1H2021 FINANCIAL RESULTS

CRDB BANK

The bank that listens

Highlights of H1 Performance

Solid H1 performance driven by diversified strategies and continued efforts to enhance productivity and service experience.

Remarkable growth of balance sheet as a result of aggressive sales campaigns to capitalize on market opportunities.

Maintained a healthy credit portfolio benefiting from the extended relief measures by BOT, coupled with sustained improvements in credit processes.

Expanded offerings through digital touchpoints to increase adoption and usage, customer servicing and interactions options.

Slight increase in CIR due to investment for business growth and reflection of seasonality on business undertakings.

Continued to forge new partnerships to enhance the capability to serve and grow business.

Total Assets	H1'21	TZS 8.0 Trn	▲ 15% Y-o-Y
Customer Deposits	H1'21	TZS 6.0 Trn	▲ 15% Y-o-Y
Total Loans	H1'21	TZS 4.2 Trn	▲ 16% Y-o-Y
PAT	H1'21	TZS 88.6 Bln	▲ 26% Y-o-Y
CIR	H1'21	59.3%	▼ 390 bps Y-o-Y
NPL	H1'21	4.6%	0% Y-o-Y

OPERATING ENVIRONMENT

Operating Environment at Glance

H1 2021 remained a challenging period characterised by changes in the operating environment with different market signals while presenting various business opportunities.

Key Changes

- Changes in country leadership
- The resurgence of Covid 3rd wave.
- New fiscal policies on tax collections (mobile money transfers).
- Relaxation of TRA conditions to businesses.

Regulatory Environment

- SMR relief to promote agriculture lending.
- Relief measures to cushion Covid 19 pandemic impact.
- Relaxation of agency banking requirement.
- Directives to attain efficiency (≤55%) and NPL (≤ 5%) levels.
- Pressure to reduce the interest rates.
- Concessional loan to banks to promote lending to private.
- Adoption of new calculation on RWA for different loans on capital requirements.

New Developments

- Potential reopening of Bureau de change centers
- Ongoing Covid vaccination
- Creation of larger banks through mergers and acquisitions i.e. TCB.
- Renewed confidence in the businesses community.

Macro Perspectives

	Dec 20	Mar 21	June 21
Inflation rate	3.2%	3.2%	3.6%
Interest rate*	4.3%	4.9%	4.6%
Exchange rate TZS/USD	2,318	2,310	2,310

	Dec 20	Mar 21	June 21
Inflation rate	7.6%	8.0%	7.0%
Interest rate*	4.3%	4.5%	4.4%
Exchange rate**	1,946	1,961	1,976

Interest rate* = 364 days T-bills rate
Exchange rate = BIF/USD**

TANZANIA ECONOMY

- Tanzania's annual GDP growth rate is projected to rise to 5.6% in 2021 and at 6.2% in 2022, despite the impact of the Covid-19 pandemic. The positive outlook is driven by expected value-added in agriculture due to adequate rains, Government investments, increase in export earnings from mining contributed by high world market prices of gold, coupled with supportive monetary and fiscal policies.
- The Annual Headline Inflation Rate as end of June 2021 increased to 3.6% from 3.2% reported same period last year, the increase is mainly attributed to price increase for some non-food items.
- M3 grew at annual rate of 7.9% (May 2021) compared to 11.9% in the corresponding period in 2020.
- Credit extended to private sector grew at an annual rate of 4.7% in May 2021 compared with 5.1% in the corresponding period 2020.

BURUNDI ECONOMY

- Inflation rate improved to 7% in May 2021 from 8% reported in Q1 2021, mainly due to decline in prices of some non-food items.
- The USD/BIF closed at 1,976 end of June 2021 compared to 1,961 reported in Q1 2021

BUSINESS REVIEW

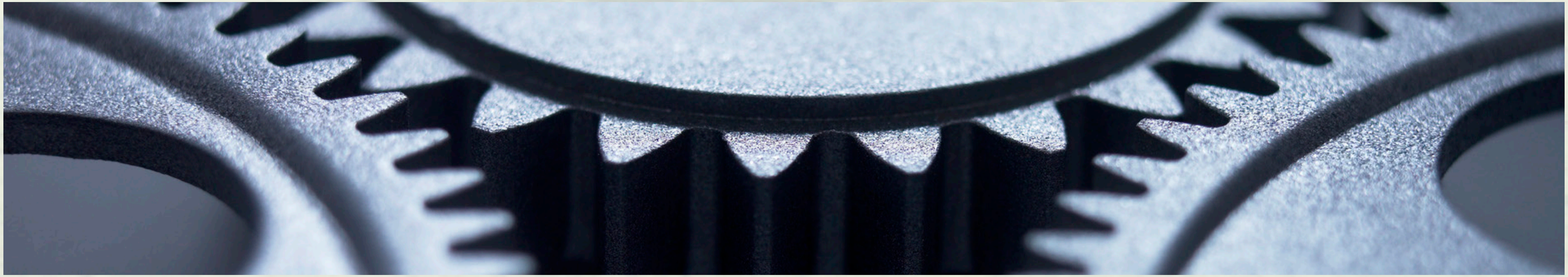
Propelling Business Growth

Our unique business model enables us to respond to the dynamic environment of changing stakeholders' expectations, complex competitive forces, emerging trends and regulatory changes.

- Aligned branch operations to fit service demands and increase productivity.
- Adopted and operationalized the Bancassurance model to comply with regulations and increase sales across the network.
- Increased focused on financing key economic sectors, i.e. oil & gas, SMEs, public infrastructure, Trade and agriculture.
- Responded to various market needs targeting specific segments with the introduction of new products and innovative solutions.
- Continued to pursue strategic partnerships to increase our capacity to serve customers' critical needs, e.g. provide agriculture insurance loans.
- Automated origination and disbursement of SME and Personal loans to accelerate the growth of the portfolio.

Addressing Operational Efficiency

We adopted and implemented various approaches to deliver our ambitions in line with the long term vision of creating efficient machine.



- Harmonized HQ and zonal operations to increase support to the branch business.
- Adopted cost to serve model by expanding service offerings through the agency banking network.
- Digitized critical processes and customer journeys to save man-power
- Limit the growth of staff and optimize HQ resources for branch operations demand.
- Prioritize growth of agents network and promoted usage of the service
- Automated budget control to increase oversight and visibility on spending.

Empowering People to drive Productivity

We focused on developing human capital that can provide upper-end financial services to all customers while driving growth of our business in the markets we serve.

- Empowered and built confidence in leadership through dedicated women-centred programs (SHE program, Celebrate and Recognize women and IFC 100 women).
- Developed leadership capabilities through tailored programs (Branch Manager Academy, Executive Leadership Program).
- Acquired robust e-learning platform to promote self-learning and accelerate capacity building socially and professionally.
- Enhanced the Performance Management System to enhance productivity and accountability.
- Recruited resources mix from different industries to stimulate innovation and new performance culture.

Building Future Digital Bank

We continued to build foundations to unlock and drive the business forward through technology by delivering a seamless experience, context and sensitivity, personalized services and proactive solutions

- Improved ICT infrastructure maturity level by implementing tier 3 data centres, both primary and DR.
- Adopted Service-Oriented Architecture on ICT systems to enhance scalability and foster digital adoption.
- Developed online onboarding and ID verification applications to drive customer acquisition and combating fraud.
- Extended branch service offerings through a Mobile application, i.e. Smart Branch.

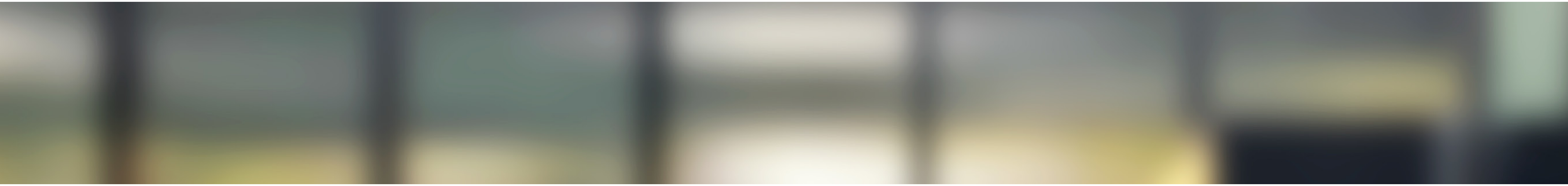
Strengthening Risk and Governance

We have enhanced and recalibrated risk appetite and embed the use of data analytics to proactive manage enterprise risks.

- Empowered and resourced credit assurance teams to increase oversight on credit operations.
- Proactive engagement for early diagnostics on COVID affected facilities and Implemented BoT COVID relief measures to contain NPL.
- Rolled out quarterly self-testing of critical regulatory compliance requirements to all units.
- Implemented measures to improve KYC compliance through automation of AML/CFT customer risk rating.

FINANCIAL PERFORMANCE

Balance Sheet

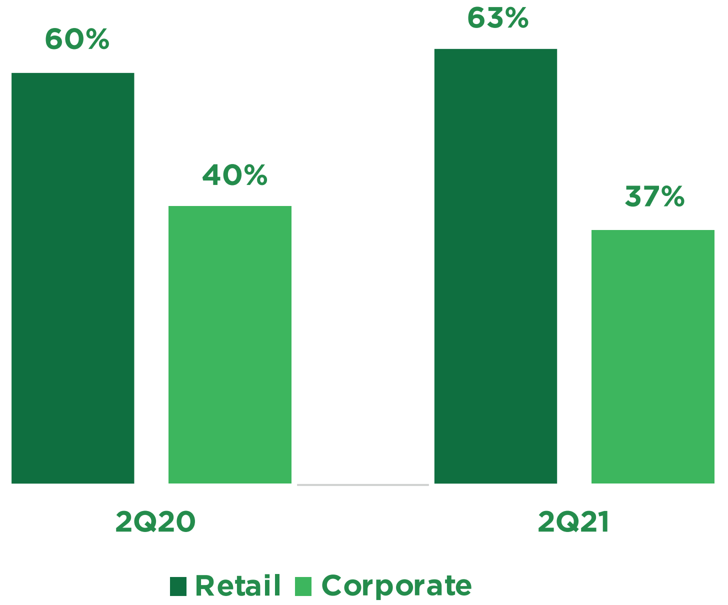


	2Q20	1Q21	YoY Change
Cash and Balances with Bank of Tanzania	863,411	1,129,101	31%
Government Securities	1,606,484	1,477,025	-8%
Net Loans & Advances	3,617,179	4,184,189	16%
Total Assets	7,000,268	8,062,409	15%
Customer Deposits	5,425,532	6,023,316	11%
Borrowed Funds	417,030	740,150	77%
Shareholders' Funds	913,704	1,036,861	13%

- Total assets grew by 15% Y-o-Y driven by a 31% increase in cash and balances with the central bank and a 16% growth in loans and advances.
- The loan book continues to be dominated by retail loans which made up 63% of the Group's loan portfolio
- In the quarter, customer deposits grew by 15% from the previous quarter and 11% Y-o-Y
- The Bank grew its borrowings by 12% from the previous quarter and 77% from the same period in 2020.

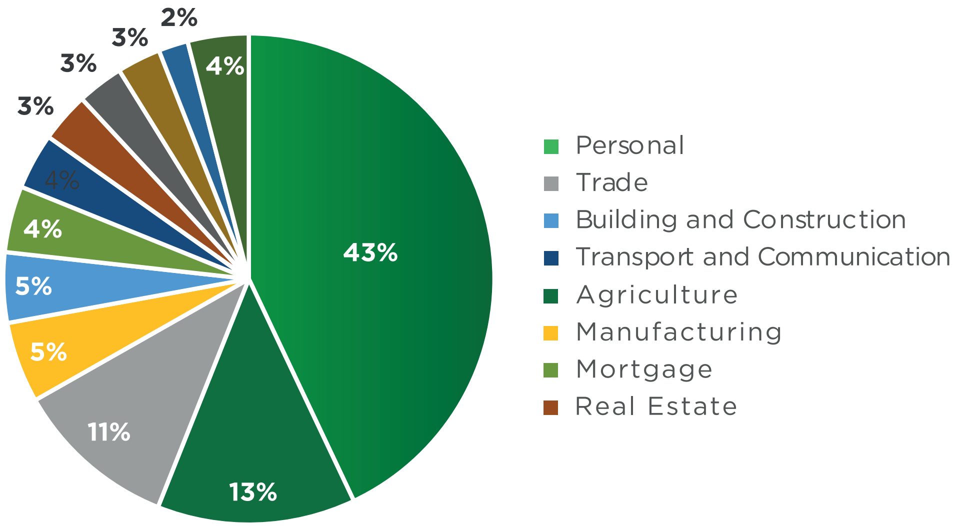
Loan Portfolio Diversification

SPLIT PER SEGMENT



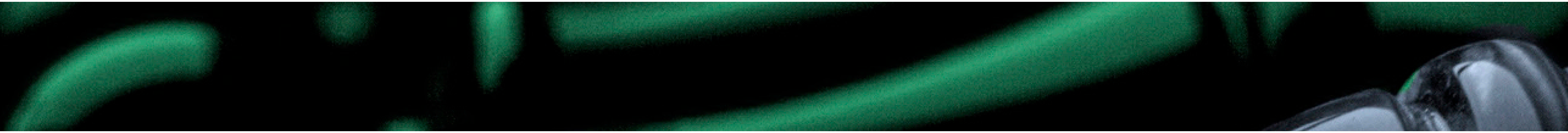
	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021
LDR	68.8%	78.9%	75.1%	77.6%	71.5%

LOAN BOOK SECTOR SPLIT

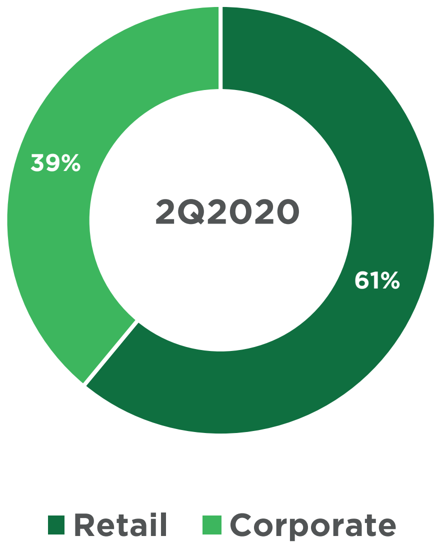


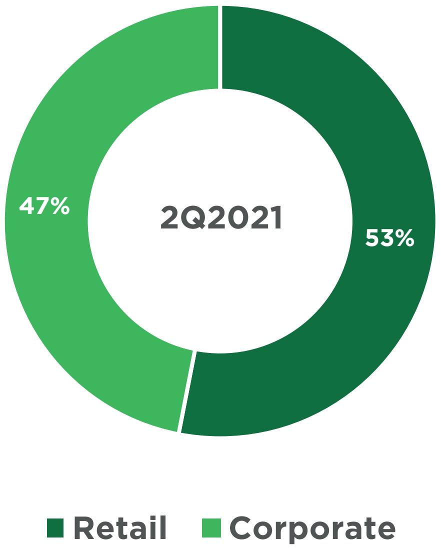
- Net loans grew by 16% YoY, driven by growth in the retail segments, specifically personal and SME loans
- About 76% of the funding is extended to the below sectors: Personal, Agriculture, Trade, Manufacturing and, Building and Construction

Asset Quality



NPL COMPOSITION





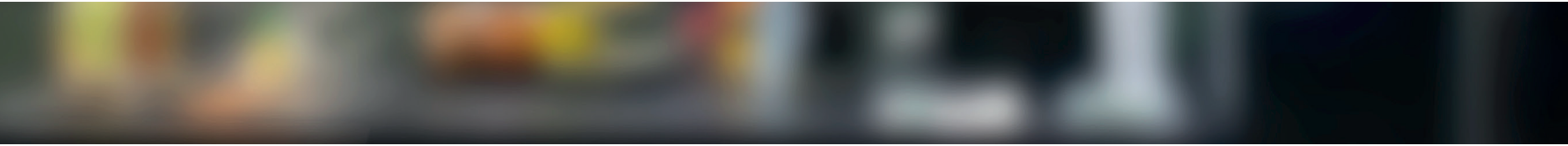
NPL CONTRIBUTING SECTORS

SECTORS	Composition
Building and Construction	20%
Personal	18%
Trade	16%
Agriculture	10%
Education	9%
Others	26%

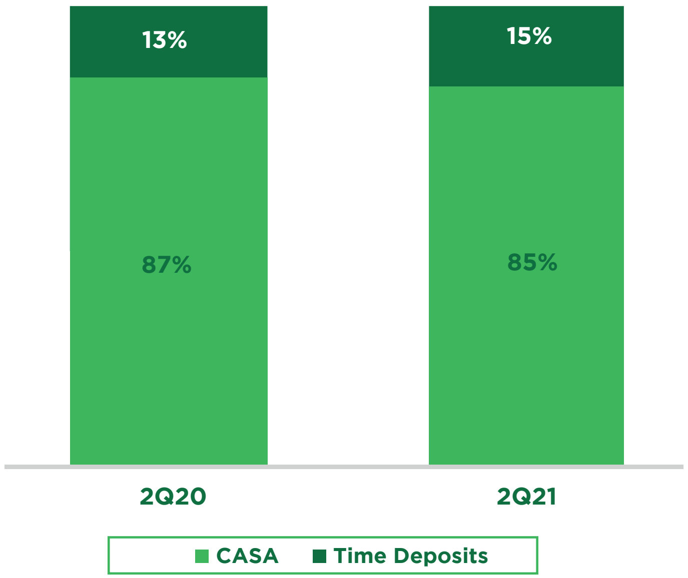
- NPL ratio increased slightly to 4.6% from 4.1% recorded in previous quarter.
- NPL amount increased by 16% from previous quarter and 11% from same period last year.
- The increase is driven by the corporate segment whose contribution to total NPL has grown from 39% in 2Q20 to 47% in 2Q21.

- The Group has continued to maintain healthy coverage ratios 78% as at end June 2021, above the internal limit of 75%.

Deposit and Funding Mix



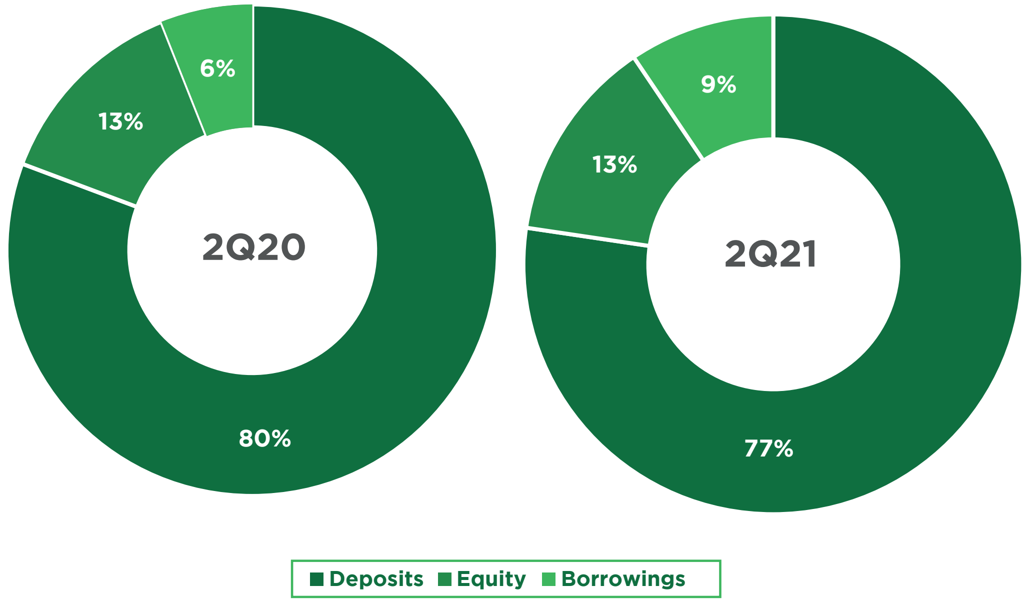
DEPOSIT MIX



- Deposits grew by 11% YoY driven by an increase in Time Deposits

FUNDING MIX

FUNDING MIX



- The Bank increased its borrowings in the first half of the year to make up for deposits lost from the ongoing liquidity challenge in the market
- The Bank liquidity ratio improved to 31% in the second quarter from 22.7% as at end of the first quarter. This is well above the regulatory requirement ratio is 20%.

Income Statement Overview

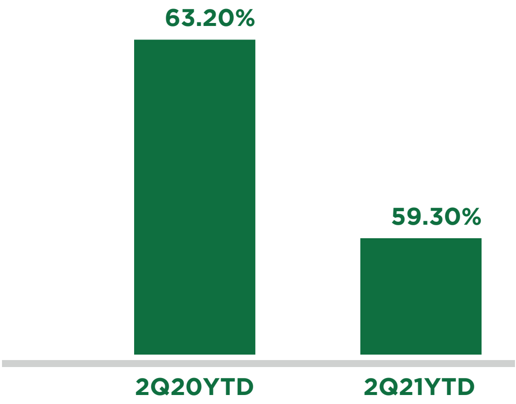
	1H20	1H21	YoY Change
Net Interest Income	276,027	301,715	9%
Non-Funded Income	128,746	144,947	13%
Total Income	404,773	446,661	10%
Non Interest Expense	(263,541)	(275,391)	4%
Profit Before Loan Impairment	141,232	171,270	21%
Loan Impairment	(41,002)	(44,374)	8%
Profit Before Tax	100,230	126,896	27%
Profit After Tax	70,379	88,601	26%

- Net interest income grew by 9% YoY driven by driven by growth in loans and advances
- In 2Q21, the contribution of NFI to total income increased to 34% from 31% in 2Q20
- The growth was driven by income from agency banking, the revamped Simbanking App, and loan related charges which YoY rose by 36%, 54% and 14% respectively
- Group achieved positive cost to income JAWS. Total Income grew by 11% YoY whilst operating expenses increased by only 4%.
- Impairment charges grew by 8% YoY largely driven by the corporate portfolio.
- A 26% YoY growth in PAT to TZS 88.6bn from TZS 70.4bn as at the end of 1H20.

Operational Expenses

	1H20	1H21	YoY Change
Salaries and Benefits	(147,960)	(149,240)	1%
Fees and Commission	(21,370)	(25,430)	19%
Administrative Expenses	(94,211)	(100,721)	7%
Total Operational Expenses	(263,541)	(275,391)	4%

CIR

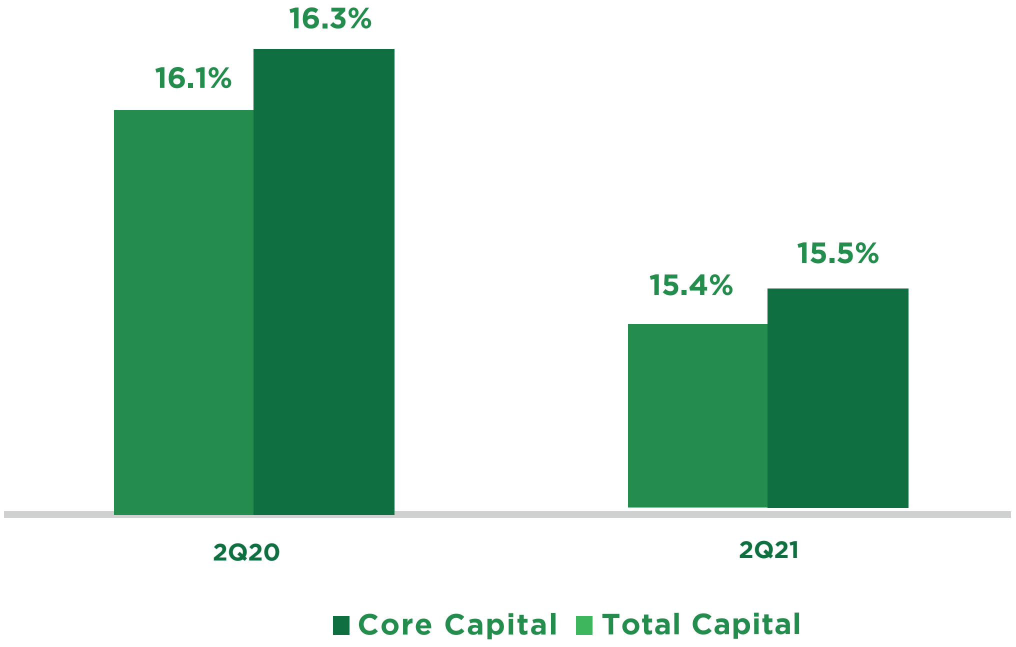


- YoY increase in Fees and Commission expenses driven by growth in agency banking network.
- The number of CRDB agents increased to 20,255 agents in June 2021 from 16,500 agents in June 2020

- Cost containment measures are being implemented to ensure the Bank meets the 55% regulatory requirement by year end.
- Focus is on growing revenue lines despite the resurgence of the third wave of Covid-19.

Capital Management

CAPITAL POSITION



- Both Core and Total Capital ratios remained well above regulatory limits of 12.5% and 14.5% respectively.

- The Bank continues to focus on prudent capital management with selective growth of portfolio with high yields and lower RWA. With focus on portfolio de-risking initiatives

Subsidiary Performance

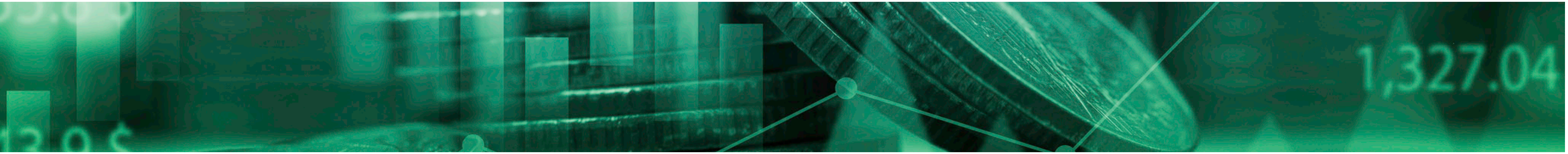
Balance Sheet and Income Statement (Amount in TZS Bn)

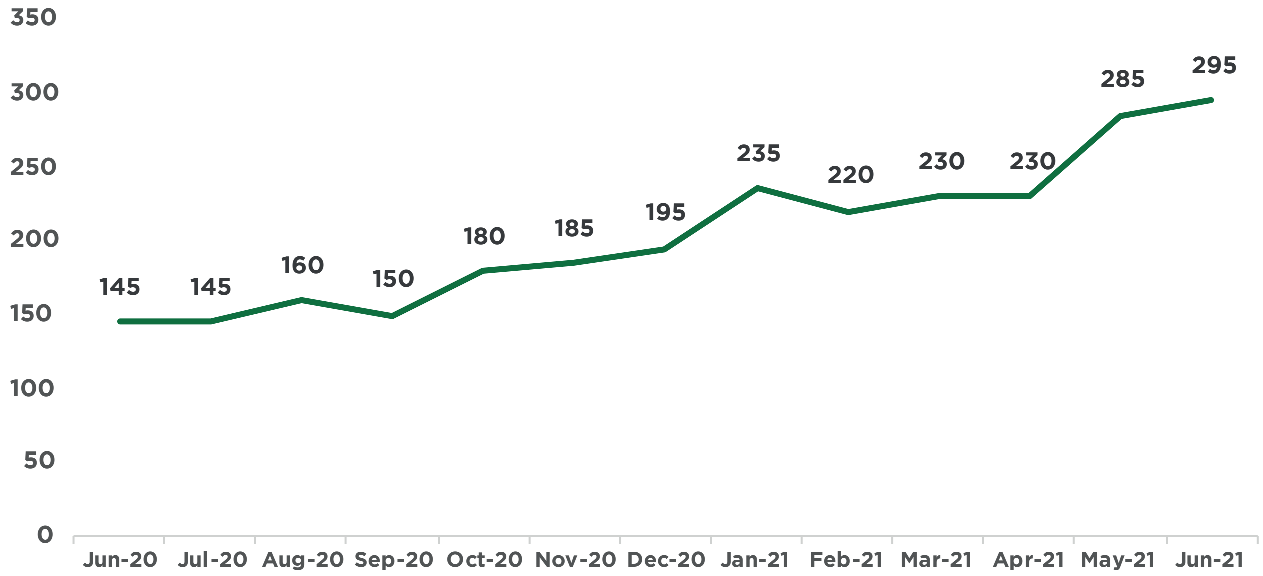
	1H20	1H21	% Change
Burundi			
Total Assets	341,239	430,582	26%
Total Deposits	156,688	248,309	58%
Operating Income	11,378	11,776	3%
Net Profit	4,366	5,302	21%
Insurance			
Total Assets	8,583	8,829	3%
Net Commission Income	4,813	1,482	-69%
Net Profit	2,595	830	-68%

- Asset growth was driven by growth personal and corporate loans
- Growth in operating income resulted from a 31% surge in non-interest income

- Following the new bancassurance regulation, the insurance business has been transferred to the bancassurance unit in the Bank's retail segment.
- The income reported was generated in the months before the migration.

Investment Information





- The CRDB share price continued to showed resilience.
- The share price grew by 28% on a QoQ basis and 103% on YoY basis.
- CRDB remains to be one of the most traded stock on the Exchange during the period.
- In their most recent report published Dec 2020, Moody's updated CRDB's rating to B2 with a stable.

	30-Jun-20	30-Jun-21
Danida Investment Fund (DIF)	21%	21%
Local Private & Institutional Investors	24%	25%
Local Individual Investors	33%	32%
Foreign Investors	22%	22%

	2Q20	2Q21
Book Value Per Share (TZS)	350	397
Share Price (TZS)	145	295
Earnings Per Share (TZS)	26.9	33.9
Market Capitalization (TZS Bn)	378.72	770.49

OUR SUCCESS STORIES

Awards and Recognition

Recognized by our global partners and the industry

- **Best Bank in Tanzania 2021**
- **Best Bank in Tanzania 2021**
- **African SME Supportive Bank of the Year Award**
- **Best Commercial Banking Institution in Tanzania**
- **Recognition for Excellence in Financial Reporting**
- **Recognition for outstanding Innovation for the customer onboarding solution**

WAY FORWARD

2H2021 Priorities

- **Protecting the bank‘s financial strength**
  - Maintain strong traction in deposits (CASA) to manage liquidity.
  - Redeploy investment and capital into areas of faster growth and higher returns.
  - Focus on quality risk asset creation to maintain a healthy balance sheet.

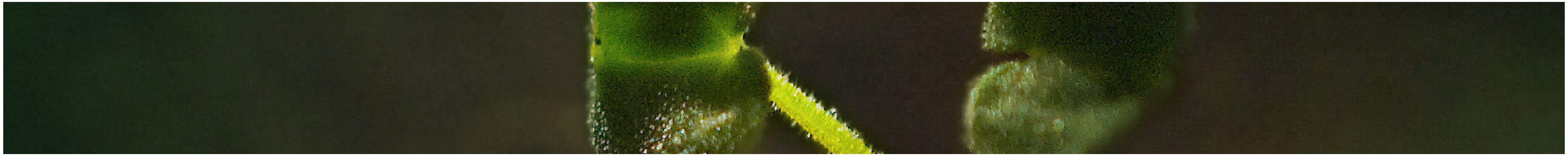
- **Building resilience business models**
  - Continue to embrace partnerships to unlock new opportunities.
  - Drive value chain optimization in key growing sectors of the country.
  - Cross border expansion via greenfield and partnerships – Congo, Djibouti, Rwanda, South Africa, Mauritius and Germany
  - Launch Islamic Banking

- **Workforce optimization and empowerment**
  - Continue with workforce optimization exercise to enhance employee productivity.
  - Pursue more efforts to drive women empowerment through training, capacity-building and mentorship.
  - Prioritize staff health and wellness in line with government and WHO guidelines

- **Accelerate automation, innovation and digital adoption**
  - Prioritize IT and digital transformation projects to bolster servicing and digital capabilities.
  - Eliminate process bottlenecks to drive service delivery efficiency and reduce cost-to-serve.

- **Prioritizing regulatory and compliance**
  - Improve operations framework aligned to process simplification.
  - Prioritize closure of Audit gaps to enhance regulatory compliance.

Transformative Cost and Productivity Initiatives



- **Growing revenue - Interest and non interest income**
  - Enhancing products competitiveness and positioning
  - Drive service adoption and usage
  - Enhance cross sell and upsell
  - Focus on underserve and and key economic sectors

- **Scaling up operational excellence**
  - Enhance system capability
  - Simplifying key customer journeys
  - Eliminating redundant processes
  - Reset third party spend through demand re-specification and supplier management
  - Systematically redeploy the workforce and reskill at scale
  - Accelerate shift to digital and create flexibility in re-opening of physical channels
  - Move to “minimum viable” central functions with additional services only where they add value
  - Transform technology to digitise the bank while also reducing tech costs
  - Keep a level of remote working and reduce the property footprint

2021 Outlook

	2020	2021 OUTLOOK
Loan Growth	16%	12% - 15%
Deposit Growth	4.8%	12% - 14%
Non Funded Income	30%	35% - 40%
Cost to Income Ratio	61.6%	50% - 55%
Return on Equity	17.5%	17.5% - 19%
Return on Assets	3.5%	3.5% - 4%
NPL	4.2%	3% - 4%

DISCLAIMER

CRDB Bank Plc has made various forward-looking statements with respect to its financial position, business strategy, plans and objectives of management. Such forward-looking statements are identified by use of the forward-looking words or phrases such as ‘expects’, ‘estimates’, ‘anticipates’, ‘believes’, ‘intends’, ‘plans’ or words or phrases of similar nature.

By their nature, forward-looking statements require the Bank to make assumptions which are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this report not to place undue reliance on our forward-looking statements as a number of factors could cause future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to interest rate and currency value fluctuations, industry and worldwide economic and political conditions, regulatory and statutory developments, the effects of competition in the geographic and business areas in which we operate, management actions and technological changes.

We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to CRDB Bank Plc investors and other stakeholders should carefully consider these factors, as well as other uncertainties and potential events and the inherent uncertainty of forward-looking statements. The Bank does not undertake to update any forward-looking statement that may be made, from time to time, by the Bank or on its behalf.

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The bank that listens

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