1H23 Investor Briefing

CRDB BANK

The bank that listens

Tanzania Highlights

Tanzania continued to have a strong macroeconomic performance and contained inflation levels. Strong economic activities in key sectors continue to offer prospect for economic growth.

- In Sub-Saharan Africa, a sharp increase in global interest rates have placed currencies in markets under pressure to depreciate. This is mostly attributed to the continued dollar scarcity, high import bills (driving inflation levels), low foreign reserves levels and increase in debt stock in developing countries.

- In Tanzania, the BOT continued to implement a less accommodative monetary policy to bring inflation under control amidst the ongoing global shocks, this resulted to a headline inflation rate of 3.6% in June 2023, a fifth consecutive downward trend. On the other hand, money supply (M3) grew by 17.5% in the year ending May 2023, compared with 9.1% in the corresponding period in 2022 driven by growth of credit to private sector of 22.5% (compared with 15% in May last year) reflecting growth of economic activities in sectors.

- The shilling traded at an average rate of TZS 2,345 against US dollar in July 2023, depreciating by 1.2% from same period last year.

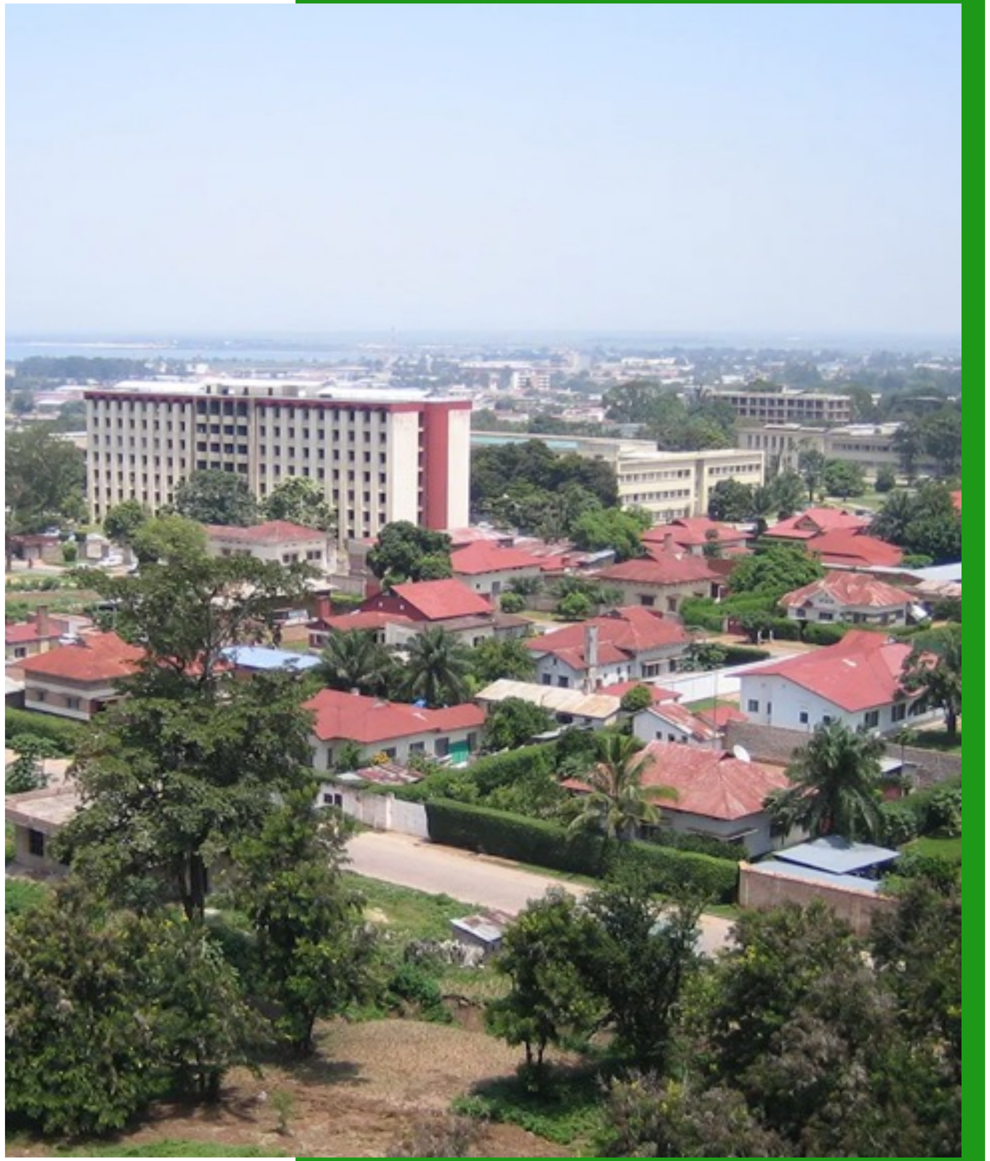
Burundi Highlights

Given the global and local economic conditions, the central bank continued to implement prudent regulatory measures to curb inflationary pressure and stabilise macroeconomic indicators.

- Part of the ongoing IMF reforms, the central bank of Burundi adjusted the exchange rates in May 2023 by a devaluation of 35% as a result the BIF/USD closed at 2,827 end of Q2 2023 compared to 2,033 reported in Q2 2022.

- The annual inflation rate closed at 28.90% at the end of May 2023, slightly below the level recorded at the end of March 2023 of 32.6%.

- The national budget of 2023/24 grew by 35% YoY compared to the preceding period to support the government projects (roads, SGR, strategic petroleum, digitalisation, and building.



DR Congo Highlights

The government's proactive monetary policy orientation has helped maintain stability in main macroeconomic indicators, despite inflationary pressure.

- Despite the economic resilience, there are potential uncertainties arising from the scheduled presidential election in 2023, which may impact the implementation of various projects aimed at achieving structural transformation in the economy.

- The inflation rate in Q2 2023 stood at 21.2%, primarily due to the economy's reliance on imports and the scarcity of the dominant transaction currency (the US dollar).

- The foreign exchange rate USD/Congolese franc closed at 2,390 in Q2 2023.

- The central bank also resolved to further tighten the monetary policy by raising the Banque Centrale du Congo (BCC)'s key rate from 9% to 11% to preserve price stability and inflation.

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.

2Q 2023 Performance

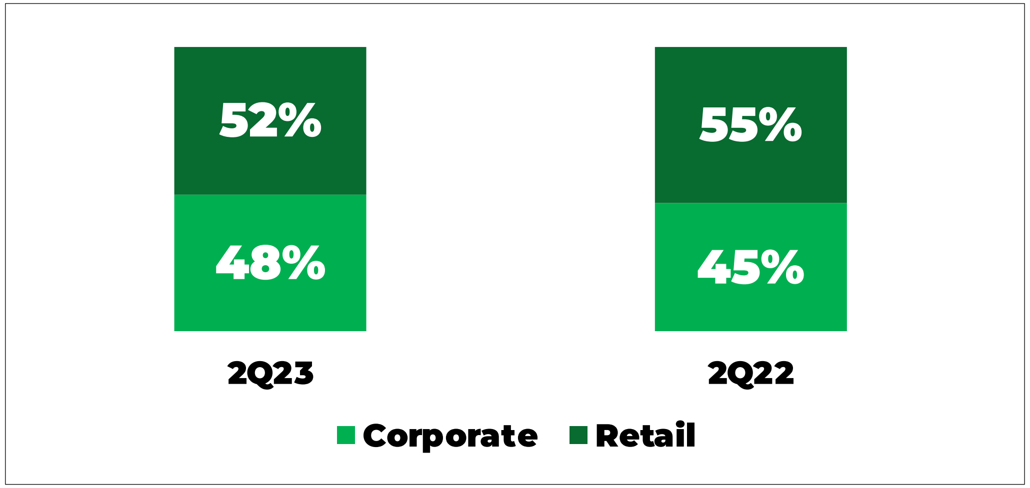
Group Balance Sheet (YoY Comparison)

TZS Billions	2Q23	2Q22	% Growth
Total Loans & Advances	7,668	5,936	29%
Total Assets	12,541	10,254	22%
Customer Deposits	8,681	7,073	23%
Borrowers Funds	2,008	1,564	28%
Shareholders Fund	1,489	1,309	14%

- Total assets TZS 12,541bn, YoY growth 22%, mainly due to growth of Government securities.
- Loans & Advances YoY growth of 29% mainly due to an increase in demand of loans.
- Customer Deposits YoY growth of 23% due to various mobilization of deposit campaigns.
- The bank Borrowings grew by 28% YoY to support business growth.

2Q 2023 Performance

Loan Portfolio Split



- The 29% YoY growth in loans and advances was primarily driven by a 42% increase in corporate loans and a 30% increase in SME loans. Personal loans grew by 15%.
- As at end June 2023, 29% of the group's portfolio was foreign currency denominated; majority being corporate loans.

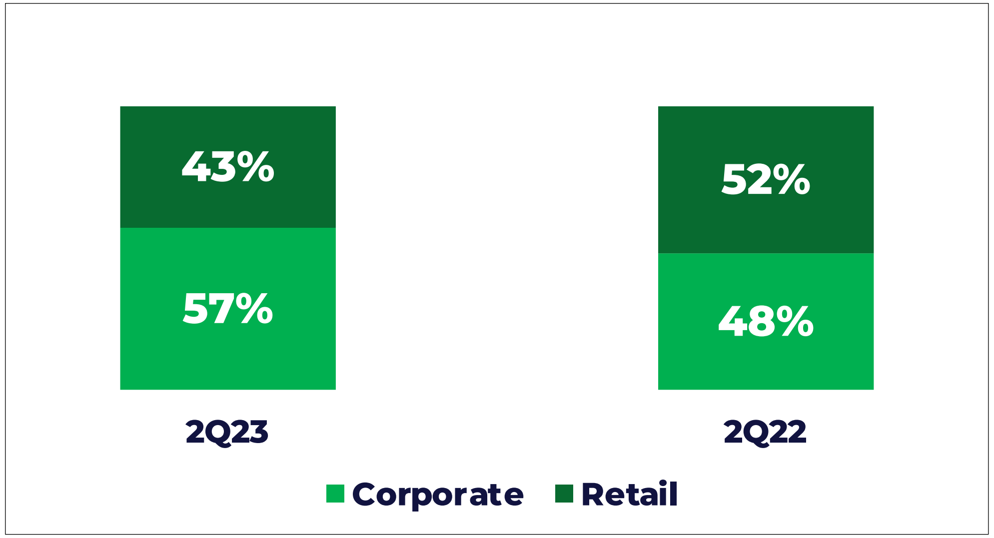
Split per Sector	2Q23	2Q22
Personal	38%	42%
Trade	19%	14%
Agriculture	17%	13%
Manufacturing	6%	6%
Building and Construction	4%	4%
Financial Intermediaries	3%	3%
Others	13%	18%

Split per Segment	2Q23	2Q22
Corporate	48%	43%
Personal	40%	45%
MSMEs	12%	12%

2Q 2023 Performance

Asset Quality

NPL Split per Segment

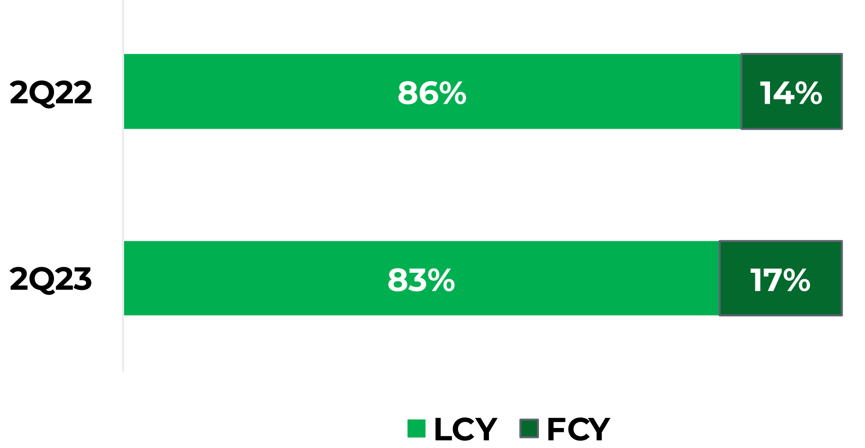


- The Group's NPL ratio continues improving, reaching 2.7% in 2Q23 compared to 3.9% recorded in 2Q22.
- Corporate loans continue to form a majority of the non-performing loans by 57% compared to 48% recorded in 2Q22
- Key contributing sectors are; Real Estate, Agriculture, Personal Loans, Trade, Transport, Communication and Mining
- The NPL coverage stands at 140%

2Q 2023 Performance

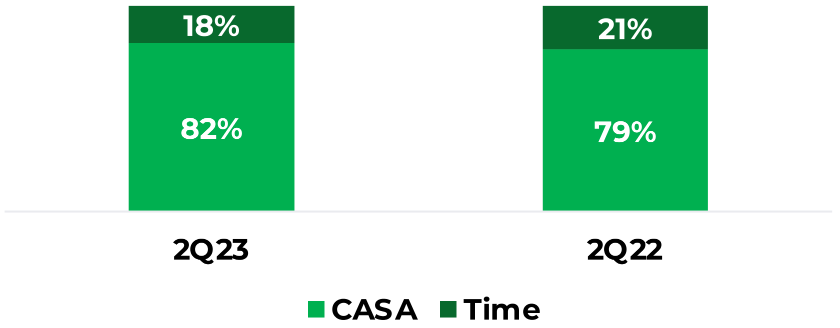
Deposit Mix

By Currency



- The deposit growth achieved in the second quarter of the year resulted from an increase in both local currency and forex deposits.
- The forex increase results from loan repayments of fcy denominated loans.

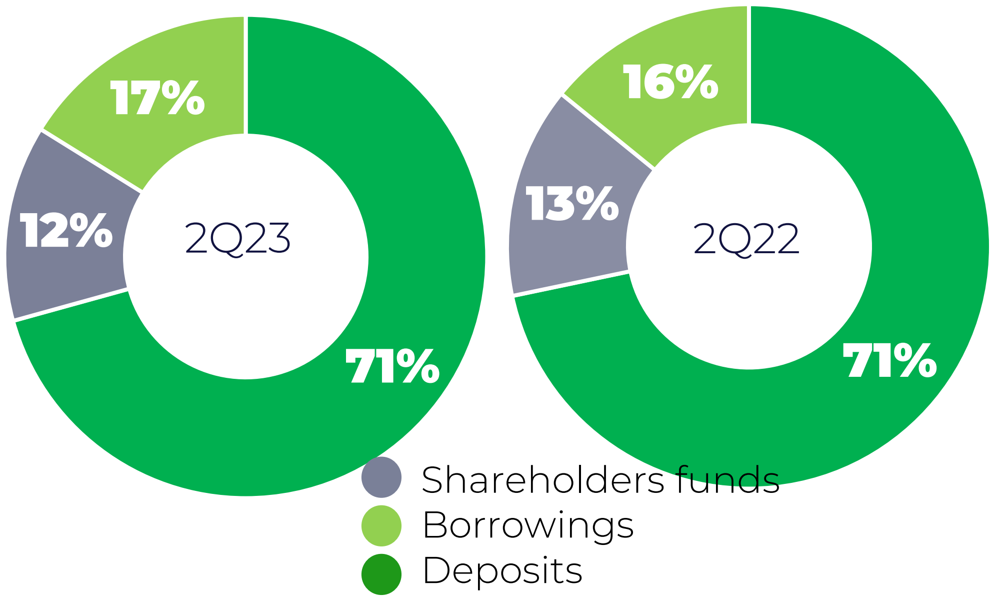
CASA Mix

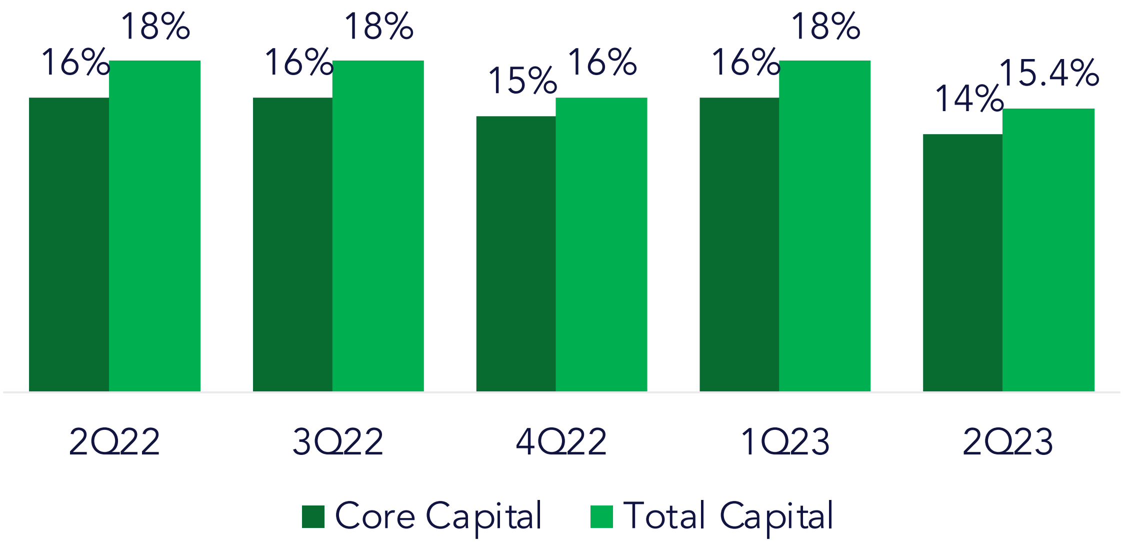


- As a result, the current and savings (CASA) composition increased to 82% from 79% recorded in 2Q22.

2Q 2023 Performance

Liquidity and Funding Mix





- In the quarter, the composition of borrowings increased to 17% from 16% in the same period in the previous year. The borrowings were sought to support growing demands
- The Bank Core capital ratio stood at 14.1%, Total capital ratio at 15.4%, above the minimum regulatory requirement of 12.5% and 14.5% for Tier I and Tier II, respectively. The decrease in the ratio from Q1 2023 is due to the payment of dividends during the second quarter and an increase in risk-weighted assets.

1H 2023 Performance

Income Statement (YoY Comparison)

TZS Billions	1H23	1H22	% Growth
Interest Income	557	441	26%
Interest Expenses	(163)	(84)	94%
Net interest income	394	356	11%
Non - Funded Income	207	195	6%
Operating Expense	(303)	(266)	14%
Loan Impairment charges	(34)	(35)	3%
Profit After Tax	180	174	3%

- Net Interest Income grew by 11% YoY to TZS 394 billion.
- Non-Funded Income grew by 7% YoY, driven by growth in Alternative Channels, Forex, Simbanking, and Agency and in fees and commission.
- The Group recorded a Profit After Tax of TZS 180bn for the first half of the year, a 3% YoY growth.

1H 2023 Performance

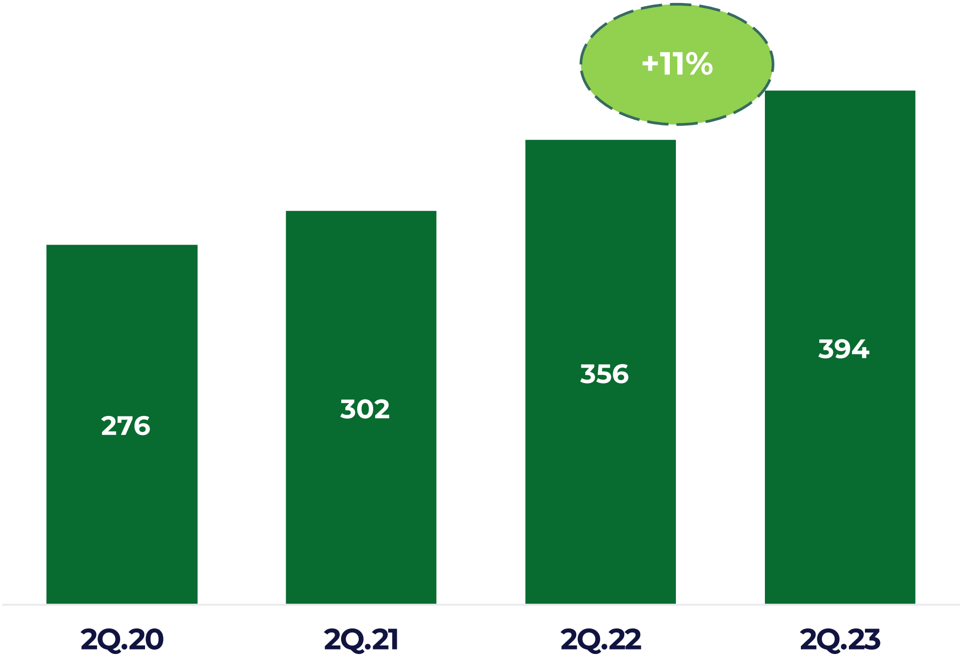
NFI Split

TZS Billions	1H23	1H22	% Growth
Forex Income	34	25	36%
Fees and Commission	164	71	131%
Other Operating Income	9	35	(74%)
NFI contribution to total income	42%	42%	

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

1H 2023 Performance

Net Interest Income

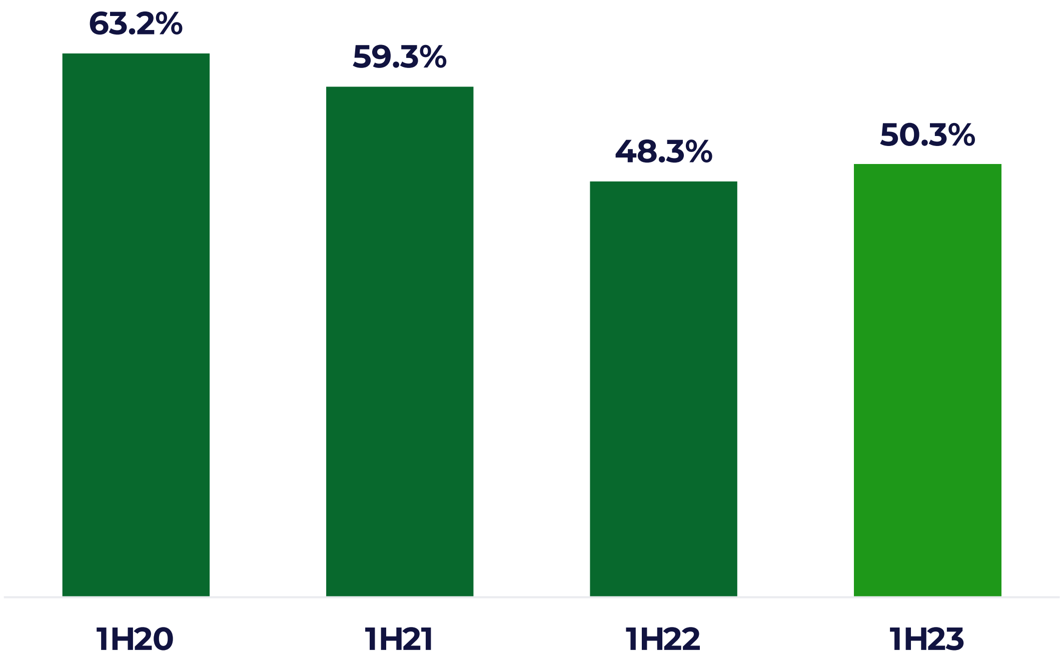


- In the first half of the year, Net Interest Income grew by 11% YoY to TZS 394 billion from TZS 356 billion recorded in the previous year.
- However the net interest margins were compressed to to 7.8% as a result of growing funding costs resulting from increased borrowings.

	1H20	1H21	1H22	1H23
Net Interest Margin	10%	10%	9.7%	7.8%

1H 2023 Performance

Cost to Income Ratio

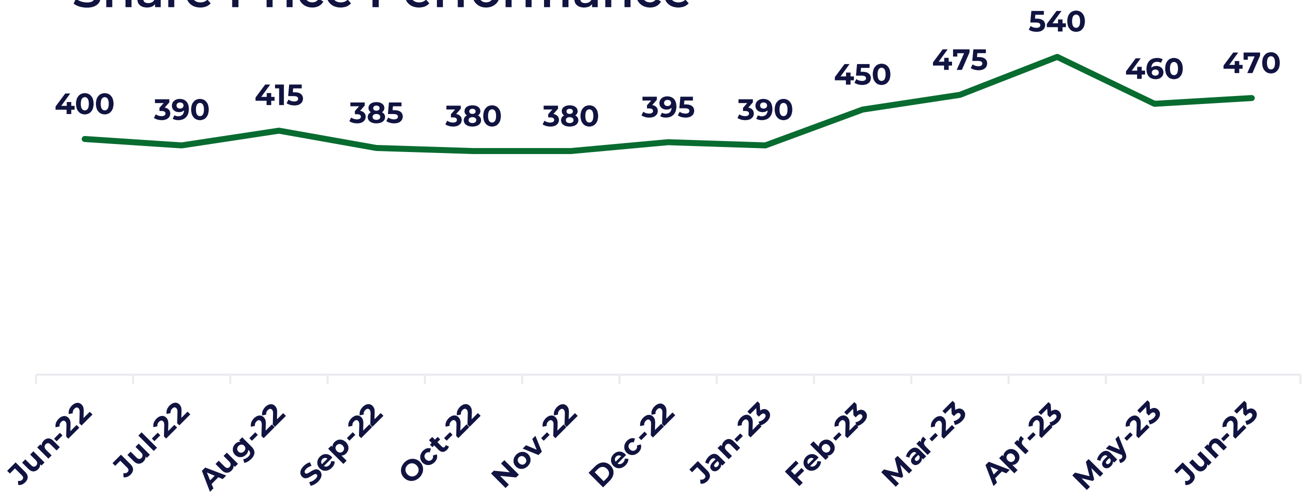


- In the first half of the year, operating expenses grew 14% YoY.
- The shilling depreciation has impacted foreign currency denominated expenses such as system licences and other imported services.
- Staff Expenses grew 11% YoY due to an increase in headcount for the new branches opened during the period and staff salary increment.
- Other operating expenses comprise office, maintenance, property, and general expenses.
- The cost to income ratio (CIR) remains below the regulatory limit 55%

1H 2023 Performance

Investment Information

Share Price Performance



- CRDB shares dominated the market as the most traded stock accounting for 81% of shares traded and 43% of the total turnover.
- The Bank's share price increased 17.5% YoY to TZS 470 in June 2023 from TZS 400 in June 2022

Key Metrics

Key Metrics (TZS)	1H23	1H22	YoY Change
Market Cap (bln)	TZS 1,227.5	TZS 1,045	18%
Share Price	470	400	36%
Book Value per share (BVPS)	570	501	14%
Earning per Share (EPS)	69	67	3%
Dividend Paid	45	36	25%
Dividend Yield %	10%	9%	1%
Total Issued Share	2,611,838,584		

Subsidiary Updates

Subsidiary Contribution

(Balance Sheet and Income Statement (Figures in TZS millions)

	2Q23	2Q22	% Growth
Burundi			
Total Assets	999,097	633,104	58%
Total Deposits	537,804	331,597	62%
Operating Income	17,751	11,177	59%
Net Profit	11,572	10,446	11%
Insurance			
Total Assets	6,617	7,012	-6%
Net Commission Income	(388)	(44)	-782%
Net Profit	(388)	(44)	-782%

- Burundi's contribution to the group PAT increased to 6.4% in 1H23 from 5.9% in 1H22.
- CRDB Insurance Broker Limited has been changed to CRDB Insurance Company Limited.
- The Company has already received a license from TIRA and is duly registered to carry out the insurance business.
- Currently, systems development is ongoing and final setups are being finalized. Operations are scheduled to kick off in Q3 2023.

Outlook

Outlook for the Year

	2Q 2023 Actual	2023 Outlook
Loan Growth	29%	15% - 20%
Deposit Growth	24%	16% - 20%
Non-Funded Income Contribution to Total Income	42%	35% - 40%
Cost to Income Ratio	50%	45% - 52%
Return on Equity	24%	25% - 30%
Return on Assets	4.6%	4.5% - 6.5%
NPL	2.7%	3% - 4%

End