with all the lender's covenants.

46.4 TIB BORROWING

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
At 1 January	822	1,969	3,137	822	1,969	3,137
Interest charge for the year	60	85	212	60	85	212
Interest paid in the year	(79)	(32)	(183)	(79)	(32)	(183)
Principal repayment during the year	(595)	(1,200)	(1,197)	(595)	(1,200)	(1,197)
At 31 December	**208**	**822**	**1,969**	**208**	**822**	**1,969**

The loan is for 9 years with initial interest rate of 8.62% which is to be revised after every six months. On 15 March 2017, the Bank received additional instalment of TZS 399.5 million in favour of Andoya Hydro power. There is no collateral pledged to secure these loans. The Bank complied with all terms and conditions of each of the agreements during the year and there were no defaults on either principal or interest of loan payable.

As at 31 December 2022, the Group and Bank were compliant with all the lender's covenants.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

46.5 NBC BORROWING

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
At 1 January	20,970	-	-	20,970	-	-
Amount received	-	20,970	-	-	20,970	-
Interest charge for the year	2,516	419	-	2,516	419	-
Interest paid in the year	(1,462)	(419)	-	(1,462)	(419)	-
At 31 December	**22,024**	**20,970**	**-**	**22,024**	**20,970**	**-**

The Borrowing from NBC Tanzania successfully followed invitation and agreement with NBC Bank to Risk participation arrangement (RPA) of TZS 20.97 billion (equivalent to USD 9 million) for on-lending to the Agricultural sector. The facility has a fixed interest of 12% with an expected maturity on August 2025.

As at 31 December 2022, the Group and Bank were compliant with all the lender's covenants.

46.6 PROPACO

	GROUP			BANK		
In TZS' Million	2022	2021	2020	2022	2021	2020
At 1 January	-	32,407	-	-	32,407	-
Loan received during the year	116,680		-	116,680		-
Interest charge for the year	4,528	1,591	-	4,528	1,591	-
Interest paid in the year	(3,340)	(3,998)	-	(3,340)	(3,998)	-
Principal repayment	-	(30,000)	-	-	(30,000)	-
At 31 December	**117,868**	**-**	**-**	**117,868**	**-**	**-**

The Bank signed a senior facility agreement of USD 50 Million with Société De Promotion Et De Participation Pour La Coopération Économique S.A. (PROPARCO). This is a three years' facility aiming at supporting Bank's initiatives towards Small and Medium Enterprises with a special focus on the Micro enterprises.

To further enhance Bank's capacity, the facility comes along with Technical Assistance as well as with Portfolio guarantees offered to the tune of Euro 26.5 million covering support on the key areas of common interest for the two institutions Micro Women Businesses and Enterprises as well as Micro, Small and Medium Enterprises affected by COVID. As at 31 December 2022, the Group and Bank were compliant with all the lender's covenants.

46.7 IFC

	GROUP				BANK	
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
At 1 January	-	-	-	-	-	-
Loan received during the year	233,200	-	-	233,200	-	-
Interest charge for the year	9,598	-	-	9,598	-	-
Interest paid in the year	(8,679)	-	-	(8,679)	-	-
At 31 December	**234,119**	**-**	**-**	**234,119**	**-**	**-**

In August 2022, the Bank received a disbursement of USD 100 Million from International Finance Corporations (IFC), a five years' facility per the agreement signed between the two institutions in June 2022. The facility aims at supporting Bank's lending program to Eligible Sub-borrowers through Eligible Sub-loans in response to the COVID-19 pandemic as well as SME and Women-Owned SME eligible sub-borrowers.

As at 31 December 2022, the Group and Bank were compliant with all the lender's covenants.

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47 SUBORDINATED DEBT- AFDB

In TZS' Million	GROUP 2022	GROUP 2021	GROUP 2020	BANK 2022	BANK 2021	BANK 2020
At 1 January	-	32,407	32,400	-	32,407	32,400
Loan received during the year	116,597	-	-	116,597		-
Interest charge for the year	6,982	1,591	2,407	6,982	1,591	2,407
Interest paid in the year	(2,919)	(3,998)	(2,400)	(2,920)	(3,998)	(2,400)
Principal repayment	-	(30,000)	-	-	(30,000)	-
Foreign exchange difference	82	-	-	83	-	-
At 31 December	120,742	-	32,407	120,742	-	32,407
Current	4,145	-	2,407	4,145	-	2,407
Non-current	116,597	-	30,000	116,597	-	30,000
	120,742	**-**	**32,407**	**120,742**	**-**	**32,407**

In February 2022, the Bank received a disbursement of USD 50Million a subordinated USD term facility from African Development Bank (AfDB) per the facility agreement signed in November 2021. The facility is for a period of seven years with a five years' grace period. The facility is geared towards augmenting the Bank's capital base to enable it to expand its operations in East and Central African regions particularly providing finance in the agriculture, manufacturing, and trade sectors as well as SME's and local corporates.

As at 31 December 2022, the Group and Bank were compliant with all the lender's covenants.

The analysis and movement of the net debt is, as follows:

In TZS' Million	GROUP 2022	GROUP 2021	GROUP 2020	BANK 2022	BANK 2021	BANK 2020
Lease Liability	31,437	37,676	29,618	31,156	37,120	28,688
Borrowings	491,277	197,862	238,054	491,277	197,862	238,054
Subordinated Debts	120,742		32,407	120,742	-	32,407
Net debt	**643,456**	**235,538**	**300,079**	**643,175**	**234,982**	**299,149**

48 NET DEBT RECONCILIATION

The analysis and movement of the net debt is, as follows:

In TZS' Million	GROUP 2022	GROUP 2021	GROUP 2020	BANK 2022	BANK 2021	BANK 2020
Lease Liability	31,437	37,676	29,618	31,156	37,120	28,688
Borrowings	491,277	197,862	238,054	491,277	197,862	238,054
Subordinated Debts	120,7	-	32,40	120,742	-	32,407
Net debt	643,456	235,538	300,079	643,175	234,982	299,149

Reconciliation of movements of liabilities to cash flows arising from financing activities

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

48 NET DEBT RECONCILIATION (CONTINUED)

In TZS' Million

Group	**Lease Liability**	**Borrowings**	**Subordinated Debts**	**Total**
Balance as at 1st January 2022	37,676	197,862	-	235,538
Changes from financing cashflows				
Borrowings received	-	349,880	116,597	466,477
Repayment of borrowings	-	(59,224)	-	(59,224)
Repayment of subordinated debt	-	-	-	-
Principal payment on lease liabilities	(9,075)	-	-	(9,075)
Total changes from financing cash flows	(9,075)	290,656	116,597	398,178
The effect of changes in foreign exchange rates	-	(1,326)	-	(1,326)
Other changes				
Liability-related				
Interest Charge	(1,979)	28,672	7,065	33,758
Interest paid	(1,979)	(24,587)	2,920	(23,646)
Total liability-related other changes	2,836	-	-	2,836
Balance at 31 December 2022	**31,437**	**491,277**	**120,742**	**643,456**

In TZS' Million

Group	**Lease Liability**	**Borrowings**	**Subordinated Debts**	**Total**
Balance as at 1st January 2021	29,618	238,054	32,407	300,079
Changes from financing cashflows				
Borrowings received	-	20,970	-	20,970
Repayment of borrowings	-	(59,450)	-	(59,450)
Repayment of subordinated debt	-	-	(30,000)	(30,000)
Principal payment on lease liabilities	(12,745)	-	-	(12,745)
Total changes from financing cash flows	(12,745)	(38,480)	(30,000)	(81,226)
The effect of changes in foreign exchange rates	-	(74)	-	(74)
Other changes				
Liability-related				
Interest charge	2,331	12,563	1,591	16,485
Interest paid	(2,331)	(14,201)	(3,998)	(20,530)
Total liability-related other changes	20,803	-	-	20,803
Balance at 31 December 2021	**37,676**	**197,862**	**-**	**235,538**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

48 NET DEBT RECONCILIATION (CONTINUED)

In TZS' Million

Group	**Lease Liability**	**Borrowings**	**Subordinated Debts**	**Total**
Balance as at 1st January 2020	39,778	297,092	32,400	369,270
Changes from financing cashflows				
Borrowings received	-	-	-	-
Repayment of borrowings	-	(59,049)	-	(59,049)
Repayment of subordinated debt	-	-	-	-
Principal payment on lease liabilities				(12,131)
Total changes from financing cash flows	(12,131)	(59 ,049)	-	(71,180)
The effect of changes in foreign exchange rates	-	810	-	810
Other changes				
Liability-related				
Interest charge	(2,509)	11,042	(2,407)	15,958
Interest paid	(2,509)	(11,841)	(2,400)	(16,750)
Total liability-related other changes	1,971	-	-	1,971
Balance at 31 December 2020	**29,618**	**238,054**	**32,407**	**300,079**

Reconciliation of movements of liabilities to cash flows arising from financing activities

BANK	**Lease Liability**	**Borrowings**	**Subordinated Debts**	**Total**
Balance as at 1st January 2022	37,120	197,862	-	234,982
Changes from financing cashflows				
Borrowings received	-	349,880	116,597	466,477
Repayment of borrowings	-	(59,224)	-	(59,224)
Repayment of subordinated debt	-	-	-	-
Principal payment on lease liabilities	(8,880)	-	-	(8,880)
Total changes from financing cash flows	**(8,880**	**290,[illegible]**	**116,597**	**398,373**
The effect of changes in foreign exchange rates	-	(1,326)	-	(1,326)
Other changes				
Liability-related				
Interest charge	1,952	28,672	7,065	37,689
Interest paid	(1,952)	(24,587)	2,920	(23,619)
Total liability-related other changes	2,916	-	-	2,916
Balance at 31 December 2022	**31,156**	**491,277**	**120,742**	**643,175**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

48 NET DEBT RECONCILIATION (CONTINUED)

BANK	**Lease Liability**	**Borrowings**	**Subordinated Debts**	**Total**
Balance as at 1st January 2021	28,688	238,054	32,407	299,149
Changes from financing cashflows				
Borrowings received	-	20,970	-	20,970
Repayment of borrowings	-	(59,450)	-	(59,450)
Repayment of subordinated debt	-	-	(30,000)	(30,000)
Principal payment on lease liabilities	(12,369)	-	-	(12,369)
Total changes from financing cash flows	(12,369)	(38,480)	(30,000)	(80,849)
The effect of changes in foreign exchange rates	(74)	-	-	(74)
Other changes	-	-	-	-
Liability-related	-	-	-	-
Interest charge	2,278	12,563	1,591	16,432
Interest paid	(2,278)	(14,201)	(3,998)	(20,477)
Total liability-related other changes	20,80[illegible]	-	-	(20,801)
Balance at 31 December 2021	37,120	197,862	-	234,982

BANK	**Lease Liability**	**Borrowings**	**Subordinated Debts**	**Total**
Balance as at 1st January 2020	38,903	297,092	32,400	368,395
Changes from financing cashflows				
Borrowings received	-	-	-	-
Repayment of borrowings	-	(59,049)	-	(59,049)
Repayment of subordinated debt	-	-	-	-
Principal payment on lease liabilities	(12,164)	-	-	(12,164)
Total changes from financing cash flows	**(12,164)**	**(59,049)**	**-**	**(71,213)**
The effect of changes in foreign exchange rates	-	810	-	810
Other changes				
Liability-related				
Interest charge	2,461	11,042	2,407	15,910
Interest paid	(2,461)	(11,841)	(2,400)	16,702
Total liability-related other changes		-	-	1,949
Balance at 31 December 2020	**28,688**	**238,054**	**32,407**	**299,149**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

49 SHARE CAPITAL

	GROUP			BANK		
	2022 TZS' Million	2021 TZS' Million	2020 TZS' Million	2022 TZS' Million	2021 TZS' Million	2020 TZS' Million
Authorized 4,000,000,000 ordinary shares of TZS 25 each	100,000	100,000	100,000	100,000	100,000	100,000
Issued and fully paid 2,611,838,584 (2021: 2,611,838,584) ordinary shares of TZS 25 each						
Number of shares						
At 1 January	2,612	2,612	2,612	2,612	2,612	2,612
Issued shares	-	-	-	-	-	-
At 31 December	**2,612**	**2,612**	**2,612**	**2,612**	**2,612**	**2,612**
Value of shares						
At 1 January	65,296	65,296	65,296	65,296	65,296	65,296
Issued shares	-	-	-	-	-	-
At 31 December	**65,296**	**65,296**	**65,296**	**65,296**	**65,296**	**65,296**

50 RESERVES

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Annual General Meetings of the Company. For the time being, there is no restriction which has been attached to the ordinary shares of the company.

Share premium

Share premium represents the surplus of market price over the nominal value of the shares issued, comprising the rights issue and Initial Public offering (IPO).

Retained earnings

Retained earnings consist of profits generated by a company that was not distributed to shareholders as dividend but reinvested in business.

Regulatory reserve

The Group's general banking reserves represents the excess of Bank of the Republic of Burundi (BRB) provisions over IFRS provisions. These reserves do form part of Tier 2 capital. This is a non-distributable reserve.

Translation reserve

Translation reserve represents exchange differences arising from translation of the financial performance and position of a subsidiary company that has a functional currency different from the Group's presentation currency. This is a non-distributable reserve.

Legal provision reserve

This represents five percent of net profit which is set aside in compliance with the Burundi company law for CRDB Bank Burundi SA.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

50 RESERVES (CONTINUED)

Revaluation Reserve (Continued)

Revaluation reserve is made up of periodic adjustment arising from the fair valuation of motor vehicles and mobile branches, net of related deferred taxation and fair valuation of debt and equity instruments at fair value through OCI financial assets and liabilities. The reserve is not available for distribution to the shareholders.

The revaluations reserve movements for the Group are as shown below:

GROUP In TZS' Million	Motor vehicles and mobile branches	Debt instrument at fair value through OCI	Equity instrument at fair value through OCI	Total
31 December 2022				
At 1 January	3,018	41,092	(635)	43,475
Increase/(decrease) during the year	-	2,370	700	3,070
Release to retained earnings (net of deferred tax)	(534)	-	-	(534)
At 31 December	2,484	43,462	65	46,011
In TZS' Million				
31 December 2021				
At 1 January	4,232	42,794	(1,802)	45,224
Increase/(decrease) during the year	-	(1,702)	1,167	(535)
Release to retained earnings (net of deferred tax)	(1,214)	-	-	(1,214)
At 31 December	3,018	41,092	(635)	43,475

GROUP **In TZS' Million**

Year ended 31 December 2020	Motor vehicles and mobile branches	Debt instrument at fair value through OCI	Equity instrument at fair value through OCI	Total
At 1 January	4,183	20,249	(607)	23,825
MFSCL winding up	(297)	-	-	(297)
Increase/(decrease) during the year	1,047	22,545	(1,195)	22,397
Release to retained earnings (net of deferred tax)	(701)	-	-	(701)
At 31 December	**4,232**	**42,794**	**(1,802)**	**45,224**

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

50 RESERVES (CONTINUED)

BANK In TZS' Million	Motor vehicles and mobile branches	Debt instrument at fair value through OCI	Equity instrument at fair value through OCI	Total
31 December 2022				
At 1 January	3,018	41,092	(635)	43,475
Increase/(decrease) during the year	-	2,370	700	3,070
Release to retained earnings (net of deferred tax)	(534)	-	-	(534)
At 31 December	2,484	43,462	65	46,011
In TZS' Million				
31 December 2021				
At 1 January	4,232	42,794	(1,802)	45,224
Increase/(decrease) during the year	-	(1,702)	1,167	(535)
Release to retained earnings (Net of deferred tax)	(1,214)	-	-	(1,214)
At 31 December	3,018	41,092	(635)	43,475

BANK **In TZS' Million**

Year ended 31 December 2020	Motor vehicles and mobile branches	Debt instrument at fair value through OCI	Equity instrument at fair value through OCI	Total
At 1 January	3,885	20,250	(607)	23,825
Increase/(decrease) during the year	1,047	22,545	(1,195)	22,397
Release to retained earnings (net of deferred tax)	(701)	-	-	(701)
At 31 December	4,231	42,795	(1,802)	45,224

51 ANALYSIS OF CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition.

	GROUP			BANK		
In TZS' Million	2022	2021	2020	2022	2021	2020
Cash in hand (Note 24)	379,554	311,717	307,431	367,218	304,998	303,209
Balances with Central bank (Note 24)	213,197	345,630	115,524	107,663	332,731	100,037
Due from banks (Note 25)	695,699	494,545	361,902	699,815	444,113	370,363
	1,288,450	1,151,892	784,857	1,174,696	1,081,842	773,609

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

52 FINANCIAL INSTRUMENTS BY CATEGORY

GROUP

TZS' Million

At 31 December 2022	Amortised cost	At fair value through OCI	At fair value through PL	Total
Financial assets				
Cash and balances with Central bank	982,435	-	-	982,435
Due from banks	693,506	-	-	693,506
Financial assets at FVPL	-	-	23,703	23,703
Debt instruments at FVOCI	-	786,118	-	786,118
Loans and advances to customers	6,876,509	-	-	6,876,509
Debt instruments at amortised cost	1,483,968	-	-	1,483,968
Credit cards	1,248	-	-	1,248
Equity investment	-	11,644	2,291	13,935
Other assets	132,687	-	-	132,687
	10,170,353	**797,762**	**25,994**	10,994,109

GROUP

In TZS' Million

	Amortised cost	At fair value through OCI	At fair value through PL	Total
At 31 December 2021				
Cash and balances with Central bank	888,698	-	-	888,698
Due from banks	493,216	-	-	493,216
Financial assets at FVPL	-	-	27,097	27,097
Debt instruments at FVOCI	-	424,160	-	424,160
Loans and advances to customers	5,040,368	-	-	5,040,368
Debt instruments at amortised cost	1,202,593	-	-	1,202,593
Credit cards	1,844	-	-	1,844
Equity investment	-	10,595	2,886	13,481
Other assets	89,599	-	-	89,599
	7,716,318	**434,755**	**29,983**	**8,181,056**

GROUP **In TZS' Million**

31 December 2020	Amortised cost	FVOCI	FVPL	Total
Financial assets				
Cash and balances with Central bank	652,918	-	-	652,918
Loans and advances to banks	361,902	-	-	361,902
Loans and advances to customers	4,075,604	-	-	4,075,604
Debt instruments	995,824	501,005	-	1,496,829
Financial assets at FVPL	-	-	5,572	5,572
Credit cards	529	-	-	529
Equity investment	-	8,623	2,555	11,178
Other assets*	94,788	-	-	94,788
	6,197,869	493,324	8,127	6,699,320

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

52 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

GROUP

Financial liabilities at amortised cost

In TZS' Million	2022	2021	2020
Deposits from banks	1,127,369	715,202	296,212
Deposits customers	8,200,393	6,489,614	5,434,647
Other liabilities*	138,450	110,005	84,941
Lease liabilities	31,437	37,676	29,618
Subordinated debt	120,742	-	32,407
Borrowings	491,277	197,862	238,054
	10,109,668	7,550,359	6,115,879

*Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

BANK

In TZS' Million	Amortised cost	At fair value through OCI	At fair value through PL	Total
At 31 December 2022 Financial assets				
Cash and balances with Central bank	864,565	-	-	864,565
Due from banks	711,979	-	-	711,979
Financial assets at FVPL	-	-	17,417	17,417
Debt instruments at FVOCI	-	786,118	-	786,118
Loans and advances to customers	6,706,018	-	-	6,706,018
Debt instruments at amortized cost	1,148,248	-	-	1,148,248
Credit cards	1,248	-	-	1,248
Equity investment	-	11,531	2,291	13,822
Other assets	138,805	-	-	138,805
	9,570,863	**797,649**	**19,708**	**10,388,220**

At 31 December 2021	Amortised cost	At fair value through OCI	At fair value through PL	Total
Financial assets				
Cash and balances with Central bank	869,079	-	-	869,079
Due from banks	442,784	-	-	442,784
Financial assets at FVPL	-	-	20,807	20,807
Debt instruments at FVOCI	-	424,160	-	424,160
Loans and advances to customers	4,903,448	-	-	4,903,448
Debt instruments at amortized cost	1,001,563	-	-	1,001,563
Credit cards	1,844	-	-	1,844
Equity investment	-	10,479	2,886	13,365
Other assets	95,061	-	-	95,061
	7,313,379	434,639	23,693	7,772,111

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

52 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

BANK **In TZS' Million**

31 December 2020	Amortised cost	FVOCI	FVPL	Total
Financial assets				
Cash and balances with Central bank	633,209	-	-	633,209
Loans and advances to banks	382,207	-	-	382,207
Loans and advances to customers	3,998,295	-	-	3,998,295
Debt instruments	843,316	501,005	-	1,344,321
Credit cards	529	-	-	529
Equity investment	-	8,488	2,555	11,178
Other assets*	96,494	-	-	96,494
	5,954,050	**509,493**	**2,555**	**6,466,098**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

BANK

	2022	2021	2020
Financial liabilities at amortised cost			
Deposits from banks	1,103,605	682,948	296,561
Deposits customers	7,677,675	6,153,929	5,234,145
Other liabilities*	136,302	108,186	83,989
Lease liabilities	31,156	37,120	28,688
Subordinated debt	120,742	-	32,407
Borrowings	491,277	197,862	238,054
	9,560,757	**7,180,045**	**5,913,844**

*Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial

53 CONTINGENT LIABILITY

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Guarantees and indemnities	1,450,615	1,657,744	1,223,500	1,450,111	1,657,603	1,221,272
Letters of credit	1,870,317	802,779	136,830	1,797,704	802,779	135,532
Commitment to extend credit	462,402	269,013		462,402	269,013	-
Legal claims	43,688	37,749	32,228	43,688	37,749	32,228
	3,827,022	**2,767,285**	**1,392,558**	**3,753,905**	**2,767,144**	**1,389,032**

liabilities).

Letters of credit are commitments by the Bank to make payments to third parties, on production of agreed documents on behalf of customers and are reimbursed by the customers. Guarantees and indemnities are generally issued by the Bank, on behalf of customers, to guarantee customers to third parties. The Bank will only be required to meet these obligations in the event of default by the customer.

The Group and Bank is, in the normal course of business involved in several court cases and tax disputes with the revenue authorities. The Group has taken appropriate legal measures to defend its position. Appropriate provisions have been made by the Group for the liabilities arising as disclosed in Note 44. Contingent liabilities arise for cases for which the outcome cannot be reliably determined as at the date of signing these financial statements.

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

53 CONTINGENT LIABILITY (CONTINUED)

For events, whose outcomes are uncertain the Group considers contingent liabilities given the subjectivity and uncertainty of determining the probability and amount of losses. The Group considers several factors including legal advice, the stage of the matter and historical evidence from similar incidents.

In the year ending 31 December 2022, the company did not expect any reimbursement from the amount provided (2021: NIL).

54 COMMITMENTS AND LEASES

54.1 Commitments

		GROUP			BANK	
In TZS' Million	**2022**	**2021**	**2021**	**2022**	**2021**	**2020**
Commitments to extend credit	462,402	269,013	209,180	462,402	269,013	203,652
Capital commitments						
Authorized and contracted for	28,343	46,204	10,056	28,343	46,204	10,056
Authorized and not yet contracted for	18,628	16,019	232	18,628	4,367	232
	46,971	**62,223**	**10,288**	**46,971**	**50,571**	**10,288**

Group capital commitments authorised and contracted for are in respect of the following projects;

- *Ongoing system development projects mainly Core banking TZS 18,900 million*
- *New Enterprise Service Bus (ESB) & Migration TZS 1,371 million,*
- *AML & Fraud Management System TZS 476 million,*
- *Agency Banking Platform TZS 1,017,*
- *New Treasury Management System, New Enterprise Email and Collaboration Platform TZS 83 million,*
- *Reconciliation system TZS 214 million and New Card Management system TZS 4,193 million.*
- *Smart branch TZS 1,923 million*

54.2 Leasing Arrangements Group as lessee

The Group has entered commercial leases for various office spaces including ATMs lobbies. The leases have an average life of between three (3) and ten (10) years. The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

- The lease agreements do not impose any covenants, however leased assets may not be used as security for borrowing purposes.
- There are no restrictions placed upon the lessee by entering into these lease agreements.
- During the year, the Group had no sale and leaseback transactions.
- There were no leases which were not yet commenced to which the Group was committed during the year.
- There were no variable lease payments during the year.
- There were no residual value guarantees during the year.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

54 COMMITMENTS AND LEASES (CONTINUED)

54.1 Leasing Arrangements (Continued)

Group as lessee (Continued)

- The Group had no short-term leases or leases of low-value assets during the year (2021: Nil).

  Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

In TZS' Million

	1-5 years	Over 5 years	Total
31 December 2022			
Extension options not to be exercised	44	101	145
Termination options expected to be exercised	-	-	-
	44	**101**	**145**
31 December 2021			
Extension options not to be exercised	673	5	678
Termination options expected to be exercised	-	-	-
	673	**5**	**678**
31 December 2020			
Extension options not to be exercised	583	3	586
Termination options expected to be exercised	-	-	-
	583	**3**	**586**

During the year, no concessions were given in terms of rent payments from Landlords.

Group and Bank as lessor

The Group and Bank acts as lessor of the land and building. These leases have an average contract lease of between three and six months with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering these leases.

Rental income recognised by the Group during the year is TZS 92 million (2021: TZS 47 million). The rental income includes TZS 19.7 million (2021: TZS 19.7 million) resulted from subleasing of the right of use assets.

Future minimum lease payments under non-cancellable operating leases as at 31 December were, as follows;

In TZS' Million	**2022**	**2021**	**2020**
Within one year	92	47	54
After one year		-	-
	92	**47**	**54**

The above lease arrangements are mainly to the bank's staff on short term basis. The Bank has an option to terminate the lease with no significant penalties.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

55 RELATED PARTY TRANSACTIONS

Parties are related if one party can control the other party or exercise significant influence over the other party in making financial or operational decisions.

In the normal course of business, several Banking transactions are entered into with related parties' i.e., key management staff, Directors, their associates, and companies associated with Directors. These include loans and deposits. Loans and advances to customers as at 31 December include loans and advances to Directors, other key management personnel and companies associated with Directors.

The volume of related party transactions for the year and the outstanding amount at the year- end for the Group is as follows:

	Companies associated with Directors			Directors and other key management personnel		
In TZS' Million	**2022**	2021	2020	**2022**	2021	2020
Loans and advances to related parties						
At 1 January	684	1,457	1,631	7,423	6,258	5,818
Net movement during the year	45	(773)	(174)	3,345	1,165	440
At 31 December	**729**	**684**	**1,457**	**10,768**	**7,423**	**6,258**
Interest earned	-	77	265	465	349	440
Current	-	-	50	-	-	-
Non-current	729	684	1,407	10,768	7,423	6,258
	729	**684**	**1,457**	**10,768**	**7,423**	**6,258**

Loans to key management personnel were issued at off market interest rate as per Group policy and repayable on demand. They are treated as employee benefit like other staff loans. Mortgage loans issued to key management are secured and repayable within 20 years while personal loans are unsecured and repayable within 5 years.

- Loans to non-executive directors were issued on commercial terms. These loans are payable on demand.
- As at 31 December 2022, the total loan balances outstanding were TZS 11,497 million (2021: TZS 8,107 million).
- As at 31 December 2022, the Group and Bank held collateral valued of TZS 10,080 million (2021: TZS 5,313 million) from key management personnel and non-executive directors.
- Loans and advances to related parties fall under Stage 1 and balance sheet provisions for doubtful debts related to the amount of outstanding balances is TZS 1 million (2021: TZS 37 million).

Provision expenses recognized/ charged to profit or loss during the period in respect of bad or doubtful debts due from related parties is TZS 25 million (2021: TZS 26 million).

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

55 RELATED PARTY TRANSACTIONS (CONTINUED)

	Companies associated with Directors			Directors and other key management personnel		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Deposits related parties						
At 1 January	21	5	13	1,575	221	428
Net movement during the year	(11)	16	(8)	(122)	1,354	(207)
At 31 December	**10**	**21**	**5**	**1,453**	**1,575**	**221**
Interest paid	**-**	**-**	**-**	**4**	**2**	**1**

Balances outstanding with related companies were as follows;

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Due from related parties*						
CRDB Burundi S. A	-	-	-	7,385	5,277	1,145
CRDB Insurance Broker	-	-	-		80	357
Due to related parties*						
CRDB Insurance Broker	-	-	-	-	-	-
Loan advanced to subsidiary**						
CRDB Burundi S. A	-	-	-	173,790	113,725	82,291
Nostro to subsidiary						
CRDB Burundi S. A	-	-	-	8,025	3,462	221
Placement to subsidiary***						
CRDB Burundi S. A	-	-	-	34,829	18,691	22,279

*Amount due to/from subsidiaries relates to sales and purchases related parties which are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The TZS 7.4bn in year 2022 (2021: TZS 5.3bn), relates to dividend distribution to the parent.

** Loans advanced to subsidiary relates to facilities which were intended to finance the below projects;

- To finance purchases of machinery for cement production plant at an interest rate of 4.6%. The loan is fully secured and repayable in full on 21 July 2025.
- To support the Government in executing United Nations Security Council Resolution No 2149 (2104) of 10th April 2014 at an interest rate of 7%. The loan is fully secured and repayable in full on 21 January 2026.
- To finance purchases of raw materials for fertilizer manufacturing plant at an interest rate of 4.6%. The loan is fully secured and repayable in full on 31 December 2023.

***Placement to subsidiary relates to a placement with CRDB Burundi S.A intended to finance subsidiary operations. The Placement is made on terms equivalent to those that prevail in arm's length transactions. Outstanding balance at the year-end is unsecured. Interest is charged at 6.0% per annum and repayable in full on 23 August 2024, respectively.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

55 RELATED PARTY TRANSACTIONS (CONTINUED)

Interest received and paid from and to related parties respectively were as follows;

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Interest Income received from subsidiary						
CRDB Burundi S. A	-	-		9,880	6,467	5,228

Transactions with related companies were as follows;

	GROUP			BANK		
In TZS' Million	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Payments made on behalf of subsidiaries						
CRDB Burundi S. A	-	-		-	-	-
CRDB Insurance Broker Company Ltd	-	-		-	-	-
	-	-		-	-	-
Rent paid to the parent						
CRDB Burundi S. A	-	-		-	-	616
CRDB Insurance Broker Company Ltd	-	-		-	-	-
	-	-		-	-	-

Transactions with Related Parties

Purchase/ sale of properties on behalf of subsidiaries
In the year ending 31 December 2022, the company did not sale or purchase properties to/from any related party (2021: NIL).

Transfer of research and development
In the year ending 31 December 2022, the company did not transfer any cost of research and development to/from any related party (2021: Nil).

Guarantee
In the year ending 31 December 2022, there was no guarantee given or received to/from any related party (2021: Nil).

Settlement of liabilities on behalf of the entity or by the entity on behalf of another party
In the year ending 31 December 2022, there were no settlement of liabilities on behalf of the entity or by the entity on behalf of another entity (2021: Nil).

Rendering or receiving of services
During the year there were neither services rendered nor received to/from related party.

Leases
There were no lease transactions with related party during the year (2021: nil).

Treasury Shares
During the year, the Bank did not reacquire its own equity instruments from related parties.

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REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

55 RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of Key Management Personnel

Non-executive director's remuneration has been disclosed under section 10 of the director's report whereas remuneration for key management personnel has been disclosed under section 21. Key management personnel comprise board of directors, Managing Director, Chief Commercial Officer, Chief Operations Officer, Chief Financial Officer and Directors of departments who are reporting directly to the Managing Director.

The remuneration of key management personnel during the year was as follows:

In TZS' Million	**2022**	**2021**	**2020**
Short term employee benefits (salary)	8,715	9,138	8,536
Other long-term benefit (gratuity)	1,292	1,377	2,292
	10,007	**10,515**	**10,828**

- The above compensation is a total salary package including all employment benefits and pension.
- There were no separation costs during the year related to severance pay of some key management personnel (2021: Nil).
- The amounts disclosed above are the amounts recognised as an expense during the reporting period related to key management personnel.
- During the year ended 31 December 2022, there were no pension contributions paid on behalf of Directors to defined contribution schemes.
- There Group does not have a defined benefit scheme for directors. Generally, the non-executive directors do not receive pension entitlements from the Group.
- There were neither termination benefits nor share based payment benefit made during the year (2021: Nil).

Transactions and Balances with Government of Tanzania (Group and Bank)

The Government of Tanzania owns 34.3% (2021: 34.3%) equity in the Bank through DANIDA Investment funds and Pension Funds and has significant influence. The Bank invested in government securities during the year and at the year-end the amount receivable from the Government of Tanzania in the form of treasury bills and bonds amounted to TZS 1,934,366 million (2021: TZS1,425,726 million). Interest earned from investment in government securities during the year was TZS 170,171 million (2021: TZS 172,649 million). ECL related to transactions and balances are disclosed under note 27.

The Bank also accepts deposits from various Government institutions and related agencies, which attract interest like other deposits. As at 31 December 2022, deposits balances relating to the Government institutions and related agencies collectively amounted to TZS 94,522 million (2021: TZS 181,931 million).

56 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no events after the reporting period which require adjustment or disclosure in the financial statements.

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF CRDB BANK PLC ON FINANCIAL RATIOS PREPARED BASED ON GUIDELINES FOR THE ISSUE OF CORPORATE BONDS, MUNICIPAL BONDS AND COMMERCIAL PAPERS ISSUED BY THE CAPITAL MARKETS AND SECURITIES AUTHORITY - TANZANIA (CMSA), 2019

We were engaged by the board of directors of CRDB Bank. PLC ("the Group" or "the Bank") to report on the Bank's historical financial ratios as at and for the years ended 31 December 2022, 31 December 2021 and 31 December 2020 set out on pages 498 to 504 prepared based on the guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019, in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that Bank's historical financial ratios have not been properly prepared, based on the guidance provided under Annex 1 : Financial ratios, included in the Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019.

Responsibilities of the Directors

The Directors are responsible for the preparation and presentation of the historical financial ratios in accordance with the guidance provided under Annex 1: Financial ratios, included in the Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019.

Practitioner's Responsibilities

Our responsibility is to examine the historical financial ratios and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. The standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the historical financial ratios are prepared per the requirements of Annex 1: Financial ratios, in the Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019 in all material respects, as the basis for our limited assurance conclusion.

The firm applies International Standard on Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The procedures selected depend on our understanding of the historical financial ratios and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying historical financial ratios of CRDB Bank PLC have not been properly prepared in all material respects, based on the requirements of Annex 1: Financial ratios, included in the Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019.

The historical financial ratios have been prepared for inclusion in a prospectus for the purpose of listing Multicurrency Medium Term Notes, and may therefore, not be appropriate for another purpose.

For and on behalf of:
KPMG
Certified Public Accountants (T)
P. O. Box 1160 – Dar es Salaam, Tanzania

Signed by: CPA Vincent Onjala (TCPA 2722)

Date: 10 August 2023

KPMG

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

FINANCIAL RATIOS
FOR THE YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020

GROUP

Ratio	Definition	Notes	2022	2021	2020
(i) Earnings before interest and taxes to interest expenses (interest cover)	(EBIT for the period)/(Interest payable for the period + any preference dividend payable for the period)	A	3.25	3.68	2.99
(ii) Operating cash flow to total debt percentage	(Funds generated from Operations/Average total debt during the period) *100	B	(0.80%)	8.86%	4.92%
(iii) Free cash flow to total Debt (debt repayment cover)	(Free cash flows for the period/ Average total debt during the period) *100	C	(1.64%)	7.76%	3.12%
(iv) Total free cash flow to short-term debt obligations	(Total uncommitted cash flows for the period/ Total short-term debt obligations at the end of the period) *100	D	12.20%	23.02%	16.76%
(v) Net profit margin	(Net profit for the period/Total sales for the period) *100	E	31.57%	29.02%	20.43%
(vi) Post-tax return (before financing) on Capital Employed	(Profit after tax before financing costs for the period/Average capital employed for the period))*100	F	33.88%	31.62%	23.42%
(vii) Long Term Debt to Capital Employed	Average Long term debt outstanding during the period/ Average equity +Average long-term debt for the period	G	0.20	0.15	0.22
(viii) Total Debt to Equity	(Average short-term debt outstanding+ Average long term debt outstanding during the period)/Average equity for the period	H	6.43	6.01	6.13
(ix) Funds from operations to debt Percentage	(Funds generated from operations in the period/Average total debt during the period)*100	I	(20.33%)	311.96%	104.83%
(x) Free cash flow to debt repayment cover	Free cash flow for the period/ (Interest payable + preference dividend+ principal repaid during the period)	J	0.94	(3.54)	(1.74)

KPMG

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

FINANCIAL RATIOS
FOR THE YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020 (CONTINUED)

BANK

Ratio	Definition	Notes	2022	2021	2020
(i) Earnings before interest and taxes to interest expenses (interest cover)	(EBIT for the period)/(Interest payable for the period + any preference dividend payable for the period)	A	3.26	3.75	2.99
(ii) Operating cash flow to total debt percentage	(Funds generated from Operations/ Average total debt during the period) *100	B	(1.47%)	8.25%	4.92%
(iii) Free cash flow to total Debt (debt repayment cover)	(Free cash flows for the period/ Average total debt during the period)*100	C	(2.26%)	7.13%	3.15%
(iv) Total free cash flow to short-term debt obligations	(Total uncommitted cash flows for the period/ Total short-term debt obligations at the end of the period)*100	D	11.17%	19.29%	17.11%
(v) Net profit margin	(Net profit for the period/Total sales for the period)*100	E	31.00%	28.88%	19.67%
(vi) Post-tax return (before financing) on Capital Employed	(Profit after tax before financing costs for the period/Average capital employed for the period) *100	F	32.96%	31.08%	22.22%
(vii) Long Term Debt to Capital Employed	Average long term debt outstanding during the period/ Average equity +Average long-term debt for the period	G	0.21	0.15	0.23
(viii) Total Debt to Equity	(Average short-term debt outstanding+ Average long term debt outstanding during the period)/ Average equity for the period	H	6.28	5.95	6.14
(ix) Funds from operations to debt Percentage	(Funds generated from operations in the period/ Average total debt during the period)*100	I	(35.30%)	280.19%	102.63%
(x) Free cash flow to debt repayment cover	Free cash flow for the period/ (Interest payable + preference dividend+ principal repaid during the period)	J	1.23	(3.13)	(1.73)

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL RATIOS
FOR THE YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020

1. Financial information used for computation of the ratios

The financial ratios have been computed based on historical financial information extracted from the annual audited financial statements of CRDB Bank PLC as at and for the years ended 31 December 2022, 2021 and 2020.

2. Basis for computation of the ratios

The ratios have been computed based on the guidance provided under Annex 1: Financial ratios, included in the Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Securities Act (CMSA), 2019.

3. Computation of ratios

	In TZS' Million	Group 2022	Bank 2022	Group 2021	Bank 2021	Group 2020	Bank 2020
A	**Earnings before interest and Tax (EBIT) interest cover**						
	Earnings before interest and Tax						
	Profit before income tax	497,709	477,405	387,366	377,513	236,171	221,583
	Add: Interest expense	221,452	211,170	144,570	137,059	118,814	111,533
	EBIT	719,161	688,575	531,936	514,572	354,985	333,116
	Interest expense	221,452	211,170	144,570	137,059	2,509	111,533
	EBIT interest cover	**3.25**	**3.26**	**3.68**	**3.75**	**2.99**	**2.99**
B	**Operating cash flow to total debt percentage**						
	Funds generated from operations (net cash generated from/used in operating activities)	(69,486)	(120,665)	593,635	533,168	283,540	277,613
	Average total debt						
	Borrowings at start of the year	7,402,678	7,034,730	6,001,320	5,890,590	5,556,934	5,404,833
	Borrowings at the end of the year	9,939,781	9,393,299	7,402,678	7,034,730	6,001,320	5,890,590
	Average total debt	8,671,230	8,214,015	6,701,999	6,462,660	5,779,127	5,647,712
	Operating cashflow to total debt	**(0.80%)**	**(1.47%)**	**8.86%**	**8.25%**	**4.91%**	**4.92%**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL RATIOS
FOR THE YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020 (CONTINUED)

3. Computation of ratios (continued)

	In TZS' Million	Group 2022	Bank 2022	Group 2021	Bank 2021	Group 2020	Bank 2020
C	**Free cash flow to total Debt percentage (debt repayment cover)**						
	Free cash flow for the period						
	Cash generated from/used in operating activities	(69,486)	(120,665)	593,635	533,168	283,540	277,613
	Dividend Received	-	4,344	38	38	2,322	2,322
	Purchase of Fixed Assets	(47,496)	(44,758)	(70,229)	(69,157)	(94,909)	(91,820)
	Proceeds from Sale of Fixed Assets	665	665	988	566	393	393
	Purchase of Non - Dealing Securities	-	-	-	-	(7,000)	(7,000)
	Purchase of intangible assets	(25,667)	(25,496)	(4,449)	(3,863)	(3,980)	(3,640)
	Free cash flow	(141,984)	(185,910)	519,983	460,752	180,366	177,868
	Average total debt (refer to B)	8,671,230	8,214,015	6,701,999	6,462,660	5,779,127	5,647,712
	Free cash flow to total Debt (debt repayment cover)	**(1.64%)**	**(2.26%)**	**7.76%**	**7.13%**	**3.12%**	**3.15%**
D	**Total free cash flow to total short-term debt obligations**						
	Uncommitted cash flows						
	Free cash flow (refer to C above)	(141,984)	(185,910)	519,983	460,752	180,366	177,868
	Cash and cash equivalents at the end of the year	1,288,450	1,174,696	1,151,892	869,079	784,857	773,609
	Total uncommitted cash flows	1,146,466	988,786	1,671,875	1,329,831	965,223	951,477
	Short term debt obligations at the end of the period	9,395,813	8,849,331	7,263,067	6,895,119	5,760,351	5,559,621
	Total free cash flow to total short-term debt obligations	**12.20%**	**11.17%**	**23.02%**	**19.29%**	**16.76%**	**17.11%**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL RATIOS
FOR THE YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020 (CONTINUED)

3. Computation of ratios (continued)

	In TZS' Million	Group 2022	Bank 2022	Group 2021	Bank 2021	Group 2020	Bank 2020
E	**Net profit margin**						
	Profit for the period	351,407	332,480	268,161	259,617	165,186	152,989
	Total income	1,112,946	1,072,347	923,970	898,895	808,702	777,589
	Net profit margin	**31.57%**	**31.00%**	**29.02%**	**28.88%**	**20.43%**	**19.67%**
F	**Post-tax return (before financing) on Capital Employed**						
	Profit after tax before financing costs for the period						
	Profit after tax	351,407	332,480	268,161	259,617	165,186	152,989
	Interest expense	221,452	211,170	144,570	137,059	118,814	111,533
		572,859	543,650	412,731	396,676	284,000	264,522
	Average capital employed						
	Capital employed as at start of the year						
	Shareholders' equity	1,219,328	1,186,926	1,010,964	985,304	873,069	854,319
	Long-term debt	139,611	139,611	240,969	240,969	300,007	300,007
		1,358,939	1,326,537	1,251,933	1,226,273	1,173,076	1,154,326
	Capital employed as at the end of the year						
	Shareholders' equity	1,479,076	1,428,451	1,219,328	1,186,926	1,010,964	985,304
	Long-term debt	543,968	543,968	139,611	139,611	240,969	240,969
		2,023,044	1,972,419	1,358,939	1,326,537	1,251,933	1,226,273
	Average capital employed (simple average)	1,690,992	1,649,478	1,305,436	1,276,405	1,212,505	1,190,300
	Post-tax return (before financing) on Capital Employed	**33.88%**	**32.96%**	**31.62%**	**31.08%**	**23.42%**	**22.22%**

KPMG

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

NOTES TO THE FINANCIAL RATIOS
FOR THE YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020 (CONTINUED)

3. Computation of ratios (continued)

	In TZS' Million	Group 2022	Bank 2022	Group 2021	Bank 2021	Group 2020	Bank 2020
G	**Long Term Debt to Capital Employed**						
	Average long-term debt	341,790	341,790	190,290	190,290	270,488	270,488
	Average capital employed (refer to F)	1,690,992	1,649,478	1,305,436	1,276,405	1,212,505	1,190,300
	Long Term Debt to Capital Employed	**0.20**	**0.21**	**0.15**	**0.15**	**0.22**	**0.23**
H	**Total Debt to Equity**						
	Average short-term debt outstanding + average long-term debt outstanding during the period	8,671,230	8,214,015	6,701,999	6,462,660	5,779,127	5,647,712
	Average equity for the period	1,349,202	1,307,689	1,115,146	1,086,115	942,017	919,812
	Total Debt to Equity	**6.43**	**6.28**	**6.01**	**5.95**	**6.13**	**6.14**
I	**Funds from operations to debt percentage**						
	Funds generated from operations in the period	(69 486)	(120 665)	593 635	533,168	283,540	277,613
	Average total debt during the period (refer to G above)	341,790	341,790	190,290	190,290	270,488	270,488
	Funds from operations to debt Percentage	(20.33%)	(35.30%)	311.96%	280.19%	104.83%	102.63%
J	**Free cash flow to debt repayment cover**						
	Free cash flow for the period (refer to C)	(141,984)	(185,910)	519,983	460,752	180,366	177,868
	Interest payable + preference dividend+ principal repaid during the period	(151,130)	(151,130)	(146,996)	(146,996)	(103,450)	(102,567)
	Free cash flow to debt repayment cover	**0.94**	**1.23**	**(3.54)**	**(3.13)**	**(1.74)**	**(1.73)**

KPMG

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON FORECASTED FINANCIAL INFORMATION TO THE DIRECTORS OF CRDB BANK PLC

Introduction

We have undertaken a reasonable assurance engagement in respect of the prospective financial information of CRDB Bank PLC ("CRDB" or Bank") set out on pages 501 and 503, which comprise the forecasted statement of financial position as at 31 December 2023 and 31 December 2024 and the forecasted statement of comprehensive income, for the years then ending and forecasted statement of cash flows for the twelve-month periods ending 31 December 2023 and 31 December 2024 (the "Forecasted Financial Information"), as required by the Capital Markets and Securities Act, Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Security Authority - Tanzania, 2019.

We have also undertaken a limited assurance engagement in respect of the assumptions used to prepare and present the Forecasted Financial Information, disclosed on pages 504 of the Forecasted Financial Information as required by the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Security Authority - Tanzania, 2019.

Directors' responsibility for the Forecasted Financial Information and for the assumptions used to prepare the Forecasted Financial Information

The Directors are responsible for the preparation and presentation of the Forecasted Financial Information and for the reasonableness of the assumptions used to prepare the Forecasted Financial Information as set out on page 505 to the Forecasted Financial Information in accordance with the requirements of the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Security Authority - Tanzania, 2019. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Forecasted Financial Information on the basis of those assumptions that is free from material misstatement, whether due to fraud or error.

Inherent limitations

Actual results are likely to be different from the Forecasted Financial Information since anticipated events frequently do not occur as expected and the variation may be material. Consequently, readers are cautioned that the Forecasted Financial Information may not be appropriate for purposes other than listing Multicurrency Medium Term Notes.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON FORECASTED FINANCIAL INFORMATION TO THE DIRECTORS OF CRDB BANK PLC (CONTINUED)

Part A – Limited assurance engagement on the reasonableness of the Directors' assumptions

Reporting Accountant's responsibility

Our responsibility is to express a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the assumptions do not provide a reasonable basis for the preparation and presentation of the Forecasted Financial Information in accordance with the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Security Authority - Tanzania, 2019, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3400), *The Examination of Prospective Financial Information* (ISAE 3400), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Directors' assumptions provide a reasonable basis for the preparation and presentation of the Forecasted Financial Information.

A limited assurance engagement undertaken in accordance with ISAE 3400 involves assessing the source and reliability of the evidence supporting the Directors' assumptions. Sufficient appropriate evidence supporting such assumptions would be obtained from internal and external sources including consideration of the assumptions in the light of historical information and an evaluation of whether they are based on plans that are within the entity's capacity. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, inspection of documents, analytical procedures, evaluating the reasonableness of best-estimate assumption and agreeing or reconciling with underlying records.

Our procedures included evaluating the Directors' best-estimate assumptions on which the Forecasted Financial Information is based for reasonableness.

The procedures performed in a limited assurance engagement are less in extent than for, and vary in nature from, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Directors' assumptions provide a reasonable basis for the preparation and presentation of the Forecasted Financial Information.

Limited assurance conclusion on the reasonableness of the Directors' assumptions

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the Directors' assumptions do not provide a reasonable basis for the preparation and presentation of the Forecasted Financial Information.

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON FORECASTED FINANCIAL INFORMATION TO THE DIRECTORS OF CRDB BANK PLC (CONTINUED)

Part B – Reasonable assurance engagement on the Forecasted Financial Information

Reporting Accountant's responsibility

Our responsibility is to express an opinion based on the evidence we have obtained about whether the Forecasted Financial Information is properly prepared and presented on the basis of the Directors' assumptions disclosed on page 356 to the Forecasted Financial Information in accordance with the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Security Authority - Tanzania, 2019. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3400), *The Examination of Prospective Financial Information* (ISAE 3400), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether such Forecasted Information is properly prepared and presented on the basis of the Directors' assumptions disclosed on page 505 to the Forecasted Financial Information in accordance with the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Security Authority - Tanzania, 2019.

A reasonable assurance engagement in accordance with ISAE 3400 involves performing procedures to obtain evidence that the Forecasted Financial Information is properly prepared and presented on the basis of the assumptions and in accordance with the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers from the Capital Markets and Securities, 2019. The nature, timing and extent of procedures selected depend on the reporting accountant's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, of the forecasted information. In making those risk assessments, we considered internal control relevant to the Bank's preparation and presentation of the Forecasted Financial Information.

Our procedures included inspecting whether:

- the presentation of prospective financial information is informative and not misleading;
- the forecasted financial information is properly prepared on the basis of the assumptions;
- the forecasted financial information is properly presented and all material assumptions are adequately disclosed, including a clear indication as to whether they are best-estimate assumptions; and
- the forecasted statement of financial position as at 31 December 2023 and 31 December 2024 and statement of comprehensive income for the years then ended, and the forecasted statement of cash flows for the twelve months ending 31 December 2023 are prepared on a consistent basis with the historical financial statements, using appropriate accounting policies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion on the Forecasted Financial Information

In our opinion, the forecasted financial information, as at 31 December 2023 and 31 December 2024, and forecasted statement of cash flows for the twelve months ending 31 December 2023, is properly prepared and presented on the basis of the assumptions disclosed on page 504.

For and on behalf of:

KPMG
Certified Public Accountants (T)
P. O. Box 1160 – Dar es Salaam, Tanzania

vonjala

Signed by: CPA Vincent Onjala (TCPA 2722)
Date: 10 August 2023

KPMG

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

FORECASTEDED STATEMENT OF PROFIT OR LOSS
FOR THE YEARS ENDING 31 DECEMBER 2023 AND 31 DECEMBER 2024

Amounts in TZS' Million	Group 2023	Bank 2023	Group 2024	Bank 2024
Interest Income	1,140,206	1,028,890	1,267,841	1,143,659
Interest Expenses	(301,510)	(251,285)	(330,448)	(276,710)
Net Interest Income	**838,696**	**777,605**	**937,393**	**866,948**
Add: Fees and Commission	682,554	646,100	836,761	808,358
Total Income	**1,521,250**	**1,423,705**	**1,774,155**	**1,675,306**
Staff Expenses	(339,951)	(321,603)	(370,068)	(353,903)
Admin. expenses	(299,993)	(270,619)	(321,707)	(294,974)
Commissions	(119,729)	(106,347)	(153,312)	(153,312)
Total Operating Expenses	**(759,673)**	**(698,569)**	**(845,086)**	**(802,189)**
Result before allowances	**761,578**	**725,136**	**929,069**	**873,117**
Allowances for loan losses	(87,928)	(85,000)	(91,152)	(90,900)
Provision Other assets	(4,639)	(4,500)	(4,500)	(4,500)
Operating Result	**669,011**	**635,636**	**833,417**	**777,717**
Recovery	35,580	35,000	49,000	49,000
Profit before tax	**704,591**	**670,636**	**882,417**	**826,717**
Taxation	(216,287)	(201,191)	(268,452)	(248,015)
Net Profit	**488,303**	**469,445**	**613,964**	**578,702**

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CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

FORECASTEDED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 AND 31 DECEMBER 2024

Amounts in TZS' Million	Group 2023	Bank 2023	Group 2024	Bank 2024
Assets				
Cash on Hand	493,239	482,028	645,787	610,022
Balance with BOT	1,013,580	988,223	1,427,041	1,394,263
Inter-bank balances & Placements	773,488	742,000	964,600	964,600
Government securities	2,868,885	2,470,000	3,398,820	2,985,120
Equity Investments	13,935	78,698	13,935	115,300
Net Loans and Advances	7,919,135	7,406,567	9,325,863	8,533,295
Other assets	474,752	456,614	641,835	508,636
Intangible assets	67,049	49,136	48,776	48,776
Leased premises refurbishment	33,527	29,112	28,431	28,431
Property and equipment	405,492	376,987	391,692	383,413
TOTAL ASSETS	**14,060,513**	**13,079,366**	**16,886,780**	**15,571,855**
Liabilities				
Customer Deposits	10,150,927	9,437,762	12,107,293	11,310,262
Deposits from Banks	1,727,071	1,600,250	2,148,611	1,782,051
Subordinated Loan	125,103	118,500	118,500	118,500
Other Liabilities	265,584	195,125	221,978	220,674
Shareholder's funds	1,791,827	1,727,729	2,290,399	2,140,368
TOTAL LIABILITIES & CAPITAL	**14,060,513**	**13,079,366**	**16,886,780**	**15,571,855**

KPMG

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

FORECASTEDED STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTH PERIODS ENDING 31 DECEMBER 2023 AND 2024

	Group 2023	Bank 2023	Group 2024	Bank 2024
Cash flows from operating activities:				
Net income	**704,591**	**670,636**	**882,417**	**826,717**
Adjustment for :				
- Impairment / Amortization	164,097	159,700	177,348	170,892
- Net change in loans and Advances	(1,056,748)	(714,787)	(1,420,272)	(1,140,634)
- Net change in Deposits	1,949,515	1,759,067	1,956,365	1,872,500
- Net change in Other Liabilities	47,880	18,589	43,607	(25,549)
- Net change in Government Securities	(593,994)	(530,829)	(529,935)	(515,120)
- Tax paid	(216,287)	(201,191)	(268,452)	(248,015)
- Others	(131,083)	(116,218)	(167,083)	(52,022)
Net cash generated from operating activities	**867,970**	**1,044,968**	**673,994**	**888,770**
Cash flows from investing activities:				
Dividend Received	-	6,000		6,600
Purchase of Fixed Assets	(23,670)	(9,334)	13,800	(6,425)
Others (Intangible)	(26,250)	(9,247)	18,273	360
Net cash used in investing activities	**(49,919)**	**(12,581)**	**32,073**	**535**
Cash flows from financing activities:				
Payment of Cash Dividends	(164,306)	(164,306)	(202,546)	(202,546)
Net Change in other Borrowings	109,444	6,387	421,540	181,801
Net cash used in financing activities	**(54,862)**	**(157,919)**	**218,994**	**(20,745)**
Cash and Cash Equivalents:				
Net increase in Cash and Cash equivalents	763,189	874,468	925,061	868,560
Cash and Cash Equivalents at the Beginning of year	1,151,892	1,081,842	1,915,081	1,956,310
Cash and Cash Equivalents at the end of the year	**1,915,081**	**1,956,310**	**2,840,142**	**2,824,870**

CRDB BANK PLC

REPORTING ACCOUNTANT'S REPORT

ASSUMPTIONS APPLIED IN THE PREPARATION OF THE FORECASTED FINANCIAL INFORMATION

The forecasted financial information is based on the following key assumptions;

1. Annual inflation is assumed to average between 3% to 6%.

2. The loan book for the group and bank will grow at 17%. This is also in line with the bank of Tanzania's expected growth of credit to the private sector estimated to be around 15%.

3. The bank will issue a Corporate Bond (total ticket size USD 300mn) in tranches for a period of 5 years to liquidate the existing short-term borrowings with the first USD 100mn to be received in 2023 and expected to partly liquidate short term borrowings to manage growth of total borrowings in 2023.

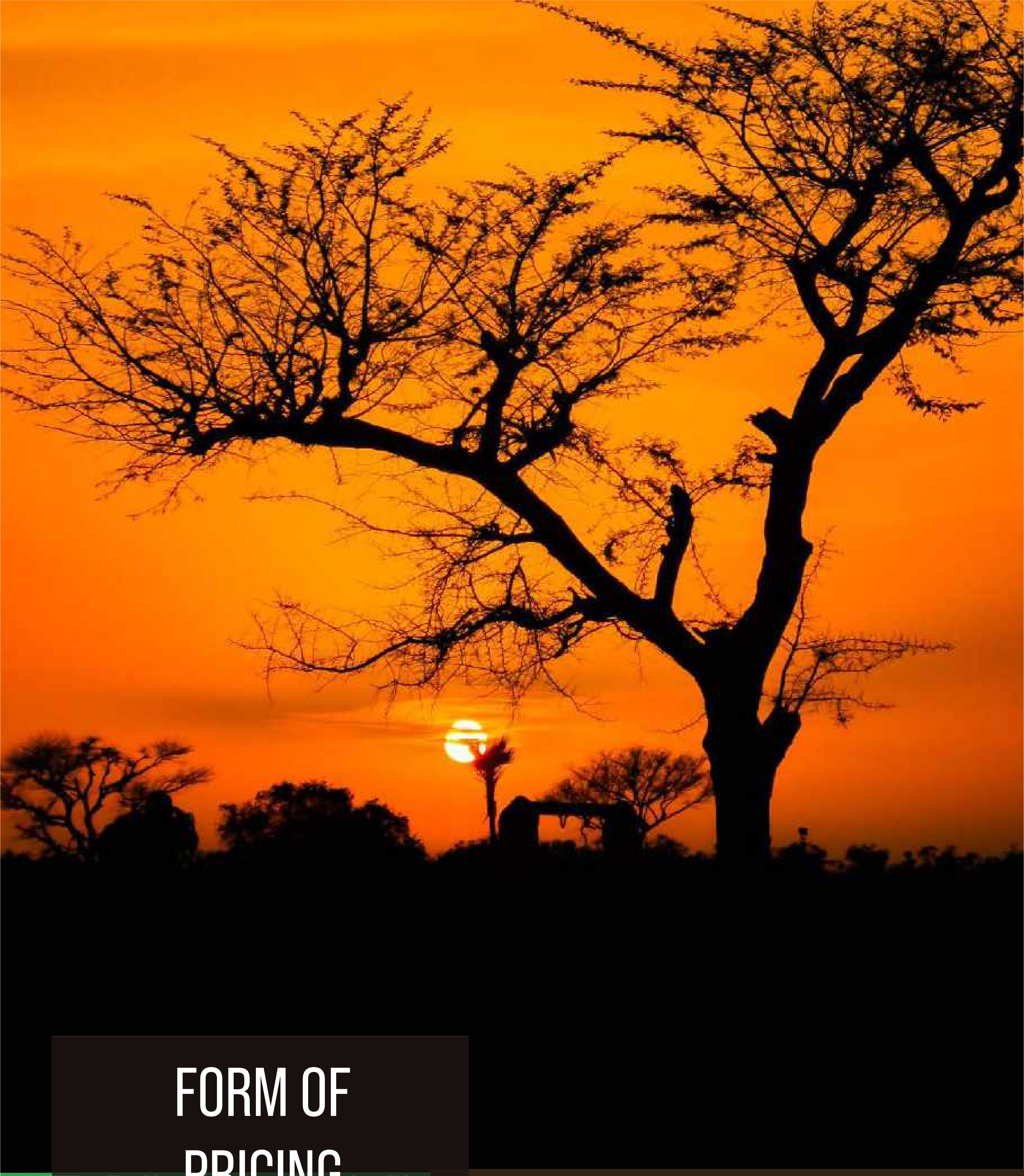
4. Deposits are expected to grow by 24% in 2023 on account of expected increase in investments and overall growth in Broad extended money supply. Mobilized funds will be invested in earning assets (Loans and Treasury bills).

5. The CRDB Congo subsidiary will be operational from the third quarter of 2023 resulting into overall increase in operating cost in 2023, and there after the cost will be maintained to achieve efficiency ratio of 43% in 2024 from 46% in 2023.

6. In 2023 the priority for the bank will be growth of non-funded income through growth of customer base with a project increase in new funded accounts by 1mn as well as general increase in product usage.

7. To strategically reduce our concentration risk and portfolio diversification, our Retail: Corporate mix will increase gradually from 56: 44 in 2023 to 59: 41 in 2024.

8. Assets quality will continue to be a top priority with Non-Performing Loan (NPL) ratio assumed to be not more than 3%.



FORM OF PRICING SUPPLEMENT

Form of Pricing Supplement

PRICING SUPPLEMENT
ISSUE OF TZS 40,000,000,000 (WITH A GREENSHOE OPTION OF UP TO TZS 15,000,000,000) FIXED RATE NOTES UNDER THE TZS EQUIVALENT OF US$ 300,000,000 MEDIUM TERM NOTE PROGRAMME

This document constitutes the applicable Pricing Supplement relating to the issue of the Tranche of Notes described herein. Terms used herein shall have the same meaning ascribed to them in the Information Memorandum dated 18 August 2023, as updated and amended from time to time.

This applicable Pricing Supplement must be read in conjunction with the Information Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Information Memorandum, the provisions of this Pricing Supplement shall prevail.

1. **Description of the Notes**	
1.1 Issuer	CRDB Bank PLC
1.2 Arrangers	Stanbic Bank Tanzania Limited
1.3 Status of the Notes	Senior, unsecured
1.4 Issue: Series number*	CRDB-FXD/T01/2023/05
* explanation of the Series number CRDB- CRDB Bank PLC; FXD – fixed rate notes; T01– Tranche Number; 2023 – year of issue; 05 – tenor of notes	
1.5 Redemption/Payment Basis	Redemption at par
1.6 Principal Amount	TZS 40,000,000,000 (with a greenshoe option of up to TZS 15,000,000,000)
1.7 Use of Proceeds	The Issuer intends to allocate an amount of funding equivalent to the net proceeds of this Tranche of Notes to finance and refinance, in whole or in part, on portfolio basis, assets that qualify under Section 3.1.1, 3.1.2 and 3.1.3 (*Green Bond Eligibility Criteria, Social Bond Eligibility Criteria, Sustainability Bond Eligibility Criteria*) of the Issuer's Green, Social and Sustainability Bond Framework (the "**Bond Framework**"). The Issuer shall allocate up to 40% of net proceeds of this Tranche of Notes to refinance the portfolio of Eligible Loans and up to 60% of net proceeds of this Tranche of Notes to finance assets under Eligible Loans. The Issuer shall apply an 18-month look-back period for its refinancing activities. CRDB established the Bond Framework which provides guidelines for CRDB to issue Green Bonds, Social Bonds and Sustainable Bonds. Green Bonds,

	Social Bonds and Sustainable Bonds issued under the Bond Framework support CRDB's lending and financing activities (including refinancing activities) to green projects (aimed at mitigating climate change and addressing climate adaptation, among other environmental benefits), social projects (aimed at reducing economic and social inequality, among other social benefits) and sustainable projects. The Bond Framework sets out the criteria and process for the identification and evaluation of eligible projects or activities that would satisfy the criteria to enable a Tranche of Notes to be categorized as Green Bonds, Social Bonds and/or Sustainable Bonds. The Bond Framework is available on the CRDB's website at: https://crdbbank.co.tz/en/page/page_sus **Assurance** In connection with the Bond Framework and in compliance with CMSA's requirements, CRDB appointed a sustainability specialist, Sustainalytics, a Morningstar Company, which is a leading ESG research, ratings and data firm ("**Sustainalytics**"), to evaluate the Bond Framework and to issue a second party opinion confirming that the Bond Framework is credible, impactful and is aligned with the ICMA Principles and Guidelines (the "**Sustainalytics SPO**"). The Sustainalytics SPO is available on the CRDB's website at https://crdbbank.co.tz/en/page/page_sus **Management of Proceeds** The Issuer will track the receipt and use of the net proceeds of this Tranche of Notes via its internal reporting systems as more fully set out in Section 3.3 (*Management of Proceeds*) of the Bond Framework. **Impact Measurement and Reporting and External Review** The Issuer will, in alignment with market practice, prepare and publish annual allocation and impact reporting with respect to Notes issued under the Bond Framework as set out in section 3.4 (*Reporting*) and 3.5 (*External Review*) of the Bond Framework. Interpretation For purposes of this paragraph 1.7 (Use of Proceeds), **"Eligible Loans"** means any loan made available exclusively to finance or re-finance, as the case may be, in whole or in part, new and/or existing green

	projects, social projects and/or sustainable projects as set out in the Bond Framework.
1.8 Form of Notes	Book-entry
1.9 Issue Date	23 October 2023
1.10 Business Centre	Dar es Salaam
1.11 Specified Denomination of the Notes	TZS 500,000 with integral multiples of TZS 10,000
1.12 Issue Price	Par
1.13 Interest Commencement Date	23 October 2023
1.14 Interest Termination Date	23 October 2028
1.15 Maturity Date	23 October 2028
1.16 Specified Currency	TZS
1.17 Applicable Business Day convention	Following Business Day Convention
1.18 Fiscal Agent and Registrar	CRDB Bank PLC
1.19 Specified office of Receiving Bank, the Fiscal Agent and Registrar	CRDB Bank PLC Head Office Ali Hassan Mwinyi Rd Postal Address 268 Dar es Salaam
1.20 Final Redemption Amount	TZS 40,000,000,000 (with a greenshoe option of up to TZS 15,000,000,000)
1.21 Record Date	Fifteenth day before (and not including) each Interest Payment Date
2. **Provisions relating to Interest Payable**	
2.1 Fixed Rate Note Provisions	
i. Fixed Rate of Interest	10.25% per annum payable semi-annually in arrears
ii. Interest Payment Dates	23 April and 23 October in each year up to and including the Maturity Date, commencing on 23 April 2024
iii. Interest Period(s)	Each period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date; provided that the first Interest Period will commence on (and include) the Interest Commencement Date and end on (but exclude) the following Interest Payment Date
iii. Default Rate	Fixed Rate of Interest + 1.00%
iv. Day Count Fraction	365 days

iv. Other terms relating to the method of calculating interest for the Fixed Rate Notes	Not applicable
3. Provisions regarding Redemption	
3.1 Redemption at the option of the Issuer	Not applicable
If applicable:	
a. Optional Redemption Dates	Not applicable
b. Optional Redemption Amount(s) and method, if any, of calculation of such amount(s)	Not applicable
3.2 Minimum period of notice (if different from Condition 6 (Redemption and Purchase)	Not applicable
a. If redeemable in part	Not applicable
b. Other terms applicable on Redemption	None
GENERAL	
1. Other terms or special conditions	None
2. Board approval for issuance of the Notes	19 June 2023
3. Additional Selling Restrictions	None
4. Target market	Qualified Institutional Investors (QIIs) and retail investors.
5. Allotment policy	In the event of an oversubscription, allotment will be at the discretion of the Issuer. The allocation of Notes will be conducted transparently and impartially, considering factors such as subscription period demand, investor diversification across categories, prevailing market conditions, investor preferences, and alignment with the Issuer's financial strategy. While aiming for diversification, the Issuer retains the discretion to optimize allocation. All decisions will comply with legal and regulatory requirements, and investors acknowledge that the Issuer's allocation decisions are final and non-negotiable
6. Settlement Procedures and Settlement Instructions	▪ For Qualified Institutional Investors (QIIs): same day funds on the settlement date to the Fiscal Agent ▪ For investors other than QIIs: evidence of payment should be submitted to the Authorised Selling Agent, the Issuer together with the duly completed Application Form prior to the date Offer closes
8. Details of bank account(s) to which payments are to be made in respect of the Notes	Tembo Green Bonds Collection A/C 01DI011204100
9. Last Day to Register, which shall mean that the "books closed period" (during which the Register will be closed) will be from each Last	15 days before each Payment Date

Day to Register to the applicable Payment Day until the date of redemption	
10. Method of Distribution	Public
11. Total Notes in issue (excluding the current issue)	Nil
12. Rights of Cancellation	The Notes will be delivered to investors on the Settlement Date by registration in the CDS Account as book entry provided that: • no event occurs prior to the settlement process being finalized on the Issue Date/Settlement Date which the Lead Placing Agent and the Issuer (in its sole discretion) consider to be a force majeure event; or • no event occurs which the Lead Placing Agent and the Issuer considers may prejudice the issue, the Issuer or the Notes, (each a Withdrawal Event). If the Issuer decides to terminate this transaction due to the occurrence of a Withdrawal Event, this transaction shall terminate and no party hereto shall have any claim against any other party as a result of such termination.
13. Tax	Tax exempt
14. Material Change	Save as disclosed in the Information Memorandum as read together with this applicable Pricing Supplement, there has been no significant change in the Issuer's financial position since the date of the Issuer's last audited financial statements, being 31 December 2022.
15. Responsibility Statement	The Issuer and the Board of Directors accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Information Memorandum referred to above, contains all information that is material in the context of the issue of the Notes.
ADDITIONAL INFORMATION	
16. Additional steps that may be taken following approval of the Extraordinary Resolution (in accordance with the Conditions)	Not applicable
17. Specify Agents and Specified Offices if new or other Agents appointed.	Not applicable
Salient Dates	
Offer Opens	08.00 a.m. on Thursday 31 August 2023
Offer Closes	05.00 p.m. on Friday 06 October 2023
Allotment Date	05.00 p.m. on Wednesday 11 October 2023
Announcement Date	10.00 a.m. on Thursday 12 October 2023

Notification Date	05.00 p.m. on Friday 13 October 2023
Submission of Register to CSDR	Monday 16 October 2023
Payment Date	05.00 p.m. on Monday 23 October 2023
Issue Date	08:00 a.m. on Monday 23 October 2023
CDS Account upload date recast	Monday 23 October 2023
Listing Date	10:00 am on Friday 27 October 2023
Maturity Date	Monday 23 October 2028
Authorised Signatories	
Signature:	Signature:
Name:	Name:
Title:	Title:

Appendix A
Issuer's Green, Social and Sustainability Bond Framework

FSD Africa provided technical input to CRDB Bank's Green, Social and Sustainability Bond Framework which aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021. FSD Africa also offered technical assistance for CRDB Bank's Portfolio Review assessed by the Climate Bonds Initiative (CBI) for alignment against the MDB and ICMA principles and the EU & CBI Taxonomies; in addition to offering technical assistance for the Second Party Opinion (SPO) that was provided by Sustainalytics.

1. Introduction

CRDB Bank Plc is the largest integrated financial services provider in Tanzania, aspiring to transform the lives of Africans through the financial services sector. The Bank is contributing to sustainable growth, including financial inclusion, by offering a comprehensive range of corporate, retail, business, treasury, premier, and bancassurance services through a network of 254 branches, 558 ATMs, 21 mobile branches, 6,098 point-of-sale (POS) terminals, and with over 20,000 agents spread across the country (Tanzania mainland and Zanzibar Island). The Bank operates a subsidiary in Burundi and is finalizing its preparations to open doors in the Democratic Republic of the Congo (DRC).

CRDB's history can be traced back to 1947, when it was established as the Land Bank of Tanganyika and subsequently restructured into the Tanzania Rural Development Bank, then the Cooperative and Rural Development Bank (CRDB). CRDB Bank was privatized in 1996 and listed on the Dar es Salaam Stock Exchange (DSE) in 2009. The Bank extends short, medium, and long-term loans, working capital, and guarantee facilities to various sectors. It sets aside 1% of its net profit for corporate social investment, which is invested in education, health, youth, and environmental initiatives. We were the first in Tanzania to establish an innovative mobile banking solution – Simbanking – which has continued to transform the way our customers interact with financial services.

In 2019, the bank became accredited by the Green Climate Fund (GCF) as Tanzania's sole Direct Access Accredited Entity (DAE). It has a crucial role to play in advancing Tanzania's sustainable financing, including the development of low-carbon and climate-resilient projects. Accreditation to the GCF will enable the Bank to mobilize finance for multiple large-scale projects with high impact to the social and economic development of Tanzania. In 2023, CRDB Bank embarked on a ***revised five-year business strategy*** (2023 – 2027) centered around cementing our presence in the market and sustainably expanding our business.

Our renewed strategic aspiration positions the bank to continue achieving financial milestones while creating a lasting positive impact for people and the planet. Over the next five years, we will evolve from our legacy business model to an impact- and value-based model by achieving socio-economic prosperity and improving livelihoods in the markets we operate.

2. CRDB Bank's commitments to sustainable financing initiatives

CRDB Bank is committed to promoting sustainable development in the full range of its financial products and general operations. Environmental and social sustainability have been identified as fundamental aspects of achieving desired outcomes and consistency with the bank's long-term growth strategy.

Managing social and environmental resources responsibly is indicated as a key requirement for the financing of projects and businesses by the Bank, supported through the application of international best practices (including the IFC Performance Standards) as well as adherence to international treaties and conventions ratified by the respective governments in the markets that the Bank operates.

Prior to the accreditation to GCF, CRDB Bank already had an Environmental and Social Management System (ESMS) in place, meaning that the bank developed a set of policies, procedures, tools, and internal capacity and competence to identify and manage a financial institution's exposure to the environmental and social risks of its clients and investors.

Subsequent to accreditation to the GCF, the Bank further established an independent Sustainable Finance Unit (SFU) to specifically oversee the ESMS, Environmental, Social and Governance (ESG) and Climate Financing business functions to ensure the Bank strengthens its environmental and social management, climate change-related risks and opportunities, and sustainability practices.

In 2021, CRDB Bank became the first commercial Bank in Africa approved by GCF, with a total funding value of US$200 million (GCF US$100 million and CRDB Bank US$100 million). Using these concessional resources, CRDB Bank will launch three new financial products to support local agribusiness: a dedicated credit line for climate adaptation technologies and practices; a credit guarantee facility to expand access to new borrowers; and a weather-indexed insurance product to help protect against losses from climate-related events. This program aims to reach more than 6.1 million direct and indirect beneficiaries through the transformation of the country’s climate financing processes to better address affordable climate adaptation technologies in the agriculture sector. This will ultimately lead to boosting food security and enhancing the resilience of the agricultural sector, including smallholder farmers, thereby improving the livelihoods and quality of life of our citizens.

2.1 Our Sustainability Approach in Lending

CRDB Bank has robust Environmental and Social Management Systems (ESMS). The bank has developed a set of policies, procedures, tools, and a dedicated unit equipped with knowledge for the implementation of the ESMS and experience of applying local and national environmental and social laws and regulations as well as international standards. The unit is also in charge of innovating and formulating transformative ideas that will lead to the implementation of green and sustainability projects based on the bank’s credit policies, environmental and social policies and procedures, as well as adhering to international treaties and standards. Our environmental and social policies and procedures are guided by the Tanzania Environmental Management Act Cap 191 and its specific regulations and guidelines, as amended and issued from time to time, and the best international practices, including the Performance Standards issued by the International Finance Corporation (IFC) Performance Standards.

The bank’s Environmental and Social Impact Assessment (ESIA) and monitoring process for the projects being financed by the bank forms part of the Bank’s Environmental and Social Management (ESM) procedure while also adhering to the Environmental and Social (E&S) policy, the Credit Operating Manual, and the Credit Policy. The bank has an internally developed Environmental and Social Due Diligence (ESDD) template and tool that is used in the assessment of environmental and social risks of projects.

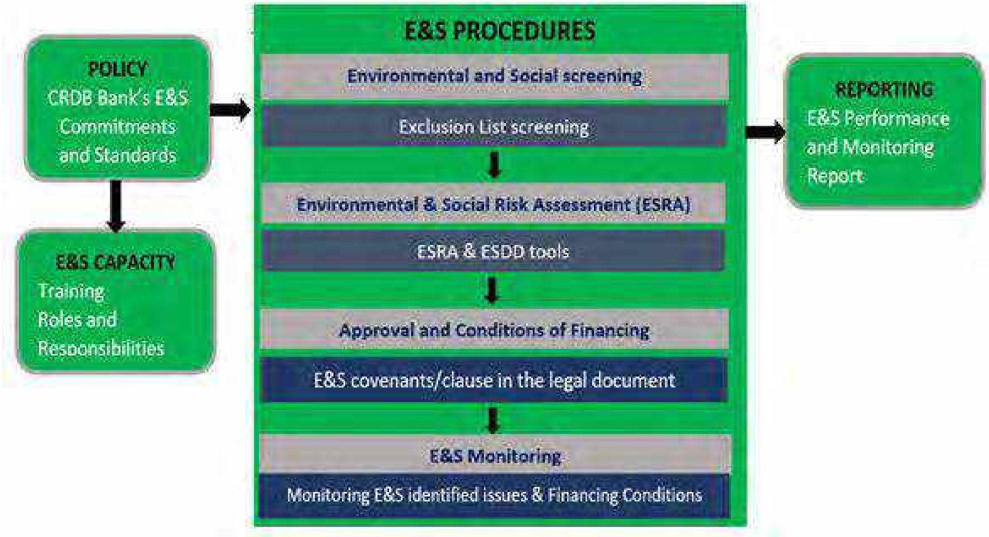


Figure 1: CRDB Bank's Environmental and Social Management System (ESMS)

2.2 Our Sustainability Agenda

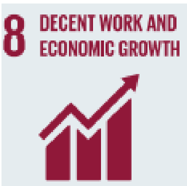
CRDB Bank is playing a leading role in climate action by investing in environmentally and socially responsible practices. One of its key strategic objectives in its revised 5-year business strategy (2023–2027) is **to build a resilient and responsible organization** by creating an environment that guarantees business sustainability, good governance, and a positive impact on the environment and community.

To achieve this objective, the bank has identified thematic areas that inform its strategic sustainability initiatives:

- **Elevate governance, risk management and sustainability** through operationalizing a mature and integrated Sustainability and Environmental, Social and Governance (ESG) framework.
- **Institute climate friendly business operations** by rolling out environmental and climate friendly practices in the Bank's daily business operations.

2.3 Our Prioritized Sustainable Development Goals (SDGs) and other SDGs

The United Nations (UN) 17 Sustainable Development Goals (SDGs) and associated targets, adopted by all UN member states in 2015, collectively create an agenda to transform the world by overcoming barriers to economic, social, and environmental progress by 2030. At CRDB Bank, we have identified six priority goals that align directly with our business and community priorities, and toward which we can make the greatest contribution. We have deliberately made the decision to focus on a few but more critical SDGs for our business environment. Below is an overview of how our framework is aligned with priority goals and where our specific focus is:

S/N	Priority Goals	related SDG's
1. 	We support green and climate finance initiatives, deploying environmental best practices that we incorporate into our investment and credit processes through a comprehensive Environmental and Social Management System (ESMS). The bank collaborates with different climate practitioners to mobilize financial resources and develop climate change mitigation and adaptation projects with the aim of meeting climate ambition targets.	
2. 	CRDB Bank supports customers and small businesses with essential products and services. We make significant contributions to economic growth through various innovative financial products, including personal and business loans, working capital provisions, guarantees, financial advice, periodic trainings, awareness-raising, and capacity-building on financial literacy for small and medium-sized entrepreneurs. These initiatives aim to eliminate poverty while also creating long-term employment and infrastructure. We provide various banking products to different economic sectors to promote sustained economic growth. In this endeavor, we comply with local laws and other labor conventions.	
3. 	The bank contributes to ensuring sustainability in the community's access to quality health care and well-being for all, at all ages, by supporting both private sector and public health investments to promote balanced lives and invest in communities to promote long-term mental and physical health and well-being. The bank has a corporate and social investment	

	policy with four components; health and well-being are two of the imperative pillars.	
4. 4 QUALITY EDUCATION	The Bank is keen to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. The bank is committed to creating good and attractive infrastructure and a conducive study environment for both private and public institutions at all levels, including primary schools, high schools, medium colleges, and higher learning institutions across our operating region communities. Internally, CRDB Bank has a well-dedicated division for learning and development certified to ISO 9001: Quality Management Systems to ensure our staff and close service providers have relevant skills and the ability to deliver sustained service for strategic goals. The Bank has subscribed to the International Learning Platform with cross-cutting skills, descriptions, courses, and curriculum in banking and beyond banking skills, including sustainability awareness across the staff and stakeholders.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
5. 10 REDUCED INEQUALITIES	We endeavor to support the advancement of women in business and the economy by identifying and removing gender barriers. In assisting our customers in empowering women and girls, CRDB Bank has established unique financial products for business and women's financial inclusion, including a special account called the Malkia Account, where women can set up a savings plan and access loans from their savings at a very special and concessional rate. The bank has adopted IFC's performance standards in environmental and social risk assessment and project categorization, where gender assessment is the key component to assess.	5 GENDER EQUALITY
6. 17 PARTNERSHIPS FOR THE GOALS	CRDB Bank collaborates with different stakeholders and partners in the fulfilment of its various investment ambition targets, including SDGs. By working together to achieve the goals, the strategic setup in sustainable finance has been accelerated through environmental and social management systems, sustainable finance initiatives, and strategic partnerships. In 2019, the Bank became the first commercial bank in East and Central Africa to be accredited by the Green Climate Fund (GCF), which strengthened its access to partner with other local and international entities to mobilize resources for green and climate finance projects. We are working closely with the Tanzania National Designated Authority (NDA) and in line with our country's priorities as per the National Determined Contributions (NDCs).	

3. The Green, Social and Sustainability Bond Framework

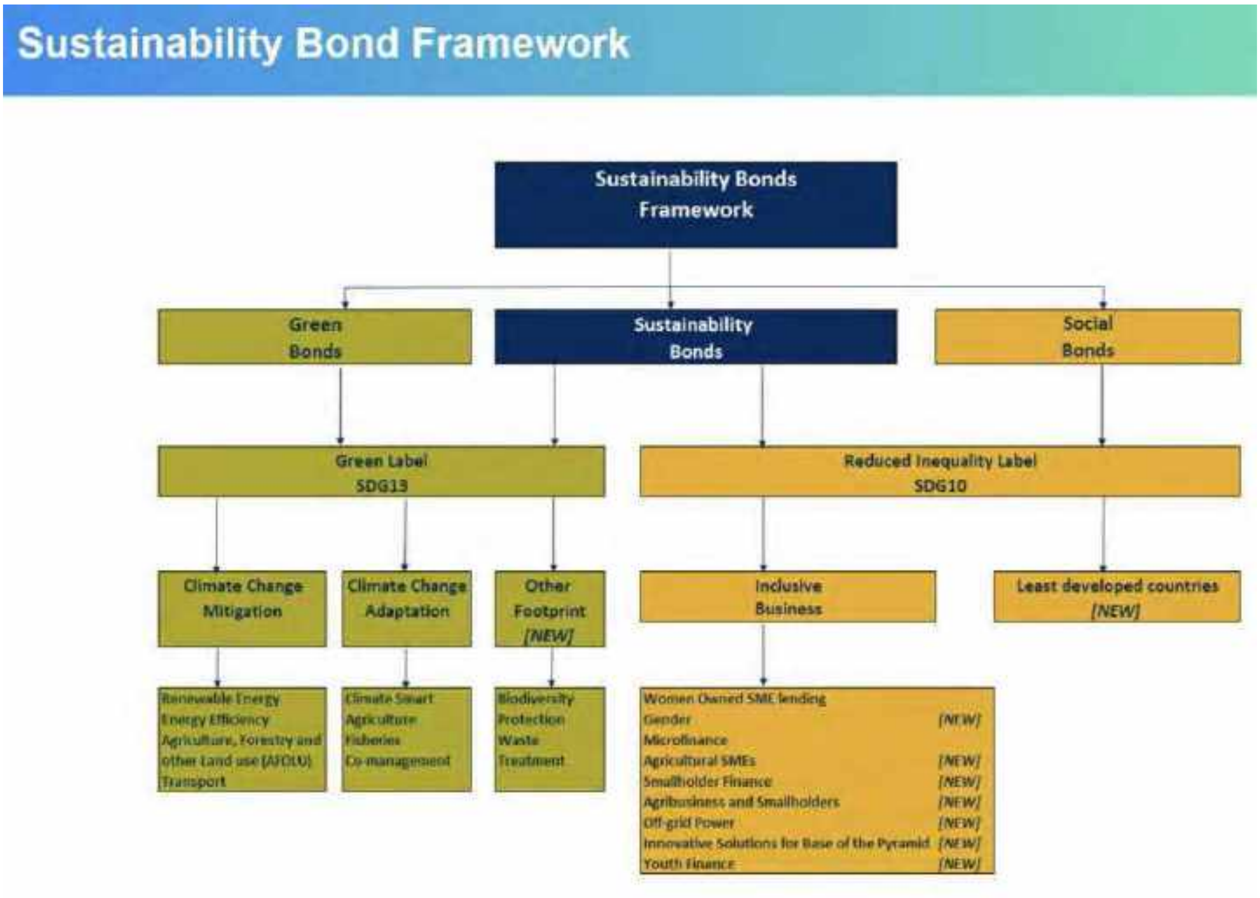


Figure 2: CRDB Bank Sustainability Bond Framework Structure

This Green, Social and Sustainability Bond Framework ('Framework') has been established by CRDB Bank to allow for the issuance of Green, Social and Sustainability Bonds to finance and/or refinance "Green Loans" and/or "Social Loans" and/or "Sustainability Loans" on CRDB's balance sheet. In addition, should there be sufficient volume of Eligible Gender Loans on CRDB's balance sheets to warrant the issuance of Gender Bonds on a stand-alone basis, the framework also makes provisions for this.

As explained in the previous sections, it is central to CRDB's business strategy to be a responsible corporate citizen. CRDB believes that green, social, and sustainability bond financing offers a way to create transparency around funds targeted to sustainable development, including climate resilience. The eligible categories have been chosen based on CRDB's strategic focus areas and key areas of impact in relation to creating a sustainable society and addressing climate change.

Additionally, projects eligible for financing under a "green, "social," or "sustainability" bond instrument under this framework must comply with ICMA as well as development finance institutions' environmental and social standards (such as IFC's performance standards), as relevant. Similarly, any bond under this framework that is to be certified in line with the Climate Bonds Initiative's Climate Bonds Standard and Certification Scheme will be certified by a CBI-approved verifier.

In accordance with the recommendation of the ICMA Principles, the Framework is presented in the following sections:

- Use of Proceeds;
- Process for project evaluation and selection;
- Management of Proceeds;
- Reporting; and
- External Review.

3.1 Use of proceeds

CRDB, at its discretion but in accordance with the ICMA Green, Social, and Sustainability Bond Principles (aligned with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 [June 2022 Appendix], and Social Bond Principles 2021), intends to allocate an amount equal to the net proceeds of the Green, Social, and Sustainability Bonds to eligible new and existing Green and Social Loans (the "Eligible Loans').

Eligible Loans are loans to projects with environmental and/or social benefits and will be selected based on the use of proceeds criteria ('Eligibility Criteria') defined below for each eligible category and according to the qualification process as part of the responsible lending due diligence assessment normally conducted by CRDB.

The proceeds from the green, social and/or sustainability instruments will be used to finance new loans/assets and refinance existing loans/assets that meet the Eligibility Criteria of the CRDB's Green, Social and Sustainability Bond Framework as defined under the Green and Social Categories. In addition, an Eligible Loan/Asset will not be a loan to refinance third parties, not be related to a provisioned amount of non-performing loans and not to be an uncommitted transaction. New loans are defined as those where origination and commitment were made up to 18 months prior to the issue of the bond and at any time from the date of the issuance. Existing loans are defined as those which have reached financial close but have not passed the break-even point up to 18 months prior to the issuance or where the assets are not yet fully operational, and the additional long-term funds committed to through new eligible loans/ are replacing short-term funds or strengthening the financial terms of the climate-related assets.

Below is an overview of eligible categories and eligibility criteria.

3.1.1 Green Bond Eligibility Criteria

A full list of eligible green and climate mitigation and adaptation activities, including the associated impact and Key Performance Indicators (KPIs), is described below. In summary, they are aligned with the ICMA indicative list of green category projects and include:

- Environmentally sustainable management of living natural resources and land use (including environmentally sustainable **agriculture**; climate smart **farm inputs** such as biological crop protection or drip-irrigation; environmentally sustainable **fishery and aquaculture**; environmentally sustainable **forestry**, including afforestation or reforestation, and preservation or restoration of natural landscapes);
- **Energy efficiency** in **industrial equipment/machinery, buildings** etc.
- **Renewable Energy** (including production, transmission, appliances, and products)
- **Pollution prevention** and **control** (including reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling and energy/ emission-efficient waste to energy)
- **Clean transportation** (such as electric, hybrid, public, rail, non-motorized, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions);
- **Sustainable water and wastewater** management (including sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation);
- **Climate change adaptation** (including efforts to make infrastructure more resilient to the impacts of climate change, as well as information support systems, such as climate observation and early warning systems);
- **Circular economy** adapted products, production technologies and processes (such as the design and introduction of reusable, recyclable and refurbished materials, components, and products; circular tools and services); and/or certified eco-efficient products.
- **Green buildings** that meet regional, national, or internationally recognized standards or certifications for environmental performance.

In determining what specific green technologies and standards are optimal for environmentally sustainable benefits, CRDB will refer to current international and national initiatives such as the Climate Bonds Initiative (CBI), including CBI's adaptation and resilience principles, the European Union (EU) taxonomies, and other relevant best-practice nomenclatures like Development Finance Institutions' guidelines.

Detailed criteria and KPIs are available for the green loans that are expected to form the bulk of the use of proceeds and are captured in the tables below.

ICMA Eligibility Category	**Sustainable Management of Living Natural Resources – AGRICULTURE**
Type of projects	Sustainable agriculture, *including* Agriculture Resilience and Adaptation (ARA) lending operations and supporting a guaranteed credit-enhancement facility and insurance products and services, to ease financing for smallholder farmers pursuing adaptation investments.
Eligibility Criteria	Eligible assets for the acquisition, maintenance, and management of sustainable agriculture, which consists of sustainable and organic farming and farming that reduces carbon emissions. Eligible assets to support smallholder farmers for Agriculture Resilience and Adaptation (ARA) technology and practices include rainwater harvesting, solar pumps, land restoration, net shading, poly houses, which belong to "crop productivity

	and soil/water management," and organic farming practices. Financing of ARA technology and practices will be based on the vulnerability assessment and adaptation plan that are deemed to have positive environmental impact; hence, certification will not be required for ARA, whereas for those companies that produce organic for export, certification will be required by applicable certifications, including EU Organic, USDA Organic, or Japanese Agricultural Standards (JAS) certification[1]. Eligible technologies and practices may include: • Greening farming Infrastructures: Shading house, Storage facilities for crop protection (including port-harvest to reduce waste) and Water storage facilities. • Crop Productivity and soil/water management: Crop shifting, nature-based methods of harvesting (such as zai or half-moon), protected cultivation solutions (net shade or poly houses), precision fertilization, rainwater harvesting, solar pumps, land restoration precision irrigation, and low-cost hydroponics solutions. • Post-harvest waste solutions: Transformation of agricultural products using energy efficient and renewable solutions. Post-harvest waste solutions may include the transformation of agricultural products using energy efficient and renewable solutions, the use of renewable energy and efficient energy sources for storing and post-harvest processing units (such as solar-powered conditioning, processing unit equipment, steam and hot water, dryers, cold rooms, etc.), sustainable storage solutions and the production of organic pesticides from agricultural waste using anaerobic digestion. • Reduction in energy use in traction (e.g., efficient tillage), irrigation, and other agriculture processes. • Rehabilitation of degraded lands (including reforestation/afforestation, agroforestry). • Projects or companies that lead to expanded sustainable/green output for export to be certified by UTZ Certified, Roundtable on Sustainable Biomaterials (RSB), The Intercultural Federation of Organic Agriculture Movements (IFOAM), Proterra, Soil Association or Bonsucro.
Social / Environmental benefits / KPIs	• GHG emissions avoided ($CO2$ tons equivalent) • GHG emissions sequestrated • Number of most vulnerable people and communities positively impacted • Measurable indicator for health and well-being, and food and water security • Increased lending to the agricultural sector; Investments in adaptation and resilience measures to address climate risks in the agriculture sector (cropping sector) in the face of current climate variability. • Increased yields or yield stability, or reduced costs to produce net gains in product or revenue. • Diversified production; enhancing savings and value of assets; increasing efficiency of water, energy, fertilizer and other

[1] The Bank will update other reputable and applicable certifications as they are verified by the Second Part Opinion.

	• Inputs; improving product storage capacities; using the agronomic practice best suited to changing climatic • Conditions: reducing the percentage of area planted to vulnerable crops; increasing the percentage of production under controlled environment agriculture.

ICMA Eligibility Category	**Sustainable Management of Living Natural Resources – FORESTRY AND AQUACULTURE**
Type of projects	Sustainable forestry and fisheries
Eligibility Criteria	Eligible assets for the acquisition, maintenance, and management of the following: • Nature conservation projects, which include the use, ownership, or development of property for landscape or nature and wildlife preservation purposes. • Commercial forests that are either i) certified with FSC or PEFC or ii) in the case of smallholder farmers, the forestry projects will be accompanied by a sustainable forest management plan, enabling family producers to comply with requirements that would have otherwise been met through FSC or PEFC certification. • Sustainably Managed Forestry that increases carbon stocks or reduces the impact of forestry activities certified with FSC, PEFC or SFI. • Biosphere conservation projects (including payments for ecosystem services). • Financed activity is either contributing to conserving or increasing biodiversity through (i) the restoration, rehabilitation, or conservation of native forests with high conservation value or (ii) the rehabilitation, restoration, and conservation of ecosystems in a degraded state. • Sustainable aquaculture comprised of operation, construction, maintenance and development of land-based fish farming. facilities with wastewater treatment including wastewater from the land-based aquaculture activities except treatment of wastewater from fossil fuel operations. Third party standards and certifications for aquaculture and fishery activities will be considered and the most appropriate will be applied based on their suitability for the given operation: - Global G.A.P for Aquaculture - Aquaculture Stewardship Council (ASC) - Best Aquaculture Practices (BAP) (2 stars or above) - Marine Stewardship Council (MSC) - Fisheries Standard - Debio
Social / Environmental benefits / KPIs	• CO_2 emissions sequestrated: Sequestered emissions of Forestry projects are calculated by using data in the AFOLU USAID Carbon Calculator on emissions per hectares of different species and stages of forestry development including harvesting, thinning, and fertilizer usage. • For Nature Development projects the sequestered emissions are calculated by taking a sample mix of species found in cooler temperate climates. • Biodiversity monitoring (number of individual species identified)

	• Increase in endangered species (number of number of end. Species) • Protected or restored habitats (Hectares) • Forest / native vegetation restoration

ICMA Eligibility Category	**Renewable Energy**
Type of projects	Renewable energy generation and efficiency projects.
Eligibility Criteria	Eligible assets for the acquisition, conception, construction, operation, development, and installation of renewable energy generation source and facilities with associated transmission and grid infrastructure including: • Wind projects, including onshore and offshore wind energy projects • Solar photovoltaic and Concentrated Solar Power • Hydropower facilities/hydroelectric projects[2]
Environmental impact / KPIs	• GHG avoided emissions (tons CO2 equivalent) • CRDB follows the PCAF GHG methodology4. Under this methodology, electricity generation (MWh) is based on actual production reported by project promoters or, when not available, the estimated annual production based on P50/P90 assessments. • Avoided emissions attributable to CRDB are estimated using the IFI Operating Margin (OM) emission factors. The OM is based on emission factors from the power plants with the highest variable operating costs. These are the power plants that will be replaced first when utilizing new renewable power sources. • CRDB will be using the latest available IFI emission factor (tCO2/MWh) for each country in which the eligible assets are located.

ICMA Eligibility Category	**Energy efficiency** (in industrial equipment/machinery, buildings etc.) **and Pollution prevention and control** (including reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling and energy/ emission-efficient waste to energy.
Type of projects	Financing clean and efficient manufacturing and other industrial processes.
Eligibility Criteria	Eligible Assets to support customers involved in the development, manufacture, repair, maintenance or installation of energy efficiency technologies, products,

[2] Hydropower facilities/hydroelectric projects regardless the size meeting the following criteria; for facilities that became or will become operational after the end of 2019: (i) Run-of-river without artificial reservoir or low storage capacity; or (ii) Life-cycle carbon intensity below 50 gCO2e/kWh; or (iii) power density greater than 10 W/m2.For facilities that became operational before the end of 2019 and are being refinanced: (i) Run-of-river without artificial reservoir or low storage capacity; or (ii) Life-cycle carbon intensity below 100 gCO2e/kWh; or (iii) power density greater than 5 W/m2. Facilities operating at life cycle emissions lower than 100gCO2e/kWh, declining to 0gCO2e/kWh by 2050 and with maximum size of 20–25MW.

	and systems including: • Bio-based products that are certified by the Roundtable on Sustainable Biomaterials (RSB) • Industrial energy-efficiency improvements through the installation of more efficient equipment, changes in processes, reduction of heat losses and/or increased waste heat recovery[3]. Installation of co-generation plants and that generate electricity in addition to providing heating/cooling (excluding for fossil fuel operations). • More efficient facility replacement of an older facility (old facility retired)[4]) to including sensors, automatic switches, and the use of energy-star certified lights and utilities. • Improvement in utility scale energy efficiency through efficient energy use, and loss reduction[5]. • Improvement of utility energy efficiency and loss reduction through installation of technologies and components that enable more-efficient transmission and distribution (T&D) or end-use demand management including smart-grid technologies. • Waste-to-energy projects/facilities that follows the waste hierarchy to ensure that as much of the waste as possible is reused and recycled before being converted to energy. • Where hazardous waste, plastics, and recyclable material (including organic waste where relevant) are separated prior to incineration. • Waste management projects to reduce methane emissions and generate energy (e.g., incineration of waste and landfill gas capture. • Waste-recycling projects that recover or reuse materials and waste as inputs into new products or as a resource[6]. • Provision of waste collection infrastructure and recovery or reuse of materials and waste as inputs into new products or as a resource, with recyclable segregated from source. • The waste collection vehicles with the following: (i) zero direct emission vehicles (ii) (ii) hybrid light weight commercial vehicles with direct emissions below 75 gCO_2e/km, based on lab test NEDC procedure; or (iii) heavy trucks with direct emissions below 25 gCO_2/tkm.
Environmental benefits / KPI	• GHG avoided emissions: Reduction in GHG emissions resulting from industrial process improvements and cleaner production (e.g., gypsum, cement, chemical) demonstrated by >20% GHG efficiency or resource efficiency

[3] investments in fossil fuel technology and "hard-to-abate industries" such as steel, cement, and aluminum) excluded under this category.
[4] The investments in fossil fuel technology is excluded under this category.
[5] The investments in fossil fuel technology is excluded under this category.
[6] This applicable only if net emission reductions can be demonstrated, For the Eligible plastics recycling processes will exclude chemical recycling of plastics and for any e-waste management projects, this must be accompanied by robust waste management processes.

	improvement (excluding investments in fossil fuel technology). • Reduced waste to landfill (tonnes/year) • GHG emission reductions from waste related methane emission management

ICMA Eligibility Category	**Green buildings**
Type of projects	Financing the construction, acquisition or retrofitting of green buildings.
Eligibility Criteria	Eligible assets for the construction, acquisition or retrofitting of green buildings which meet the regional, national, or internationally recognized standards or certifications as per below: • Green Buildings with certification from EDGE Certified, EDGE Advanced, EDGE Zero Carbon, LEED Gold.
Environmental benefits / KPI	• GHG emissions avoided (tonnes of CO2 equivalent) • Energy saved – materials • Water saved

ICMA Eligibility Category	**Sustainable water and wastewater management**
Type of projects	Financing sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation. Treatment of wastewater if not a compliance requirement as part of an industrial process
Eligibility Criteria	Eligible Assets to support the construction, extension, renewal, upgrade or operation of sustainable water and wastewater facilities, including: • Sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation) • Treatment of industrial wastewater if not a compliance requirement as part of an industrial process (only if net emission reductions can be demonstrated). Eligibility excludes wastewater treatment from fossil fuel operations.
Environmental benefits / KPI	• Water saved (m3) • Waste and water treated (m3) • Access to clean water and sanitation (number of people)

ICMA Eligibility Category	**Clean Transportation**
Type of projects	Eligible Assets supporting the transition low carbon transportation of people and materials including for the development, sale, operation, and upgrade of infrastructure projects including for: • Loans for electric power trains and vehicles • A Boost for Electric Vehicles and Related Facilities • Financing for sustainable transportation solutions including walking, cycling, mass transit, carpooling, car sharing, and green vehicles. • Green transport modes rely on renewable energy sources such as wind and solar energy, hydroelectricity, and biomass. • Waterborne transport with sustainable clean energy efficiency
Eligibility Criteria	Projects that provide: • Substantial contribution to Climate Change mitigation • Increasing clean or climate-neutral mobility • Provide access to safe, affordable, accessible, and sustainable transport systems for all.
Environmental benefits / KPI	• GHG avoided emissions (tons CO_2 equivalent) • Reduction of pollutant emissions (non-GHG)

3.1.2 Social Bond Eligibility Criteria

A full list of eligible social activities including the associated Impact and Key Performance Indicators (KPIs) are described below. In summary they are aligned with the ICMA indicative list of social category projects, and include:

- **Access to essential services** (e.g., health, education and vocational training, healthcare, financing and financial services)
- **Affordable housing**
- **Employment generation**, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance
- **Food security and sustainable food systems** (e.g. physical, social, and economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements; resilient agricultural practices; reduction of food loss and waste; and improved productivity of small-scale producers)

- **Socioeconomic advancement and empowerment** (e.g. equitable access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including reduction of income inequality.

Examples of target populations include, but are not limited to, those that are: Living below the poverty line; Excluded and/or marginalized populations and/or communities; People with disabilities; Migrants and/or displaced persons; Undereducated; Underserved, owing to a lack of quality access to essential goods and services; Unemployed; Women; Aging populations and vulnerable youth; Other vulnerable groups, including as a result of natural disasters.

ICMA Eligibility Category	**Gender equality**
Type of projects	Financing earmarked for women MSME/SMEs[7]. By taking a deliberate, proactive, and positive approach towards gender equality and women empowerment, the bank will identify opportunities for active participation by women, through the network of micro finance partners and mobile banks facilities.
Eligibility Criteria	Eligible Assets to support women-owned MSME/SMEs with the following ownership criteria: • A women-owned MSME/SMEs is an enterprise which is: (a) at least for 51% owned by a woman or by women, or (b) (i) at least for 20% owned by a woman or by women, (ii). with a woman as CEO, COO, President, or Vice President and (iii)if such enterprise has a board of directors, with at least 30% of such board of directors comprised of women Eligible expenditures include: • credit facilities and preferential interest rate loans to MSME/SMEs controlled by women, • Long-term working capital and credit to balance cash flow and support unforeseen expenses for MSME/SMEs s controlled by women, • Financing of MSME/SMEs that offer products and services that specifically or disproportionately benefit women, and • Credit facilities to MSME/SMEs that have 30-50% women as workforce.
Social benefits / KPI	• Number of women in national and corporate leadership and decision-making positions. • Number of women-owned and women-led MSME/SMEs with access to finance • Number of women MSME/SMEs trained in entrepreneurship and productive improvement and who receive mentoring and early-stage investment support (at least 50% are women).

[7] As per CRDB Bank, MSMEs means micro, small, and medium enterprises with investment or loan exposure that have been defined in the bank's credit operating manual aligned to the prevailing economic environment. Currently, MSMEs are enterprises with exposure not exceeding Tzs 50Mn (less than US$ 20,000 equivalent), while to include SME, it extends to those enterprises with exposure above Tzs 50Mn, up to Tzs 5 billion (greater than US$ 20,000 and up to US$ 2 million equivalent).

	• Number of women with access to credit from a formal source by end of Programme.

ICMA Eligibility Category	**Health and Education**
Type of projects	Financing eligible assets supporting health and education systems development, including healthcare services and prevention equipment; and education facilities for the following: (i) Financing building and construction, operation, maintenance, retrofitting and acquiring public education, hospitals, and other public education and healthcare organizations. (ii) financing the building and construction, operation, maintenance, retrofitting, acquisition, and purchase of equipment for private schools and hospitals and other private healthcare institutions that provide free or subsidized service access to vulnerable communities[8].
Eligibility Criteria	Eligible projects include projects that: • Improve the quality of the existing education and health facilities. • Provide preventive and curative services. • Ensure better educational conditions for socially disadvantaged students. • Increase the quality of and access to education, healthcare, and social inclusion to vulnerable groups. • Promote equitable access to essential services without discrimination based on gender, ethnicity, religion, and socioeconomic class. • Promote science and innovation. • Improve public health.
Social benefits / KPI	**Education:** • Number of people benefiting from better access to education • Number of students benefiting from educational and vocational services • Number of pupils/young adults enrolled at Community Hubs attending basic literacy and numeracy (BLN) classes • Number of teachers and other educational staff recruited/trained • Number of students enrolled/educated **Health:** • percentage of people with access to better health services

[8] People living below the poverty line (e.g., household income below TZS 10,000, (US$ 4.27) per month, excluded and marginalized populations, people with disabilities, and unemployed, elderly, sick, and underserved individuals. CRDB Bank aligns with the World Bank's definition of poverty line and defines low-income population as those with income of less than USD 1.90 per day (in Purchasing Power Parity terms).

	• Number of health centers equipped • Easy access to health training and education sessions • Number of children fed with nutritious meal • Number of people treated with trauma issues • Number of people with access to vaccines, vision, and hearing interventions • Improved access to water and sanitation in rural areas • Provision of boreholes and wells in rural communities. • Provision of drinking water transmission and distribution pipes constructed across communities • Number of workers trained in the maintenance of water facilities.

ICMA Eligibility Category	**Financing MSME/SMEs**
Type of projects	Financing for MSME/SMEs to bring essential goods, services, and livelihood opportunities[9].
Eligibility Criteria	Eligible Assets to support: • Projects that promote employment generation and retention. • Projects that aim to increase the access to financial services, including affordable credit, payment and saving to micro, small and medium enterprises. • Projects that promote the formalization and growth of micro, small and medium enterprises. • Projects where at least 30% of the revenue of the business comes (or is expected to come) from business activity directed at the micro, small and medium enterprises. • Eligibility excludes activities on the Exclusion List of this Framework.
Social benefits / KPI	• Number of jobs created • Number of people with decent wages/incomes • Percentage of the pay gap between women's and men's wages/salaries

ICMA Eligibility Category	**Food security and sustainable food systems**
Type of projects	Financing the provision of infrastructure, facilities, and equipment in the agricultural and aquaculture sectors for smallholder farmers.
Eligibility Criteria	Eligible Assets to support: • Projects that improve access to safe, affordable, and nutritious food to the

[9] As per CRDB Bank, MSMEs means micro, small, and medium enterprises with investment or loan exposure that have been defined in the bank's credit operating manual aligned to the prevailing economic environment. Currently, MSMEs are enterprises with exposure not exceeding Tzs 50Mn (less than US$ 20,000 equivalent), while to include SME, it extends to those enterprises with exposure above Tzs 50Mn, up to Tzs 5 billion (greater than US$ 20,000 and up to US$ 2 million equivalent).

	vulnerable. • Projects that reduce food loss and waste. • Projects that provide access to safe, nutritious, and sufficient food that meets dietary needs and requirements.
Social benefits / KPI	• Number of people with access to nutritious food • Identified crops to address food security • Availability of opportunities in the use of improved farming technology and other agricultural projects • Number of Vulnerable households empowered with income generating activities for enhanced livelihoods • Percentage of beneficiary farmer cooperatives who receive agricultural extension services • Existence of Unified social registry developed for states to promote targeting of social safety net establishment of various agri-businesses • Number of smallholder farmers engaged • Opportunities created for linkage to markets across the value chain • Establishment of credit facilities that give easy access to finance for farmers

Note that the above categories are not exclusive, so multiple categories might apply. As an example, an investment in a microfinance institution with mostly female clients would fall under "microfinance" and "gender.

3.1.3 Sustainability Bond Eligibility Criteria

Sustainability Bonds are a type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or refinance a combination of both green and social projects. Sustainability Bonds are aligned with the four core components of both the GBP and SBP, with the former being especially relevant to underlying green projects and the latter to underlying social projects.

The eligibility criteria for the Sustainability Bond will be referred to as GBP and SBP criteria at sections 3.1.1 and 3.1.2, respectively, as the Sustainability Guidelines apply when green projects and social projects are combined, which means the green projects have social co-benefits or the social projects have green co-benefits.

3.1.4 Exclusion criteria

Any project associated with the following activities, which are believed to cause irreversible social harm to society and our communities, will be excluded from the eligible expenditures:

- Generation of nuclear energy
- Industries for alcohol, arms, tobacco, or gambling
- The production or trade of any product or activity that is considered illegal according to national laws or regulations or international agreements and conventions
- Deforestation or forest degradation, land use change
- Activities in protected areas or activities that violate indigenous peoples' rights

- Coal mining and coal power generation related projects, as well as peat extraction and electricity generation using peat
- Production or trade in any product or activity deemed illegal under host country laws and France or regulations or international conventions and agreements.
- Production or activities involving forced labour or child labour
- Trade in wildlife
- Drift net fishing in the marine environment using nets in excess of 2.5 km in length.
- Destruction of Critical Habitat and any forest project under which no sustainable development and managing plan is carried out.
- Production or use of or trade in hazardous materials such as asbestos fibers and products containing PCBs.
- Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances and other hazardous substances subject to international phase-outs or bans.
- Production or trade in weapons and ammunitions
- Tobacco
- hard liquor for human consumption.
- Gambling, casinos, and equivalent enterprises

3.2 Process for project evaluation and selection

In addition to CRDB's standard process in line with its Environmental and Social Management System (ESMS) for identifying and addressing E&S risks associated with eligible loans, CRDB will complete the process illustrated below when selecting and evaluating financing within the Sustainability Bond Asset Categories that qualify as assets to be included in the Sustainable Bond Asset Portfolio. A confirmation process is thereafter undertaken by a Sustainable Bond Committee within CRDB with respect to the assessments made by other staff in relation to the green and/or social bond asset categories. The Sustainable Bond Committee will also review the Green and Social Bond Asset Portfolio on a quarterly basis.

3.2.1 CRDB evaluation and selection process of Eligible Projects/Loans in line with CRDB's standard Credit Assessment Process

The Sustainable Finance Unit and Business Units (Credit, Retail, Corporate, and Treasury) will oversee the implementation of the Framework. The bank will form a Sustainable Bond Panel (SBP), which will be composed of the Sustainable Finance Department and other business units (finance, treasury, lending, risk management, sustainability, investor relations, and other relevant functions). The SBP will ensure an adequate representation of global functions as well as of local issuing entities. With support and advice from the Sustainable Finance Unit, the SBP will be responsible for:

- Ensuring that the Eligible Categories and related specific criteria defined in the Framework are duly applied to any project or loan selected and to any local issuing entity
- Reviewing and updating the Framework periodically to keep it aligned with best market practices and requirements

- Supervising the reporting activity of the outstanding bonds issued under this Framework
- Validating the project or loans pre-selected for allocation on each issuance by the supporting sustainability Bond Framework Working Groups (described below)
  Maintaining and updating the Sustainability Bond Register (the "Register") and periodically updating the list of projects or loans included in any specific bond of the local issuing entity.

Figure 3: Key Steps in the Project Evaluation, Selection, and Allocation Process

3.2.2 Sustainability Bond Committee representatives

- Relevant unit within the CRDB's sustainability functions
- Relevant Treasury functions
- Relevant business units within corporate banking, institutional banking, and retail business banking
- Relevant function within the credit department
- Relevant unit within the Investor Relations function
- Relevant unit within the Risk and Compliance function
- Relevant unit within the bank's legal functions

3.3 Management of Proceeds

CRDB intends to allocate an amount equal to the net proceeds from the issue of Green, Social and Sustainability Bonds to Eligible Green and Social Loans (for the underlying green and/or social projects or assets), selected in accordance with the Eligibility Criteria set out in Use of Proceeds and the Process for project evaluation and selection above. CRDB will strive to achieve a level of allocation for the Eligible Green and Social Loans which matches the balance of net proceeds from each of its outstanding Green, Social and Sustainability Bonds within twenty-four months after issuance of the Bond. CRDB has established a 18-month look-back period for its refinancing activities as aligned with market practice.

CRDB has established a Sustainable Bond Register in relation to Green, Social and Sustainability Bonds issued by CRDB for the purpose of recording the Green and Social Loan Portfolio and the intended allocation of the net proceeds from the Green, Social and Sustainability Bonds to Green and Social Loans. The amount equal to the net proceeds of the Green, Social and Sustainability Bonds issued by CRDB will be deposited in the general funding accounts but can be identified in the Sustainable Bond Register (meaning ear marking method). It is the intention of the CRDB to allocate, directly or indirectly, an amount equal to the net proceeds in accordance with the principles set out in this Green, Social and Sustainability Bond Framework. The composition and amount of Green and Social Loans will be reviewed quarterly by the Financial Reporting and Control unit within Group Finance to account for any repayments and bonds drawn and compare those records with the allocations detailed in the Sustainable Bond Register.

During the life of each of the Green, Social and Sustainability Bonds, if a Green or Social Loan ceases to fulfil the Eligibility Criteria or matures, CRDB will remove the Loan from the Eligible Green and Social Loan list and replace it with a new Eligible Green or Social Loan, on a best effort basis. Therefore, in case required, additional Eligible Green and Social Loans will be added to the Sustainable Bond Register, to ensure that an amount equal to the net proceeds from outstanding Green, Social and Sustainability Bonds will be allocated to Eligible Green or Social Loans.

Pending allocation of an amount equal to the net proceeds of any tranche of Green, Social, and Sustainability Bonds to eligible Green or Social Loans, CRDB will hold and/or invest, at its discretion, in its treasury liquidity portfolio, in cash or other short-term and liquid instruments, the balance of net proceeds not yet allocated to eligible Green or Social Loans. Unallocated proceeds will, on a best effort basis, be invested in eligible Green, Social, or Sustainability Bonds that do not include any activity listed on the exclusion list or greenhouse gas-intensive projects that are inconsistent with the delivery of a low-carbon and climate-resilient economy.

Group Finance will oversee the management of proceeds and track the allocation using the relevant bond register. The Financial Auditor will review the allocation as part of standards reporting on the soundness of the annual financial reports.

3.4 Reporting

The Green, Social and Sustainability Bond Principles and Guidelines require Bond issuers to provide information on the allocation of proceeds. In addition to information relating to the assets to which an amount equal to the net proceeds from the issue of Green, Social and Sustainability Bonds have been allocated, the Sustainability Bond Principles recommend communicating on the impacts of the Eligible Loans. CRDB intends to report on both the Allocation of the Green, Social and Sustainability Bond's net proceeds and their related impacts on an annual basis via a Green, Social and Sustainability Bond Report, until maturity of each of the Green, Social and Sustainability Bonds issued under this Framework (information could still be provided in one annual aggregated report). The Green, Social and Sustainability Bond Report(s) will be made available to investors and the general public at CRDB's website.

i) Allocation Report

The Allocation Report section of the Report(s) will contain at least the following details:

- The total amount of net proceeds allocated to Eligible Green and Social Loans
- The number of Eligible Green and Social Loans
- The remaining balance of unallocated proceeds if any
- The amount and percentage of new financing and refinancing
- An indication of the age of the loans that have been refinanced. This information around percentages and amounts of assets financed/refinanced via green bond issuances will also be presented pre-issuance to investors via marketing materials

ii) Impact Report

Via the Impact Report section of the Bond Report(s), CRDB intends to report on the environmental and social impact of the Eligible Green and Social Loans. This section of the report, may include the following information:

- A brief description of relevant Eligible Green and Social Loans
- The breakdown of the Eligible Green and Social Loan Portfolio by nature of what is being financed
- Metrics regarding Eligible Green and Social Loans' environmental and social impacts as described in the Eligibility Criteria (KPI section) and as summarized in section 3.

3.5 External Review

Pre-issuance verification: Second Party Opinion: CRDB has obtained an independent verification assessment by Sustainalytics to confirm the alignment of the Framework with the ICMA's Sustainability Bond Principles. The Second Party Opinion document has been made available on CRDB's website https://crdbbank.co.tz/en/page/page_sus together with this Framework.

Post-issuance verification: CRDB will make public a limited assurance on the allocation report provided by its external reviewers or any other appointed independent third party. For each report, the auditors will verify:

- The allocated and unallocated net proceeds
- The compliance of the Eligible Activities with the defined eligibility criteria of the relevant categories
- If feasible, the review of the impact reporting

ANNEX 1: Definition of Key Terms

As defined by the International Capital Market Association (ICMA), Green, Social and Sustainability (GSS) Bonds are any type of bond instrument where the proceeds will be exclusively applied to eligible environmental and social projects or a combination of both.

Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance projects with clear environmental benefits, and which are aligned with the four core components of the ICMA Green Bond Principles (GBP). Eligible green projects include renewable energy, energy efficiency, pollution prevention and control, environmentally sustainable management of living natural resources and land use; terrestrial and aquatic biodiversity conservation, clean transportation; sustainable water and wastewater management; climate change adaptation; circular economy adapted products, production technologies and processes and/or certified eco-efficient products; and green buildings. For environmental marine, coastal and waterways-related projects (sometimes also categorized as “blue economy projects”), CRDB may also elect to issue these labelled as “Blue Bonds” and in line with the four core components of the GBP.

Social Bonds are aligned with the four core components of the ICMA Social Bond Principles (SBP) and finance projects that directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes, especially but not exclusively for a target population(s). Social Project categories include providing and/or promoting affordable basic infrastructure, access to essential services, affordable housing, employment generation, food security and sustainable food systems, and socioeconomic advancement and empowerment.

Gender Bonds are a sub-set of the Social Bonds. They are broadly defined as bonds that support women empowerment and gender equality. Gender bonds can support women’s empowerment and gender equality by financing activities that enable these objectives. The capital is either allocated based on the impacts of specific projects or activities on women, or on the internal policies and practices of the borrower in terms of gender equality. CRDB may issue Gender Bonds as a tranche of the Social Bond issuances.

Sustainability Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance a combination of green and social projects and which are aligned with the four core components of the GBP and/or SBP and aligned with the Sustainability Bond Guidelines (SBGs), all as per the latest versions, June 2021.

Annex 2: Exclusion Lists

1. Production or activities involving forced labour[10] or harmful child labour[11]
2. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements
3. Any business relating to pornography or prostitution
4. Trade in wildlife or wildlife products regulated under CITIES[12]
5. Production or use of or trade in hazardous materials such as radioactive materials, unbounded asbestos fibres and production containing PCBs[13]
6. Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations.
7. Drift net fishing in the marine environment using nets in excess of 2.5 km in length
8. Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances[14] and other hazardous substances subject to international phase-outs or bans
9. Destruction[15] of Critical Habitat[16]
10. Racist and/or anti-democratic media
11. Loans to finance political events
12. Loans for production or trade in tobacco except for exposure not exceeding 5% of total loan portfolio

[10] 1. *Forced laour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions*

[11] *The term "harmful child labour" is often defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. However, not all work done by children should be classified as child labour, activities such as helping their parents around the home, assisting in a family business during school holidays and any work that does not affect their health and personal development or interfere with their schooling, is generally regarded as being something positive. Employees may only be taken if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working in such cases the higher age shall apply.*

[12] *CITIES: Convention on International Trade in Endangered Species or Wild Fauna and Flora 4. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any other equipment where EFP considers the radioactive source to be trivial and or adequately shielded*

[13] *PCBs: Polychlorinated biphenyls, a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950 – 1985*

[14] *Ozone Depleting Substances: Chemical compounds, which react with and delete stratospheric ozone, resulting in 'holes in the ozone layer' The Montreal Protocol lists ODs and their target reduction and phase-out dates*

[15] *Destruction means the (1) elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water or (2) modification of a habitat in such a way that the habitat's ability to maintain its role*

[16] *Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitat required for the survival of critical endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary Forest or forests of High Conservation* Value shall be considered Critical Habitats

Prospective applicants should read the Information Memorandum before completing this form. A copy of the Information Memorandum can be obtained from any of the Authorized Selling Agents listed in the IM and can be downloaded from the Bank's website.

Offer for subscription of Tembo Bond notes for a minimum amount of TZS 500,000

OFFER OPENS: 31 August 2023
OFFER CLOSES: 06 October 2023

Please refer to "Terms and Conditions of the Offer" in the Information Memorandum as well as the instructions for completion of the Application Form, as set out below, before completing the same. Terms used herein shall be deemed to be as defined in the Information Memorandum dated 18 August 2023.

The Board of Directors of CRDB Bank PLC (the "Directors") shall reject any application, in whole or in part, if instructions as set out in the Information Memorandum and this Application Form are not complied with.

APPLICANT'S DECLARATION

By signing the Application Form overleaf, I/We the applicant (s) therein state that:

- the under mentioned application amount, or any lesser amount that may, in your sole discretion, be allotted to me/ us subject to the terms and conditions of the CRDB Programme.
- I/We authorise CRDB to enter my/ our name in the register of members of Noteholders and to credit my CDS account with the Notes allocated to me/us and remit any refunds due to me/us via Electronic Funds Transfer or Cheque in accordance with the terms and conditions contained in the Information Memorandum.
- I/We authorise the Registrar to send my/ our Mortgage Request Form directly to the DSE and the financing bank where I/We have borrowed money to apply for these Notes.
- In consideration of your agreeing to accept this Application Form, I/we agree that this application shall be irrevocable and shall constitute a contract which shall become binding to me/us upon dispatch by post or hand delivery.

GENERAL INSTRUCTIONS ON COMPLETION OF THE APPLICATION FORM

1. Please complete the Application Form in capital letters using black/blue ink. Ensure each letter is written clearly within each of the boxes provided. Incorrectly completed Application Forms will be rejected.
2. When completing this Application Form please bear in mind that Notes may not be applied for in the name(s) of a trust that has not been incorporated or a deceased's estate.
3. Trustees of unincorporated trusts, individual partners or executors may apply for Notes in their own name(s). Registered or incorporated trusts may apply in the registered or incorporated name. Limited liability partnerships may apply in their registered names.
4. Any alteration to the Application Form (other than deletion of alternatives) must be authenticated by the full signature of the Applicant(s) or Authorised Selling Agent.
5. The Authorised Selling Agent must sign against the company's official stamp.
6. Banker's cheque payments must be made payable in favour of "Tembo Green Bonds Collection A/C 01DI011204100"- "(Application Form serial number xxxx)" and crossed "Account Payee Only".
7. Your Application Form must be received in its entirety, duly signed and accompanied with the necessary evidence of payment or banker's cheque, cash or Letter of Undertaking.
8. The completed Application Form may be mailed or hand delivered to the Authorised Selling Agents and must be received by the placing Agent not later than 5:00pm on Friday 06 October 2023.
9. If your Application Form is received by Placing Agent after 5:00pm on Friday 06 October 2023 it will be declined and the form together with the accompanying payment or evidence of payment will be returned as per the terms and conditions of the Offer.
10. Applications can only be made through Authorised Selling Agents, the Lead Transaction Adviser, the Receiving Bank and the Registrar as listed in the Information Memorandum.
11. The allocation process has been outlined in the Information Memorandum and the Pricing Supplement. No person can make any promises contrary to the allocation criteria.

CRDB BANK
Tunakusikiliza

FOMU YA MAOMBI APPLICATION FORM

TAFADHALI ANDIKA KWA HERUFI KUBWA UKITUMIA KALAMU NYEUSI/BULUU
PLEASE COMPLETE IN CAPITAL/BLOCK LETTER USING BLACK/BLUE INK

A. NAMBA YA AKAUNTI YA CDS
CDS ACCOUNT NUMBER

B. TAARIFA ZA MAOMBI NA MALIPO / APPLICATION & PAYMENT DETAILS

Kiwango Kilichoombwa (TZS) kwa tarakimu
Amount applied TZS in numbers

Kiwango Kilichoombwa (TZS) kwa maneno
Amount applied TZS in words

Malipo yamefanyika kwa njia ya - Tafadhali weka alama ya vema (v) panapohusika
Payment has been made through - Please tick where applicable

Namba ya Kumbukumbu
Ref number

Wakala Agent ☐ Kielektroniki EFT/RTGS/MNO ☐ Barua ya Ahadi Letter Of Undertaking ☐ Hundi ya Benki Banker's Cheque ☐

Jina la Benki (kwa ajili ya EFT/TISS/Malipo ya Hundi)
Bank Name

Jina la Tawi
Branch Name

C. IKIWA MANUNUZI YANALIPWA KWA MKOPO (SIO LAZIMA) / WHERE PURCHASE IS FINANCED (OPTIONAL)

☐ Weka alama ya vema (v) kama yamelipiwa kwa mkopo / Tick if financed

Namba ya fomu ya mkopo
Pledge form Serial Number

Benki inayotoa mkopo
Financing Bank

Jina la Tawi
Branch Name

D. TAARIFA ZA MWOMBAJI / APPLICANT DETAILS

Hali ya Maombi: (Weka alama ya vema panapohusika) / Application Status: (Tick your status as applicable below)

Aina ya maombi: Applicant Type:

Mwekezaji Binafsi Retail Investor	Mteja wa CRDB CRDB Customer ☐	Sio mteja wa CRDB Non CRDB Customer ☐	Tanzanian QIIs. ☐
Mwekezaji Ushirika Corporate Investor	Mteja wa CRDB CRDB Customer ☐	Sio mteja wa CRDB Non CRDB Customer ☐	QII E.A. ☐

Makazi: Residence: Mtanzania Tanzanian ☐ Sio Mtanzania Non Tanzanian ☐ Nchi ya Uraia Country of Citizenship

Weka alama ya vema panapohusika / Tick your status as applicable below

Mtoto Minor ☐ Binafsi Individual ☐ Ya pamoja Joint ☐ Kikundi Group ☐ Kampuni Company ☐

(i) Mwombaji wa Kwanza (Majina kama ilivyo kwenye Vitambulisho)
First Applicant's Details: (Names as per National ID/Passport)

Jina la Kwanza
First Name

Jina la Kati
Middle Name

Jina la Ukoo(Jina la Mwisho)
Surname (Last Name)

Utambulisho / Identification

Pasipoti
Passport

Mahali ilipotolewa
Place of issue

Ukomo wa matumizi
Expiry Date (DD-MM-YYYY)

Kadi ya Mpiga kura
Voters ID

Leseni ya Udereva
Driving License

Kitambulisho cha Taifa
National ID

Kitambulisho cha Kazi
Employment ID

CRDB BANK Tunakusikiliza

S.L.P P.O. Box | Anwani ya Mtaa Postal Code | Anwani ya Mtaa Street Address

Jiji/Mji City/Town | Nchi Country

(ii) Mwombaji wa Pili (Majina kama ilivyo kwenye Vitambulisho)
Second Applicant's Details: (Names as per National ID/Passport)

Jina la Kwanza
First Name

Jina la Kati
Middle Name

Jina la Ukoo(Jina la Mwisho)
Surname (Last Name)

Utambulisho / Identification

Pasipoti
Passport

Mahali ilipotolewa
Place of issue

Ukomo wa matumizi
Expiry Date (DD-MM-YYYY)

Kadi ya Mpiga kura
Voters ID

Leseni ya Udereva
Driving License

Kitambulisho cha Taifa
National ID

Kitambulisho cha Kazi
Employment ID

S.L.P P.O. Box | Anwani ya Mtaa Postal Code | Anwani ya Mtaa Street Address

Jiji/Mji City/Town | Nchi Country

Namba ya Simu (ya mezani) Mfumo wa Kimataifa
Telephone Number (Landline) International Format

Namba ya Simu ya Mkononi Mfumo wa Kimataifa (Lazima)
Mobile Number (International Format)

Anwani ya Baruapepe (Binafsi) Email Address (Personal)

(iv) Jina la kampuni / QII (Kama ilivyo katika Hati ya Usajili/ Ilivyosajiliwa) Nakala ya Hati lazima iambatishwe
Company name / QII / Corporate (As per Certificate of Registration/Incorporation) A certified copy of the certificate must be attached

Namba ya Usajili/ Kama ilivyosajiliwa
Registration / Corporation

Nchi Ilikosajiliwa
Country of Registration

☐ Weka alama ya vema (v) kama maombi yamesamehewa kulipa kodi (withholding tax) na ambatanisha nakala ya hati ya msamaha.
Tick here if applicant is exempt from withholding tax and attached a copy of exemption certificate

Kwa Waombaji Waliopendekezwa tu (Weka alama ya vema (v) panapohusika hapo chini)
For Nominee Applicants Only (Tick the status as applicable below)

Uraia wa Mnufaika wa Hati fungani
Citizenship of Beneficial Bonholder

☐ Mtanzania
Tanzanian

☐ Nchi nyingine za Afrika Mashariki
Other East Africans

☐ Nchi Nyingine za Kimataifa
International

Namba ya Akaunti ya Mwombaji Aliyependekezwa Nominee Account Name

Namba ya Kumbukumbu ya Mwombaji Aliyependekezwa (Lazima) Nominee Reference Number (Mandatory)

E. TAARIFA ZA BENKI KWA MALIPO YA KUPONI NA MAREJESHO BANK DETAILS FOR FUTURE DISTRIBUTIONS & REFUNDS

Jina la Benki Name of Bank | Swift Kodi Swift Code

Jina la Akaunti Name of Account | Namba ya akaunti Account Number

Jina la Tawi Name of Branch | Nchi Country

CRDB BANK Tunakusikiliza

F. SAHIHI: (LAZIMA KWA WAOMBAJI WOTE) SIGNATURES: (COMPULSORY FOR ALL APPLICANTS)

Sahihi ya 1 Signature 1	Sahihi ya 2 Signature 2	Mhuri wa moto / Mhuri Company Seal / Stamp

Tarehe (SS/MM/MMMM) mf. 27/07/2012
Date (DD/MM/YYYY) e.g. 05/05/2022

G. WAKALA WA MAUZO / MATAWI YA CRDB TU KWA MATUMIZI YA OFISI SELLING AGENTS ONLY FOR OFFICIAL USE ONLY

Namba ya Wakala/Namba ya Tawi la CRDB Agent code/Sort Code	Jina la Wakala wa Mauzo/Mwakilishi wa Huduma kwa Wateja wa CRDB Selling agent's name

Mhuri wa Wakala wa Mauzo Aliyeidhinishwa/ Mwakilishi wa Huduma kwa Wateja wa CRDB
Authorised Selling Agents Stamp

CRDB BANK Tunakusikiliza

H. RISITI YA MWEKEZAJI INVESTOR'S RECEIPT

Kiasi kilicholipwa (TShs) Amount Paid	Namba ya akaunti ya CDS (Isianze na sifuri) CDS Number	Namba ya Akaunti Account Number

Jina la Wakala wa Mauzo/ Jina la Tela wa CRDB Selling Agent's Name/Tellers Name	Mhuri na sahihi ya Wakala wa Mauzo/ Tawi la CRDB Stamp	Tarehe Date

DETAILED INSTRUCTIONS ON COMPLETION OF THE APPLICATION FORM: (Please also read general instructions front page)

A. An Applicant must have a CDS Account to apply. If you do not have a CDS account, please apply to open a CDS account by completing the CDS account opening form and attaching it to this application form.

B. The minimum amount you can invest is [TZS 500,000] and thereafter in multiples of [TZS10, 000]. Enter the number of Notes and the amount you wish to invest in boxes provided. Remember to abide by the minimum investment amount and the incremental amount as well.

- If your Authorised Selling Agent is making payment on your behalf, please tick the box for payment through agent. You need NOT fill in the remaining details under section "B".
- If you would like to make your payment directly to the Issuer, CRDB as your Authorised Selling Agent will place a tick in the appropriate mode of payment box labelled Bankers Cheque, EFT/ RTGS and Letter of Undertaking.
- The name of the bank, branch and cheque number or EFT/ RTGS reference number/ Application Form serial number must be provided.

C. If your investment or purchase of the Tembo Bond is being financed by a bank, please complete the part on financing by ticking the box and entering the Mortgage Request form serial number financing bank's name and branch name. The Mortgage Request form and refund payment due, will be sent directly to the DSE and financing bank respectively.

D. APPLICANT DETAILS

i. You are required to tick 3 boxes under the heading "Applicant Status"
   - Applicant Type: Tick the appropriate box that describes the type of applicant.
   - Residency Status: If you are a legal full time RESIDENT of East Africa, irrespective of your citizenship, tick the Box labelled "East African Resident", otherwise, tick the Non Resident box
   - Citizenship: Tick the box that defines your citizenship.

ii. If you are applying for Notes as an individual (i.e. you are not a Corporate Investor), please fill out the details listed under the words "Primary Applicant's Details". Wherever possible, please ensure you enter your national identification number (or other identification number), Passport Number and country of issue.

iii. If you wish to include your spouse, relative or friend as a joint applicant on this form, please fill his I her details in the appropriate spaces under the heading "Joint Applicants Details", Please note:

   - ONLY ONE joint applicant is allowed
   - The joint applicant CANNOT be a Corporate Investor.
   - Please ensure the CDS account is similarly joint

Wherever possible, please ensure you enter the joint applicant's identification number, failing which, please enter his (her) Passport Number and country of issue. At least ONE is mandatory.

iv. If you are applying as a Company, Institutional Investor or Nominee applicant, please fill out all details required in this section. Details for this section may be obtained from the Entity's Certificate of Incorporation/Registration. Please attach a photocopy of the certificate of Registration /Incorporation and your license if you are an institutional investor.
Nominee applications from bona fide registered nominee corporates will be accepted provided there is a unique account name/number provided for each application. For the avoidance of doubt, Nominee Accounts must be held for the benefit of a 3rd party eligible for applying for Notes in their own right.
Any QII or Applicant with a withholding-tax exemption MUST ATTACH A COPY OF THE CERTIFICATE OF EXEMPTION.

v. ALL APPLICANTS MUST COMPLETE SECTION. ONLY ONE ADDRESS MAY BE ENTERED.

Please enter your FULL MAILING ADDRESS, including, where applicable, P.O. Box, Postal Code and the City/Town and Country. A Street Address is optional but encouraged provided a valid mailing address is included. This address will be used for correspondence relevant to your noteholding, and it is vital that details herein are correct and accurate, please also provide us with your mobile number, landline telephone contact (if any) and e-mail address.

E. RECEIPT OF REFUNDS

1) All residents will be refunded by EFT or TISS for the bond Notes not allotted or in the event of an oversubscription. Please fill out your bank information in the boxes provided. Please note that the bank details must be confirmed by either attaching a blank cheque that is clearly marked cancelled or provide a letter or bank mandate form from the bank confirming the bank details.

2) Any refunds paid back to EAC Nationals outside Tanzania (with the exception of QII's that submit Letters of Undertaking) and Foreign Applicants will be by swift transfer in Tanzania Shillings, at the cost of the respective Applicant.

F. ALL APPLICANTS MUST COMPLETE THIS SECTION.
Please read the instructions below carefully:

- Primary Applicants must sign in the box labelled "Signature 1" and Joint Applicants if any, must sign in the box labelled "Signature 2"
- Corporate Investors Applications must be signed by two authorised signatories/officials or one Director and an authorised signatory/official. Where the applicant is a Company registered under the Company's Act the company seal/stamp must be affixed in the space provided.
- Applications signed by thumbprint must have the thumbprint witnessed. The witness must sign next to the thumbprint and write down his/her full names and identification documents number.

SAMPLE CSD ACCOUNT OPENING FORM

CSDR
Settlement & Custody

CDS 1(a) **CSD & REGISTRY COMPANY LIMITED**

DEPOSITORY ACCOUNT APPLICATION FORM - INDIVIDUAL

Please use CAPITAL LETTERS

Title (Prof/Dr/Hon/Rev/Mr/Mrs/miss/ms): ____________________

Full Name: ____________________
(First, Middle, Last Name)
____

Address: ____________________
____

Client's Occupation: ____________________

Nationality: ____________________

Telephone Number: ____________________

Email Address: ____________________

Bank Account Number: ____________________

Bank Name: ____________________

Branch: ____________________

Identity Type: ____________________ Number: ____________________

First Applicant Signature: ____________________ Date: __________

I/We hereby apply to open and maintain a depository account at the CSDR Central Securities Depository System

JOINT APPLICANTS:
The first applicant should fill in the above details. Other persons, applying to hold the account jointly with the applicant, should insert their names in **CAPITAL LETTERS** and sign in the box below.

I/We join in this application as joint holder(s).

Title	Full Name (First, Middle, Last Name)	Nationality	Signature

I/We understand that the securities to be deposited in the CDS account to be opened pursuant to this application will be held by CSD & Registry Company Limited in Trust for me (us).

This application was lodged through

Stamp and Authorized Signature of Authorized CDS Operator **Date**

Subject to the Rules and Practices of the CSDR

CSDR
Settlement & Custody

CDS 1(b)

CSD & REGISTRY COMPANY LIMITED

DEPOSITORY ACCOUNT APPLICATION FORM - BODY CORPORATES

Please use CAPITAL LETTERS

We hereby apply to open and maintain a depository account in the CSDR Central Securities Depository System

Name:	
Client's Ref:	**Postal Address:**
* **Please Tick:** **Foreign** ☐ **Local** ☐	

Country of Incorporation:	**Incorporation Date:**
Nature of Business:	**Incorporation No:**

We understand that the securities to be deposited in the CDS account to be opened pursuant to this application will be held by CSD & Registry Company Limited in Trust for us.

....

Stamp & Authorised Signatures of Body Corporate **Date**

This application was lodged through ....

Stamp and Authorized Signature of Authorized CDS Operator

* Nationality whether local or foreign is determined under the Capital Markets and Securities (Foreign Investors) Regulations

Subject to the Rules and Practices of the CSDR

Appendix F: List of brokers and CRDB branches

A. CRDB BRANCHES

S/N	BRANCH NAME	REGION	WARD/ STREET/ VILLAGE
1	Dodoma	Dodoma	Singida - Morogoro Road (B 129) Opp. Nyerere Square
2	UDOM	Dodoma	University of Dodoma
3	Chamwino	Dodoma	Hospital Street/ Ninth Road - Dodoma
4	LAPF Dodoma	Dodoma	LAPF House, Block W - Uhindini
5	Chamwino - Ikulu	Dodoma	Opposite Chamwino District Hospital - Chamwino District
6	Kambarage Premier Centre	Dodoma	Plots No. 2 & 4 Block G, Kambarage Tower, Jakaya Kikwete Road
7	Morogoro	Morogoro	Masika Area
8	Mandela	Morogoro	Kingo/ Station Road
9	Kilombero	Morogoro	Kilombero Sugar Company Compound
10	Ifakara	Morogoro	Kibaoni Street
11	Iringa	Iringa	Miomboni/ Kitanzini Street
12	Mafinga	Iringa	Mafinga - Wambi
13	Singida	Singida	Ipembe/ Arusha Road
14	Mzumbe	Morogoro	Mzumbe University
15	Gairo	Morogoro	Ungu Road - Gairo
16	Mazimbu	Morogoro	Mahalangu Campus
17	Mkwawa	Iringa	Mkwawa University College of Education
18	Chief Kingalu	Morogoro	Chief Kingalu Central Market, Uhuru/ Madaraka Street, Plot No. 180 Block S
19	Ludewa	Njombe	Plot No. 5, Block E, Mjini Kati, Ludewa
20	Bunge	Dodoma	National Parliament Building
21	Mpwapwa	Dodoma	Kanisani Road - Adjacent Uwanja wa Mgambo
22	SUA	Morogoro	Magadu, SUA Main Campus
23	Kilosa	Morogoro	Uhindini
24	Majengo	Dodoma	Majengo/Fatina Street
25	Msamvu	Morogoro	Msamvu Bus Terminal
26	Kondoa	Dodoma	Kondoa - Along Arusha Road
27	Ulanga	Morogoro	Mahenge Town - Tanzania Postal Corporation Offices
28	Manyoni	Singida	Dodoma - Singida Road - Majengo Area
29	Singida NHC	Singida	Ipembe/ Lumumba Road
30	Mikumi	Morogoro	Kidoma Road
31	Bagamoyo	Coast	Bagamoyo Road
32	Kibaha	Coast	Maili Moja- Mkoani
33	Mkuranga	Coast	Dar - Mtwara Road - Mkuranga Town
34	Mlandizi	Coast	Along Dar - Morogoro Road - Mlandizi Area

S/N	BRANCH NAME	REGION	WARD/ STREET/ VILLAGE
35	Ardhi University	Dar es Salaam	Within Ardhi University Admin. Building
36	Azam ICD	Dar es Salaam	Mbozi Road - SOKOTA - Kariakoo
37	Azikiwe	Dar es Salaam	Azikiwe Street, OAS Building
38	Banana	Dar es Salaam	Along Nyerere Road, Banana Area
39	Bunju	Dar es Salaam	Along Bagamoyo Road, Mianzini Area
40	Buza	Dar es Salaam	Buza Kanisani
41	Chanika	Dar es Salaam	Chanika - Centre
42	Goba	Dar es Salaam	Goba - Centre
43	Tower	Dar es Salaam	PPF Tower Bldg Garden Avenue/ Ohio Street - City Centre
44	Vijana	Dar es Salaam	Lumumba Street, Near CCM HQ
45	Lumumba	Dar es Salaam	Lumumba Street - USHIRIKA Building
46	Palm Beach Premier Branch	Dar es Salaam	Viva Tower, 1st Floor - Ali Hassan Mwinyi Road
47	Msasani	Dar es Salaam	Kimweri Drive, Msasani Opp. CCBRT Hosp.
48	Mwananyamala	Dar es Salaam	Mwanyamala Komakoma - Trust Building
49	TPA	Dar es Salaam	TPA Tower, Ground Floor, Sokoine Drive
50	Mbezi Beach	Dar es Salaam	Shamo Tower, New Bagamoyo Road - GOIG Area
51	Mbagala	Dar es Salaam	Dar - Mtwara Road - Mbagala Rangi Tatu Area
52	Mikocheni	Dar es Salaam	Mikocheni B - Industrial Area, Ministers Residence Rd
53	Mlimani City	Dar es Salaam	Mlimani City Mall, Off Sam Nujoma Road
54	Tegeta	Dar es Salaam	Kibo Complex Shopping Mall, New Bagamoyo Road
55	UDSM	Dar es Salaam	University of Dar es Salaam - Business School Building
56	Kijitonyama	Dar es Salaam	Millenium Towers, along New Bagamoyo Rd
57	Tabata	Dar es Salaam	Tabata - Magengeni
58	Oysterbay	Dar es Salaam	Coco Plaza - Toure Drive
59	Pugu Road	Dar es Salaam	Quality Plaza Bldg Nyerere Road - Banda la Ngozi Area
60	TAZARA	Dar es Salaam	Nyerere Road near Mfugale Flyover - TAZARA junction
61	Temeke	Dar es Salaam	Temeke Stereo
62	Ubungo	Dar es Salaam	Millenium Business Park - Shekilango Area, Morogoro Rd
63	Kariakoo - Narung'ombe	Dar es Salaam	Narung'ombe/ Sikukuu Street - Kariakoo
64	Holland House	Dar es Salaam	Samora Avenue/ Ohio Street - City Centre
65	Mafia	Coastal	Plot No. 15, Block G - Kilindoni, Mafia
66	Ikwiriri	Coastal	Plot No. 216, Block "JJ" - Ikwiriri, Rufiji
67	Zanzibar	Unguja	Kisiwandui - Zanzibar
68	Pemba	Kusini Pemba	TTCL Building - Chakechake Pemba

S/N	BRANCH NAME	REGION	WARD/ STREET/ VILLAGE
69	Mwenge	Dar es Salaam	Ngome Tower, TRA Road/ Radihuru Street - Africa Sana
70	Kimara	Dar es Salaam	Kimara Mwisho King'ong'o Street
71	Magomeni	Dar es Salaam	ELCT - Magomeni, Morogoro Road
72	Mbagala Charambe	Dar es Salaam	Mbagala Charambe
73	Mtoni Kijichi	Dar es Salaam	Mtoni Kijichi
74	Kibada	Dar es Salaam	Kibada, Kwa Mwafrika
75	J. N. Hydropower	Coast	J. N. Hydropower Project - J. N. National Park
76	Kinondoni Municipal	Dar es Salaam	Kinondoni Municipal Council Offices - Magomeni
77	Kinyerezi	Dar es Salaam	Mt. Meru Filling Station, Kinyerezi
78	Gongo la Mboto	Dar es Salaam	Nyerere Road, Gongo la Mboto Area
79	Wete	Pemba	Plot No. 65. Wete - Pemba
80	Temeke Agency	Dar es Salaam	Temeke Municipal Council Offices, Mandela Road
81	Tandika	Dar es Salaam	Chihota Street, Tandika
82	Kariakoo SC-Uhuru	Dar es Salaam	Uhuru Street - Kariakoo
83	Ilala Municipal	Dar es Salaam	Mnazi Mmoja Grounds - Anatoglo Hospital
84	Mbezi Luis	Dar es Salaam	Mbezi Luis - Malamba Mawili Road
85	Kawe	Dar es Salaam	Adjacent Kawe Police Station
86	TBL	Dar es Salaam	Tanzania Breweries Ltd - Uhuru Street
87	Bureau - Z'bar (Amaan Abeid Karume)	Unguja	Amaan Abeid Karume International Airport
88	Michenzani Mall	Unguja	Mlandege/ Karume Road Roundabout - Zanzibar
89	TRA- Samora	Dar es Salaam	Samora Avenue
90	JNIA BUREAU DE CHANGE TERMINAL 3	Dar es Salaam	Julius Nyerere International Airport - Terminal 3
91	JNIA BUREAU DE CHANGE TERMINAL 2	Dar es Salaam	Julius Nyerere International Airport - Terminal 2
92	Mbeya	Mbeya	Karume Street
93	Kyela	Mbeya	Bondeni/ Bomani Street
94	Mbarali	Mbeya	Rujewa, Ibara Road
95	Mbozi	Songwe	Mbeya - Tunduma Road (A 104), Vwawa Area
96	Mwanjelwa	Mbeya	Uyole - Chunya Road (B 345), Opp. Mwanjelwa Market
97	Tunduma	Songwe	Majengo - Sumbawanga Road
98	Sumbawanga	Rukwa	Katandala/ Bomani Street
99	Mpanda	Katavi	Kashaulili/ Majengo Street
100	Njombe	Njombe	Makambako - Songea Road, Mdete Area
101	Makambako	Njombe	Njombe - Makambako Road
102	Mbalizi	Mbeya	Mbeya - Tunduma Road (A 104), Mbalizi Area

S/N	BRANCH NAME	REGION	WARD/ STREET/ VILLAGE
103	Mt. Living stone	Mbeya	Uyole - Chunya Road (B 345), Mwanjelwa Market
104	Majimoto	Katavi	Plot No. 346, Block A, Majimoto - Mpimbwe, KATAVI
105	Uyole	Mbeya	Uyole, Nsagala
106	Mlowo	Songwe	Mlowo Bus Stand
107	Chunya	Mbeya	Kibaoni Street, Chunya Town
108	Rungwe	Mbeya	Bulyaga Street, Tukuyu Town
109	Nkasi	Rukwa	Plot No. 1, Block K - Isunta, Namanyere, Nkasi - Rukwa
110	Songwe	Songwe	Songwe Centre
111	Mtwango	Njombe	Lunguya Village
112	Wanging'ombe	Njombe	Igwachanya Kati
113	Ikonda	Njombe	Ikonda Hospital - Makete
114	TRA- Tunduma	Songwe	TRA Customs - OSBP
115	Bunda	Mara	Sirari - Mwanza Road, adjacent Bunda Police Station
116	Mwanza	Mwanza	Kenyatta Road
117	Nyerere	Mwanza	Isamilo, Balewa
118	Nyanza	Mwanza	NSSF Building - Kenyatta Road
119	Shirati	Mara	House No. 305, Obwere Street - Shirati
120	SAUT	Mwanza	St. Augustine University - Malimbe - Luchelele Road
121	Bukoba	Kagera	Tupendane/ Kashozi Road - Bukoba
122	Karagwe	Kagera	Kyaka - Bugene Road (B 182) - Kayanga Area
123	Muleba	Kagera	Lusahunga - Bukoba Road - Muleba Town
124	Tarime	Mara	Sabasaba/ Kenya Road - Tarime
125	Musoma	Mara	Mkendo Road
126	Bariadi	Simiyu	Bariadi Town - adjacent Regional Immigration Office
127	Buzuruga	Mwanza	Mahina, Mwananchi
128	Misungwi	Mwanza	Misungwi District Council - Bomani
129	Rock City	Mwanza	Rock City Mall, Makongoro Road
130	Rorya	Mara	Mirare, Iringo - Rorya District Council Offices
131	Nyamongo	Mara	Nyangoto Village, adjacent Nyamongo Sec. School
132	Nansio	Mwanza	Plot No. 26, Layout Street - Ukerewe
133	Ngara	Kagera	Mubinyange Town Centre - Opp. Rulenge Catholic Church
134	Mwaloni	Mwanza	Mwaloni Fish Market
135	Bugando	Mwanza	Pamba Road - Mwembe "A" - Bugando Hospital

S/N	BRANCH NAME	REGION	WARD/ STREET/ VILLAGE
136	Meatu	Simiyu	Plot No. 131, Block A - Benki Street, Bomani - Mwanhuzi, Meatu
137	Magu	Mwanza	Itumbili, Bomani
138	Ilemela	Mwanza	Ilemela District Council Offices - Buswelu
139	Mkuyuni	Mwanza	Butimba/ Ziwa Street
140	Kwimba	Mwanza	Kwimba District Council Offices - Ngudu
141	Buhongwa	Mwanza	Mwanza - Shinyanga Road, Nyamatala Area
142	Igoma	Mwanza	Mwanza - Musoma Road, Igoma - Magharibi
143	Kagera Sugar	Kagera	Kagera Sugar Ltd
144	Nshamba	Kagera	Nshamba Town
145	Serengeti	Mara	Arusha Road - Mugumu Bomani
146	Rwamishenye	Kagera	Bukoba - Kyaka Road, Opposite Rwamishenye Market
147	Biharamulo	Kagera	Biharamulo District Council Social Hall
148	Kyerwa	Kagera	Nkwenda Centre
149	Mwanza Refinery	Mwanza	Plot No. 483/2/3, Block "A", Pasiansi - Makongoro Street
150	Mutukula SC	Kagera	Tanzania - Uganda Boarder
151	Maswa	Simiyu	Maswa, Binza
152	Arusha	Arusha	Uhuru Road - Friends Corner Junction
153	Kwa Mromboo	Arusha	Oljoro Road Street
154	Mapato	Arusha	Makongoro/Naura Street
155	Meru	Arusha	Barakuda/ Boma Street
156	Dongobesh	Manyara	Mbulu District Council Building - Dongobesh
157	Monduli	Arusha	Monduli Town, Sokoni
158	Mto wa Mbu	Arusha	Mto wa Mbu - Barabarani
159	Ngaramtoni	Arusha	Arusha - Namanga Road
160	Njiro	Arusha	TASO/SS/86, Nanenane Grounds - Njiro
161	Sakina	Arusha	Arusha - Namanga Road - Sakina Area
162	Soko Kuu	Arusha	Sokoni/ Pangani street
163	Tengeru	Arusha	A. Kheri Street/ Moshi - Arusha Road, Patandi
164	Mererani Mineral Market	Manyara	Mererani Mineral Market, Lelatema Mountains - Mererani
165	Lushoto	Tanga	Plot No. 7B, 16184 Boma Road - Lushoto
166	Cultural Heritage	Arusha	Arusha - Dodoma Road, Mbauda Area near TANAPA HQ
167	TFA	Arusha	Unga Limited/ Esso Road
168	Usa River	Arusha	Moshi - Arusha Road - Leganga, Usa River
169	Moshi	Kilimanjaro	KNCU Building - Mawenzi/ Rengua Street

S/N	BRANCH NAME	REGION	WARD/ STREET/ VILLAGE
170	Hai	Kilimanjaro	Moshi - Arusha Road - Bomang'ombe Area
171	Marangu	Kilimanjaro	Moshi - Tarakea Road - Marangu Area
172	Babati	Manyara	Old Majengo/ Ngazija Road - Babati
173	Tanga	Tanga	Central/Independence Avenue
174	Korogwe	Tanga	Segera - Arusha Highway, Manundu - Korogwe
175	Handeni	Tanga	Vibaoni - Bomani
176	Muheza	Tanga	Segera - Tanga Highway - Genge/ Majengo nje
177	Mbuyuni	Kilimanjaro	Sokoni Street - Bondeni Ward
178	Siha	Kilimanjaro	Siha/ Sanya Juu
179	Haydom	Manyara	Haydom Hospital
180	Karatu Town	Manyara	Arusha - Ngorongoro Road - Karatu Centre
181	Mererani	Manyara	Endiamtu/ Zaire Kati Street
182	Katesh	Manyara	Katesh Bus Stand
183	Tarakea	Kilimanjaro	Nanjara - Tarakea
184	Kiteto	Manyara	Kiteto - Kibaya, Bomani Street
185	Mbulu	Manyara	Imboru Street - Bomani
186	Mwanga	Kilimanjaro	Bomani - Mwanga
187	Rombo Mkuu	Kilimanjaro	Kelamfua Mokala
188	Same	Kilimanjaro	Vumali, Bomani
189	Ngamiani	Tanga	Ngamiani Kati, 9th Street (Barabara ya Tisa)
190	KCMC	Kilimanjaro	KCMC Hospital - Opposite Main Parking Area
191	KIA- Bureau De Change	Kilimanjaro	Kilimanjaro International Airport
192	TPC - MOSHI	Kilimanjaro	TPC Factory - Arusha Chini
193	Mtwara	Mtwara	NHC Building - Raha Leo Street
194	Lindi	Lindi	Makonde/ Sokoni & Jamhuri Streets Roundabout
195	Masasi	Mtwara	Mkomaindo Rest Camp
196	Nanyamba	Mtwara	Nanyamba Town Council Offices - Nanyamba
197	Newala	Mtwara	Newala District Council Offices
198	Mbinga	Ruvuma	Mbinga Town, Bomani
199	Songea	Ruvuma	Njombe Road
200	Ruangwa	Lindi	Mchangani Street
201	Kilwa Kivinje	Lindi	Plot No. 9, Block A - Bi Azza Street, Kilwa Kivinje, Lindi
202	Liwale	Lindi	Likongowele Street - Liwale Lindi
203	Tandahimba	Mtwara	Tandahimba District Council Offices
204	Nyasa	Ruvuma	Nyasa District Council Offices
205	Namtumbo	Ruvuma	Namtumbo District Council Offices

S/N	BRANCH NAME	REGION	WARD/ STREET/ VILLAGE
206	Tunduru	Ruvuma	Mkwanda, Bomani
207	Nachingwea	Lindi	Nachingwea Town
208	Tabora	Tabora	Gongoni/ Lumumba Street
209	Urambo	Tabora	Boma Road
210	Kaliua	Tabora	Kaliua Mashariki/ Stendi Mpya - Kaliua, Tabora
211	Kigoma	Kigoma	NHC Building - Stanley Road (B 381), Kigoma
212	Kasulu	Kigoma	Off B 8 Kigoma Road, Kasulu (adjacent TTCL - Kasulu)
213	Shinyanga	Shinyanga	Mboya Street, Shinyanga (Opposite CCM - Regional Office)
214	Kahama	Shinyanga	Isaka Road/ Lumelezi Street
215	Geita	Geita	Kalangalala/ Sophia Street
216	Chato	Geita	Bwanga - Bukoba Road - Mlimani Area
217	Katoro	Geita	Sengerema - Bwanga Road, Buseresere
218	Maganzo	Shinyanga	Mwanza - Shinyanga Road, Maganzo Area
219	Mbogwe	Geita	Kahama - Rusahunga Road, Masumbwe Area
220	Nzega	Tabora	Singida - Mwanza Highway, Opp. Nzega Roundabout
221	Sengerema	Geita	Nyampulukano/Mgombani Street
222	Kibondo	Kigoma	Kibondo/ Ihulilo Street
223	Nyang'hwale	Geita	Khalumwa/ Bank Street
224	Runzewe	Geita	Uyovu/Kabuhima Street
225	Igunga	Tabora	Plots No. 521, 522, 523 & 524 Block B - Igunga Town (Singida Road)
226	Kakola	Shinyanga	Bulyanhulu Kati
227	Tinde	Shinyanga	Tinde Bus Terminal
228	Bukombe	Shinyanga	Bukombe District Council Offices
229	Kahama Social	Shinyanga	Isaka Road - Opposite Club Chiller
230	Nguruka	Kigoma	Nguruka Centre
231	Sikonge	Tabora	B 6/Isungilunde Road
232	Kakonko	Kigoma	Kakonko District Council Offices
233	Gold Market-Geita	Geita	Kalangalala/ Dhahabu Market
234	MOBILE 5 - Nanyumbu (Mangaka)	Mtwara	Nanyumbu (Mangaka)
235	MOBILE 6 - Itigi	Singida	Mitundu No. 2 - Mawasiliano Street
236	MOBILE 11 - Kasumulu	Mbeya	Kasumulu Boarder
237	MOBILE 15 - Sirari Boarder	Simiyu	Sirari Boarder
238	MOBILE 16 - Lupatingatinga	Mbeya	Lupatingatinga
239	MOBILE 18 - Rulenge	Kagera	Rulenge District
240	MOBILE 19 - Makongolosi	Mbeya	Makongolosi

S/N	BRANCH NAME	REGION	WARD/ STREET/ VILLAGE
241	MOBILE 20 - At Namanga Boarder	Arusha	Namanga Boarder
242	MOBILE 21- Turiani - Morogoro	Morogoro	Turiani, Mtibwa

B. LIST OF BROKERS

Orbit Securities Company Limited 4th Floor, Golden Jubilee Tower (PSPF Bldg.) Ohio Street P.O. Box 70254 Dar es Salaam Tel. 255 - 22 - 2111758 Fax. 255 - 22 - 2113067 Email: orbit@orbit.co.tz Website: www.orbit.co.tz	**Smart Stock Brokers Limited** 1 Floor, Masdo House Samora Avenue P.O.Box 105678 Dar Es Salaam Tanzania Phone: +255 22 2138607 Email: info@smartstockbrokers.co.tz Web: www.smartstockbrokers.co.tz **BRANCH:** RETCO, Mbalizi road P. O. Box 1203 Mbeya
Exodus Advisory Services Limited 10th Floor, Mwanga Tower New Bagamoyo Road P. O. Box 80056 Dar es salaam Telephone: +255 22 2928588 Website: www.easl.co.tz Email: info@easl.co.tz	**Optima Corporate Finance Limited** 1st Floor, Togo Tower Kinondoni Road, Kinondoni P.O. Box 4441 Dar es salaam Tanzania Tel: +255 22 266 6031 Email: i nfo@optimacorporate.co.tz nyaoro@optimacorporate.co.tz gichohi@optimacorporate.co.tz Website: www.optimacorporate.co.tz
Vertex International Securities Limited Annex Bldg. - Zambia High Commission P. O. Box 13412 Dar es Salaam Tel. 255 - 22 – 2110387/ 2116392 Fax: 255 - 22 - 2110387 Email: vertex@vertex.co.tz	**E. A. Capital Limited** 3rd Floor, Acacia Estates 84 Kinondoni Road P.O. Box 20650 Dar es Salaam Email: ec@eacapital-tz.com
ZAN Securities Ltd Head office: 1st Floor Muzammil Centre Malawi Road PO Box 2138 Zanzibar **Branch:** 2 nd Floor, VIVA Towers	**Archco Limited** 2nd Floor, Wing C NIC Life House, Sokoine Drive/Ohio Street P.O. Box 38028 Dar es Salaam Tel. +255 22 732922396 Fax +255 22 732928489 Website: www.archco.co.tz Email: info@archco.co.tz

Bibi Titi Road P.O Box 5366 Tel: +255 22 212.6415 Fax: +255 22 212.6414 E-mail: info@zansec.com Website: www.zansec.com	
Global Alpha Capital Limited PSSSF Millenium Tower-1 Ali Hassan Mwinyi Road P. O. Box 70166 Dar es Salaam Tel: +255784786188/+255763631999 www.alalphacapital.co.tz Email: info@alalphacapital.co.tz	**TIB Rasilimali Limited** 7th Floor, Samora Tower Ghana Street P.O. Box 9154 Dar es Salaam Tel. 255 - 22 - 2111711/255 0744 777818 Fax. 255 - 22 - 2111711 Email: invest@rasilimali.tib.co.tz www.tib.co.tz
Solomon Stockbrokers Limited PPF House, Ground Floor Morogoro Rd./Samora Avenue P.O. Box 77049 Dar es Salaam Tel. 255 - 22 - 2124495/2112874 Fax. 255 - 22 - 213 1969 Email: kisali@solomon.co.tz Miriam@solomon.co.tz warida@solomon.co.tz Solomonstockbrokersltd@gmail.com Solomon@simbanet.net	**CORE Securities Limited (CORE)** 1st Floor, Karimjee Jivanjee Building Sokoine Drive 18 P.O. Box 76800 Dar es Salaam Email: info@coresecurities.co.tz nkundeshoo@yahoo.com Website: http://www.coresecurities.co.tz
Tanzania Securities Limited 2nd Floor, Office 201, Jangid Plaza Ali Hassan Mwinyi Road P.O. Box 9821 Dar es Salaam Tel: 255 (22) 2926578 E-mail: info@tanzaniasecurities.co.tz	**Victory Financial Services Limited** ATC Building Ohio Street/Garden Avenue P. O. Box 8706 Dar es Salaam Tanzania Tel: +255 22 2112691 Email: info@vfsl.co.tz Website: www.vfsl.co.tz
FIMCO Limited Jangid Plaza, 2 nd Floor Ali Hassan Mwinyi Road P.O. Box 70468 Dar es Salaam	**Stanbic Bank (T) Limited** Stanbic Centre 99A Kinondoni Road P. O. Box 72647, Dar es Salaam

Tel: +255 22 292 6227	Tanzania Tel: +255 22 266 6430/480 Fax: +255 22 266 6301 Website: www.stanbicbank.co.tz
Yusra Sukuk Company Limited Rita Tower, 23rd Floor Plot No. 727/11 Makunganya Street P.O.Box 4681 Dar Es Salaam	