

# 3Q2023 Investor Briefing

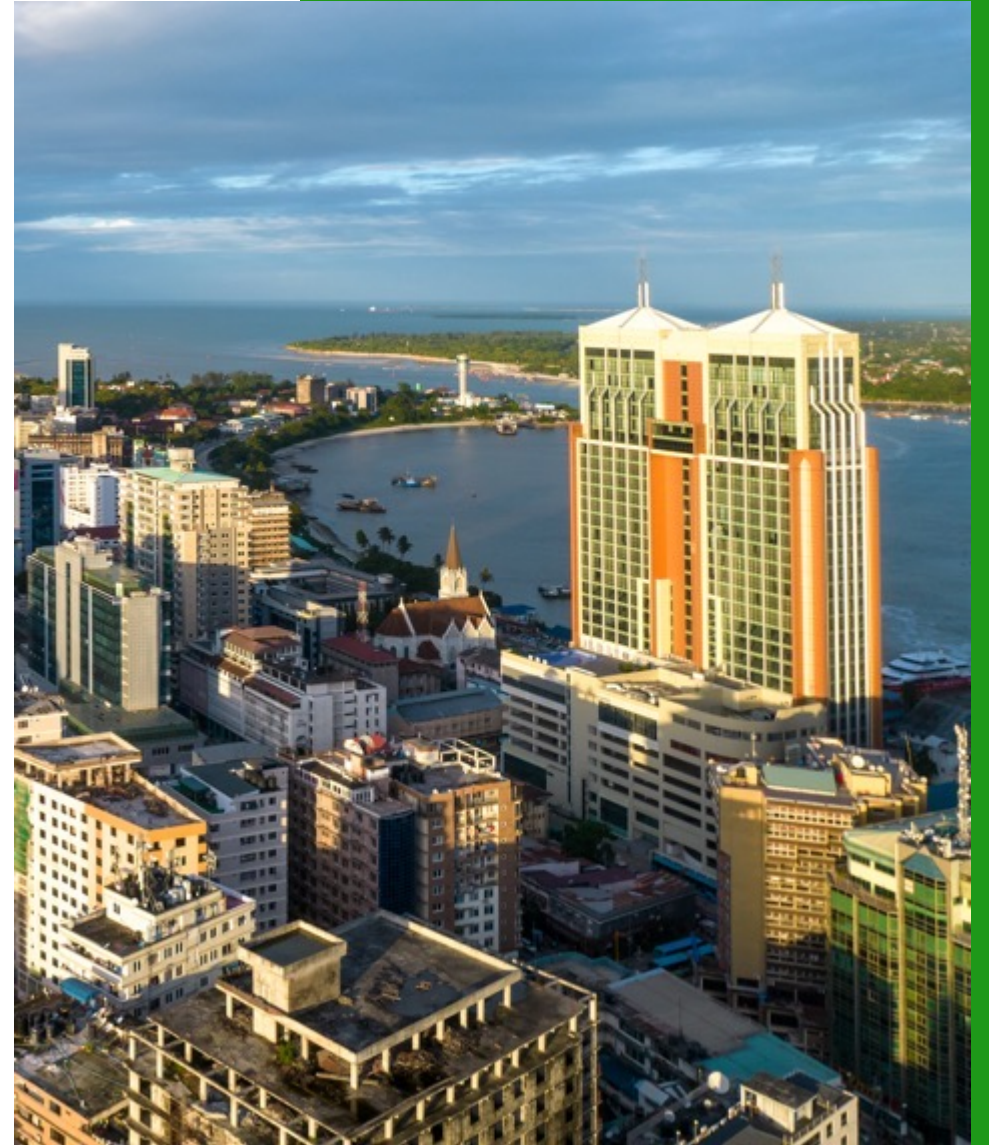
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# Tanzania Highlights

The domestic economic performance remains satisfactory and provides a promising outlook amidst the ongoing global challenges.

- **Inflation Performance:** The inflation remained stable at 3.3% in September 2023 same as was in the preceding month, but lower than 4.8% reported in similar month in 2022.
- **Money Supply:** In Sept. 2023, M3 shrunk to 14.5% from 17.4% in Aug 23 (Sep 22 : 13.6%) mainly from the decrease in both narrow money (M1), broad money (M2) and FX deposits.
- **Credit to Private Sector:** Credit to private sector growth shrunk to 19.5% in Sept 23 from 21.0% in Aug 23 (Sep 22 : 22.0%).
- **Currency Performance:** In Sept. 2023 the shilling traded at an average rate of TZS 2,486 against the US Dollar compared to TZS 2,300 recorded in the same period last year.
- **Foreign Reserve:** In Sept. 2023, foreign reserves decreased to \$4,880mn largely from payment of foreign obligations. The reserve is sufficient to cover about 4.0 months of projected imports of goods and services.



# Burundi Highlights

The central bank continued with monetary and exchange rate policy reforms, limiting liquidity and liberalization of the foreign exchange market.

- **Inflation Performance:** The inflation rate decreased to 27.1% in Sept. 2023, down from 28.74% in August 2023. It is projected to close at 25.00 % by the year-end.
- **Currency Performance:** In September, USD/BIF closed at 2,842.53, up from 2,827.18 observed at the end of Q2 2023, representing a BIF 15.35 variation. It is expected to close at 2,858 by the end of 2023.
- **Foreign reserves:** Foreign currency reserves declined, reaching US\$ 59.7 million about 0.5 month of imports in mid-September 2023 from 1.3 months of imports in March 2023.
- **Leadership Highlights:** The Burundian president has replaced the Central Bank Governor after 2 years in office. Édouard Normand Bigendako has been appointed as the new governor.



# DR Congo Highlights

Economy activity remains sustained mainly driven by the primary sector, with government measures creating a favourable effect on domestic prices.

- **Policy Reforms:** The Central Bank of Congo has maintained the key interest rate at 25% as the BCC monitors the development of macros in relation to pressures of the Foreign exchange market.
- **Inflation Performance:** The year-to-date inflation rate stood at 18.9% in October 2023, an increase from 18.1% recorded in Sept. 2023.
- **Currency Performance:** The Congolese Franc (CDF) slightly depreciated as it traded at an average of CDF 2,546 in September 2023 compared to CDF 2,480 recorded in August 2023.
- **Foreign Reserves:** As of September, the international reserves covered 2.43 months of imports of goods and services.





# Our Strategy

We successfully implemented our medium-term strategy for 2018-22, supported by a committed workforce to deliver a remarkable turnaround.

Fixed and redefined the fundamentals to spur our organization's growth

Adopted new technologies and system capabilities to meet current and future business needs

Successfully created internal capabilities to drive and sustain the transformation

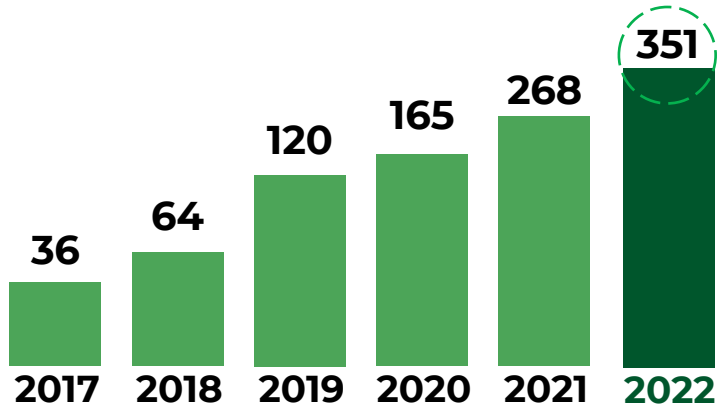
- Instituted new Operating Models
- Enhanced our enterprise Risk Management approach
- Improved service experience across our channels
- Strengthened relations with stakeholders

- Invested in scalable Technology
- Enhanced our Resilience to security threats
- Prioritized Automation and process reengineering
- Proactively promoted Innovation

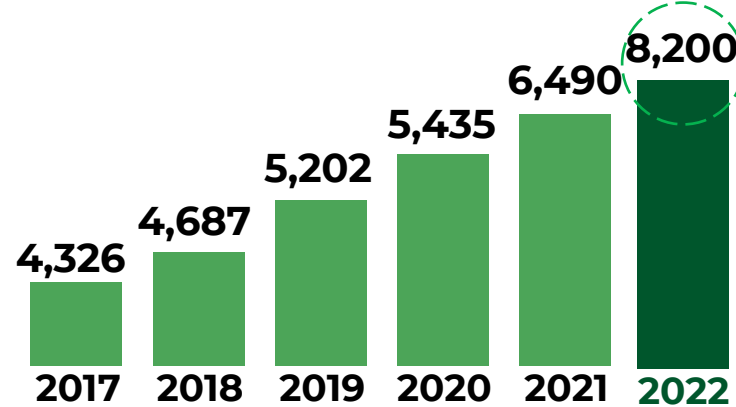
- Instituted Robust HR Practices
- Enhanced performance Management
- Embedded a new Corporate Culture
- Invested in learning and talent development

Figures in TZS Billions

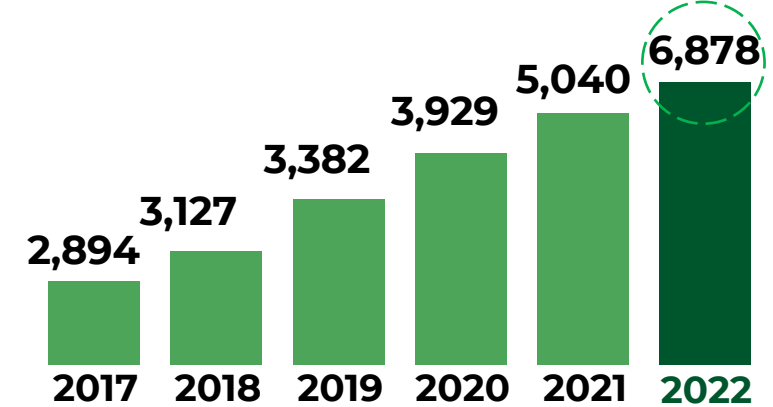
## PROFIT AFTER TAX



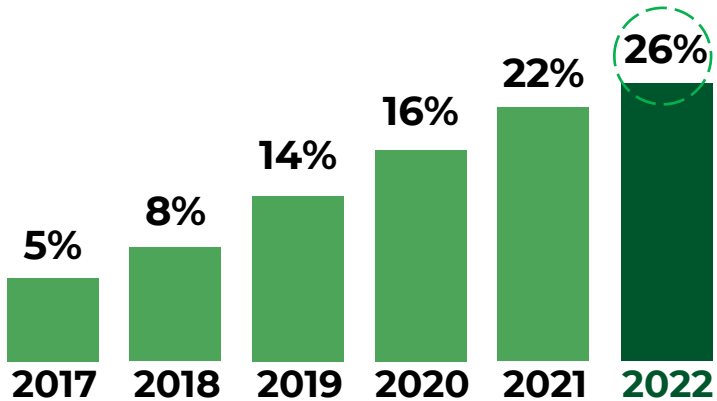
## DEPOSITS



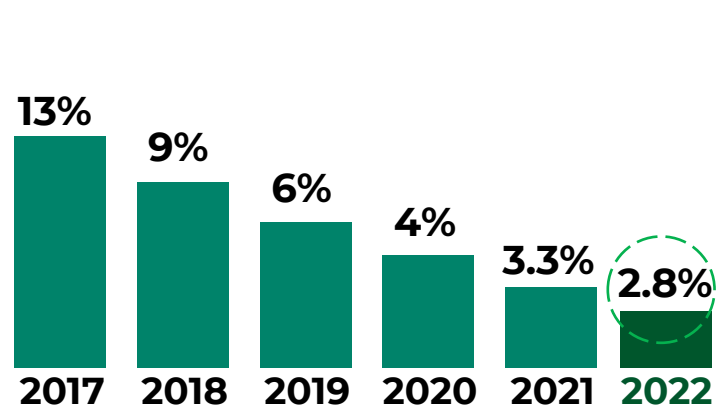
## LOANS AND ADVANCES



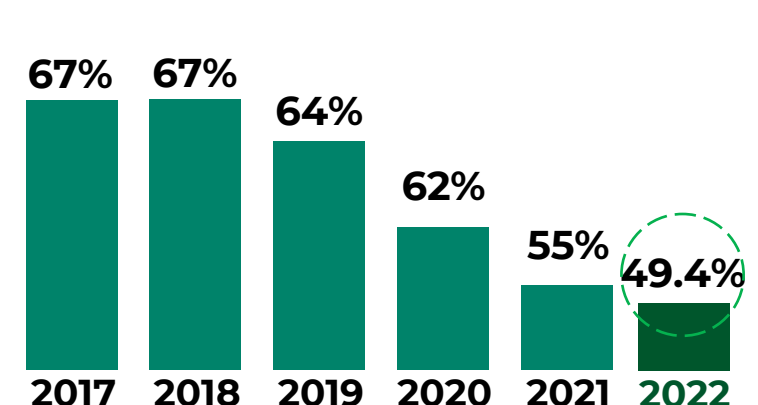
## RETURN ON EQUITY



## NPL



## COST TO INCOME RATIO



In January 2023 we began implementing our new 5-year strategy which will guide our business for 2023 – 2027.

We will capitalize on our investments and the solid foundation in place to grow, become better and drive lasting impact in our surrounding communities

## STRATEGIC PILLARS (2023 – 2027)

1

### RINGFENCE THE BUSINESS

Strengthen our service offerings and cement our presence in the market

2

### GROW THE BUSINESS

Tap into our unrealized potential and introduce offerings that are new to the bank

3

### FUTURE PROOF THE BUSINESS

Enhance sustainability and governance; explore new horizons to adapt to evolving client demands



## Partnerships

Partner with the Government and non-governmental institutions to generate capabilities to serve and support the community.

### Areas:

- Strategy execution
- Community Impact
- Capacity building

## Customer Support

Proactively monitor market dynamics and evolve timely to support customer in various areas.

### Areas:

- Explore new markets
- Leverage on digital technology
- R&D

## Business Expansion

Invest in selected potential markets (Africa and beyond Africa) through partnering with other institutions.

### Areas:

- Funds mobilization
- Economic transformation
- Impact creation

## Priority Segments:

Youth | Women | Government | MSME | Development Finance



# Business Milestones

# Key Milestones



The Bank became the first local bank to launch a full-fledged insurance subsidiary, **CRDB Insurance Company (CIC)**. Prior to this, the company served as an insurance agent.



After meeting all the regulatory requirements to operate a bank in the **Democratic Republic of Congo**, CRDB opened its doors to customers in the country's second largest city, Lubumbashi.



CRDB Foundation launched the **iMbeju Program** which aims to provide seed capital to innovative ventures, particularly those led by youth and women.





- The Bank received approval for a five-year multicurrency Medium Term Note (MTN) Programme of USD 300 million from the Capital Markets and Securities Authority (CMSA).
- Subsequently the Bank issued its pioneering green bond, branded Kijani Bond on 1st September 2023.
- The Bond sought to raise TZS 40bn, with a green shoe option of TZS 15bn at 10.25% p.a for a period of 5 years
- The Bond IPO closed on 6 October, having collected TZS 171.83bn, a 429.57% oversubscription.
- Kijani Bond was listed at DSE on 27 October 2023.



## Use of Proceeds by Sector

### GREEN ASSETS

- Clean transportation
- Energy efficiency
- Green buildings
- Renewable energy
- Circular economy
- Sustainable water and wastewater management
- Sustainable management of living natural resources and land use

### SOCIAL ASSETS

- Food Security and Sustainable Food Systems
- Financing MSME/SME
- Access to essential services
- Socioeconomic advancement and empowerment



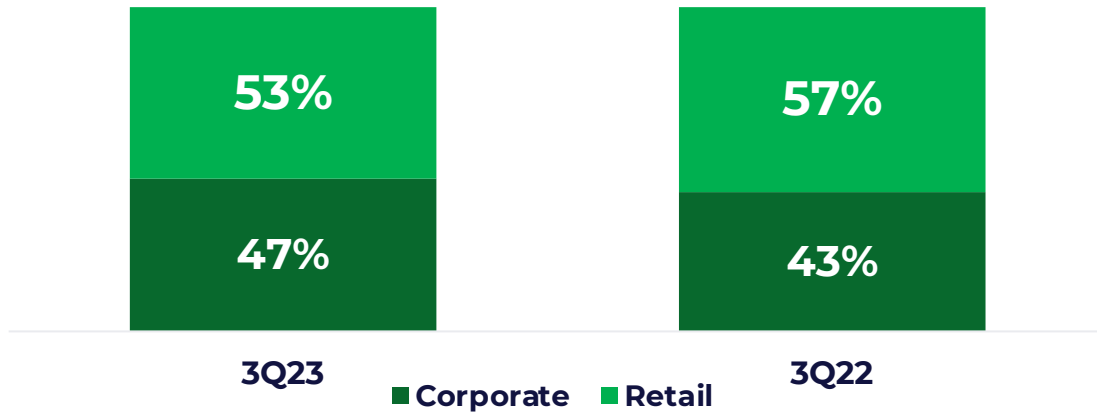
# Financial Performance

# Group Balance Sheet (YoY Comparison)

<b>TZS Billions</b>	<b>3Q 2023</b>	<b>3Q 2022</b>	<b>%Growth</b>
Total Assets	12,760	10,986	16%
Government Securities	2,204	1,994	11%
Total Loans & Advances	8,123	6,245	30%
Customer Deposits	8,684	7,672	13%
Borrowings	2,102	1,683	25%
Shareholders Fund	1,611	1,382	17%

- Year on year (YoY), the Balance Sheet grew by 16% to TZS 12,760bn.
- The growth was mainly driven by the growth of Loans and Advances, which grew by 30% YoY.
- Customer Deposits YoY growth of 13% from continued deposit mobilization and retention initiatives.
- The bank Borrowings grew by 25% YoY to support business growth.

## Loan Split Per Segment

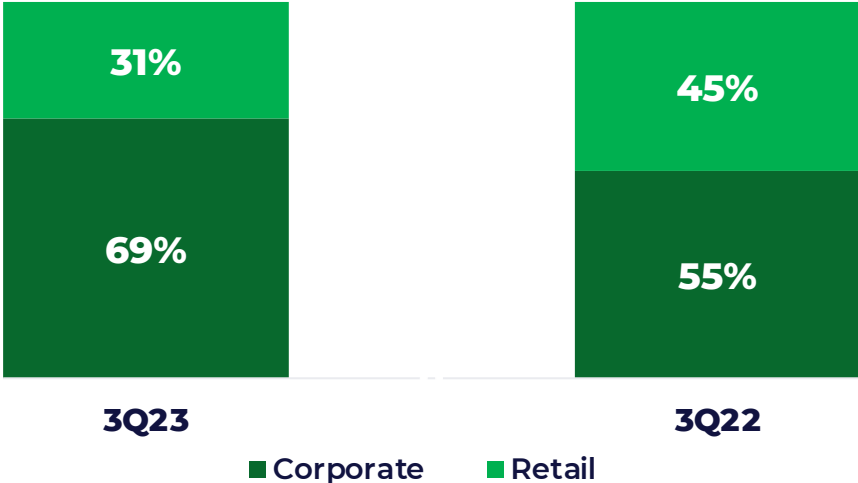


- Corporate loans' contribution to the total loan portfolio increased to 47% in the year driven by facilities to the Agriculture and Trade Sectors.

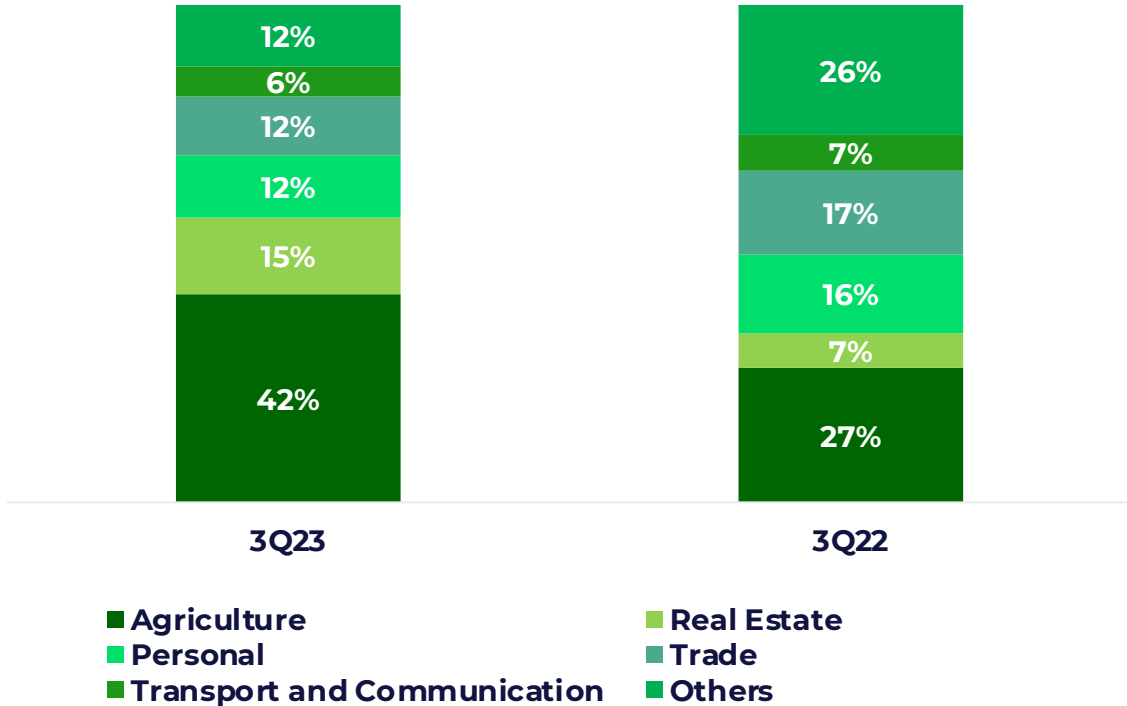
Split per Sector	3Q 2023	3Q 2022
Personal	38%	42%
Agriculture	19%	14%
Trade	17%	16%
Manufacturing	5%	6%
Building and Construction	4%	4%
Financial Intermediaries	3%	3%
Others	13%	15%

- Loans from the personal, agriculture and trade sectors continue to form the majority of the Group's loan portfolio, albeit with some changes in their respective contributions

### NPL Split per Segment



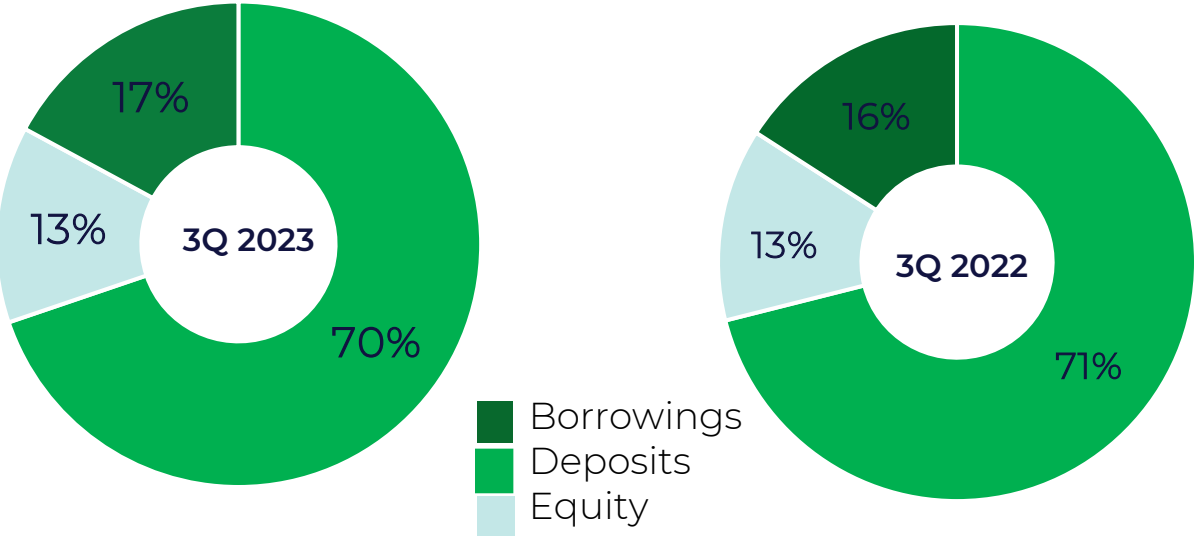
### Top NPL Contributors - Sectors



- In the quarter, the NPL ratio reached 3.5% up from 2.7% recorded in the previous quarter, and 3.1% in the same period in 2022.
- Corporate loans remain the key drivers of the non-performing loans.
- Agriculture, Real Estate, Personal, Trade and Transport and Communication are the leading contributing sectors.

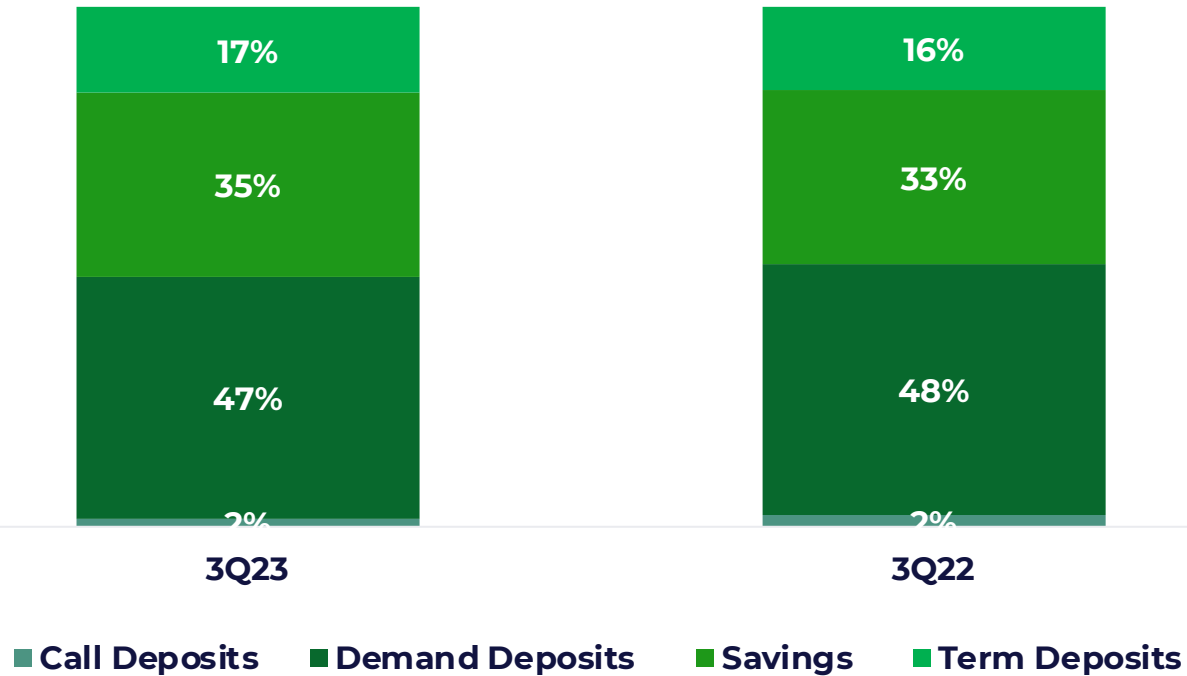


Funding Mix



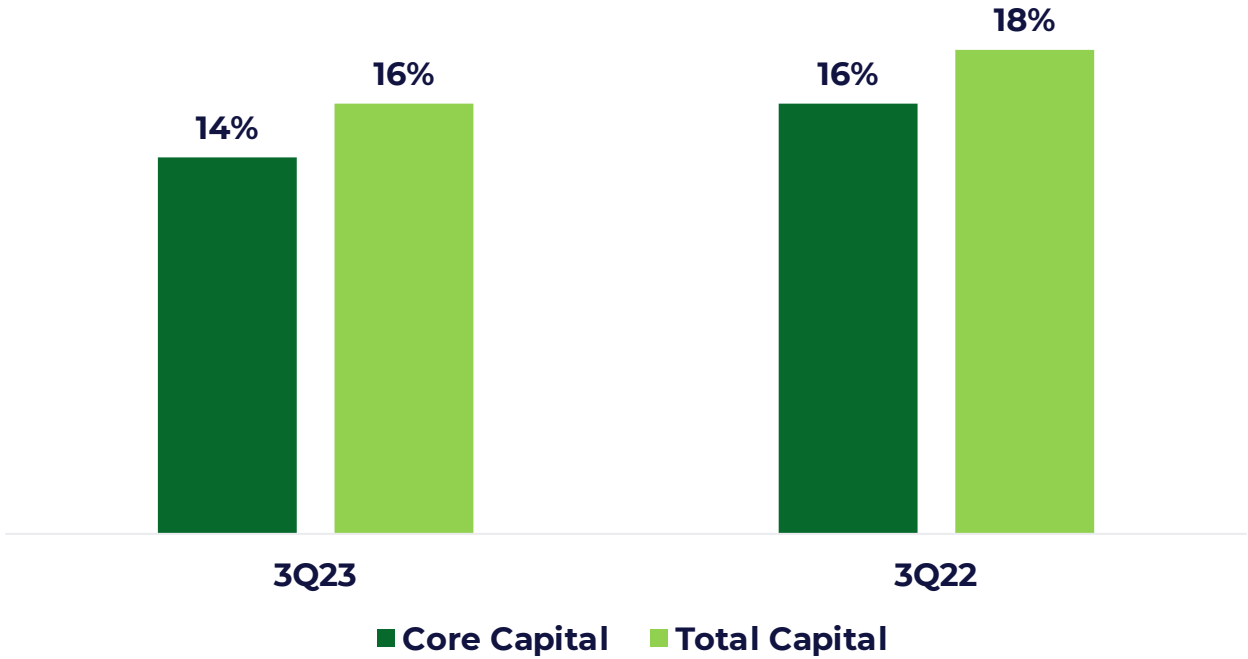
- The Bank has maintained a healthy funding mix; deposits continue to be the largest source of funding.

### Deposit Mix by Type



- Customer deposits grew 13% YoY to TZS 8,684bn.
- The growth was driven by an YoY increase of Demand Deposits (9%), Savings (20%) and Time deposits (17%).
- CASA remains unchanged from the previous year, at 82%.
- The contribution of FCY deposits to total deposits increased from 18% in the previous year, to 20%.
- The Bank continues with deposit mobilization efforts.

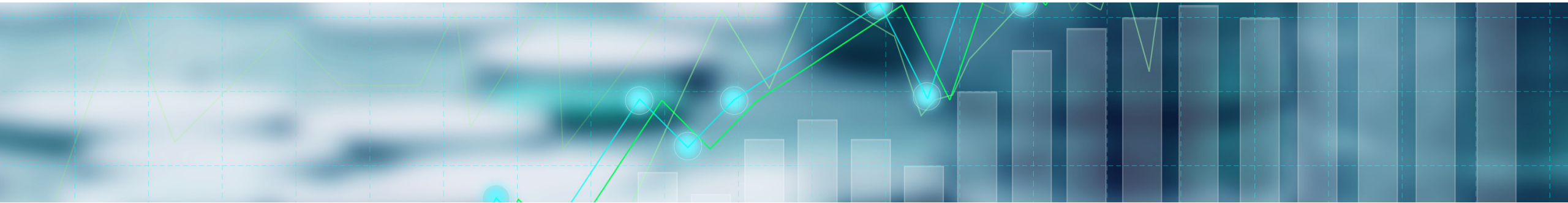
### Capital Adequacy Ratios



- The Bank remains well capitalized, with both core and total capital well above the regulatory limits of 12.5% and 14.5% respectively.

TZS Billions	3Q 2023	3Q 2022	% Growth
Interest Income	861	676	27%
Interest Expenses	(251)	(144)	74%
Net interest income	610	532	15%
Non - Funded Income	323	291	11%
Operating Expense	(471)	(406)	16%
Loan Impairment charges	(50)	(50)	0%
Profit After Tax	280	257	9%
Net Interest Margin	7.6%	8.3%	

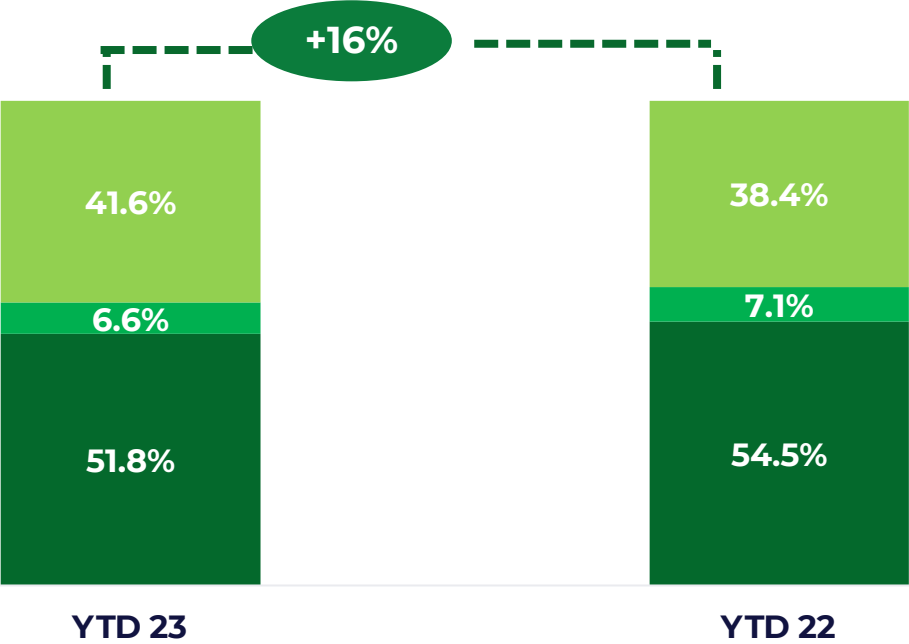
- The Group recorded a 9% YoY growth on Profit After Tax, reaching TZS 280bn from TZS 257bn recorded in the same period in the previous year.
- The growth was driven by a 15% YoY increase in Net Interest Income and an 11% YoY in non-funded Income.
- Notable growth in Interest Expenses driven by increasing funding costs.
- As a result, NIMs were compressed to 7.6% from 8.3% in the same period in 2022.



TZS Billions	3Q 2023	3Q 2022	% Growth
Forex Income	53	42	26%
Fees and Commission	258	207	24%
Other Operating Income	13	42	(70%)
NFI contribution to total income	<b>35%</b>	<b>35%</b>	

- Growth in fees and commission was driven by increased activities in the alternative channels, specifically Simbanking, Agency Banking and Internet Banking.

## Non Interest Expense Analysis

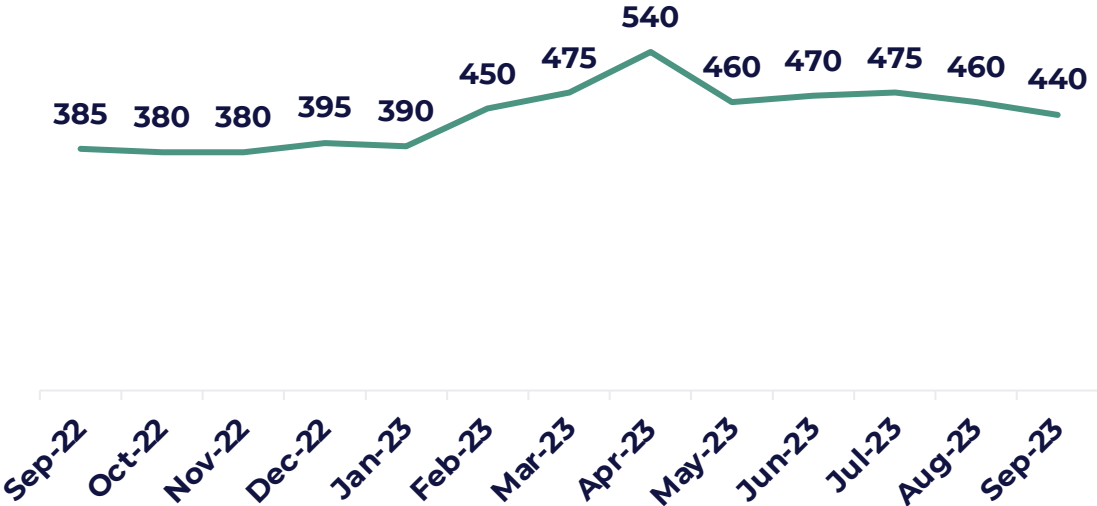


■ Salaries and Benefits ■ Fees and Commissions ■ Other Operating Expenses

- Non-interest expense grew by 16% mainly driven by business growth, branch network, and subsidiary operations
- Other operating expenses comprise office expenses, maintenance expenses, property expenses, and general expenses.
- The Bank recorded a cost-to-income ratio (CIR) of 51%; well within the the regulatory limit of 55%.



## Share Price Performance



## Key Metrics

TZS	3Q 23	3Q 22	YoY Growth
Market Cap (bn)	1,149.2	1,005.5	14%
Share Price	440	385	14%
Book Value Per Share (BVPS)	617	529	16%
Earnings per Share (EPS)	106	98.2	8%



# Subsidiary Updates



## Balance Sheet and Income Statement (Amount in TZS Bln)

	3Q23	3Q22	% Change
<b>Burundi</b>			
Total Assets	937,596	603,591	55%
Total Deposits	524,649	326,948	60%
Operating Income	46,486	29,617	57%
Net Profit	19,366	15,064	29%
<b>Insurance</b>			
Total Assets	6,285	7,021	-10%
Net Underwriting Income	0	0	0%
Net Profit	-711	-52	1,267%

### Burundi

- Burundi recorded 29% YoY PAT growth to TZS 19bn driven by increased interest and non-interest income. The subsidiary's contribution to group income reached 6.8% from 5.8% recorded in the previous year.

### Insurance

- The subsidiary commenced operations in October 2023, following its transitions to a fully-fledged insurance company.
- Profit After Tax of (TZS 711 million), equivalent to (1,267%) YoY.

### Congo

- The Bank commenced operations on the 10th of July, 2023, with USD 40m capital.
- Since then, 300 customer accounts have been opened, amassing a total deposit of USD 358k.
- A customer onboarding campaign is ongoing to build the deposit base to fund investments and boost transaction activity.



# Outlook



	3Q 2023 Actual	2023 Outlook
Loan Growth	30%	15% - 20%
Customer Deposit Growth	13%	16% - 20%
Non-Funded Income Contribution to Total Income	35%	35% - 40%
Cost to Income Ratio	51%	45% - 52%
Return on Equity	24%	25% - 30%
Return on Assets	4.5%	4.5% - 6.5%
NPL	3.5%	3% - 4%



**End**