

2Q24

Investor Briefing



August 2024



Our Reason for Existence...

...to make valuable contribution to the economic prosperity of the countries we operate in and build capabilities for a sustainable future...



Our Purpose

Improve livelihoods and deliver sustainable Impact”...



Our Vision

Transform lives and develop economies to their fullest potential”...



Our Mision

Provide disruptive financial solutions to unlock social-economic value for our stakeholders”...





Our Unique Capabilities..

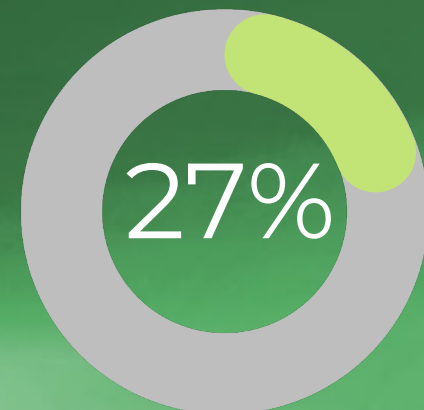
Our Strength



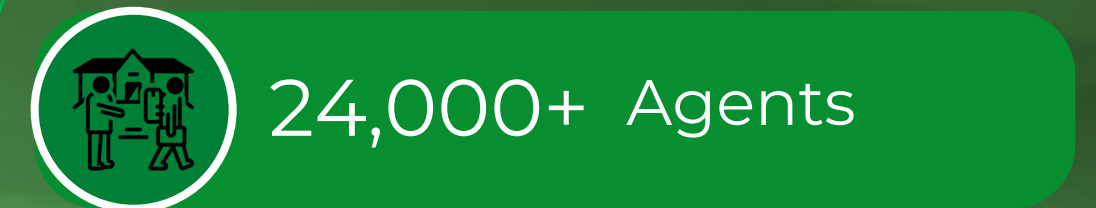
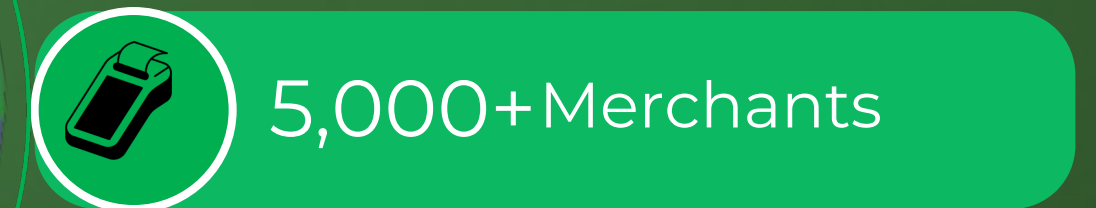
Our Human Capital



Our Market Share



Our Distribution Model





Our Strategy (2023 -27)...

Our strategic vision is firmly focused on safeguarding the success of our current businesses, at the same time, we are committed to pioneering innovative new growth engines to ensure our continued relevance and leadership in tomorrow's competitive landscape.



Ringfence the Business

- Elevate service experience
- Promote operational agility
- Prudent financial buffers
- Strengthen cyber security



Grow the Business

- Business diversification
- Partnerships optimization
- Value chain banking
- Penetrate new markets



Futureproof the Business

- Accelerate digital strength
- Build critical competencies
- Seek sustainable practices
- Enterprise risk management

A Snapshot of Operating Environment

Our current operating environment is characterised by a scarcity of dollars, elevated interest rates, and the impact of geopolitical tensions. However, these challenges also unveil unique opportunities for innovation and strategic growth.

Tailwinds



Promising GDP growth across the region, outshining moderate global trends.



Policy reforms fostering a dynamic business environment, encouraging regional trade and attracting foreign investments.



The implementation of Basel II and III regulations will significantly enhance the resilience and robustness of the sector.

Headwinds



Prolonged high interest-rate environment narrowing options for accessing resources.



Geopolitical tensions drive up trading costs and cause disruptions in supply chains, affecting businesses.



Global monetary tightening is exerting pressure on liquidity.

A close-up photograph of a chess knight piece on a chessboard. The knight is a dark, metallic-looking horse head, facing right. The chessboard has a checkered pattern of light and dark squares. In the background, other chess pieces are visible but out of focus. A green banner with a white text overlay is positioned across the middle of the image.

Our Foundations of Success



Drivers of Performance...

...we clearly established where we needed to focus, what to prioritize and how to achieve our goals...

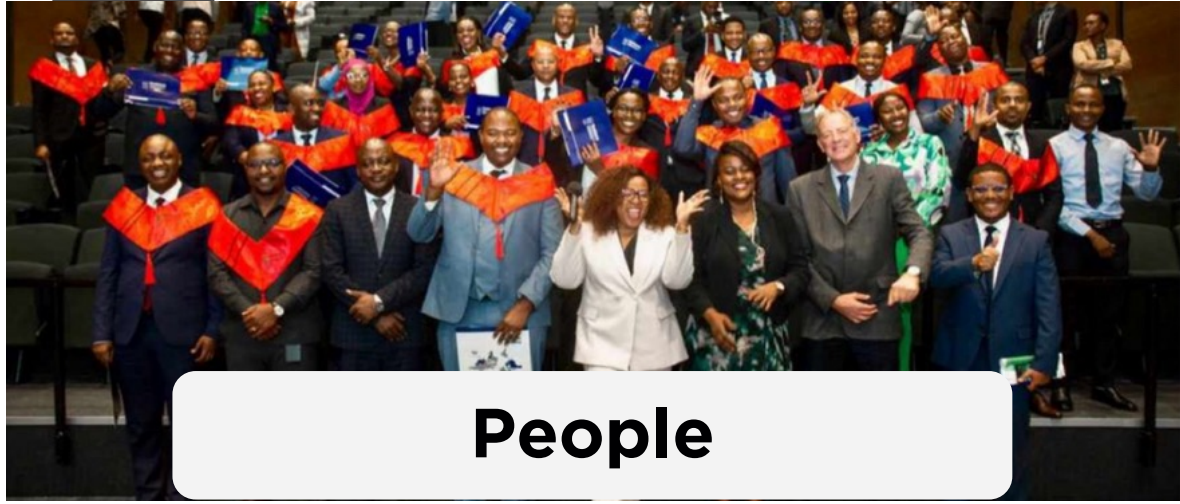
Strategy Execution



Stayed true to our **strategic courses** and consistently ensured we remained anchored in our **core values** and **mission**.



Enabling Environment



People

- Purposely enhanced **staff development** initiatives.
- Streamlined staff welfare to **motivate employees**
- Continued to **attract** and **retain best talents**.



Culture

- Aligned **employee aspirations** with **bank objectives**.
- Promoted internal **collaboration** to drive results.
- Increased **oversight** of performance contracts.

Partnerships

Collaboration with local and global partners has enabled us to leverage our strengths, fuel growth, and create a lasting impact.

Accelerators of Growth...

...we focused our efforts on deeply understanding and meeting the ever-changing needs of our customers across every sector and segment...

Service Experience



- **Empowered front-line** staff to take measures proactively.
- Integrate values with **service philosophy**.
- Enhanced effectiveness of **contact center**.
- Optimize digital tools to collect **real-time feedback**, improve **workflows**, and **digitise** services.

Product Innovation



Innovated new products and **services** to grow new revenue streams and meet customers' demand for **all segments**.

Digital Enablement



Successfully **completed** and **optimized** digital transformation projects which boosted **system availability**, enabled **seamless transactions**, and promoted **quick integrations**.



Oversight and Sustainance...

...our strong foundation with stakeholders has been built by prioritizing sustained stability and growth, driven by a commitment to transparency, accountability, and proactive risk management initiatives...

Risk Management



- Cultivated a strong, **risk-savvy culture** emphasising integrity.
- Installed **robust systems** to manage risks and combat crimes.
- Managed exposures through **diversification, hedging strategies,** and **stress testing.**

Regulatory Compliance



- **Built key competencies** to address changing regulatory landscape.
- Increased engagement with regulators to **align on expectations** and for **smoother support.**

Corporate Governance



Management: Sustained quality and experienced leaders positioned within their core competencies.

Board Oversight: Maintained a dynamic and diversified board that drives independence and effective oversight.



Success Stories



ACCESSIBILITY



97%

of transactions happening outside the branch.

Available in all Districts



52% Digital

45% Wakala

3% Branch

VALUE CREATED

Processed
+170 Mln
Trans/year

Value of
trans TZS
195 Trn/year

Opened over
1 million
accounts/
year

40% of trans
occurring
after branch
closure



Over TZS **6.5 trn**
value of
government Tax
collected.



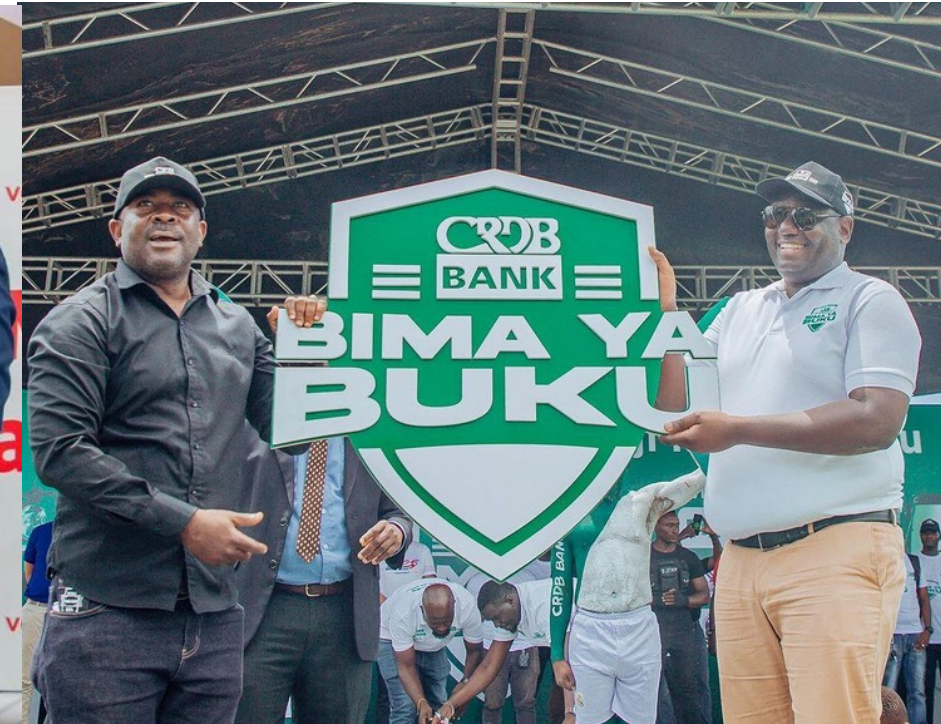
Provided
employment to
over **40,000**
people.



Remote account opening for mass market.



Short-term asset financing for individuals.



Daily microinsurance for motorcyclers



Sharia compliance banking for all segments.

Empowering everyone with greater economic opportunities by broadening access to affordable financial services.

Focusing on Youth and Women



Capacity building beneficiaries



Facilitated seed capital



Beneficiaries of seed capital



Developing Businesses and Enterprises



- Address capital gaps
- Records management

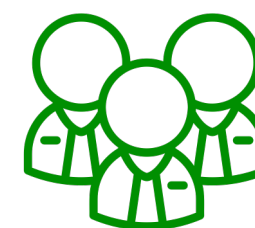
- Trade financing
- Import financing
- Global remittance

- Project financing
- Payment integrations
- Asset financing

- Industries revival
- Asset financing

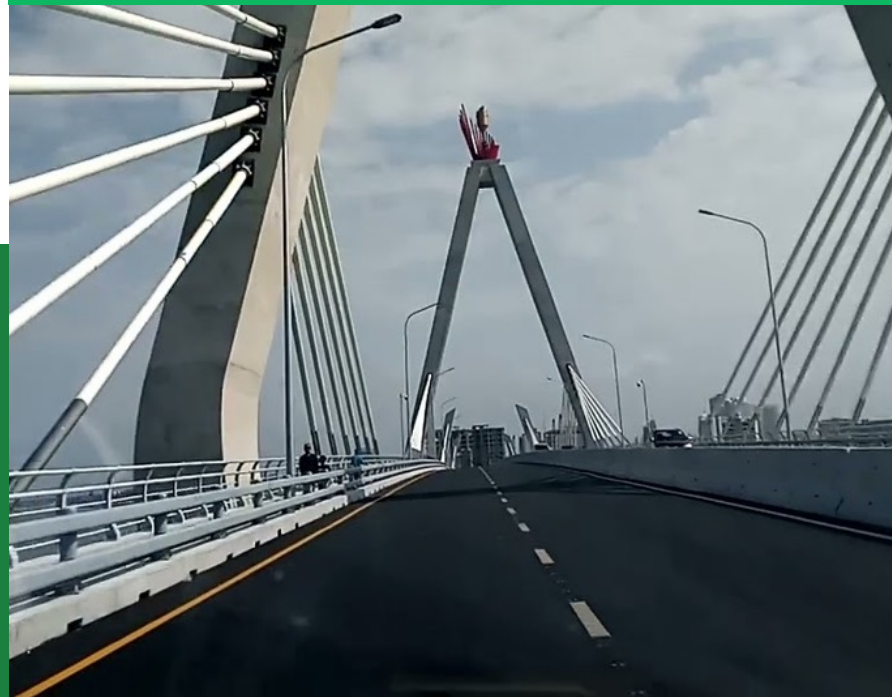


Financed MSMEs from various sectors **+ TZS 952 bln**



Facilitated employment to **+ 200K** citizens

Public Infrastructure



- Project financing
- Guarantees
- Capital raising - Bonds

New Frontiers



- OMC
- Mining
- LNG

Trade & Services



- Trade & manufacturing
- Private & public services
- Transport & construction

Digital Solutions



- Cash collections
- Payments gateways
- Revenue collections

Our strategic focus in these areas has generated a powerful multiplier effect on the economy, positioning us as the leading bank that commands 27% of the loan market.



Large & Small Scale Farming



CRDB claims + **43%** of agriculture portfolio

Financed over **TZS 1.8 trn**



Resilient Agriculture - TACATDP



Total set aside fund = **USD 200 Mln**

Number of beneficiaries: **+6 mln**



Asset Financing



Number of Equipments: **724**

Value of Assets: **TZS 15 bln**



The 1st Biggest Green Bond in Sub-Saharan Africa



USD
300 Mln

1st Trench Offer: TZS 50 Bln

Public Response: TZS 171 Bln

> 230%

TZS 49 Bln Disbursed

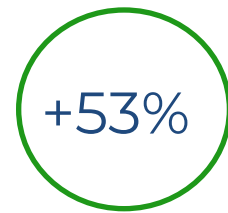
A close-up photograph of a chess knight piece on a chessboard. The knight is positioned on the left side of the frame, facing right. The chessboard has a checkered pattern. A large, semi-transparent green banner is overlaid across the middle of the image, containing the text 'Financial Performance' in white, bold, sans-serif font. The background is dark and out of focus, showing other chess pieces.

Financial Performance

Key Performance Highlights

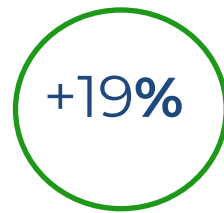
PROFIT AFTER TAX
(YOY)

TZS Bn
275



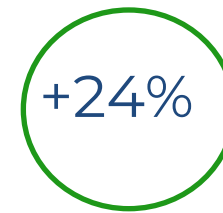
TOTAL ASSETS
(YOY)

TZS Bn
14,966



NET LOANS
(YOY)

TZS Bn
9,491

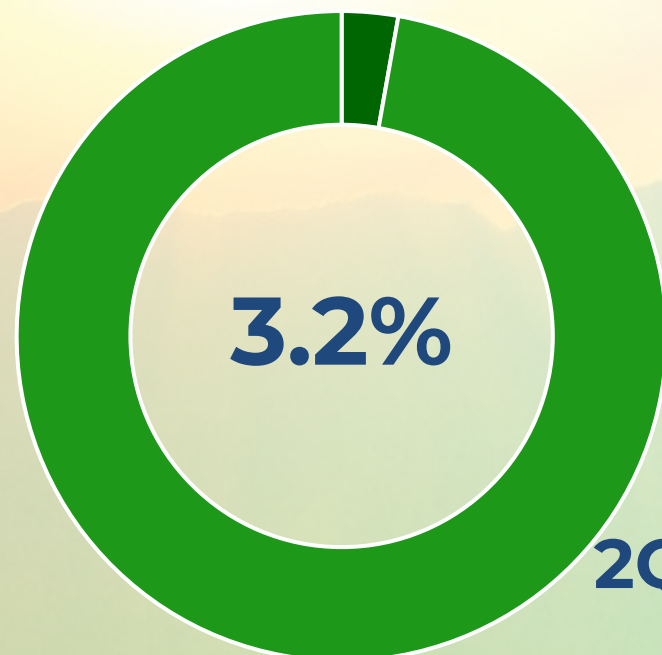


CUSTOMER
DEPOSITS (YOY)

TZS Bn
10,088

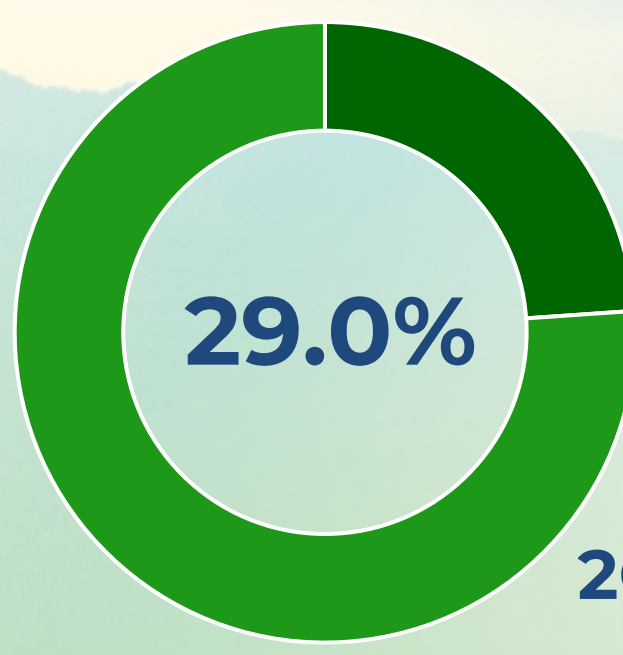


NPL



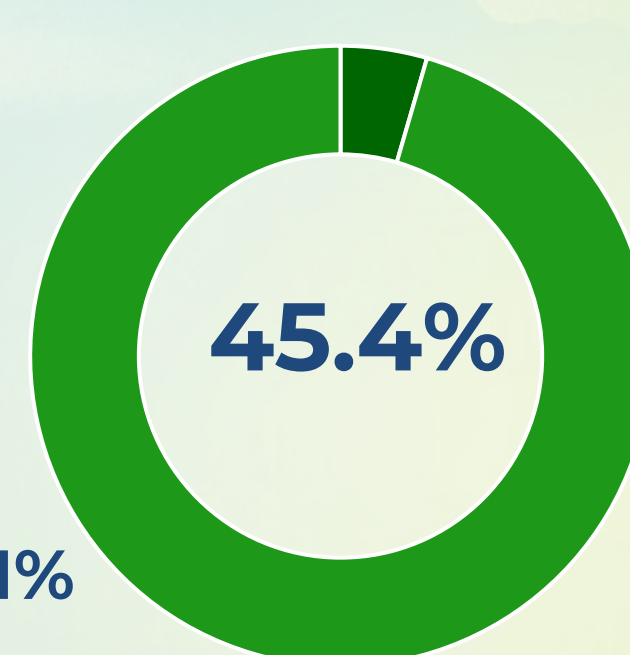
2Q23 – 2.8%

ROE



2Q23 – 24.1%

CIR



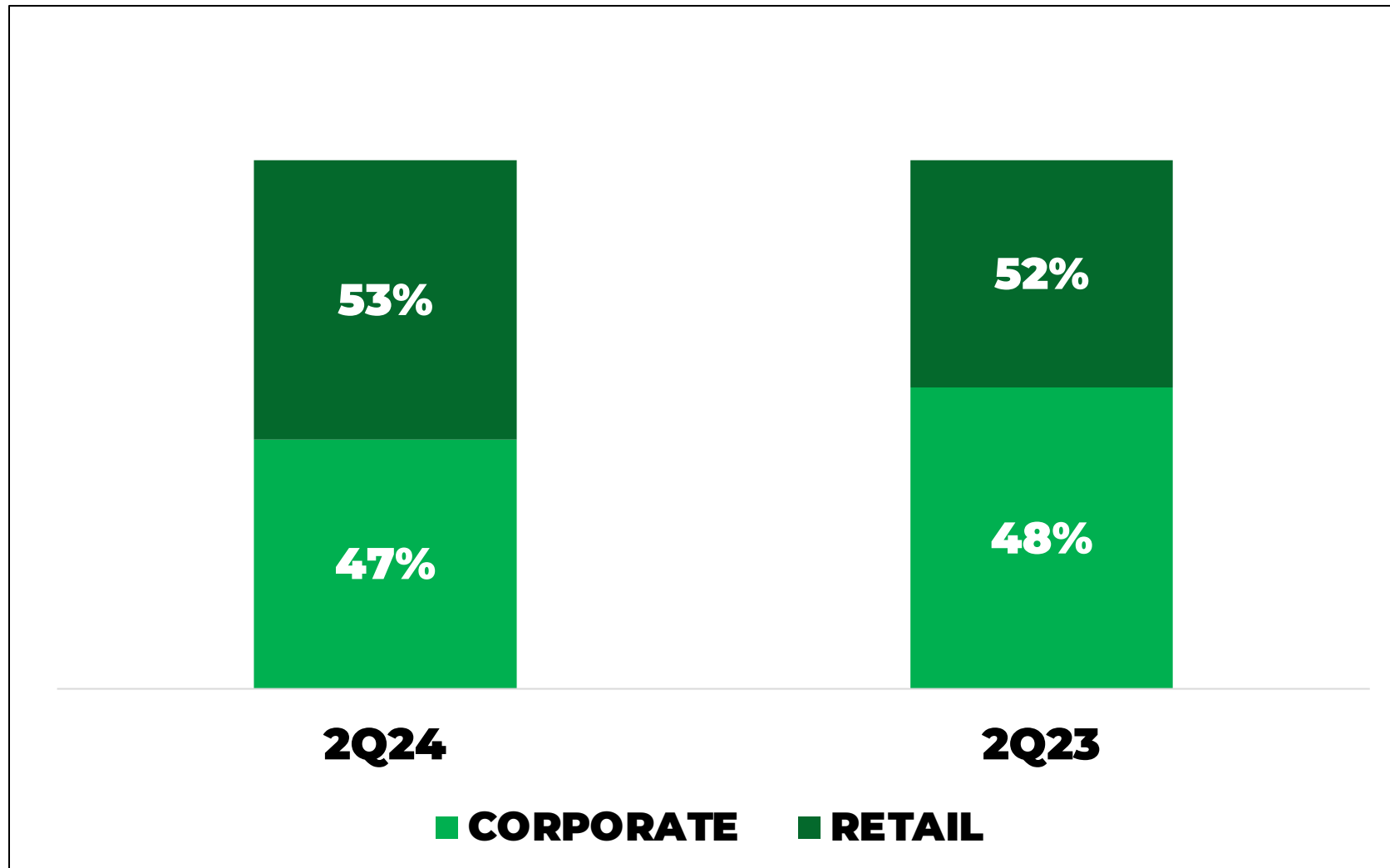
2Q23 – 50.3%

Strong Balance Sheet Growth

TZS Billions	2Q24	2Q23	% Growth
Total Loans & Advances	9,491	7,668	24 %
Total Assets	14,966	12,541	19 %
Customer Deposits	10,088	8,764	15 %
Borrowers Funds	2,560	2,008	27 %
Shareholders Fund	1,946	1,489	31%

- Strong balance sheet growth driven by new growth engines and contributions from our subsidiaries.
- Loan portfolio grew 24% YoY supported by an increase in personal loans – 15%, corporate loans - 18%.
- Total deposits grew by 15% primarily due to 47% increase of call deposits, 23% savings deposits, and 12% demand deposits

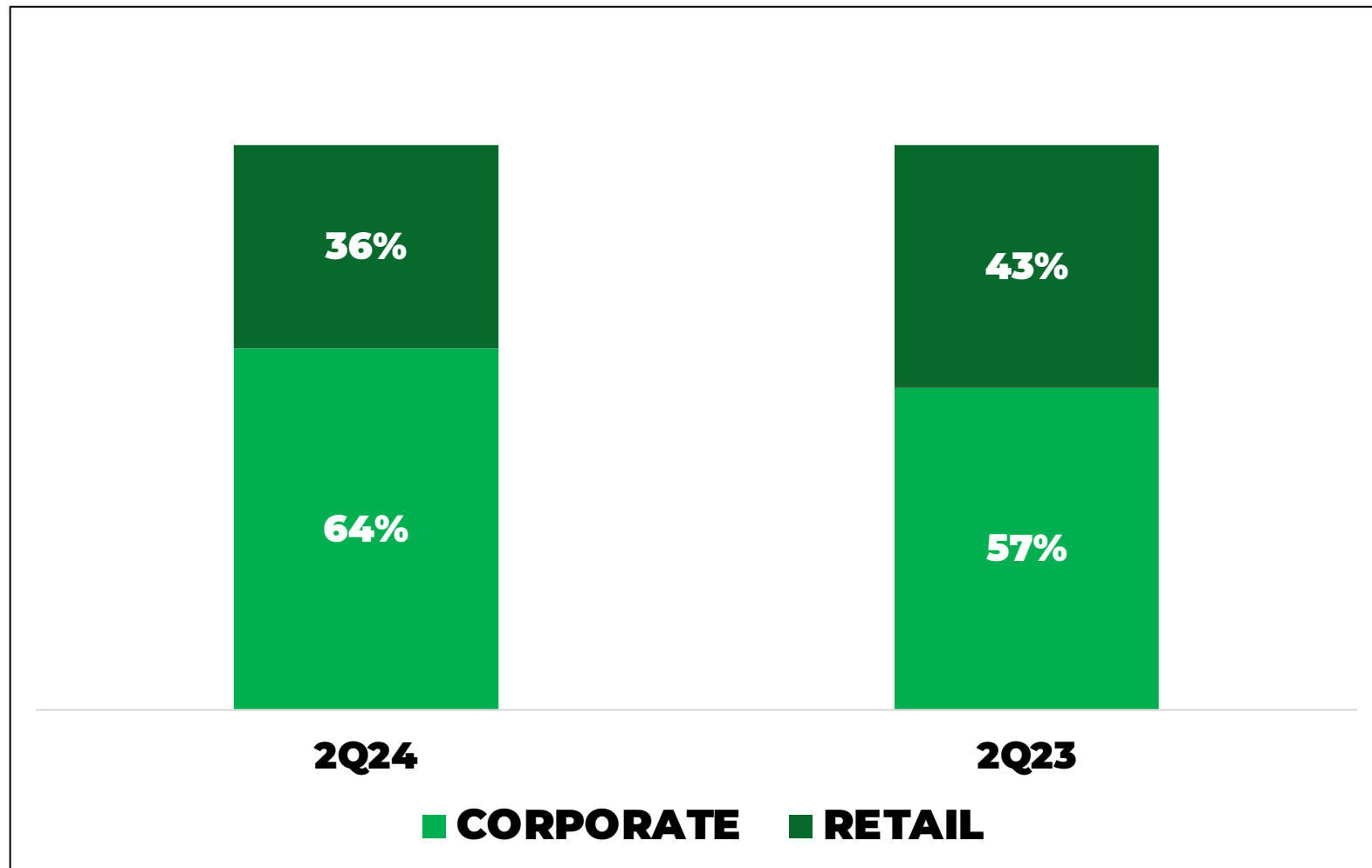
Loan Portfolio Split



Split per Sector	Q2-2024	Q2-2023
Personal	36%	38%
Agriculture	19%	17%
Trade	13%	19%
Manufacturing	7%	6%
Building and Construction	4%	4%
Others	21%	16%

- The contribution of Corporate Loans decreased to 47% in Q2 2024 from 48% in the same period in the previous year.
- The increase in Retail Loan contribution was driven by the growth of Personal Loans (18% YoY) and MSME loans (45% YoY)
- In Q2 2024, the composition of forex loans in the total loan portfolio decreased to 26% from 51% in Q2 2023.
- Portfolio composition to key economic sectors, mainly personal, agriculture and trade.
- The agriculture portfolio grew 40% YoY, Personal 16% YoY, while the trade portfolio shrank by 20%
- Other sectors include transport and communication, mortgage, real estate and education.

NPL Split per Segment

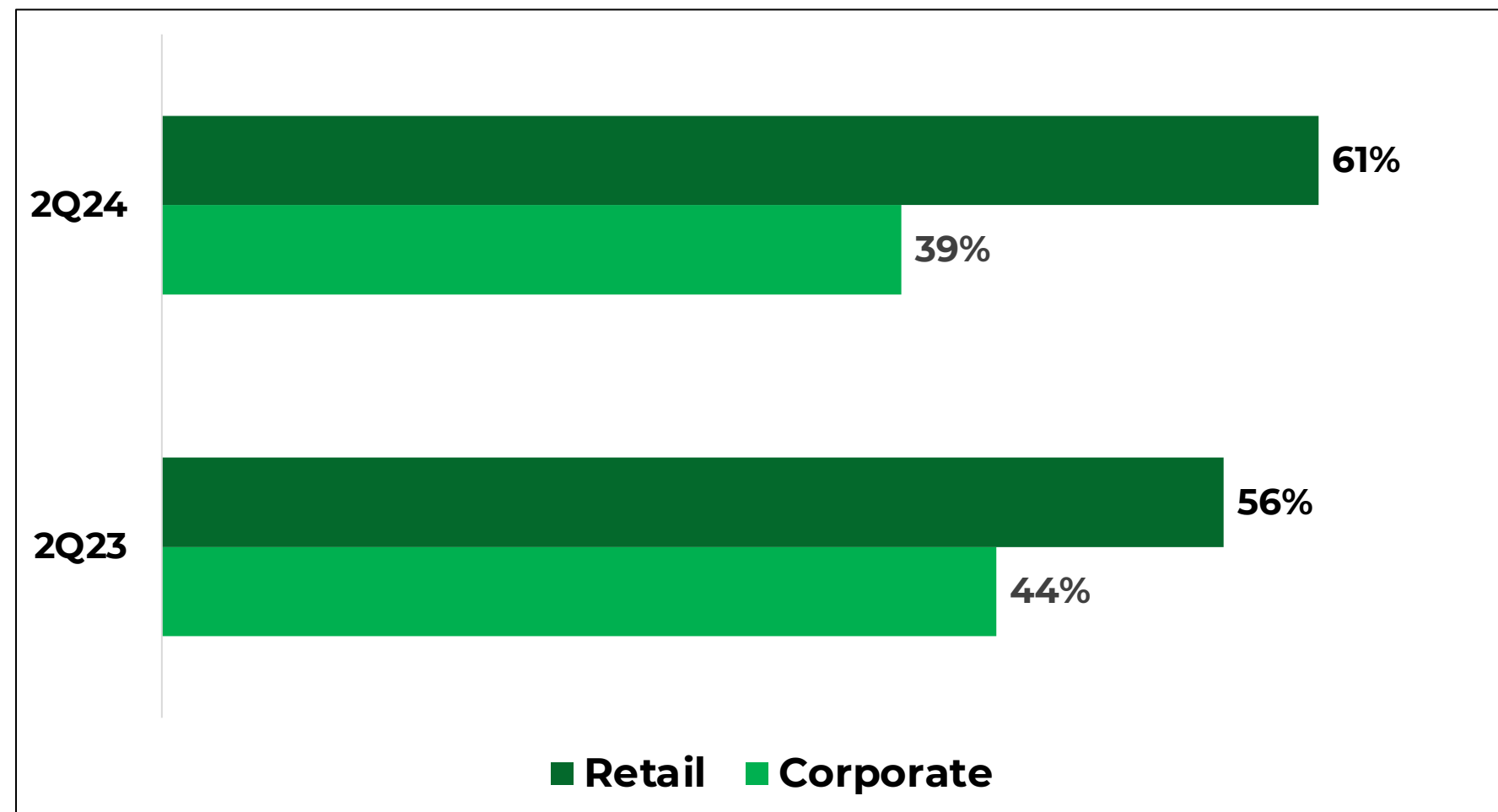


Top Five Contributing Sectors

	2Q-2024	2Q-2023
Agriculture	36%	20%
Trade	28%	16%
Personal	16%	17%
Building and Construction	5%	4%
Real Estate	4%	21%
Others	11%	22%

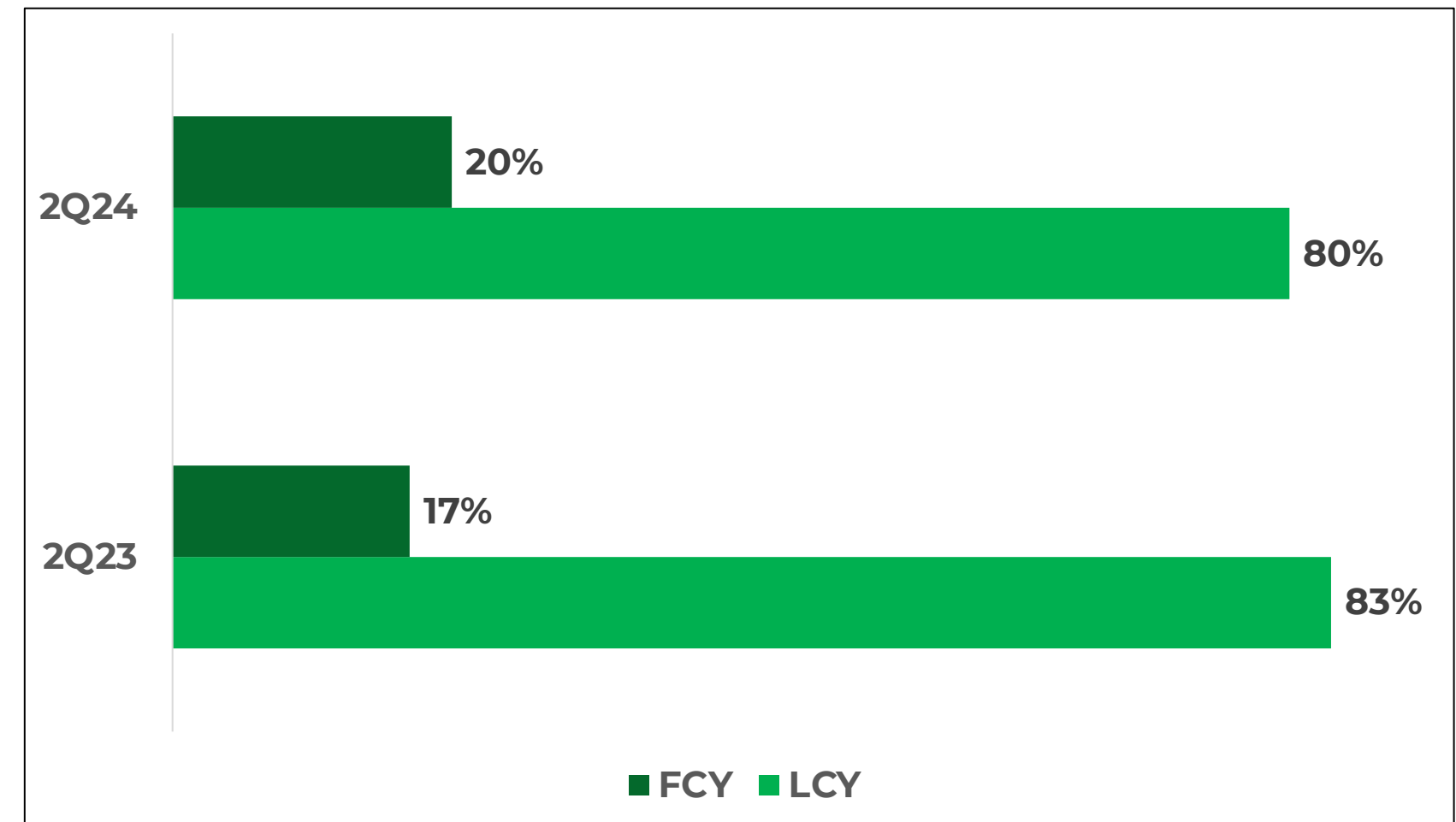
- Non-performing loans (NPL) maintained at 3.2% of total loans, below the regulatory requirement of 5%, affirming our rigorous credit risk management practices and migration containment.
- Corporate non-performing loans grew 60% YoY mainly driven by the Agriculture sector.
- Other contributing sectors are Trade, Personal, Building and Construction, and Real Estate.

By Segment

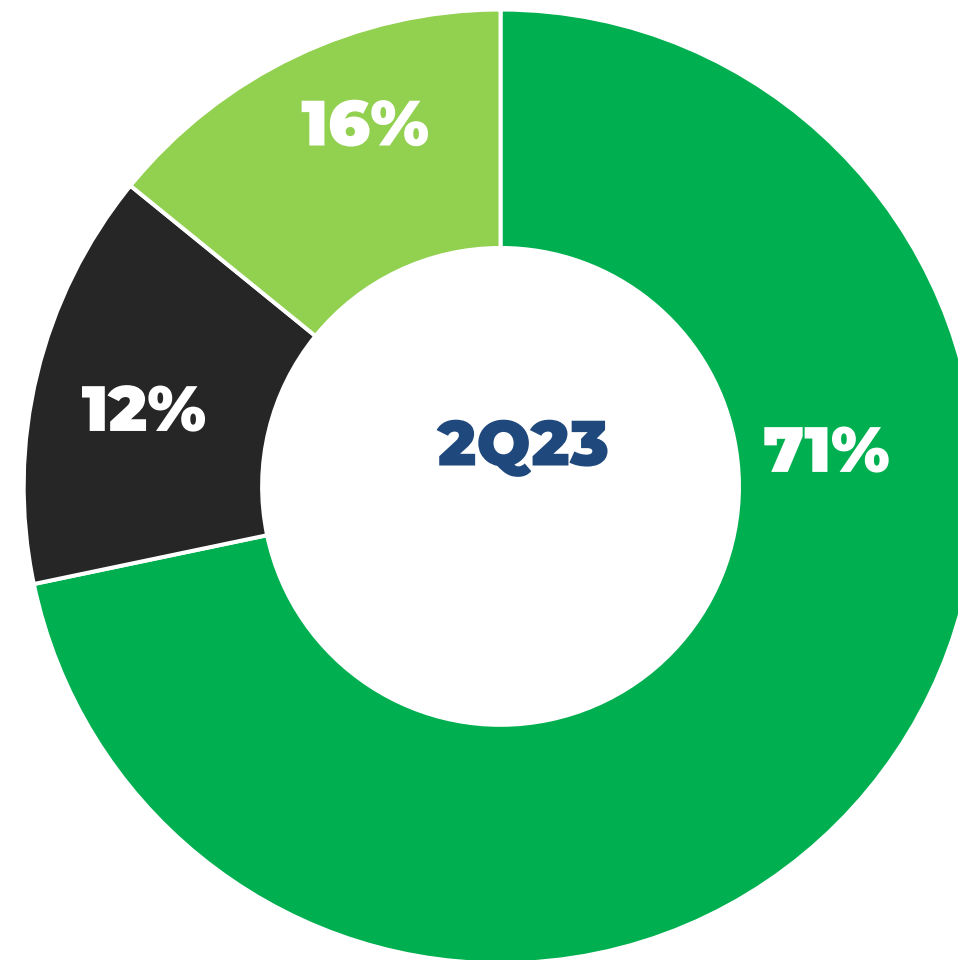
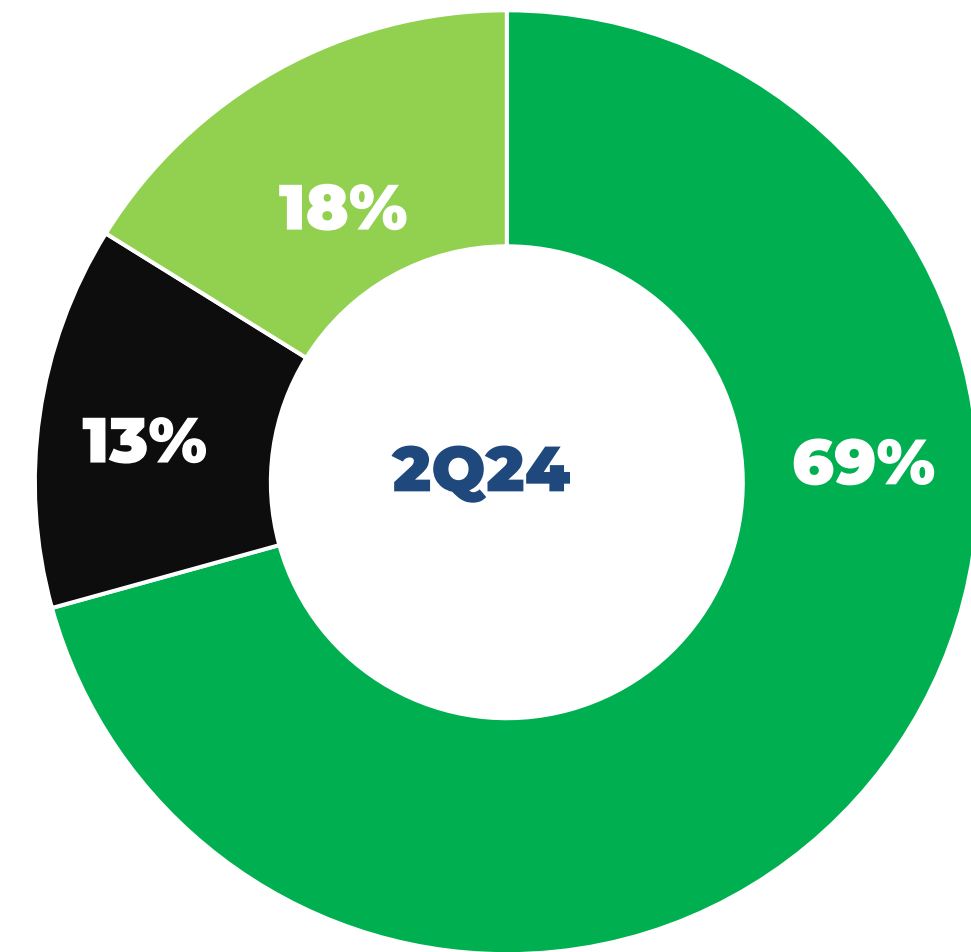


- Retail deposits increased to 61% in 2Q24 from 56% recorded in 2Q23.
- Our growth results from our efforts to enhance financial inclusion by creating tailored products and services for the underserved and deposit-rich sectors.
- As a result, the current and savings (CASA) composition grew to 83% in 2Q24 from 82% in 2Q23.

By Currency



- In 2Q24, foreign currency deposits increased to 20% from 17% recorded in 2Q23



- Shareholders' funds
- Borrowings
- Deposits

- In the quarter, the composition of borrowings increased to 18% from 16% in the same period in the previous year. The borrowings were sought to support growing demands for long-term funding.
- The Group closed the second quarter of the year with a liquidity ratio of 27%, well above the regulatory requirement ratio of 20%.
- The cost of funds remained at 3%, mainly due to the diversification of the funding sources, i.e. CASA/ Retail and long-term and sustainable funding.

Strong PAT Growth

TZS Billions	2Q24	2Q23	% Growth
Interest Income	719,011	556,922	29%
Interest Expenses	(188,407)	(162,878)	16%
Net interest income	530,604	394,044	35%
Non - Funded Income	256,458	207,488	24%
Operating Expense	357,246	302,668	18%
Loan Impairment charges	(40,818)	(33,951)	(20%)
Profit After Tax	274,989	179,993	53%

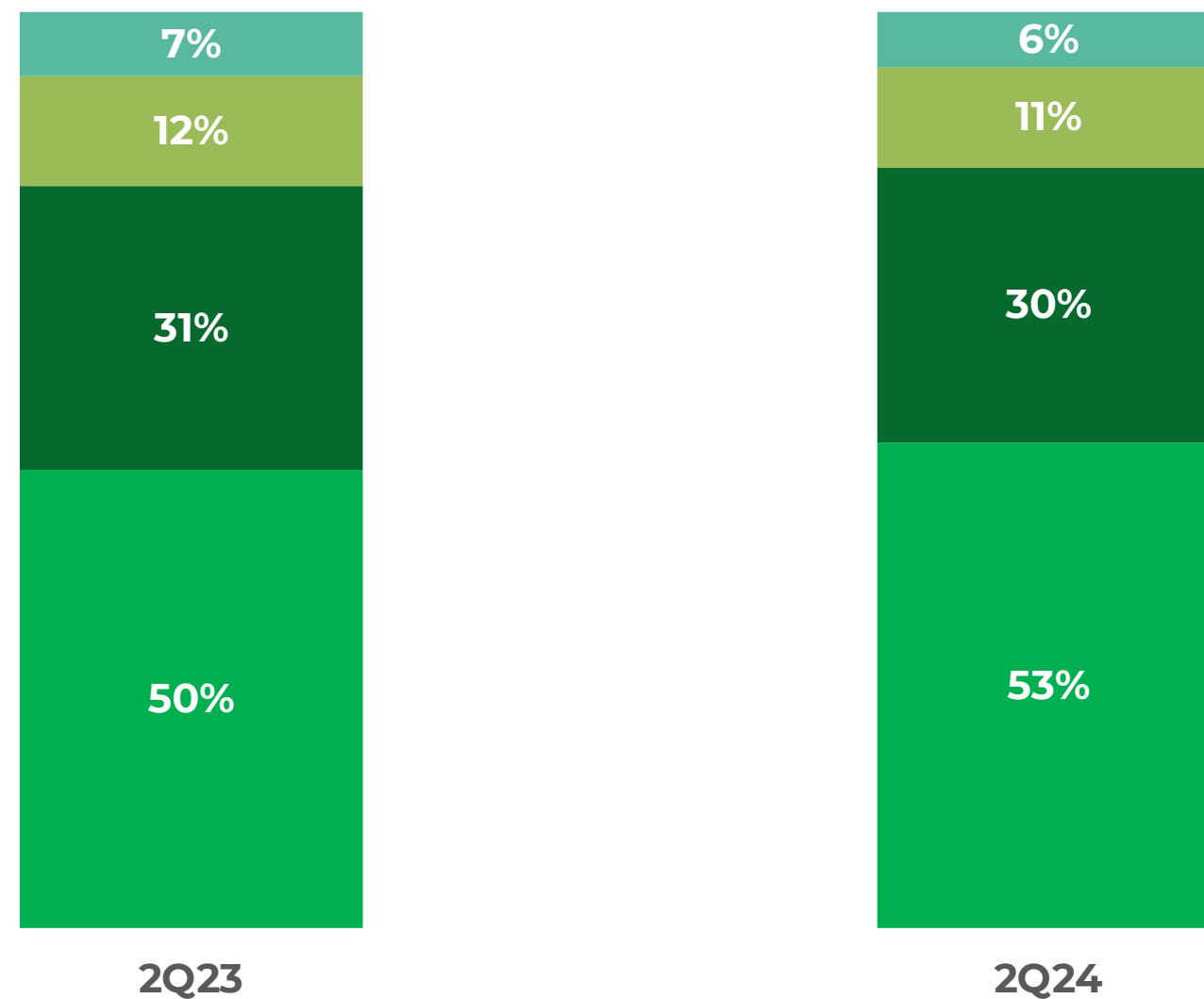
Net Interest Margin	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
	7.6%	7.9%	7.8%	8.3%	8.6%	8.6%

- PAT grew by 53% to TZS. 275Bn mainly driven by revenue growth and cost containment efforts.
- The Bank's total revenue grew by 28% YoY.
- NIMs improved to 8.6% from 7.9% in 2023 on account of prudent interest rate strategies and affordable deposit growth mechanisms focusing on CASA.

TZS Billions	2Q24	2Q23	% Growth
Forex Income	40,260	34,330	17%
Fees and Commission	204,006	164,111	24%
Other Operating Income	12,083	9,047	34%

- Fees and commissions contributed over 70% to the Non-Funded Income (NFI).
- The deployment of new mission-critical systems such as Agency Banking, and SimBanking upgrades, alongside innovative products like self-account opening and digital consumer loans, enhanced our service capabilities and introduced new revenue streams.

Income From Alternative Channels

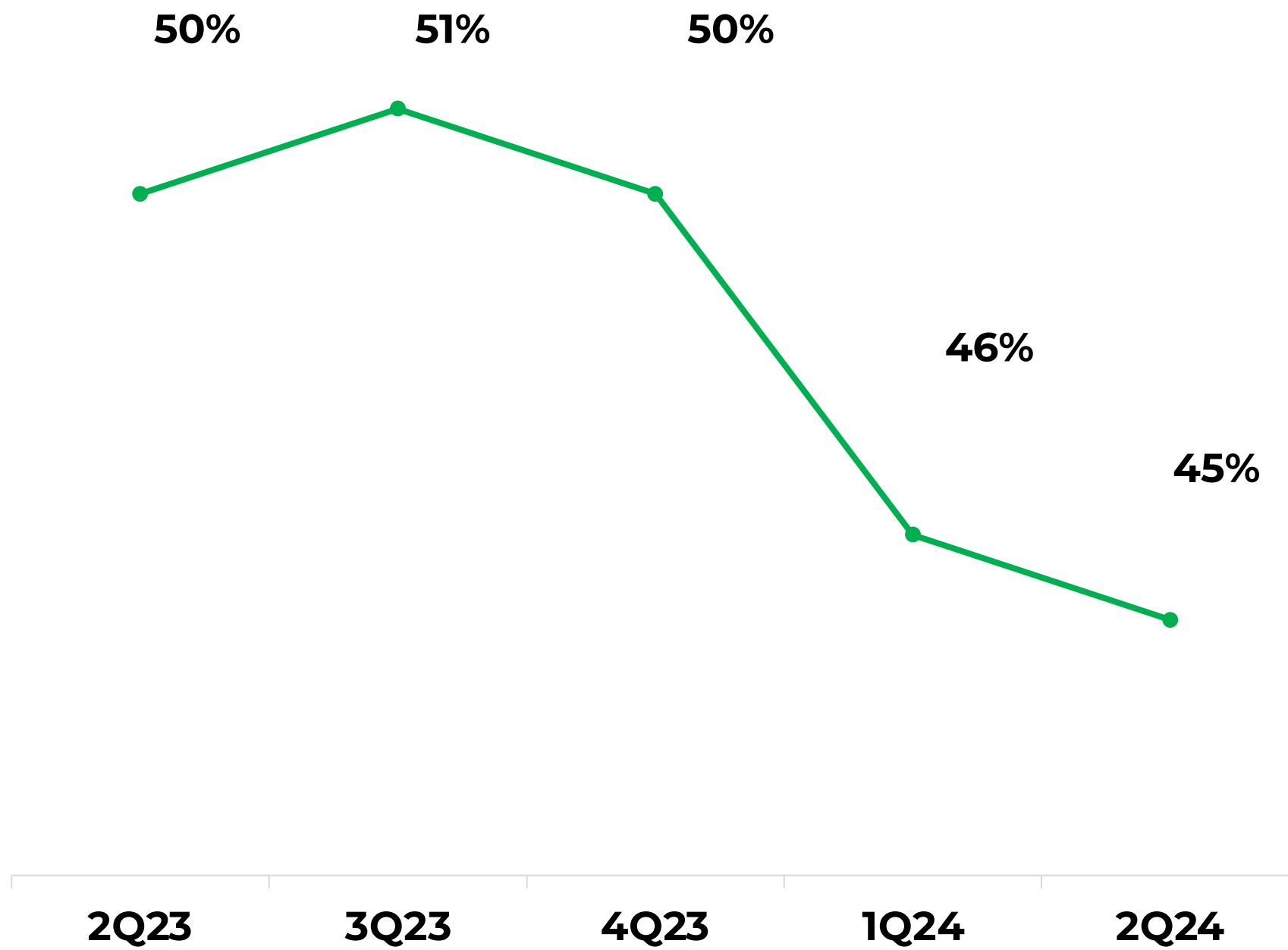


■ Simbanking ■ Agency Banking ■ ATM Income ■ Internet Banking

- Alternative channels income formed 56% of NFI, mainly driven by an increase in transaction volumes and usage resulting from banks' investment in technology and improved delivery channels and campaigns.
- SimBanking income grew by 31% YoY
- Agency Banking grew by 22% YoY
- ATM Income grew by 21% YoY.
- Internet banking grew by 3% YoY

Improved Efficiencies

Regulatory Limit – 55%



- Improved efficiencies resulting from our digital transformation journey - reviewed and automated several processes

Growing Subsidiary Contribution

(TZS Millions)	Q2 2024	Q2 2023	YoY Growth
Burundi			
Total Assets	1,366,235	879,959	55%
Total Deposits	660,199	473,466	39%
Operating Income	42,508	26,352	61%
Net Profit	18,160	10,187	78%
DR Congo			
Total Assets	124,359		
Total Deposits	9,739		
Operating Income	7,555		
Net Profit/(Loss)	(5,040)		
Insurance			
Gross Written Premium	12,130		
Number of policies	18,151		
Net Profit/(Loss)	(0,444)		

Burundi

- Burundi closed the quarter with a PAT of TZS 18.2bn, a 78% YoY growth.
- The Burundi subsidiary contributes 7% to the group PAT and is now the most profitable bank in the Burundi market.

DR Congo

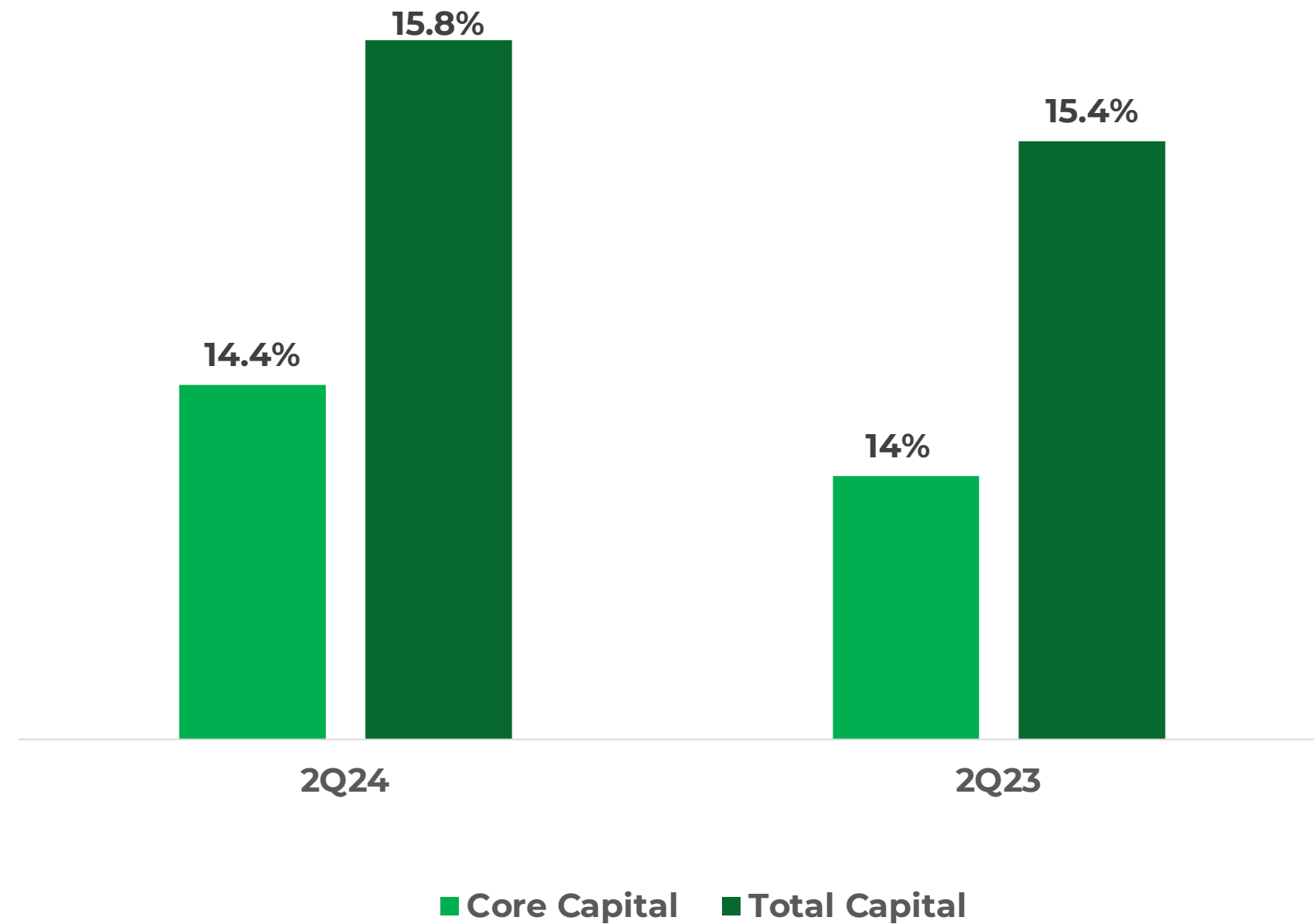
- Commenced operations in July 2023.
- The assets are mainly contributed by cash and balances with other banks and government securities.
- Deposits are expected to spike after the rollout of alternative channels, such as SMS and internet banking.
- DR Congo opened the credit window and is also able to facilitate international transactions.
- The subsidiary is on track to break even in the third year as planned.

Insurance

- Commenced in October 2023.
- TZS 12 bn gross written premium in the first half.
- Over 18,150 policies in general insurance, including motor, buildings, all assets, public liability, etc.
- Despite the H1 loss, the company is expected to close the year with a profit.

Adequate Capital To Drive Growth

- The Group closed the second quarter with a Core Capital ratio of 14.44% and a Total Capital ratio of 15.84%, significantly surpassing the regulatory requirements of 12.5% and 14.5%, respectively.
- The Bank has implemented Basel II and Basel III in line with BOT guidelines.
- The Bank continues to focus on prudent capital management and managing risk-weighted asset growth to support future business growth.



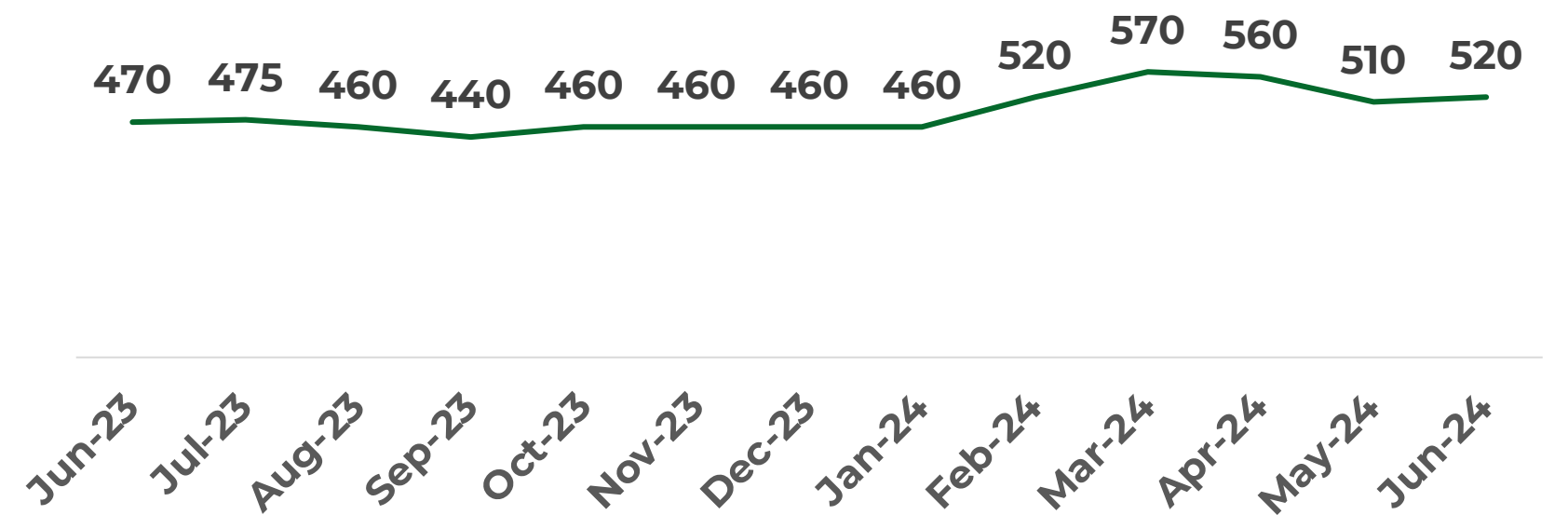
Regulatory Limits

Core Capital – **12.5%**
Total Capital – **14.5%**

Strong Share Performance

Key Metrics (TZS)	2Q24	2Q23	YOY Change
Market Cap	TZS 1,358.1 Bn	TZS 1,227.6 Bn	10.6%
Share Price	520	470	10.6%
Book Value	730	589	24%
Dividend Paid	50	45	11%
Dividend Yield	11.3%	10.8%	

Share Price Movement



Commentary

- The share price closed the quarter at TZS 520, a 10.6% year-to-date increase.
- The share trading was predominantly driven by 100% purchases from local investors.
- The Bank paid out the 2023 dividends in June 2024 with a lucrative dividend yield of 11.3%



Outlook for the Year

	2Q 2024 Actual	2024 Outlook
Loan Growth	24%	15% - 18%
Deposit Growth	15%	16% - 25%
Non-Funded Income Contribution to Total Income	34%	35% - 40%
Cost to Income Ratio	45%	43% - 47%
Return on Equity	28%	25% - 30%
Return on Assets	5.5%	4.5% - 6.5%
NPL	3.2%	2.5% - 3.5%



Way Forward



1. Maximize our **digital transformation** efforts to drive innovation and unlock new opportunities.
2. Continue implementing bold strategies to enhance and maintain superior **service experiences**.
3. Stay focused on our **priority segment and markets** - MSMEs, agribusiness, youth, and women - to drive growth.
4. Further strengthen our **risk management** through rigorous self-assessments and stress tests to address current and emerging risks proactively.



Q&A