CRDB BANK

The bank that listens

2023

ANNUAL INTEGRATED REPORT

Driving Positive Impact

CRDB BANK BURUNDI S.A

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BRANCHES

Inyenyeri
Rohero, Chaussée du Prince Louis
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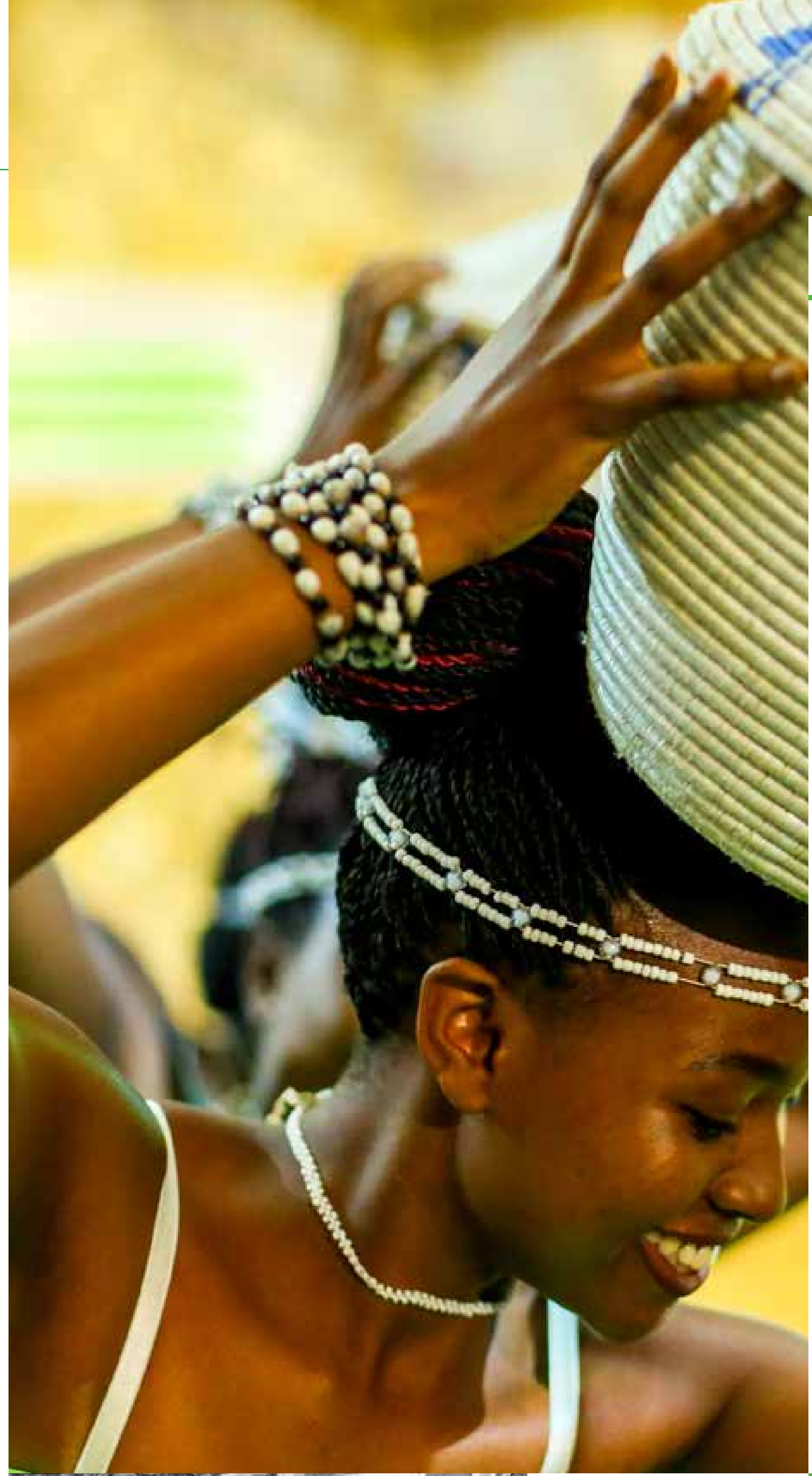
P.O. BOX 254 Bujumbura- Burundi

Asiatique
Quartier Asiatique, Avenue Songa
Immeuble BATRALAC
P.O. BOX 254 Bujumbura- Burundi

City Market
Quartier Industriel, Avenue de l'OUA
Immeuble Garage AUTOTECH
P.O. BOX 254 Bujumbura- Burundi

Ngozi
Quartier Shikiro
Route Nationale N°6
P.O. BOX 254 Bujumbura- Burundi



About **this Report**

CRDB Bank Burundi S.A Annual Report and Financial Statements cover the financial year starting January 1, 2023, to December 31, 2023. The report provides a detailed account of the Bank's business activities during the financial year and a glimpse into the business prospects for 2024 and beyond.

CRDB Bank Burundi S.A (the "Bank") is a wholly-owned subsidiary of CRDB Bank Plc (the "Group").

In preparing this report, we have complied with industry best-practice and prudent accounting frameworks for existing and prospective investors. We have the reporting to the parameters of the laws and guidelines governing banks in Burundi and conformity to the prudential guidelines governing reporting in the parent company (the Group)

Reporting Frameworks

In developing this report, we have partially adopted an integrated approach to presenting key issues to foster clarity and transparency. The Bank's Annual Financial Statements have been prepared in line with the International Financial Reporting Standards (IFRS).

This report presents a comprehensive analysis of the Bank's strategy, performance, sustainability, governance and prospects. We relied on internal processes such as risk assessments and stakeholder engagements and externally on industry trends.

Assurance

The Bank's annual financial statements were audited by TAA PARTNERS.

About Our Cover

The cover Highlights CRDB Bank's focus on supporting the country's economic transformation. It showcases the bank's commitment to working with the government and other stakeholders to drive sustainable growth and economic empowerment. The collage art illustrates the diverse stakeholders and connects CRDB Bank's financial services with the livelihoods of those involved in various economic sectors, promoting economic stability and positive impact.

CRDB BANK
The bank that listens

Intergrated Annual Report 2023

Driving Postive Impacts

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Abbreviations

ABC	Alternative Banking Channel
ALCO	Asset Liability Management Committee
ANC	Association of Ngozi Cyclists
ATM	Automated Teller Machine
BIF	Burundi Franc
BVF	Beach Volleyball Federation
CAGR	Compound Annual Growth Rate
CIR	Cost-to-Income Ratio
CMCK	Centre Medico-Chirurgical de Kinindo
HMK	Hopital Militaire de Kamenge
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
ECL	Expected Credit Loss
EPS	Earnings Per Share
ESG	Environmental, Social, and Governance
FX	Foreign Exchange
FY	Financial Year
GDP	Gross Domestic Product
GMBO	Group Management and Board Oversight
HOD	Head of Department
HOF	Head of Finance
HPO	High-Performance Organisation
ICT	Information and Communications Technology
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IVF	In vitro fertilization
KPI	Key Performance Indicator
MBO	Management and Board Oversight
MD	Managing Director
MO	Management Oversight
MSME	Micro, Small and Medium-sized Enterprises
MTS	Medium-Term Strategy
NPL	Non-Performing Loan
NPS	Net Promoter Score
PAT	Profit After Tax
PAYE	Pay As You Earn
PBT	Profit Before Tax
PLC	Publicly Listed Company
ROA	Return on Assets
ROE	Return on Equity
RVC	Rukinzo Volleyball Club
SDG	Sustainable Development Goals
SME	Small and Medium Enterprise
TAT	Turnaround Time
USA	United States of America
USD	United States Dollar
VAT	Value-Added Tax
YOY	Year-on-Year
ZMBF	Zanzibar Maisha Bora Foundation

Company Overview

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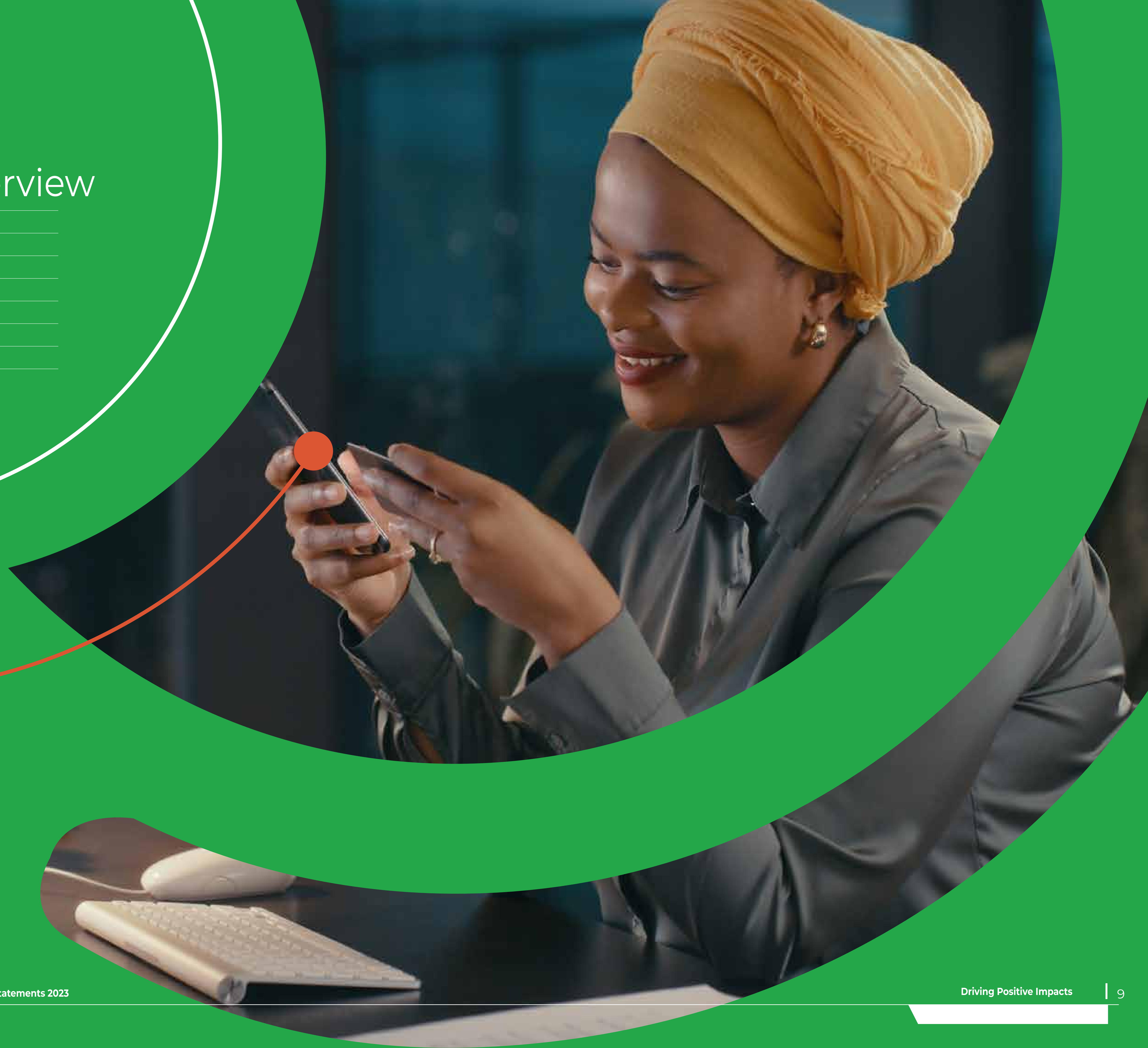


CRDB Bank Burundi
At a Glance

CRDB Bank Burundi S.A is a wholly-owned subsidiary of CRDB Bank Plc Tanzania. We are Burundi's second-largest integrated financial service provider and the first-choice partner for our customers in the region. We pride ourselves on being a customer-centric bank, focused on enabling our clients to attain their financial goals.

We provide a wide range of banking services for corporate and individual customers We also have tailored solutions for Small and medium-sized enterprises (SMEs) alongside microfinance services. We are a market leader in treasury and capital markets services.

Over the years, we have built a robust distribution network leveraging a mix of technology and traditional banking models to deliver high-quality services across expansive geographies. Our presence in Burundi comprises three branches within Bujumbura, one in Ngozi and a robust agency network of over 1,530 and 11 ATMs across the country. We have a plan to double our agents and increase our branch network by one in 2024 to deepen access to financial services and unlock the economic potential of Burundi.

OUR VISION

Transform Lives and develop economies to their fullest potential.

OUR MISSION

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

CORPORATE VALUES

We are guided by the following corporate values: Deliver impact, learn continuously, behave responsibly, and achieve together.

Capital Structure

The ordinary share capital of the Company is as follows:

	Dec-23 BIF Mil"	Dec-22 BIF Mil"
Issued and fully paid-up capital	25 670.5	19,625

Shareholders of The Company

The total number of shareholders as at 31 December 2023 were three (31 December 2022: three shareholders). The shares of the Bank were held as follows:

Shareholders	2023	2022
i. CRDB Bank Plc	51 339	39 248
ii. Mr. Abdulmajid Mussa Nsekela (Group CEO & MD, CRDB Bank PLC)	1	1
iii. Mr. Frederick Bayona Nshekanabo (CFO, CRDB Bank PLC)	1	1
Total	**51 341**	**39 250**

Key **Milestones**

As a Bank, we are driven by a relentless desire to empower people, we continue to expand our footprint within the country working closely with customers from all walks of life and segments of the economy. We provide tailored solutions to our wide-ranging customers to enable them meet their financial needs

01 Established

CRDB Bank Burundi S.A was established in 2012 as a wholly-owned subsidiary of CRDB Bank Plc.

2012

02

Introduced Visa & MasterCard payment solutions

2013

03

2014

We launched Birashoboka Microfinance services in collaboration with Mastercard Foundation

Birashoboka Microfinance

04 Break-even Point

The bank became profitable during this year.

2015

05 TuriHose Agent

2017

Launched TuriHose Agent Network

06

2019

PAT growth rate at

146%

07 5th Largest Bank

Ranked the 5th Largest Bank in Burundi

2020

08

Marked 10 years of successful operations in the country

Ranked 3rd Largset Bank

2022

09 2nd Largest Bank

Ranked the 2nd Largest Bank in Burundi

2023

Our Products and Services

Banking

SimBanking
A service that allows you to carry out banking transactions using a mobile phone wherever you are and anytime from your mobile phone.

Cards
Enjoy unlimited possibilities and convenience with TemboCard Visa. This card provides instant and safe access to your bank account from any place and at any time.

Internet Banking
An instant banking service delivery channel that allows you to access accounts information and perform various transactions over the Internet

Premier Banking
This is an elite banking service that is geared towards making personal financial goals manageable, achievable, and more rewarding.

Birashoboka (Microfinance)
A means to facilitate the financial inclusion of underserved segments and those with small income-generating activities to promote the socio-economic development of the country.

International Transfer
An International money transfer service that is safe and fast. The recipient of the transfer will receive the money within 24 to 48 hours.

Cross-border
A transactions service between Burundi and Tanzania where one's funded foreign currency account is used across the two countries.

Corporate Banking
We provide a wide range of customised solutions for corporations and government institutions to meet the specific needs and business dynamics of each sector.

Retail Banking
We are focused on meeting the financial needs of personal and small business customers who are looking for accessible and affordable banking and financial services

Turi Hose agency network
We have a network of bank agents for the proximity of banking services to its customers.

Accounts

Current Account

We recognize that in these unpredictable days you deserve convenient and reliable services. Our current account provides you with an easy way to handle transactions.

Mwamikazi Account - Malkia

Mwamikazi Account is a unique saving plan designed for a modern-day woman with dreams. The account enables you to meet all your financial obligations, as well as personal goals and dreams.

Savings Account

With the CRDB Bank savings account you can conveniently save for your future needs while at the same time enjoying unmatched benefits and competitive interests on the daily balance.

Salary Account

Salary account designed to meet the financial needs of a modern-day worker, who is keen to build a career while making progress in life.

Junior Jumbo Account

Junior Jumbo is an account tailored for children below 18 years of age and it is meant to enable them to live to see their dreams.

Scholar Account

Scholar Account is a student account designed to enable students to get the wings to fly to the highest point in their academic dream.

Diaspora Account

Diaspora account is specially designed for you! It is a savings account designed for Burundians living in the Diaspora to open and use foreign and local currency accounts with a bank in their home country

Loans

Personal Loan

This facility is granted to employees who have accounts at CRDB Bank Burundi S.A. The applicant must be in a group with his colleagues from the same institution and the employer must undertake to domiciliate the monthly salary in a specific account of the applicant.

Salary Advance

As a preferred financial service provider, our customers' needs inspire us to create innovative products and services, tailor-made especially for salaried employees, who have their salaries or regular income paid through us. The Salary advance facility offers a perfect solution for the unforeseen financial needs of any worker anywhere within Burundi.

Twige Twese (Education Loan)

Twige Twese is a specialised salary advance, aimed at enabling salaried employees to meet their needs for education expense purposes and to prepare for the beginning of the school year. The facility is designed to support salaried employees to purchase school materials and tuition fees.

SME Loan

Our SME loan is designed to address the capital challenges for Small and Medium Enterprises (SMEs) with affordable credit provided on flexible terms.

Corporate Loan

We provide tailored loans to support both local and international trade to support the Corporate segment with a view to powering economic growth. Our Corporate loan products cover the diverse needs of our clientele and are designed with the client in mind.

Treasury

Fixed Deposit Account

It is a time deposit account with fixed terms where a certain amount of money is kept in the account for a predetermined fixed time and interest rate.

Forex

In this globalised economy, getting the best exchange rates for foreign currency gives your business an edge in business. This service allows your customers to save money by giving the best daily exchange rates.

Government Securities

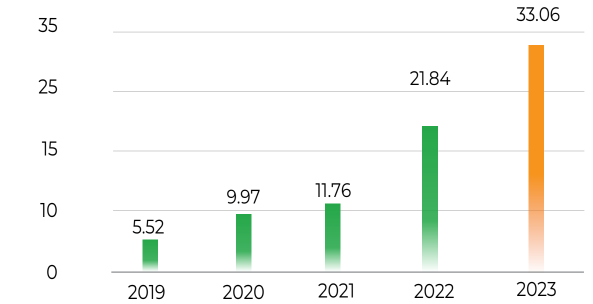
We offer market-level investment solutions, drawing from our vast experience in capital markets and securities trading. Our Government Securities services provide a stable and reliable wealth creation avenue for the discerning investor.

Transactional Banking

We offer transactional banking solutions aimed at improving our clients' capacity to oversee their working capital, achieved through increased transparency, operational efficiencies, and enhanced risk management practices.

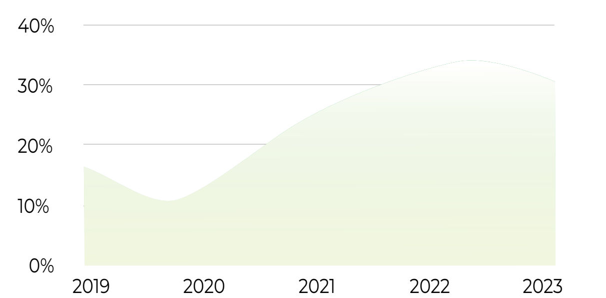
Highlights of Our Performances

Profit Before Tax (In BIF billions)



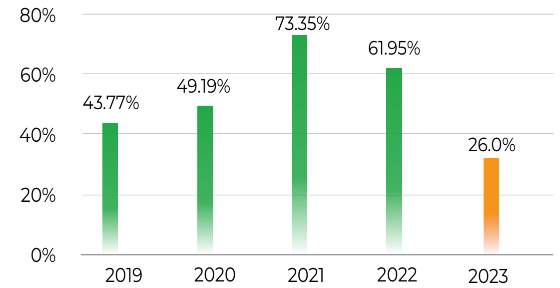
The successful execution of this strategy yielded tangible results, as evidenced by a remarkable 52% growth in Profit Before Tax (PBT) to BIF 33.06 billion from BIF 21.84 billion reported in 2022.

ROE trend over the last five years



(Calculated as Net Profit / Total Equity * 100%). During the year, Return on Equity (ROE) decreased to 34.5% from 35.01% in 2022 because of the increased equity during the year.

Growth in customer deposits

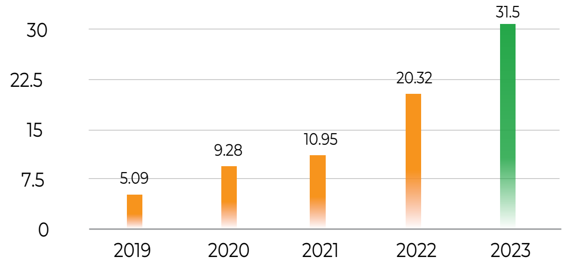


Total deposits mobilised increased from BIF 484 258 million as of 31 December 2022 to BIF 611 151 million as of 31 December 2023 which is a 26% growth

Capital Position

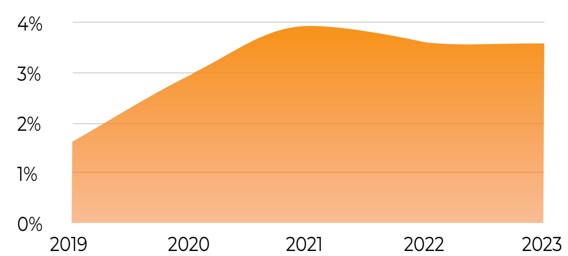
Performance indicator	2023	2022
Tier 1 Capital	21.50%	24.20%
Tier 1 + Tier 2 Capital	21.8%	24.7%

Profit After Tax (in BIF Billions)



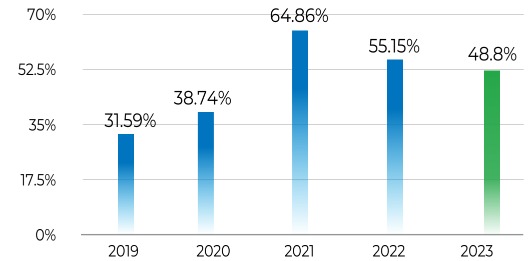
During the year, the bank provisioned a total of BIF 1 574 million for taxes, resulting in a Profit After Tax (PAT) of BIF 31 494 million, translating to 55% YoY growth compared to the previous year's BIF 20 321 million.

ROA trend over the last five years



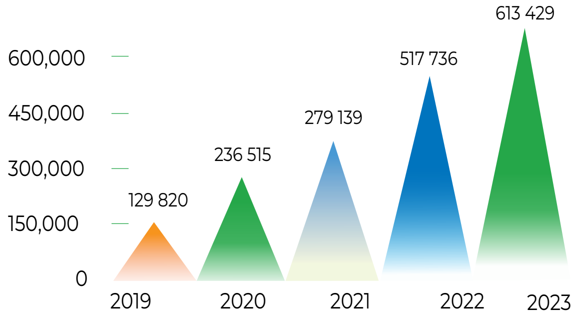
(Calculated as Profit Before Tax / Average Total Assets *100%). During the year, ROA maintained at 3.5% in 2023.

Growth in total Assets



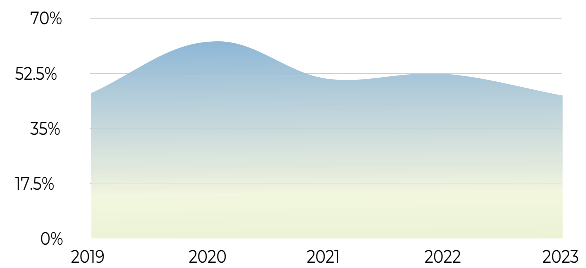
Total assets increased from BIF 752 162 million in 2022 to BIF 1 119 579 million in 2023 translating to a 49.0% growth.

Earnings Per Share (In BIF)



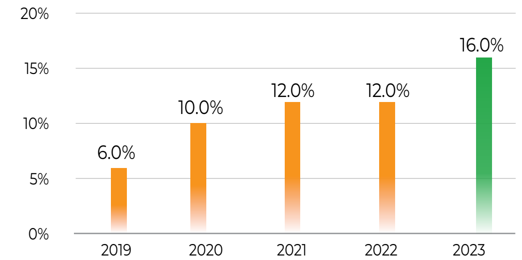
With the sustained growth in profitability, the bank is creating more value to distribute to its shareholders.

Evolution of the efficiency ratio over the last five years



Our priority is to sustain the efficiency initiatives to further improve the overall health of the bank while enhancing our customers' experience.

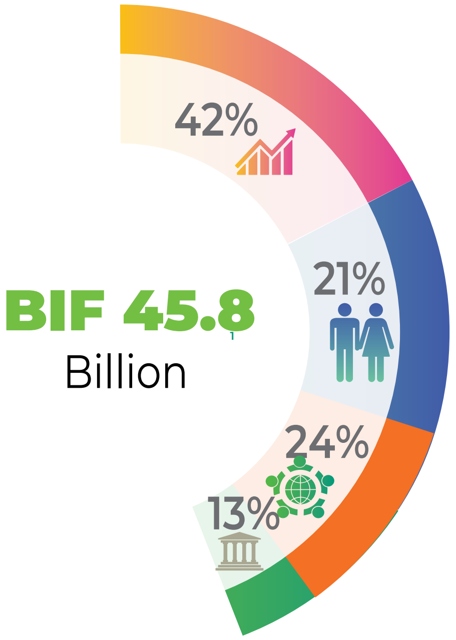
Asset Market Share



Our sustained investments and aggressive growth strategy has resulted in the expansion of our share of the markets in terms of assets. During the year, the market share increased to 16% from 12% in 2022.

The Value We Created in 2023

Our Value Added Statements provide a brief account of how our bank creates value and distributes that wealth to diverse stakeholders.



To Employees

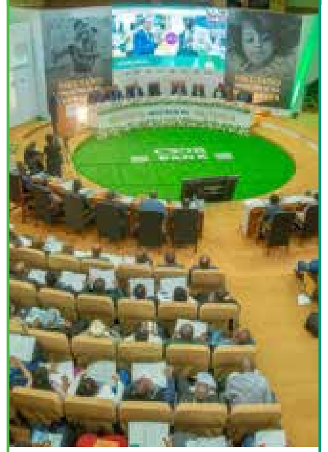
21%

BIF 9.6 Billion

Amount paid in salaries and other benefits in 2022

Our workforce drives the core of our business operations. We highly value the continuous development, adaptation, and advancement of our staff. Above all, we strive to ensure our employees are fairly compensated.

To Shareholders



24%

BIF 11.0Billion

Total Dividends paid from 2023 FY

Our company is built upon the principle of creating value. We strive to efficiently operate a sustainable business to deliver maximum value to our shareholders.

To Government

13%

BIF 5.8 Billion

Total taxes paid in 2023 FY

As a conscientious corporate entity, we firmly uphold our duty to fulfill all tax obligations as dictated by the laws of our jurisdiction.

To Expansion & Growth

42%

BIF 19.3 Billion

Amount reinvested in the business

As a developing bank, we are eager to utilize a portion of our profits to expand our presence. Throughout the year, we focused on broadening our distribution channels and digital infrastructure through investments.

Value Added Statement

	2023 BIF Millions	%	2022 BIF Millions	%
Income earned from financial services	**78 213**		**49 973**	
Cost incurred in provision of services	(33 803)		(17 750)	
Value added from financial services	**44 410**		**32 223**	
Non operating income	19 152		9 049	
Non operating expenditure	- (17 732)		- (12 017)	
Value - added	**45 830**		**29 255**	
Distribution of value added				
Employees and Management:				
Salaries and other benefits	9 630		6 720	
	9 630	21%	6 720	23%
To Shareholders:				
Dividend to other shareholders	11 023	24%	7 112	24%
To Government:				
Corporate Tax	713		433	
PAYE	1 527		1 126	
Skills & Development Levy	861		1 092	
Excise Duty/ Service Levy and other taxes	2 751		-	
Total Taxes	**5 852**	**13%**	**2 651**	**9%**
Reinvestment				
Depreciation, deferred tax and retained earnings	19 324	42%	12 772	44%
Value distributed	**45 830**	**100%**	**29 255**	**100%**

Management Team

1. Mr. Fredrick Siwale 2. Mr. Mediateur Muhire

3. Mr. Paul Ayumwi Mlay 4. Mr. Arnaud Rugema 5. Mr. Icare Gafurero 6. Mr. Prosper Nyenimpundu

7. Mr. Ernest Ngendakumana 8. Mr. Deusdedit Mchomba 9. Ms. Bella Niyuhire 10. Mr. Gadi Pori

11. Ms. Ines Mucowintore 12. Mr. Rene-Espoir Ndayikeje

1 Mr. Fredrick Siwale
Managing Director

2 Mr. Mediateur Muhire
Deputy Managing Director

3 Mr. Paul Ayumwi Mlay
Head of Finance and Administration

4 Mr. Arnaud Rugema
Head of Business Development

5 Mr. Icare Gafurero
Head of Risk and Compliance

6 Mr. Prosper Nyenimpundu
Head of Treasury

7 Mr. Ernest Ngendakumana
Head of Banking Operations

8 Mr. Deusdedit Mchomba
Head of Credit

9 Ms. Bella Niyuhire
Head of Internal Audit

10 Mr. Gadi Pori
Senior Manager, Information Technology

11 Ms. Ines Mucowintore
Senior Manager, Human Resources

12 Mr. Rene-Espoir Ndayikeje
Senior Manager, Retail Banking

CRDB Bank places great value in its workforce. We've had the privilege of playing a prominent role in assisting millions of individuals in East Africa with their financial requirements. As the financial landscape evolves and our customers' needs expand, we adapt accordingly. More significantly, we have contributed to shaping and defining the significance of financial services in everyday lives, supporting the realization of millions of aspirations.

Our range of products, services, innovative ideas, and charitable efforts now impact the daily lives of millions. The resilience and endurance we exhibit can be attributed to a consistent approach to business management and the exceptional qualities of our people.

Our forward-thinking leadership team comprises dedicated, focused, and seasoned executives. Collaborating with each other and our employees across diverse markets, their collective knowledge and experience make a positive impact on all our stakeholders – including customers, partners, regulators, employees, investors, and communities across East Africa.

We credit our strength and endurance to a consistent approach to managing our business, and to the character of our people. Our forward-looking leadership team is made up of dedicated, focused and experienced executives.

Our Business

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Reflections from the Board Chairman

Hosea Kashimba
Board Chairman

During the 2023 financial year, Burundi witnessed a commendable GDP growth rate of **4.5%, and the outlook for 2024** remains favourable, with a projected growth of **4.6%.**

Dear Shareholders,

I am delighted to share this annual report highlighting our successes in 2023 and the prospects our bank holds as we pursue growth. The 2023 financial year was uniquely challenging in our market, marked by currency devaluation and high inflation. These, coupled with the disruptions in the supply chains stemming from the geopolitical tensions, especially the wars in Ukraine and Palestine, further compounded the local situation in Burundi, exerting pressure on households and businesses alike.

Against this backdrop, however, CRDB Bank Burundi SA emerged stronger, braving the headwinds on account of proactive strategies and a resilient workforce. Coincidentally, the 2023 financial year marked the first of our five-year strategy, which mirrors the Group's medium-term aspiration of becoming the undisputed market leader in our respective markets. The successful implementation of the strategy returned good tidings, with impressive growth in all key indicators.

.....On behalf of the Board of Directors, I extend our heartfelt gratitude to our esteemed stakeholders, including partners, customers, and regulatory bodies, for their invaluable contributions to our success in 2023.

A Review of the Operating Environment

During the 2023 financial year, Burundi witnessed a commendable GDP growth rate of 4.5%, and the outlook for 2024 remains favourable, with a projected growth of 4.6%. This growth is primarily attributed to the ongoing recovery in agriculture and increased public investment.

Nevertheless, macroeconomic challenges persist, notably deteriorating terms of trade and accelerated domestic inflation, exacerbating the already challenging living standards in the country. The effects of the conflict in Ukraine have further exacerbated this situation, driving up food, housing, and fuel prices, with overall inflation reaching 20.3% by the end of December 2023.

Before the outbreak of the conflict in Ukraine, Burundi's economic outlook was promising, with growth projected to be robust in the medium term. Positive developments, such as reforms, investments in agriculture and mining sectors, and financial deepening, had positioned the nation for sustained growth.

Climate change poses a significant threat to Burundi's development trajectory, given the country's vulnerability to environmental fluctuations. The nation is particularly susceptible to floods, droughts, and heatwaves, which are exacerbated by its rugged relief and socio-economic challenges.

In response to these challenges, Burundi has articulated strategic initiatives, including a focus on reducing reliance on wood burning for heating and cooking in households. The promotion and deployment of renewable energy technologies are prioritised to improve energy quality, mitigate health risks, and combat deforestation.

New Strategic Direction

CRDB Bank Burundi embarked on a transformative five-year business strategy spanning from 2023 to 2027, with a clear focus on improving livelihoods and delivering sustainable impact. The strategy, anchored by a vision to transform lives and develop economies, centres on providing disruptive solutions to unlock socio-economic value while aspiring to be the market leader. Four main objectives drive this strategy: becoming customer-centric, seizing opportunities in key sectors, fostering a strong workforce, and enhancing organisational resilience, efficiency, and sustainability.

The bank's inaugural year of strategy implementation in 2023 aimed to address internal obstacles hindering performance goals, with a strategic aspiration to "evolve." Notably, significant progress was achieved, positioning the bank for sustainable growth. Strategic themes tailored for each financial year, informed by external dynamics and internal challenges, ensured alignment with the medium-term strategy. Seven strategic segments—Youth, Women, Agriculture, MSMEs, Salaried, Diaspora, and Corporate and public—guided the bank's focus, acknowledging the diverse needs of its clientele.

As a bank, we recognise the importance of identifying and prioritising strategic areas aligned with market demands and

GDP Growth Rate

GDP growth rate of **4.5%**, and the outlook for **2024** remains favourable, with a projected growth of **4.6%.**

Our Performance

16.0% Market share in total assets

15.0% Market share in deposits

Non-performing loans

0.22% compared to the industry average of **2.90%.** Furthermore, our cost optimization strategy has yielded positive results, as evidenced by the containment of the efficiency ratio, which stood at **43.05%.**

Earnings Per Share (EPS)
BIF **613 429**

core competencies while considering climate change initiatives and digital transformation. This holistic approach underscores our commitment to driving socio-economic development and achieving sustainable impact in Burundi's dynamic landscape.

A Review of Our Performance

In the wake of the pervasive challenges and unpredictable business environment, our bank demonstrated a robust financial performance within the banking industry, maintaining a prominent position with a 16.0% market share in total assets and a 15.0% market share in deposits. All the key performance indicators (KPIs) were above the industry averages, showcasing our strong operational efficiency and asset quality management. Notably, we excelled in managing non-performing loans, with a significantly lower rate of 0.22% compared to the industry average of 2.90%. Additionally, our strategy to optimise cost paid off, as demonstrated in the improved efficiency ratio, which closed at 43.05%, compared to the industry average of 52.00%.

Sustaining Value Creation

Our business is founded on the principle of long-term value creation, and this informs our investment strategy. Our financial metrics underscore our commitment to deliver on this undertaking. During the 2023 financial year, our bank delivered robust returns, with a return on equity (ROE) of 34.5% and a return on assets (ROA) of 3.5%, aligning with our objective of generating profitable growth. Our Earnings Per Share (EPS) of 613 429 BIF further exemplifies our ability to generate substantial profits attributable to equity shareholders, reinforcing our position as a leading financial institution dedicated to creating long-term value for its stakeholders.

Dividend Recommendation

As a forward-looking bank, we strive to strike a balance between enhancing shareholder value and allocating resources towards the continued growth of the company. In line with the bank's dividend policy, the board of directors proposes a dividend of 214,700 BIF per share from the after-tax profit, which is significantly higher than the recommended 181,208 BIF per share in 2022. The total recommended dividend amount is 11,023 million BIF for 2023, compared to 7,112 million BIF in 2022, representing 35% of the net profit.

Sustainability

we are strategically positioning ourselves at the forefront of sustainable and responsible banking practices, as evident in our robust Environmental, Social, and Governance (ESG) priorities outlined in its 2024 aspirations. We recognise the pivotal role that sustainability plays in future growth and are committed to elevating governance, risk management, and sustainability as key pillars of our operations.

We have emphasized aligning our business model to address evolving customer and stakeholder needs and play a pivotal role in supporting countries' transition plans towards achieving net zero. We believe that by embedding climate risk into our risk management framework, our bank would have adopted a forward-looking approach, acknowledging the importance of environmental considerations in financial decision-making.

In line with our medium-term strategy, we will maintain a focus on digital transformation to accelerate the delivery of our strategy to address evolving system challenges. Our main aim is to leverage both new and existing competitive advantages to attain market leadership, while simultaneously acquiring and optimising partnerships to enhance its capacity to serve and grow sustainably. As part of its comprehensive approach, we will remain committed to maintaining a healthy and quality loan portfolio, reflecting our dedication to responsible lending practices.

Future Outlook

CRDB Bank Burundi SA is poised to consolidate its position as a leading financial institution through the continued execution of its comprehensive 5-year strategy spanning from 2023 to 2027. We have placed a strong emphasis on customer-centricity and adaptability to market dynamics and are committed to addressing the evolving needs of our customers while maintaining relevance in the ever-changing business landscape. At the core of our envisioned future, is the strategic pursuit of retaining and expanding market share, driven by a focus on fostering strategic partnerships and leveraging innovative digital solutions to enhance customer experience and streamline operations.

As a bank, we recognise the role of technology in shaping the future of banking, and we are committed to fortifying our ICT infrastructure to support future growth and operational transformation. In addition to this, we are dedicated to enhancing operational efficiency and service delivery through process simplification, automation, and the introduction of innovative products tailored to meet the evolving demands of the market.

Going into 2024, we will prioritise critical technology projects and accelerate process reengineering initiatives to foster a culture of innovation and agility and drive performance, productivity, and profitability. More importantly, we remain steadfast in our commitment to striking a harmonious balance between business expansion and regulatory compliance, ensuring sustainable growth while mitigating risks. We strongly believe that through these strategic endeavours, CRDB Bank Burundi SA will emerge as the bank of the future, equipped to meet the evolving needs of its customers and navigate the dynamic financial landscape with resilience and foresight

Acknowledgements

On behalf of the Board of Directors, I extend our heartfelt gratitude to our esteemed stakeholders, including partners, customers, and regulatory bodies, for their invaluable contributions to our success in 2023. Your unwavering support and collaboration have been instrumental in achieving our goals and driving sustainable growth. We also acknowledge the pivotal role played by our parent company, CRDB Bank Plc, whose strategic guidance, resources, and unwavering commitment have significantly facilitated our success. Together, we have navigated challenges, seized opportunities, and laid a solid foundation for continued excellence. We look forward to further strengthening these partnerships and achieving even greater milestones together. Thank you for your trust and continued support.

Hosea Kashimba
Board Chairman

Réflexions du Président du Conseil d'Administration

Hosea Kashimba
Président du Conseil d'Administration

Au cours de l'exercice 2023, le Burundi a connu un taux de croissance du PIB louable de **4,5 %, et les perspectives pour 2024** restent favorables, avec une croissance projetée de **4,6%.**

Chers actionnaires,

Je suis ravi de partager avec vous ce rapport annuel qui met en lumière nos succès en 2023 et les perspectives de croissance de notre banque. L'exercice 2023 a été particulièrement difficile sur notre marché, marqué par la dévaluation des monnaies et une forte inflation. Celles-ci, associées aux perturbations des chaînes d'approvisionnement découlant des tensions géopolitiques, en particulier les guerres en Ukraine et en Palestine, ont encore aggravé la situation locale au Burundi, exerçant une pression sur les ménages comme sur les entreprises.

Dans ce contexte, cependant, CRDB Bank Burundi SA a émergé plus fort, bravant les vents contraires grâce à des stratégies proactives et à une main-d'œuvre résiliente. Par coïncidence, l'exercice 2023 a marqué le début de notre stratégie quinquennale, qui reflète l'aspiration à moyen terme du Groupe à devenir le leader incontesté du marché en Afrique de l'Est. La mise en œuvre réussie de la stratégie a porté ses fruits, avec une croissance impressionnante de tous les indicateurs clés.

Examen de l'environnement opérationnel

Au cours de l'exercice 2023, le Burundi a connu un taux de croissance du PIB louable de 4,5 %, et les perspectives pour 2024 restent favorables, avec une croissance projetée de 4,6 %. Cette croissance est principalement attribuée à la reprise en cours dans l'agriculture et à l'augmentation des investissements publics.

Au nom du Conseil d'Administration, j'exprime notre gratitude sincère à nos parties prenantes éminentes, y compris les partenaires, les clients et les organismes de réglementation, pour leurs contributions inestimables à notre succès en 2023.

Néanmoins, les défis macroéconomiques persistent, notamment la détérioration des termes de l'échange et l'accélération de l'inflation intérieure, qui exacerbent les conditions de vie déjà difficiles dans le pays. Les effets du conflit en Ukraine ont encore exacerbé cette situation, entraînant une hausse des prix des denrées alimentaires, du logement et des carburants, l'inflation globale atteignant 20,3 % à la fin du mois de décembre 2023.

Avant l'éclatement du conflit en Ukraine, les perspectives économiques du Burundi étaient prometteuses, avec une croissance prévue à moyen terme. Des développements positifs, tels que les réformes, les investissements dans les secteurs agricole et minier, et l'approfondissement financier, avaient positionné le pays pour une croissance soutenue.

Le changement climatique représente une menace importante pour la trajectoire de développement du Burundi, étant donné la vulnérabilité du pays aux fluctuations environnementales. Le pays est particulièrement sensible aux inondations, aux

sécheresses et aux vagues de chaleur, qui sont exacerbées par son relief accidenté et ses défis socio-économiques. Ces changements climatiques sapent les efforts de développement et mettent en péril les aspirations décrites dans la Vision 2025, une stratégie gouvernementale globale pour le développement durable.

En réponse à ces défis, le Burundi a formulé des initiatives stratégiques, notamment en mettant l'accent sur la réduction de la dépendance des ménages à l'égard du bois pour le chauffage et la cuisine. La promotion et le déploiement des technologies d'énergie renouvelable sont prioritaires pour améliorer la qualité de l'énergie, atténuer les risques sanitaires et lutter contre la déforestation. La Vision 2025 met notamment l'accent sur les micro et mini-centrales d'énergie renouvelable.

Nouvelle orientation stratégique

CRDB Bank Burundi s'est lancée dans une stratégie commerciale transformatrice sur cinq ans, s'étendant de 2023 à 2027, en mettant clairement l'accent sur l'amélioration des moyens de subsistance et la production d'un impact durable. La stratégie, ancrée dans une vision visant à transformer les vies et à développer les économies, est axée sur la fourniture de solutions de rupture pour débloquer la valeur socio-économique tout en aspirant à être le leader du marché. Quatre objectifs principaux guident cette stratégie : devenir centré sur le client, saisir les opportunités dans les secteurs clés, favoriser une main-d'œuvre solide et améliorer la résilience, l'efficacité et la durabilité de l'organisation.

L'année inaugurale de mise en œuvre de la stratégie de la banque en 2023 visait à lever les obstacles internes entravant les objectifs de performance, avec l'aspiration stratégique d'"évoluer". Des progrès significatifs ont été réalisés, positionnant la banque pour une croissance durable. Des thèmes stratégiques adaptés à chaque exercice, éclairés par la dynamique externe et les défis internes, ont assuré l'alignement sur la stratégie à moyen terme. Sept segments stratégiques - les jeunes, les femmes, l'agriculture, les MPME, les salariés, la diaspora, les entreprises et le public - ont guidé l'action de la banque, en tenant compte de la diversité des besoins de sa clientèle.

En tant que banque, nous reconnaissons l'importance d'identifier et de prioriser les domaines stratégiques alignés sur les demandes du marché et les compétences de base, tout en tenant compte des initiatives de lutte contre le changement climatique et de la transformation numérique. Cette approche holistique souligne notre engagement à stimuler le développement socio-économique et à obtenir un impact durable dans le paysage dynamique du Burundi.

Taux de croissance du PIB | **Notre performance**

Taux de croissance du PIB de **4,5%**, et les perspectives pour 2024 restent favorables, avec une croissance projetée de **4,6%.**

16.0% Part de marché dans les actifs totaux

15.0% Part de marché dans les dépôts

Non-performing loans
0,22% comparé à la moyenne industrielle de **2,90%**. De plus, notre stratégie d'optimisation des coûts a porté ses fruits, comme le montre l'amélioration du ratio d'efficacité, qui s'est établi à **43,05%.**

Bénéfice par action (BPA)
BIF **613 429**

Examen de nos performances

Dans le sillage des défis omniprésents et de l'environnement commercial imprévisible, notre banque a fait preuve d'une solide performance financière au sein de l'industrie bancaire, conservant une position de premier plan avec une part de marché de 16,0% pour le total des actifs et une part de marché de 15,0 % pour les dépôts. Tous les indicateurs clés de performance (KPI) étaient supérieurs aux moyennes du secteur, ce qui témoigne de notre grande efficacité opérationnelle et de notre gestion de la qualité des actifs. Nous avons notamment excellé dans la gestion des prêts non productifs, avec un taux nettement inférieur de 0,22 % par rapport à la moyenne du secteur, qui est de 2,90 %. En outre, notre stratégie d'optimisation des coûts a porté ses fruits, comme le montre l'amélioration du ratio d'efficacité, qui s'est établi à 43,05%, contre 52,00 % pour la moyenne du secteur.

Soutenir la création de valeur

Notre activité est fondée sur le principe de la création de valeur à long terme, ce qui inspire notre stratégie d'investissement. Nos indicateurs financiers soulignent notre engagement à tenir cette promesse. Au cours de l'exercice 2023, notre banque a enregistré des rendements solides, avec un rendement des capitaux propres (ROE) de 34,5 % et un rendement des actifs (ROA) de 3,5 %, conformément à notre objectif de générer une croissance rentable. Notre bénéfice par action (BPA) de 613 429 BIF illustre également notre capacité à générer des bénéfices substantiels attribuables aux actionnaires, renforçant notre position d'institution financière de premier plan dédiée à la création de valeur à long terme pour ses parties prenantes.

Recommandation de dividende

En tant que banque tournée vers l'avenir, nous nous efforçons de trouver un équilibre entre l'amélioration de la valeur actionnariale et l'affectation des ressources à la poursuite de la croissance de l'entreprise. Conformément à la politique de la banque en matière de dividendes, le conseil d'administration propose un dividende de 214 700 BIF par action provenant du bénéfice après impôt, ce qui est nettement plus élevé que les 181 208 BIF par action recommandés en 2022. Le montant total du dividende recommandé s'élève à 11 023 millions de BIF pour 2023, contre 7 112 millions de BIF en 2022, ce qui équivaut à 35 % du bénéfice net.

Durabilité

En tant que leader du marché au Burundi, nous nous positionnons stratégiquement à l'avant-garde des pratiques bancaires durables et responsables, comme en témoignent nos solides priorités environnementales, sociales et de gouvernance (ESG) décrites dans nos aspirations pour 2024. Nous reconnaissons le rôle essentiel que joue la durabilité dans la croissance future et nous nous engageons à faire de la gouvernance, de la gestion des risques et de la durabilité des piliers essentiels de nos opérations.

Nous avons mis l'accent sur l'alignement de notre modèle d'entreprise pour répondre à l'évolution des besoins des clients et des parties prenantes et jouer un rôle central dans le soutien des plans de transition des pays vers la réalisation de l'objectif "net zéro". Nous pensons qu'en intégrant le risque climatique dans notre cadre de gestion des risques, notre banque aurait adopté une approche prospective, reconnaissant l'importance des considérations environnementales dans la prise de décision financière.

Conformément à notre stratégie à moyen terme, nous continuerons à mettre l'accent sur la transformation numérique afin d'accélérer la mise en œuvre de notre stratégie numérique et de relever les défis liés à l'évolution des systèmes. Notre principal objectif est de tirer parti des avantages concurrentiels nouveaux et existants pour atteindre le leadership sur le marché, tout en acquérant et en optimisant les partenariats pour améliorer sa capacité à servir et à croître de manière durable. Dans le cadre de cette approche globale, nous resterons déterminés à maintenir un portefeuille de prêts sain et de qualité, reflétant notre attachement à des pratiques de prêt responsables.

Perspectives d'avenir

CRDB Bank Burundi SA est prête à consolider sa position en tant qu'institution financière de premier plan grâce à la poursuite de l'exécution de sa stratégie quinquennale globale qui s'étend de 2023 à 2027. Nous avons mis l'accent sur l'orientation client et l'adaptabilité à la dynamique du marché et nous nous sommes engagés à répondre aux besoins changeants de nos clients tout en maintenant notre pertinence dans le paysage commercial en constante évolution. Au cœur de l'avenir que nous envisageons, il y a la poursuite stratégique de la conservation et de l'expansion des parts de marché, grâce à la promotion de partenariats stratégiques et à l'utilisation de solutions numériques innovantes pour améliorer l'expérience des clients et rationaliser les opérations.

En tant que banque, nous reconnaissons le rôle de la technologie dans le façonnement de l'avenir de la banque, et nous nous engageons à renforcer notre infrastructure TIC pour soutenir la croissance future et la transformation opérationnelle. En outre, nous sommes déterminés à améliorer l'efficacité opérationnelle et la prestation de services grâce à la simplification des processus, à l'automatisation et à l'introduction de produits innovants conçus pour répondre à l'évolution des demandes du marché.

D'ici à 2024, nous donnerons la priorité aux projets technologiques essentiels et accélérerons les initiatives de réorganisation des processus afin de cultiver une culture

de l'innovation et de l'agilité et de stimuler la performance, la productivité et la rentabilité. Plus important encore, nous restons déterminés à trouver un équilibre harmonieux entre l'expansion des activités et la conformité réglementaire, afin d'assurer une croissance durable tout en atténuant les risques. Nous sommes fermement convaincus que grâce à ces efforts stratégiques, CRDB Bank Burundi SA émergera comme la banque du futur, équipée pour répondre aux besoins changeants de ses clients et pour naviguer dans le paysage financier dynamique avec résilience et clairvoyance.

Remerciements

Au nom du conseil d'administration, je tiens à exprimer ma sincère gratitude à nos parties prenantes, notamment nos partenaires, nos clients et les organismes de réglementation, pour leur contribution inestimable à notre succès en 2023. Votre soutien et votre collaboration indéfectibles ont joué un rôle déterminant dans la réalisation de nos objectifs et la stimulation d'une croissance durable. Nous reconnaissons également le rôle essentiel joué par notre société mère, le groupe CRDB Bank, dont les orientations stratégiques, les ressources et l'engagement indéfectible ont considérablement facilité notre réussite. Ensemble, nous avons relevé les défis, saisi les opportunités et jeté des bases solides pour poursuivre l'excellence. Nous nous réjouissons à l'idée de renforcer encore ces partenariats et de franchir ensemble des étapes encore plus importantes. Nous vous remercions de votre confiance et de votre soutien continu.

Hosea Kashimba
Président du conseil d'administration

Our **Business Model**

OUR CAPITAL INPUTS

FINANCIAL CAPITAL

Strong balance sheet with Total assets BIF 1 119 billion and equity BIF 91 billion

Material market share of total customer deposits 15% and 16% of total assets

INTELLECTUAL CAPITAL

We have an array of assets including the brand, reputation, **integrated footprint, and innovation capabilities.**

HUMAN CAPITAL

We nurture talented, healthy and engaged employees, harnessing their collective knowledge and expertise to deliver impact for our stakeholders.

MANUFACTURED CAPITAL

Our Manufactured capital includes **branches, buildings, a tier 3 data Centre, disaster recovery sites, remote and digital channels.**

SOCIAL AND RELATIONSHIP CAPITAL

We forge and maintain close relationships with our stakeholders in the communities we operate. This helps understand their expectations and engage responsibly in a way that ensures satisfaction leading to support.

NATURAL CAPITAL

Constitutes the **environmental resources** used throughout the Group's operations

STRATEGY

Input

- Customer Centricity
- Digital transformation
- Strong Growth Engines
- Efficient Operations
- Motivated Workforce

Outlook

- Adopting new technologies to deliver a superior customer experience
- Banking products and services that transform lives
- Deepening access to banking services
- Driving economic growth through affordable credit
- Providing employment and building careers

Value for Stakeholders

KEY PERFORMANCE INDICATORS

Financial

- Achieve an ROE of > 28%
- Attain a Cost-to-income Ratio of < 40%
- Maintain annual PAT growth > 20% every year
- Achieve a ROA > 4.3%
- Maintain an NPL ratio of below 3%
- Liquidity ratio of > 100%

Non- Financial

- No of new customers/accounts opened
- Retention Rate/dormancy rate
- Channel performance
- Customer Satisfaction Index
- Net Promoter Score (NPS)
- Customer engagements and interactions
- Product adoption rate

Internal Processes

- Turnaround time
- No of processes automated
- Risk compliance levels (all risk indicators)

Learning & Growth

- Number of trainings provided in a year
- Talent retention rate
- Diversity and inclusion

Strong balance sheet with Total assets **BIF 1 119** billion | Equity **BIF 91** billion | Material market share of total customer deposits **15%** | total assets **16%**

Our **Strategy**

At CRDB Bank Burundi, we aim to transform lives through our everyday activities. We believe in both social and economic transformation as prerequisites for better, sustainable lives. Our desire for inclusive growth has ensured that we remain dedicated to providing solutions for all sectors of the economy, with the view of building a vibrant environment for growth.

Advance from facilitating transactions to building **Economies**

Protect the organization from **Vulnerabilities**

Transform from utilizing people to **Optimizing** talent

Advance from engagement to **Leveraging** partnerships

Progress from supporting communities to generating **Value**

Promote **Environmental** stewardship

EVOLVE

OUR PURPOSE

Improve livelihoods & deliver sustainable impact.

OUR VISION

Transform Lives and develop economies to their fullest potential.

Strategic Pillars

EVOLVING TO STRENGTHEN OUR OPERATIONS	ACCELERATING GROWTH TO DEEPEN IMPACT
MEDIUM TERM	**LONG TERM**

MEDIUM TERM

Grow the business
Strengthen our service offerings and cement our presence in the market

Ring-fence the business
Tap into our unrealised potential and introduce offerings that are new to the bank

Future-proof the business
Enhance Sustainability and Governance;
Explore new horizons to adapt to evolving client demands.

LONG TERM

Building the economy

- Growth in Financial solutions extended to enable economic development projects.
- increase in the number of small and medium-sized enterprises (SMEs) financed.
- Increase in the total value of financing for agribusiness.
- Increase in accessibility of the bank's channels
- Increase in the number of jobs created in the economy as a result of the bank's activities.

Generating Value:

- Increase in the total value of community investment projects financed by the bank.
- Increase in the social return on investment (SROI) from the bank's community support activities.
- Increase in the economic impact of the bank's community support activities.

Environmental stewardship:

- Increase in the amount of financing provided for green or sustainable projects.
- Improvement in the bank's environmental, social, and governance (ESG) score.
- Reduction in the bank's water and energy consumption

Guiding Compass

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

Our Mission

Strategic Value Unlocks
Key Performance Indicators (KPIs)

											Outlook				
	KEY INDICATOR	Value Drivers	KPI UNIT	2023	2022	2021	2020	2019	YOY Change	BASELINE (2018)	2023 TARGET	2024 TARGET	MEDIUM TERM	LONG TERM	ASSURANCE TYPE
Profitability	Profit Before Tax (PBT)	Growth/productivity	BIF (Billion)	33.06	21.84	11.76	9.97	5.52	▲	2.26	38	60	Grow	Grow	MBO
	Profit After Tax (PAT)	Growth/productivity	BIF (Billion)	31.54	20.32	10.95	9.28	5.09	▲	2.02	25	42	Grow	Grow	MBO
Balance sheet growth	Total Assets	Business Growth	BIF (Million)	1 119 579	752 163	484 627	293 960	211 878	▲	161,015	1,000,000	1,694,250	Grow	Grow	MBO
	Growth in Total Assets	Business growth	Percentage	48.8%	55.15%	64.86%	38.74%	31.59%	▼	37.11%	32.90%	47.00%	Increase	Increase	MBO
	Asset Market Share	Business growth	Percentage	16.0%	12.0%	12.00%	10.00%	6.0%	▶	6.00%	>12%	>16%	Increase	Increase	MBO
	Loans and Advances	Growth/productivity	BIF (Billion)	684 933	307,575	194,197	132,667	78,129	▲	91,935	507,412	1,102,391	Grow	Grow	MBO
	Customer Deposits	Business Growth	BIF (Million)	611 151	464 258	286 663	-	-	▲	16.28%	21.0%	69%	Grow	Increase	MBO
	Total Equity	Growth/productivity	BIF (Million)	91,311	58,054	40,953	33,486	25,515	△	18,545	83,054	137,745	Increase	Grow	MBO
Soundness	Efficiency Ratio (Gross)	Capital Risk Management	Percentage	28.1%	32.30%	34.80%	33.70%	43.10%	▲	47..8%	30.0%	28.0%	Decrease	Decrease	MBO
	Efficiency Ratio (Net)	Capital Risk Management	Percentage	43.05%	45.40%	52.10%	50.80%	62.50%	▲	76.80%	36.0%	35.0%	Decrease	Decrease	MBO
	Return on Equity (ROE)	Productivity/value creation	Percentage	34.49%	35.01%	26.75%	27.72%	19.97%	▲	10.94%	>35.0%	>31%	Increase	Increase	MBO
	Return on Assets (ROA)	Productivity/value creation	Percentage	3.5%	3.52%	3.02%	3.94%	2.96%	▶	1.63%	4.30%	4.20%	Increase	Increase	MBO
	Non Performing Loans	Capital Risk Management	Percentage	0.22%	0.27%	0.34%	0.90%	1.10%	▲	0.60%	<3.0%	<3.0%	Maintain	Maintain	MBO
	Core Capital (Tier 1)	Capital Risk Management	Percentage	21.5%	24.20%	24.90%	27.90%	30.30%	△	25.50%	15.0%	15.0%	14- 18.0%	14.0 - 18.0%	MBO
	Total Capital	Capital Risk Management	Percentage	21.8%	24.70%	25.40%	28.40%	30.70%	△	26.00%	17.0%	17.0%	16.0 - 20.0%	16.0 - 20.0%	MBO
Deepening access to Finance	Customers	Productivity/Efficiency	Number	39,000	32,105	25,175	20,076	19,510	▲	19,510	45000	50000	Grow	Grow	MO
	No. of Bank Agents (Turi Hose)	Productivity/Efficiency	Number	1,530	558	449	241	120	▲	120	2000	2000	Increase	Grow	MBO
	Banking Outlets	Growth/productivity	Number	4	4	4	4	3	▲	3	6	6	Increase	Grow	MBO
Customer Service	Net Promoter Score (NPS)	Productivity	Percentage	85.0%	45.0%	52.00%	-	-	▲	-	50.00%	50.00%	60.00%	Increase	GMBO
	Mystery Shopping Score	Productivity	Percentage	81.0%	81.0%	-	-	-		-	82.00%	82.00%	90.00%	Improve	GMBO
	Customer Satisfaction Index	Productivity	Percentage	87.0%	87.0%	-	-	-			90.00%	90.00%	90.00%	Increase	GMBO
People	Number of Employees	Growth/productivity	Number	146	113	99	88	76	▲	70	150	196	Grow	Grow	MBO
	Employee Satisfaction Score (Group)	Productivity	Percentage	87.00%	87.00%	-	-	-	▶	-	85.0%	85.0%	>95.0%	Increase	GMBO
	Diversity & Inclusion (Male:Female)	Productivity	Ratio	67:33	78:28	68:32	63:37:00	63:37:00	▲	63:37:00	55:45:00	65:35:00	Improve	Equalize	GMBO

KEY: MBO - Management and Board Oversight GMBO - Group Management and Board Oversight MO - Management Oversight ▼ Negative growth ▲ Positive growth ▶ No Change/Maintain △ Right Direction

Reflections from
Founding Board Member

Ten Years of Sustained Impact: Jean Sindayigaya's Reflections after a Decade on the Board of CRDB Bank Burundi S.A

In December 2022, CRDB Bank Burundi celebrated its 10th anniversary in the country. The bank had completed its first decade as a foreign bank and as the first Tanzanian Bank to operate outside the country. The 10-year celebration was marked with song and dance, along with a recounting of the bank's journey. Jean Sindayigaya, a Commercial Engineer- cum-banker, was among the founding board members and served throughout the entire decade. He stepped down from the board in early 2023 after attaining the retirement age. Here, he provides his insights into the 10 years of CRDB Bank in Burundi and reflects on his time as a board member during that period.

Q: How did you become a member of the board of CRDB Bank Burundi SA?

Sindayigaya: Well, in 2012, I served as a Senior Advisor in the Office of the Vice President of the Republic of Burundi, responsible for the Economy and Social Services. At that time, Burundi had two Vice Presidents, one overseeing political affairs and the other managing economic and social matters. One day, a team from CRDB Bank in Dar es Salaam visited my office seeking an audience with the Vice President. They mentioned that they had already conducted their due diligence and met with other stakeholders, including the regulator. Subsequently, I introduced them to the VP, and they had fruitful discussions. Following the meeting, the then-Tanzanian ambassador to Burundi, who was part of the delegation, casually requested me to identify potential board members to join the bank. After consulting various stakeholders, I submitted three names, initially excluding mine. However, upon reviewing the list, the ambassador questioned why my name was absent. Consequently, I included my name, and after further due diligence, I was informed I was among the two selected. Our names were forwarded to the Central Bank of Burundi, and I was once again selected, perhaps due to my banking experience. In my earlier career, I served as the CEO of Bancobu in the late 70s, which I believe provided me with a solid foundation in banking and corporate governance.

Q: How do you feel about the bank's achievements over the last decade?

Sindayigaya Honestly, I am extremely pleased and content with what we have accomplished over the past decade. CRDB Bank entered this market during a challenging period and has demonstrated remarkable resilience, marked by significant achievements. We started from scratch, entering the market as the 10th bank. As a foreign bank, we faced serious competition from local banks, which had a wider distribution network. However, we leveraged innovative approaches to overcome this competition. For instance, our revolutionary branch-on-wheels provided us with a unique advantage, enabling us to reach thousands of customers in remote locations - we referred to it as a bank without walls. This was a rare experience in the market and provided us with a significant competitive edge.

We also focused on the unbanked population, recognizing an opportunity to unlock the economic potential inherent in the masses. We developed unique and exciting products and solutions, such as group loans, which were the first of their kind in the market. The success of these initiatives propelled our banking journey, opening doors to retail customers and enhancing our brand presence. In my view, these innovations, coupled with our aggressive customer recruitment strategy, gradually elevated our bank to a prominent position, attracting a wide array of customers and solidifying our foundation.

In a nutshell, CRDB Bank's journey over the last decade has been marked by significant successes, driven by transformative innovations. Our reputation in the market as a daring bank stems from pioneering many firsts and transforming the banking landscape in Burundi. We have also played a crucial role in financial services sector reforms, lending our expertise and experience to policy development, including the ongoing plans to operationalize capital markets.

Q: What do you consider the highlight of your tenure as a board member of CRDB Bank Burundi SA?

Sindayigaya: To be honest, we have experienced both tough times and great times alike. I have had numerous highlights over the past ten years. Each milestone we achieved brought deep joy and a sense of accomplishment, as we witnessed incremental growth and positively impacted lives. Generating profit for our shareholders is inherently gratifying, a result of our prudent decisions. My initial highlight was when we broke even in 2015, just three years after entering the market. Considering the deployment costs, market uncertainties, and fierce competition we faced during the formative years, breaking even in year three was both exciting and reassuring. Since then, we have steadily grown, which has been immensely fulfilling. However, perhaps the most intriguing highlight of my tenure was in 2022 when our total share capital was BIF 19 billion and, in that year, we made a net profit of BIF 19 billion. For me, this was both perplexing and exciting, as it was a rare coincidence.

Q: Did you experience any challenging days during your tenure?

Sindayigaya: Fortunately, there weren't many challenging days, but the days when we had to recover a facility from a customer were always sombre. It is never an easy task and can be quite draining. However, I do not recall having a bad day at work, thanks to the excellent work ethic at CRDB Bank and our exceptional team.

Q: What do you attribute CRDB Bank's success in Burundi to, and what does the future look like?

Sindayigaya: CRDB Bank is a unique enterprise, and I am proud to be part of this family. I believe what sets us apart from other banks or organizations is our culture. We foster a progressive culture and operate harmoniously as a family, a quality that continues to strengthen our fabric and drive our momentum in all endeavours. The support we receive from our parent company resembles parental love. Our parent company has been supportive and willing to provide both technical and material assistance to facilitate our growth.

However, the most integral aspect of our bank is strong governance. As a financial institution, I have come to appreciate our governance structure and accountability, which I believe sets us apart. During my tenure on the board, I witnessed relentless efforts to enhance governance, resulting in transparency and accountability. If we maintain this momentum, I foresee CRDB Bank Burundi becoming the premier bank in Burundi and perhaps the region.

Q: What do you consider CRDB Bank's most significant contribution to Burundian society?

Sindayigaya: In all honesty, the footprint we have established in Burundi is, in my opinion, our most significant impact on the country. We have redefined banking by extending services to underserved segments and previously unbanked populations. Our greatest success has been the inclusion of low-income earners and self-help groups. Additionally, we have provided financing opportunities to professional bodies and trade unions, including teachers' associations, nurses, and the public security sector, encompassing over 40,000 security officials through their cooperatives. Today, each of these individuals can borrow money and invest or develop their communities in remote parts of the country.

Q: You have retired from the CRDB Bank board; what's next for you?

Sindayigaya: First and foremost, I am deeply grateful to the CRDB Bank family for the shared experiences and the commendable work the bank continues to undertake. As far as I am concerned, I still consider myself part of the family and will continue to offer support wherever needed. If there's one thing I have learned during my time at CRDB Bank, it's the value of togetherness. We have achieved so much because we re always one team. Our bond is our strength, and this is what I value most.

As for my next step, I am venturing into the green energy business, drawing from my experiences while serving on the board. I aim to make an impact on low-income households by providing alternative and efficient energy solutions for rural communities in Burundi.

MR. JEAN SINDAYIGAYA | Founding Board Member

Business Review

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Message from the **Managing Director**

Fredrick Siwale
Managing Director

The accomplishments we made in 2023 were not a borne of a singular effort, rather by concerted efforts from a host of our stakeholders. I wish to take this opportunity to extend my sincerest gratitude to all those whose dedication and commitment have contributed to our success.

Amidst the economic turbulence, the International Monetary Fund (IMF) forecasted a **GDP growth of 4.3%**, underscoring the resilience and potential inherent within the Burundian economy.

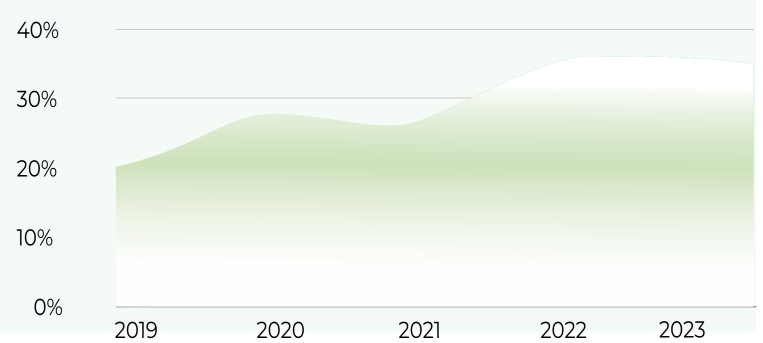
Dear Shareholders,

As we navigate through the intricate landscape of financial challenges and opportunities, CRDB Bank Burundi SA remains steadfast in its commitment to transforming lives and fostering economic resilience within the nation. In the wake of economic challenges in Burundi, occasioned by currency devaluation and its multifaceted repercussions, our bank stood out as a beacon of stability, leveraging its wide-ranging expertise and immense resources to mitigate the impact on businesses and individuals alike.

A Challenging Operating environment

Retrospectively, the 2023 financial year brought with it unique challenges, which impacted all sectors of the economy, with banks bearing the biggest brunt. The volatility induced by currency devaluation, with the BIF declining by almost 40%, cast a dark shadow over both the economy and the business landscape. During the year, the exchange rate surged from an average BIF 2,060 against 1 USD to over BIF2,800 in a short span of time, kicking off a series of unexpected events. As a result, the cost of living soared, with inflation reaching an alarming rate of up to 28%. This surge rippled across consumer products, food, transportation, and various other sectors, compelling the households to navigate through turbulent financial waters. Our primary goal during the year was to support our customers through the turbulent times, learning from previous experiences.

ROE trend over the last five years



43.0% the bank's efficiency ratio as at 31st December 2023 (2022: 45.4%)

0.22% Non-performing loans as a percentage of total loans.

21.8% Total capital as at December 31st 2023 (2022: 24.7%)

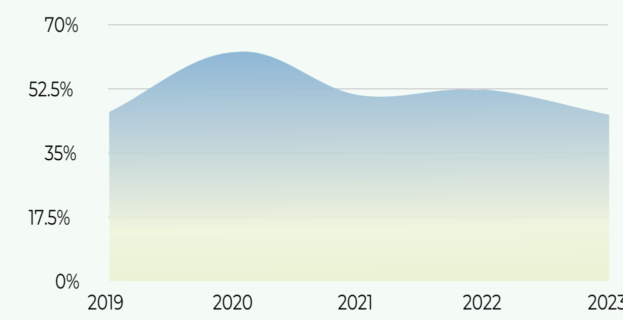
70% Our rated achievement of the first year of the MTS 2023-2027.

In the aftermath of currency devaluation, the government of Burundi grappled with revenue collection, while interest rates surged from 8% to a high of 12%. The monetary policy framework responded by setting the interbank offering rate at 10%, seeking to strike a delicate balance amidst the unpredictable economic terrain. However, despite these efforts, income erosion, both in foreign currency-denominated liabilities and assets, posed significant challenges, occasioning losses.

Change of Bank Notes

In the heat of the challenges of devaluation, the government of Burundi made a decision to change the notes, further exacerbating the situation. With stringent conditions and limited timelines, individuals and companies alike navigated through the intricacies of the transition, adapting to the evolving financial landscape with resilience and determination. Leveraging our deep market expertise and experience, we adequately supported our customers during the transition period.

Evolution of the efficiency ratio over the last five years



Foreign Currency Shortage

As the country continues to navigate the challenges around the availability of the foreign currency, especially the US dollar, CRDB Bank Burundi SA continued to play a pivotal role, particularly in sectors such as energy and agriculture. We Leveraging our financial strength and support from our parent company, CRDB Bank Plc, we continued to facilitate the flow of funds and resources to ensure availability of critical resources such as fuel and fertiliser.

Positive Economic Outlook

Amidst the economic turbulence, the International Monetary Fund (IMF) forecasted a GDP growth of 4.3%, underscoring the resilience and potential inherent within the Burundian economy. We remain cognisant of our role in catalysing growth and we will continue to forge strategic partnerships and initiatives that will propel Burundi towards a trajectory of sustainable development.

A Review of Our Strategy

The year 2023 was the first year of the bank's medium-term strategy 2023 - 2027 (MTS 2023-2024), which mirrored the Group's approaches to growth. The strategy focused on addressing performance gaps and strengthening the enablers to deliver robust growth and build a bank of the future.

A review of the key metrics tracked under the first year of the MTS 2023-2027 show tremendous success with an overall achievement above 70%. It is against these achievements that the bank's prospects incline on to propel the bank into a leadership position in profitability and value creation. Our priority under the current strategy is to unlock the bank's full potential while delivering an unmatched experience to our customers.

We are banking on the major infrastructure projects earmarked to be implemented over the next three years. The projects include the Standard Gauge Railways (SGR) which will cover three countries. – Tanzania, Burundi and the DRC. We are also keen on playing a role in the energy sector with upcoming projects earmarked for 2023.

Business Growth and Distribution

As part of our medium-term strategy, we continued to expand our footprint in Burundi with a view to enhancing accessibility especially for the underserved segments. Our soon-to-be-commissioned branches in Gitega and Makamba will add impetus to our growth trajectory and amplify our desire to serve more communities across the spectrum, from urban centers to remote regions.

Going into the future we expect to introduce new products and services, including services such as bancassurance and custodial services, once the capital markets is operationalised.

Stakeholders Engagements

The success reported during the 2023 FY is a product of close collaborations with key stakeholders, who continue to render unwavering support. In line with the Group policy on responsible stakeholder engagements, the bank continued to strategically engage key stakeholders with a view of building trust and support towards both the short- and long-term objectives.

Key engagements during the year under review included participation in key local and overseas events and forums such as the East Africa Investment conference held in Kinshasa-DRC in March 2023, Annual General Meeting of African Development Bank held in Egypt in May 2023 and Invest in Africa Summit held in Netherlands in May 2023.

Looking Ahead

CRDB Bank remains committed to transforming lives and driving economic resilience amidst challenging circumstances. Our proactive measures, strategic initiatives, and upcoming projects underscore the important role we play in fostering sustainable growth and development in our market. As we navigate the complexities of market fluctuations, we are intently committed to this cause and will continue to stand as a beacon of stability and progress, dedicated to empowering individuals, businesses, and communities across the nation.

Acknowledgements

The accomplishments we made in 2023 were not a borne of a singular effort, rather by concerted efforts from a host of our stakeholders. I wish to take this opportunity to extend my sincerest gratitude to all those whose dedication and commitment have contributed to our success. I express my profound appreciation to our esteemed customers whose trust and loyalty drive us forward. I would also like to acknowledge the invaluable contributions of our talented employees, whose hard work and expertise have propelled our organization to new heights.

In addition, I extend my thanks to our esteemed board of directors for their guidance and strategic vision, which have been instrumental in navigating the challenges and opportunities we encountered throughout the year. Lastly, I wish to recognize the unwavering support of our stakeholders, partners, and regulators, whose collaboration and cooperation have been essential to our achievements.

Frederick Siwale
Managing Director

Administrateur
Directeur Général

Au milieu des turbulences économiques, le Fonds monétaire international (IMF) a prévu une croissance **du PIB de 4.3%,** soulignant la résilience et le potentiel inhérents à l'économie Burundaise

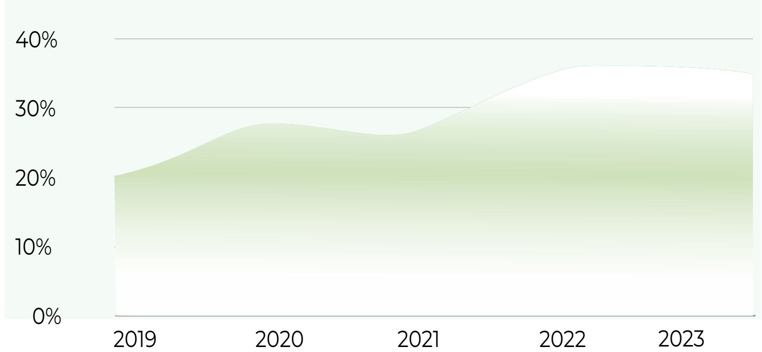
Chers Actionnaires,

Alors que nous naviguons dans un paysage complexe, rempli de défis et d'opportunités financières, la CRDB Bank Burundi SA reste ferme dans son engagement à transformer les vies et promouvoir la résilience économique. Dans le sillage des défis économiques du Burundi, occasionnés par la dévaluation de la monnaie ainsi que ses multiples répercussions, notre banque s'est imposée comme un modèle de stabilité, en tirant parti de sa large expertise et ses immenses ressources pour atténuer l'impact aussi bien pour les entreprises que pour les particuliers.

Un environnement opérationnel difficile

En rétrospective, l'exercice 2023 a été caractérisé par des défis uniques, qui ont eu un impact sur tous les secteurs de l'économie, les banques ayant été les plus touchées. La volatilité induite par la dévaluation de la monnaie, avec une baisse de près de 40% du BIF, a jeté une ombre sur l'économie

Tendance du ROE au cours des cinq dernières années



Les réalisations que nous avons accomplies en 2023 ne sont pas le fruit d'un effort unique, mais plutôt d'efforts concertés de la part d'un grand nombre de nos parties prenantes. Je saisis cette occasion pour exprimer ma plus sincère gratitude à tous ceux dont le dévouement et l'engagement ont contribué à notre succès.

43.0%
Le ratio d'efficience de la banque au 31 décembre 2023 (2022:45.4%)

0.22%
Nombre de PME accompagnées par la banque en 2023

21.8%
Capital total au 31 décembre 2023 (2022 : 24.7 %)

70%
Réalisation globale par rapport à la stratégie à moyen terme (2019-2023)

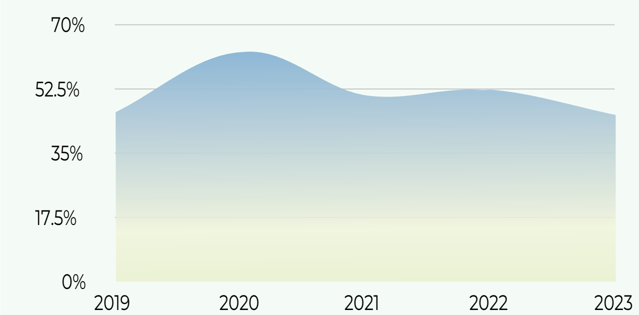
et le paysage des affaires. Au cours de la même année, le taux de change est passé d'une moyenne de 2 060 BIF pour 1 USD à plus de 2 800 BIF en peu de temps, déclenchant une série d'événements inattendus. En conséquence, le coût de la vie a grimpé en flèche, l'inflation atteignant un taux alarmant de 28 %. Cette hausse s'est répercutée sur les produits de consommation, l'alimentation, les transports et d'autres secteurs, obligeant les ménages à naviguer dans des eaux financières turbulentes. Notre principal objectif au cours de l'année a été d'aider nos clients à traverser cette période de turbulences, en tirant les leçons des expériences précédentes.

À la suite de la dévaluation de la monnaie, le gouvernement du Burundi s'est focalisé sur la collecte des recettes, tandis que les taux d'intérêt ont augmenté passant de 8 % à 12 %. Le cadre de la politique monétaire a réagi en fixant le taux d'intérêt sur le marché interbancaire à 10 %, cherchant à trouver un équilibre délicat dans un contexte économique imprévisible. Cependant, malgré ces efforts, l'érosion des revenus, à la fois dans les passifs et les actifs libellés en devises étrangères, a posé des défis significatifs, occasionnant des pertes.

Changement des billets de banque

Dans le feu de l'action de la dévaluation, le gouvernement du Burundi a décidé de changer les billets dans des conditions strictes et délais limités, entrainant une transition rapide pour les particuliers comme les entreprises pour s'adapter à l'évolution du paysage financier avec résilience et détermination. En nous

Evolution du taux d'efficacité au cours des cinq dernières années



appuyant sur notre expertise et notre expérience du marché, nous avons soutenu nos clients de manière adéquate pendant toute la période.

Pénurie de devises étrangères

Alors que le pays continue à relever les défis liés à la disponibilité des devises étrangères, surtout le dollar américain, la CRDB Bank Burundi SA a continué à jouer un rôle central, en particulier dans les secteurs de l'énergie et de l'agriculture. Grâce à notre solidité financière et au soutien de notre société mère, CRDB Bank Plc, nous avons continué à faciliter les flux de fonds afin d'assurer la disponibilité de ressources essentielles telles que le carburant et les engrais.

Perspectives économiques positives

En pleines turbulences économiques, le Fonds monétaire international (FMI) a prévu une croissance du PIB de 4,3 %, soulignant la résilience et le potentiel intrinsèque de l'économie burundaise. Nous restons conscients de notre rôle de catalyseur de la croissance et nous continuerons à forger des partenariats stratégiques et des initiatives qui propulseront le Burundi vers la croissance durable.

Une révision de notre stratégie

L'année 2023 a été la première année de la stratégie à moyen terme 2023 - 2027 (SMT 2023-2024) de la banque, qui reflète les approches du groupe en matière de croissance. Cette stratégie visait à combler les écarts de performance et à renforcer les catalyseurs afin d'assurer une croissance solide et construire la banque du futur.

Un examen des paramètres clés au cours de la première année de la SCM 2023- 2027 montre un succès énorme avec une réalisation globale supérieure à 70 %. C'est sur la base de ces résultats que les perspectives de la banque s'appuient pour la propulser dans une position de leader en matière de rentabilité et de création de valeur. Dans le cadre de la stratégie actuelle, notre priorité est de libérer tout le potentiel de la banque en offrant une expérience inégalée à nos clients.

Nous misons sur les grands projets d'infrastructure qui devraient être mis en œuvre au cours des trois prochaines années. Ces projets comprennent le chemin de fer (SGR) qui couvrira trois pays la Tanzanie, le Burundi et la RDC. Nous souhaitons également jouer un rôle dans le secteur de l'énergie en participant aux projets prévus en 2023.

Croissance et distribution des entreprises

Dans le cadre de notre stratégie à moyen terme, nous avons continué à étendre notre proximité au Burundi afin d'améliorer l'accessibilité de nos produits et services, en particulier pour les segments mal desservis. Nos agences de Gitega et Makamba, qui seront bientôt opérationnels, donneront un nouvel élan à notre croissance et amplifieront notre désir de servir plus de communautés dans tous les domaines, des centres urbains aux régions les plus éloignées.

À l'avenir, nous prévoyons introduire de nouveaux produits et services, y compris des services tels que la bancassurance et les services de courtage, une fois que le marché des capitaux sera opérationnel.

Engagements des parties prenantes

Le succès enregistré au cours de l'exercice 2023 est le fruit d'une collaboration étroite avec les principales parties prenantes, qui continuent à apporter un soutien indéfectible. Conformément à la politique du groupe en matière d'engagement responsable, la banque a continué d'engager les intervenants en vue d'instaurer un climat de confiance et d'obtenir leur soutien pour la réalisation des objectifs à court et à long terme.

Parmi les principaux engagements pris au cours de l'année considérée, citons la participation aux événements et forums locaux et internationaux tels que la conférence sur l'investissement en Afrique de l'Est, qui s'est tenue à Kinshasa (RDC) en mars 2023, l'assemblée générale annuelle de la Banque africaine de développement, qui s'est tenue en Égypte en mai 2023, et le sommet "Investir en Afrique", qui s'est déroulé aux Pays-Bas en mai 2023.

Perspectives d'avenir

La CRDB Bank est déterminée à transformer les vies et favoriser la résilience économique dans des circonstances difficiles. Nos mesures proactives, nos initiatives stratégiques et nos projets à venir soulignent le rôle important que nous jouons dans la promotion d'une croissance et d'un développement durables sur notre marché. Alors que

nous naviguons les complexes fluctuations des marchés, nous y sommes engagés et nous continuerons à être un modèle de stabilité et de progrès, dédié à l'autonomisation des individus, des entreprises et des communautés à travers la nation.

Remerciements

Les réalisations que nous avons accomplies en 2023 ne sont pas le fruit d'un effort unique, mais plutôt d'efforts concertés de la part d'un grand nombre de nos parties prenantes. Je souhaite saisir cette occasion pour exprimer mes sincères remerciements à tous ceux dont le dévouement et l'engagement ont contribué à notre succès. J'exprime ma profonde gratitude à nos chers clients dont la confiance et la loyauté nous poussent à aller de l'avant. Je tiens également à souligner les contributions inestimables de nos employés talentueux, dont le travail acharné et l'expertise appropriée ont propulsé notre organisation vers de nouveaux sommets. En outre, j'adresse mes remerciements à notre Conseil d'Administration pour ses conseils et sa vision stratégique, qui ont été déterminants pour relever les défis et saisir les opportunités que nous avons rencontrés tout au long de l'année. Enfin, je tiens à souligner le soutien indéfectible de nos parties prenantes, de nos partenaires et de nos autorités de régulation, dont la collaboration et la coopération ont été essentielles à nos réalisations.

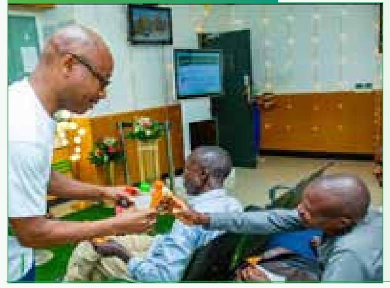
Fredrick Siwale
Administrateur Directeur General

Our Material Matters
& Stakeholder Relationships

How We Relate with our Stakeholders

Experience has taught us that to achieve success in today's unpredictable business landscape, relationship remains a key ingredient. We have made it a priority to invest in strong relationships, driven by a desire to ensure all our stakeholders are adequately engaged and satisfied. For us , effective relationship through consistent dialogue with key stakeholders is central to business sustainability, both in terms of understanding the key stakeholders needs and interest, opinions, and concerns, and in delivering the bank's commitments and respond on concerns through decisions, actions, and performance as well as on going communication with our stakeholders.

Set out below are the key stakeholders with whom the bank engages on a regular basis and the means of engagement.

Stakeholder	Stakeholders' Engagement	Outcome
Shareholders/ Investors 	• Annual General Meeting (AGM) is held on a yearly basis, • The annual report • Regular investors meeting	• Shareholder value creation through an attractive and sustainable dividend stream (BIF 181,208 dividend per share in year 2023 for 2022 performance and expect to declare BIF 214,700 dividend per share in 2024 for 2023 performance.) • Continuous engagement to inform their investment decisions. • Transparent reporting and Sound risk management.
Employees 	• Continuous engagement between management and employees through various ways physically and virtually where employees are encouraged to speak up all matters pertaining staff issues. • Employee annual feedback survey through an online platform is conducted to get feedback from employees on areas for improvement. • Annual performance appraisal discussions.	• A workplace where employees can be productive and achieve their potential. • Fair remuneration, effective performance management and recognition. • Career development and advancement opportunities. • A safe and health work environment.
Customers 	• A series of branch/office visits and customer events for retail, corporate and institutional customers. • A hotline is there to ensure constant engagement with the customers; and • Interaction with customers via CRDB website and other social media platform including the Instagram, Facebook, and Twitter.	• Innovative financial solutions and services • Convenient access to banking services through digital channels. • Excellence in client service. • Value-for-money banking that is competitive and transparent in pricing. • Strong cyber risk management

Stakeholder	Stakeholders' Engagement	Outcome
Suppliers 	• Formalized procurement policies and procedures have been established throughout the bank; and • Competitive procurement of goods and supplies is always exercised, and fairness is of utmost importance while awarding supply contract to selected service providers. • Regular meetings virtually and physically	• Fair bidding and timely payments • Governance and ethical practices.
Regulatory authorities 	• Regular communication with the Central Bank of the Republic of Burundi (BRB), Telecommunication Regulatory Authority (ARCT), and • Interaction with Burundi Revenue Authority (OBR) in respect of CRDB's tax commitments, as appropriate.	• Compliance on legal and regulatory obligation. • Formulation of relevant policy frameworks and enforcement thereof. • Active participation and contribution to industry and regulatory working groups. • Financial stability.
Government 	• Regular interactions through Government relations and Regulatory Affairs teams.	• Continuous streamlining with all required regulations • A stable and transformed financial services sector. • During the year tax BIF 3.9 billion was paid to the Government
Community/Society 	• Collaboration with related entities concerning CSI to foster responsible initiatives and disseminate best practices; and financial literacy and inclusion initiatives.	• Providing support and access to social and environmental financing to address societal needs. • Increased access to, and funding for education, health, and sports -related opportunities. • Innovative products that address societal and economic challenges.

Stakeholders Scorecard

Our company is founded on a commitment to positively impact lives. Our initiatives aim to achieve three primary goals: promote social progress and individual well-being, contribute to environmental preservation, and ensure sustainable prosperity for all stakeholders. The bank acknowledges that the strength of our relationships with stakeholders significantly impacts our ability to fulfil our mission. Consequently, we employ various methods to assess and gauge the value of our connections with stakeholders, enabling us to make well-informed evaluations.

Stakeholders	Indicator	How does it link to value creation	2023	2022
Customers	Net Promoters Score	Quality of service experienced by customers	85%	53%
	Client experience	Quality of service experienced by customers	85%	85%
Employees	Staff engagement index	Engaged employees	88%	88%
	Retention of high performing employees	Ability to retain high-performing employees	100%	100%
	Permanent employee turnover	Ability to retain employees	2.05%	2.60%
	Diversity-Internal promotion of women	Development of internal skills and capability	7	10
	Diversity -women in middle management	Progress of women in leadership positions	38.5%	43%
	Training amount Spent	Employee development investments	473 Mn	258 Mn
Regulator	Liquidity coverage ratio	BRB Compliance	305%	311%
	Tax paid	Contribution to Government funds	5.9 bn	2.6 bn
Societal & Planet	Education, health, & environment	Contribution to society and the planet	67 Mn	73 Mn

Factors Impeding our Creation of Value

Our operating environment is characterised by increased competition, disruptive technologies, changing consumer behaviour and regulatory and policy changes. Within the context of our current strategic, cultural, and digital journey. The Bank manages the following material matters.

Issue	Risk/Impact on Value Creation	Our Response
Increasing Competition	Loss of market share coupled with pressure on revenues and possible loss of revenues if our offerings do not remain competitive.	Delivering innovative products and services through an increasingly automated and digitized environment.
Disruptive technologies and digital adoption	Digital transformation is changing the way we do business, from client on-boarding and products sales to servicing.	Improving our partnerships to drive greater alignment between our business and technology partners to ensure we remain agile in the face of change.
Rising stakeholder expectations	Stakeholders' sentiments can impact our reputation and, affect the cost and availability of funding that is required to drive long-term performance.	Increased engagements with stakeholders to best understand their expectations to incorporate into our strategic planning. Adopting integrated reporting to increase transparency on our value creation process.
Ongoing regulatory and policy changes	Growing compliance costs which may have to be passed on to customers and ultimately impact shareholder returns.	Allocating a material proportion of our investment to regulatory compliance and risk prevention initiatives. Engagement with policy makers and communities to advocate for appropriate regulatory reform. Maintaining constructive and proactive relationships with key regulators.
Current and emerging risks	Risk of cyber-attacks on our Bank's systems through hacking, phishing, ransomware, and other means, may result in disruption of our services or leak of bank's confidential and customer information. Climate change is the major emerging risk in the world with a potential disruptive impact on the economy. It poses both physical and transition risks to our business, as the world transitions to a low-carbon economy.	The Bank have a robust data protection and cybersecurity framework in place which comprise of technological infrastructure and personnel with strong expertise in the field. The integration of long-term ESG criteria into business decisions, with the goal of providing more equitable, sustainable, and inclusive benefits to our stakeholders.

Our **Capitals**

Balancing our six capitals - financial, natural, human, social, manufactured, and intellectual - fuels our sustainable growth. Each capital plays a vital role in our operations, guiding our commitment to responsible stewardship and holistic value creation for all stakeholders

Resources	Inputs
Financial Capital We allocate resources to aid customer goals, leveraging robust financial capital from diverse debt and equity investors. Our solid capital base and varied funding ensure competitive banking solutions across our markets, maximizing shareholder value efficiently.	• Strong balance sheet with Total assets BIF 1 119 billion and equity BIF 91 billion • Material market share of total customer deposits 15% and 16% of total assets.
Human Capital Our organization thrives on our people. With a purpose-driven, inclusive culture, our diverse, skilled workforce forms our human capital. Continuous training enhances their abilities, ensuring we serve customers effectively. Our engaged team, guided by a clear vision and strong values, fosters continuous development for future success.	• The bank's total workforce stood at 146 staff where 96 (66%) were males and 50 (34%) were females. • The biggest age group is below 35 years of age (58%), (41%) are between the ages of 35-55 years and (1%) are above 55 years • Experienced & competent leadership team. Gender & diversity inclusiveness • Equal opportunities in training and development • Free of discrimination and harassment
Intellectual Capital We leverage data analytics and emerging tech for efficiency. Our intellectual capital, including brand equity, fuels innovation. Strategic partnerships and digital initiatives drive our progress in automation, advancing our digital strategy for enhanced customer solutions.	• Strong heritage brand • Our philosophy of service is driven by our deep belief in innovation. • Our sustainability strategy speaks to our desire to spearhead innovation in the financial services sector.

Resources	Inputs
Manufactured resources Our physical and digital infrastructure through which we conduct business activities. It includes our branch network, digital platforms, and IT estate which we are in the process of enhancing and simplifying.	• Banking outlets 32 (including super agents and franchises) • ATMs (11) • Turi Hose agents (1,530) • It also covers our IT infrastructure and security.
Natural Capital Our natural capital, vital for operations, is impacted by energy, emissions, paper, and waste. Credit facilities are screened for environmental and social risks. We prioritize energy efficiency, paperless transactions, and carbon footprint reduction through digital tools and conscious materiality.	• The Bank is keen on the consumption of electricity, fuel, water at our offices and driving paperless culture. • The Bank finance projects and businesses which manage their social and environmental impact in a responsible manner. • The Bank embraces a culture of responsible living, with the ultimate intention of building a sustainable work environment.
Social & Relationship Resources In our engagements with key stakeholders, we continuously strive to deliver a meaningful value exchange. We value the views of our stakeholders because they play a significant role in shaping our response to business and societal issues.	• Stakeholders' relationship is key for the success. • Continuous engagement with regulators. • Corporate Social Investment

Sustainability **Perspective**

Embracing Sustainability **for a Better Future**

At CRDB Bank Burundi S.A, our commitment to sustainability is deeply engrained in our organizational ethos, driving us to innovate and evolve in line with global best practices. As we navigate the dynamic landscape of banking in East Africa, sustainability is our guiding principle, shaping our strategic decisions and actions to create enduring value for our stakeholders and society.

Aligning with Global Goals

In our pursuit of sustainability, we have aligned our efforts with the United Nations' Sustainable Development Goals (SDGs), recognizing their pivotal role in addressing pressing global challenges. Our sustainability strategy resonates with 11 SDGs, spanning crucial areas such as poverty eradication, gender equality, climate action, and inclusive economic growth.

A Four-Pillared Approach

Our sustainability strategy rests on four pillars, each designed to drive meaningful impact and ensure holistic progress. These pillars encompass enhancing financial performance, fostering innovation and high performance, amplifying brand presence, and proactively managing risk. By weaving sustainability into the fabric of our operations, we aim to create a resilient and future-ready banking institution.

Driving External Partnerships

Leveraging partnerships with our parent company, we continue to pursue collaboration opportunities in environmental sustainability and social development. We are committed to combatting climate change and supporting green financing initiatives in Burundi.

Internal Initiatives for Sustainable Growth

Internally, we have embarked on initiatives to embed sustainability across our operations. These initiatives capture business value, develop sustainable business models, ensure operational sustainability, build organizational capabilities, and effectively engage with investors and stakeholders. By integrating sustainability into our core business functions, we strive to foster a culture of responsibility and resilience.

A Vision for the Future

At CRDB Bank Burundi S.A, sustainability is not just a buzzword; it's a guiding philosophy that informs everything we do. As we forge ahead, we remain steadfast in our commitment to driving positive change, fostering economic development that respects the planet, and creating lasting value for the communities we serve. In embracing sustainability, we aim to set a shining example of responsible banking in East Africa and beyond, paving the way for a brighter and sustainable future for all.

Performance Review

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Message from Head of **Finance & Administration**

Paul Mlay
Head of Finance
& Administration

Looking ahead to 2024, CRDB Bank Burundi S.A remains focused on achieving higher profitability, particularly through risk asset expansion, primarily loans.

The 2023 financial year proved to be particularly challenging for the banking sector in Burundi, marked by notable contrasts from preceding years. Some of the factors that contributed to this dynamic included heightened inflation rates and currency devaluations, both of which exerted considerable pressure on financial institutions.

Despite these adversities, CRDB Bank Burundi SA demonstrated resilience and adaptability, capitalising on emerging opportunities, while leveraging the robust support from its parent company. Notably, the currency devaluation, which escalated to more than 35%, significantly impacted the bank's operational landscape. The escalation of expenses, attributed in part to the devaluation, particularly affected cost-intensive activities like training, software licences and travel, thereby inflating overall operational costs..

Performance Review

The 2023 financial year marked the commencement of the new medium-term strategy (2023-2027), which mirrors the Group strategy themed 'Evolve". This strategy emphasizes expansion of the bank's outreach through cost-effective delivery channels within Burundi. The successful execution of this strategy yielded tangible results, as evidenced by a remarkable 51% growth in Profit Before Tax (PBT) to BIF 33 068 million from BIF 21,846 million reported in 2022. During the year, the bank provisioned a total of BIF 1 574 million for taxes, resulting in a Profit After Tax (PAT) of BIF 31 494 million, translating to 55% YoY growth compared to the previous year's BIF 20,321 million. The bank's interest income also increased by 57% to BIF 78 212 million, while fee and commission income more than doubled to BIF 19,152 million, reflecting a growth rate of 112%.

Changes Impacting Financial Performance

The business landscape in 2023 was, impacted by the budget law which introduced the new 8% tax on the net banking income. This change exerted a notable downward pressure on profit margins, resulting in a negative variance. Approximately BIF 2.7 billion was affected, impacting pre-tax profit and the efficiency ratio, which closed the year at 43.05%, above the target of 36%. These changes influenced the bank's Return on Assets (ROA), which remained steady at 3.5%.

Balanced Sheet Growth

CRDB Bank Burundi SA's medium-term strategy prioritises steady growth of the balance sheet. Throughout 2023, the bank witnessed a robust expansion, with total assets surging by 48.8% to BIF 1 119 579 million, up from BIF 752,162 million reported in 2022. Total deposits mobilised experienced a significant 32% increase, rising from BIF 464,258 million in 2022 to BIF 611,151 million by December 31, 2023. Similarly, the credit portfolio demonstrated exponential growth, increasing by 123.0% to BIF 683,686 million from the previous year's BIF 307,575 million.

Key Ratios

Key financial performance indicators for CRDB Bank Burundi SA underscored its robust operational performance in 2023. Return on Equity (ROE) stood at an impressive 34.5%, compared to the target of 35%. Return on Assets (ROA) remained stable at 3.5%, in line with strategic objectives. The Cost-to-Income Ratio (CIR) closed the year at 43.05%, above the targeted threshold of 36%. Notably, the bank maintained a low ratio of non-performing loans to total loans, standing at a commendable 0.22%.

51%

Growth n Profit Before Tax (PBT)

from BIF 21,846 million in 2022 to BIF 33 068 million reported in 2023

57%

Growth in Bank's Interest income

BIF 78 212 million in 2023

Fee and Commission income more than doubled to **BIF 19,152 million**, reflecting a growth rate of **112%**.

49%

Total Assets

BIF 752.1 billion in 2022 to BIF 1 119.5 billion.

32%

Bank's total deposits

BIF 464.2 billion in 2022 BIF 611.1 billion in 2023

Key financial performance Indicator	Target 2023	2023	2022	2021	2020	2019
Return on Equity	> 35%	34.5%	35.0%	26.8%	27.7%	20.0%
Return on Assets	> 3%	3.5%	3.5%	3.0%	3.9%	3.0%
Cost to income ratio (CIR)	< 36%	43.0%	45.4%	52.1%	50.8%	62.5%
Growth in customer deposits	> 21%	32.0%	62.0%	73.4%	49.2%	43.8%
Non-performing loans to total loans	< 3%	0.22%	0.3%	0.3%	0.9%	1.1%
Growth in loans and advances to customers	> 75%	123%	58.4%	46.4%	69.8%	-15.0%
Growth in total assets	> 33%	48.8%	55.2%	64.9%	38.7%	31.6%

Navigating Foreign Currency Challenges

Foreign currency volatility continued to pose challenges within the Burundi market. However, CRDB Bank Burundi SA maintained a competitive edge, leveraging robust support from its parent company to mitigate adverse effects. Despite these challenges, the bank remained committed to exploring innovative solutions, with anticipation of greater stability upon the operationalisation of capital markets.

Capital Management

In line with the 2023 -2027 medium-term strategy, the bank prioritised prudent capital management throughout 2023, maintaining adequate capital reserves. With a total capital ratio of 21.8%, CRDB Bank Burundi SA concluded the year with a solid foundation in capital, liquidity, and risk management, poised to seize opportunities and navigate future challenges effectively.

KPI	Definition and calculation method	2023	2022
Core Capital ratio	(Core capital/Risk weighted assets including off balance sheet items) *100%	21.5%	24.2%
Total Capital Ratio	(Total capital/Risk weighted assets including off balance sheet items) *100%	21.8%	24.7%

Strategic Initiatives and Major Investments

Stakeholder engagement remained pivotal in driving market growth and enhancing earning assets for CRDB Bank Burundi SA. Our continued efforts to engage new customers and explore avenues for capital expansion underscored our commitment to sustainable growth. Major investments, including ongoing projects such as the Enterprise Service Bus (ESB) project and core banking system, further the bank's strategic objectives. We are intent on providing a superior service excellence and become the market leader in all aspects.

Future Outlook

Looking ahead to 2024, CRDB Bank Burundi SA remains focused on achieving higher profitability, particularly through risk asset expansion, primarily loans. We are also keen on exploring opportunities within the agriculture sector and corporate business segments; which we see as integral to the economic transformation of Burundi. Leveraging support from our parent company, We will continue to provide market-ready solutions and support our customers in navigating the foreign currency challenges, while steadfastly serving customers and contributing to Burundi's economic growth trajectory.

Paul Mlay
Head of Finance & Administration

Réflexions du
Directeur Administratif et Financier

Paul Mlay
Directeur Administratif et Financier

À l'horizon de 2024, la CRDB Bank Burundi SA reste concentrée sur l'atteinte d'une rentabilité plus élevée, notamment grâce à l'expansion des actifs à risque, principalement les prêts.

L'exercice 2023 s'est avéré être particulièrement difficile pour le secteur bancaire au Burundi, marqué par des contrastes notables par rapport aux années précédentes. Parmi les facteurs qui ont contribués à cette dynamique figuraient l'augmentation des taux d'inflation et la dévaluation des devises étrangères, qui ont tous deux exercé une pression considérable sur les institutions financières.

Malgré ces défis, la CRDB Bank Burundi SA a fait preuve de résilience et d'adaptabilité, en capitalisant sur les opportunités émergentes, tout en tirant parti du soutien solide de sa société mère. Notamment, la dévaluation de la monnaie, qui est passée à plus de 35 %, a eu un impact significatif sur les opérations de bancaires. La hausse des dépenses, attribuée en partie à la dévaluation, a particulièrement affecté les activités à forte intensité de coûts comme les formations professionnels et les voyages, gonflant ainsi les coûts opérationnels globaux.

Revu de la performance bancaire

L'exercice 2023 a marqué le début de la nouvelle stratégie à moyen terme (2023-2027), qui reflète le thème de la stratégie du Groupe « l'Evolution ». Cette stratégie met l'accent sur l'expansion de la banque grâce à des canaux de distribution au Burundi. L'exécution de cette stratégie a donné des résultats nettement positifs, comme en témoigne une croissance remarquable de 51% % du bénéfice avant impôt (PBT) à 33 068 millions de BIF contre 21 846 millions de BIF déclarés en 2022. Au cours de l'année, la banque a eu gain de 1 574 millions de BIF sur les impôts, ce qui a entraîné un bénéfice après impôt (PAT) de 31 494 millions de BIF, ce qui se traduit par une croissance de 55 % en glissement annuel par rapport à l'année précédente (BIF 20 321 millions). Les revenus d'intérêts de la banque ont également augmenté de 57 % à 78 212 millions de BIF, tandis que le revenu sur les frais et commissions a plus que doublé pour atteindre 19,152 millions de BIF, ce qui reflète un taux de croissance de 112 %.

Changements ayant un impact sur la performance financière

Le climat des affaires en 2023 a été, influencé par la nouvelle loi budgétaire qui a introduit une taxe de 8 % du produit net bancaire. Cet ajustement réglementaire a exercé une pression à la baisse notable sur les marges bénéficiaires, ce qui a entraîné une variance négative. Environ 2,7 milliards de BIF ont été affectés, ce qui a eu un impact sur le bénéfice avant impôt et le ratio d'efficacité, qui a clôturé l'année à 43,05 %. Ce changement a influencé le rendement de l'actif (ROA) de la banque, qui est resté stable à 3,5 %.

Croissance équilibrée du Bilan

La stratégie à moyen terme de CRDB Bank Burundi SA privilégie une croissance régulière du bilan. Tout au long de l'année 2023, la banque a connu une forte expansion, avec un actif total en hausse de 48.8% à 1 119 579 MBIF, contre 752.162 MBIF déclarés en 2022. Le total des dépôts mobilisés a connu une augmentation significative de 32%, en hausse. Passant de 464.258 MBIF en 2022 à 611.151 MBIF au 31 décembre 2023. De même, le portefeuille de crédits a connu une croissance exponentielle, augmentant de 123,0% à 683.686 MBIF contre 307.575 MBIF de l'année précédente.

Ratios clés

Les principaux indicateurs de performance financière de CRDB Bank Burundi SA ont souligné sa solide performance opérationnelle en 2023. Le rendement des capitaux propres (ROE) s'est élevé à un taux impressionnant de 34.5%, par rapport au budget prévu de 35%. Le retour sur actifs (ROA) est resté stable à 3,5%, en ligne avec les objectifs stratégiques. Le ratio coûts/revenus (CIR) a clôturé l'année à 43.05, en dessous du seuil visé de 47%. La banque a notamment maintenu un faible ratio de prêts non performants par rapport au total des prêts, soit un taux louable de 0.22%.

Relever les défis des devises étrangères

La volatilité des devises étrangères a continué de poser des problèmes sur le marché burundais. Cependant, la CRDB Bank Burundi SA a maintenu un avantage concurrentiel, tirant parti du soutien solide de sa société mère pour atténuer les effets négatifs. Malgré ces défis, la banque est restée déterminée à explorer des solutions innovantes, dans l'attente d'une plus grande stabilité lors de l'opérationnalisation des marchés de capitaux.

Gestion du capital

Conformément à la stratégie à moyen terme 2023-2027, la banque a donné la priorité à une gestion prudente du capital tout au long de 2023, en maintenant les réserves de capital bien au-dessus des minimums réglementaires. Avec un ratio de capital total de 21.8%, la CRDB Bank Burundi SA a conclu l'année avec des bases solides en matière de capital, de liquidité et de gestion des risques, prête à saisir les opportunités et survenir efficacement aux défis futurs.

51%
Croissance et Bénéfice Avant Impôts (BAI)
de 21 846 millions de BIF en 2022 à 33 068 millions de BIF rapportés en 2023.

57%
Croissance des revenus d'intérêts de la banque
78 212 millions de BIF en 2023.

Les recettes de la taxe et de la Commission ont plus que doublé pour atteindre **19,152 millions de BIF**, ce qui reflète un taux de croissance de **112%.**

49%
Actifs totaux
752.1 milliards de BIF en 2021 à 1 119.5 milliards de BIF.

32%
Dépôts totaux de la banque
464.2 milliards de BIF en 2022
611.1 milliards de BIF en 2023

Indicateur de performance financière clé	Objectif 2023	2023	2022	2021	2020	2019
Rendement des fonds propres	> 35%	34.5%	35.0%	26.8%	27.7%	20.0%
Rendement des actifs	> 3%	3.5%	3.5%	3.0%	3.9%	3.0%
Ratio coûts/revenus (CIR)	< 36%	43.0%	45.4%	52.1%	50.8%	62.5%
Croissance des dépôts de la clientèle	> 21%	32.0%	62.0%	73.4%	49.2%	43.8%
Prêts non performants par rapport au total des prêts	< 3%	0.22%	0.3%	0.3%	0.9%	1.1%
Croissance des prêts et avances à la clientèle	> 75%	123%	58.4%	46.4%	69.8%	-15.0%
Croissance de l'actif total	> 33%	48.8%	55.2%	64.9%	38.7%	31.6%

Relever les défis posés par les devises étrangères

La volatilité des devises étrangères a continué à poser des problèmes sur le marché burundais. Cependant, CRDB Bank Burundi SA a maintenu un avantage concurrentiel, en s'appuyant sur le soutien solide de sa société mère pour atténuer les effets négatifs. Malgré ces défis, la banque est restée déterminée à explorer des solutions innovantes, dans l'attente d'une plus grande stabilité lors de l'opérationnalisation des marchés de capitaux.

Gestion des capitaux

Conformément à la stratégie à moyen terme 2023 -2027, la banque a donné la priorité à une gestion prudente du capital tout au long de l'année 2023, en maintenant les réserves de capital bien au-dessus des minimums réglementaires. Avec un ratio de capital total de 21,8 %, CRDB Bank Burundi SA a conclu l'année avec une base solide en matière de capital, de liquidité et de gestion des risques, prête à saisir les opportunités et à relever efficacement les défis futurs.

ICP	Définition et méthode de calcul	2023	2022
Ratio de fonds propres de base	(Fonds propres de base/actifs pondérés en fonction des risques, y compris les éléments hors bilan) *100 %.	21.5%	24.2%
Ratio de capital total	(Total des fonds propres/actifs pondérés en fonction des risques, y compris les éléments hors bilan) *100 %.	21.8%	24.7%

Initiatives stratégiques et investissements majeurs

L'engagement des parties prenantes est resté essentiel pour stimuler la croissance du marché et améliorer les actifs productifs de CRDB Bank Burundi SA. Nos efforts continus pour attirer de nouveaux clients et explorer des voies d'expansion du capital ont souligné notre engagement en faveur d'une croissance durable. Des investissements majeurs, notamment des projets en cours tels que le projet Enterprise Service Bus (ESB) et l'amélioration du système bancaire, renforcent les objectifs stratégiques de la banque. Nous avons l'intention de fournir un service d'excellence supérieur et de devenir le leader du marché dans tous les aspects.

Perspectives d'avenir

À l'horizon de 2024, la CRDB Bank Burundi SA reste concentrée sur l'atteinte d'une rentabilité plus élevée, notamment grâce à l'expansion des actifs à risque, principalement les prêts. Nous souhaitons également explorer les opportunités au sein du secteur agricole et des segments des entreprises ; que nous considérons comme faisant partie intégrante de la transformation économique du Burundi. En tirant parti du soutien de notre société mère, nous continuerons à fournir des solutions adaptées au marché et à aider nos clients à relever les défis des devises étrangères, tout en les servant sans relâche et en contribuant à la trajectoire de croissance économique du Burundi.

Paul Mlay
Directeur Administratif et Financier

Business Development

Navigating Economic Fluidity: **CRDB Bank's Resilience and Growth in 2023**

Arnaud Rugema
Head of Business Development

The 2023 financial year presented a complex landscape characterized by a myriad of macroeconomic challenges, particularly impacting the banking sector. The year unfolded amidst global economic uncertainty, with ongoing geopolitical tensions and trade disruptions across markets. Domestically, the banking sector grappled with the aftermath of the previous year's turmoil, including currency devaluation and inflationary pressures. These macroeconomic challenges posed significant hurdles for financial institutions, requiring adaptive strategies to navigate volatility and sustain growth. Against these headwinds, banks sought to bolster resilience, streamline operations, and innovate amidst uncertainty, laying the groundwork for strategic resilience and continued service delivery in an ever-evolving economic environment.

Strategic Deployment Amidst Challenges

In response to these challenges, CRDB Bank adopted innovative approaches to drive business growth in alignment with our ambitious goals for 2023. Despite the backdrop of uncertainty, we remained steadfast in executing our medium-term strategy, which was in its final year of implementation.

Sectoral Focus and Strategic Leverage

Throughout the year, we strategically targeted sectors identified by the government for economic revitalization, namely trade, agriculture, manufacturing, and construction. Recognizing the pivotal role of the agriculture value chain in Burundi's economy, we capitalized on this sector's potential, leveraging it to cross-sell loan products to existing deposit customers. Additionally, we seized opportunities in payment solutions and collections, including tailored solutions for schools, to tap into transaction balances and enhance revenue streams.

Empowering Growth Through Credit

Our initiatives bore fruit, as evidenced by the growth of our credit portfolio, fueled by our endeavours in various sectors. In addition to agriculture, we prioritized support for Micro, Small and Medium Enterprises (MSMEs), accelerating investments

and streamlining credit processes to enhance turnaround time. Furthermore, we endeavoured to bolster trade finance, offering tailored credit solutions to SMEs, thus leveraging our corporate customer value chains to fuel mutual growth.

Customer-Centric Innovations

Amidst the challenges of 2023, our commitment to customer service remained strong. We made significant strides in meeting client needs and establishing long-term relevance. To broaden access and maintain market-leading client experiences, we intensified efforts to upgrade our digital capabilities and expand alternative channels. Moreover, our increased customer engagement activities aimed at deeper insights into customer behaviours within the rapidly evolving business landscape.

Looking Ahead

Despite the turbulence of economic fluidity, CRDB Bank emerged resilient and dynamic in 2023. Our strategic focus, sectoral leverage, and commitment to customer service propelled us forward amidst challenges, empowering growth and fostering long-term sustainability. As we navigate the uncertainties of the future, we remain steadfast in our dedication to transforming challenges into opportunities and driving economic prosperity for Burundi and beyond.

Retail Banking

Enhancing Digital Distribution & Promoting **Financial Inclusion for Sustainable Growth**

Rene-Espoir Ndayikeje
Senior Manager, Retail Banking

In our pursuit to become the market leader, CRDB Bank Burundi experienced significant breakthroughs in 2023, laying the groundwork for future success.

The year was marked by a strategic focus on accelerating digital initiatives, optimizing branch operations, and refining our approach to supporting Micro, Small, and Medium Enterprises (MSMEs), all aimed at fostering financial inclusion and driving societal impact.

Expanding and Strengthening Branch Network

The introduction of Branch Network Supervision in Q1 2023 signalled a pivotal moment for our retail business. Through enhanced support mechanisms and robust collaboration with stakeholders such as our Parent Company, the Government, Central Banks, and other commercial entities, we ensured seamless operations, process improvement, and consistent customer satisfaction. Our commitment to delivering exceptional service beyond customer expectations and industry standards remained steadfast, underscored by regular visits, strategic meetings, implementation of Service Level Agreements (SLAs), and procedural alignment.

Moving forward, we are currently in the process of expanding our network outlets, which includes the establishment of two service centres, one Premier Outlet, and additional branches strategically positioned to drive an increase in active accounts from 39,000 to 50,000 by the close of 2024.

Revamping Retail Loans to Empower MSMEs and Promote Inclusive Growth

A significant milestone in 2023 was the Board's approval of our proposition to consider non-traditional securities from MSMEs, signalling a shift in our lending approach. This initiative, coupled with targeted recruitment efforts through cooperatives and retail customer engagement, led to remarkable outcomes, with financing cooperatives disbursing up to BIF 4 billion by December 31, 2023.

As we forge ahead, our focus remains on empowering MSMEs, Agribusinesses, Youth, and Women, with plans to onboard around 2,000 MSMEs and disburse no less than BIF 50 billion in 2024, further bolstering economic growth and sustainability.

Embracing Digital Innovation for Enhanced Customer Experience

In tandem with our commitment to digital transformation, 2023 saw the initiation of several key initiatives aimed at leveraging Alternative Banking Channels (ABCs) to drive growth and accessibility. The bank deployed sales agents across branches to facilitate the expansion of SimBanking subscribers and Internet banking usage.

In addition to this, ongoing digital projects, including integration with government agencies such as the Burundi Revenue Office (OBR) and the Burundi Water and Electricity Production and Distribution Authority (REGIDESO), along with the digitization of Municipal Tax Collection, are expected to streamline processes and enhance customer convenience.

Looking Ahead

Looking forward, we have an ambitious aim to generate over BIF 2 billion in income from alternative banking channels in 2024. We are confident that achieving this will solidify our position as a leader in digital banking innovation. As we reflect on the achievements of 2023, CRDB Bank Burundi SA remains steadfast in its commitment to driving financial inclusion, empowering businesses, and positively impacting society. With our new strategic roadmap and a dedicated team driving our vision forward, we angled for continued growth and success in the years to come

Treasury Report

Navigating Macroeconomic Reforms **to Stay Ahead of the Curve**

Prosper Nyenimpundu
Head of Treasury

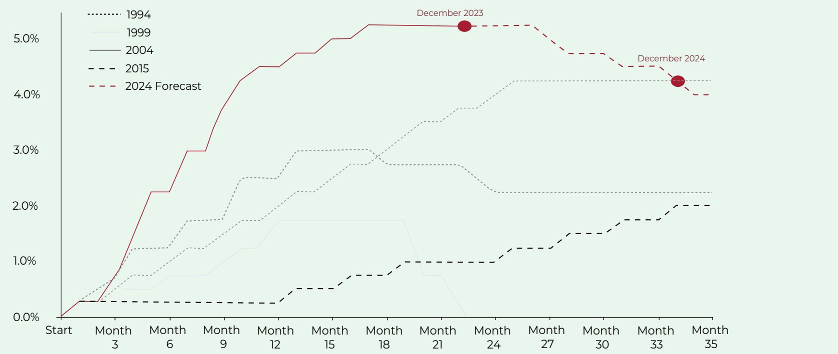
The 2023 financial year presented unique challenges and opportunities in the global and local economic landscape. Globally, trade tensions between the USA and China, the ongoing Russia-Ukraine conflict, and geopolitical tensions in the Middle East added uncertainties to international markets, which were already recovering from the aftermath of the COVID-19 pandemic.

Furthermore, major central banks, including the US Federal Reserve and the European Central Bank, signalled a commitment to higher interest rates in 2024 to address inflation concerns.

Locally, the Burundian economy showed signs of recovery despite challenges such as fuel shortages, low foreign exchange volumes for imports, inflationary pressures from domestic climate shocks and a livestock sanitary crisis. The International Monetary Fund's (IMF) approval of a US$ 271 million 38-month arrangement under the Extended Credit Facility (ECF) for Burundi in July 2023 marked a significant development in the macroeconomic landscape.

Federal funds rate across tightening cycles
Percent change from initial liftoff

Oct 7, 22: Receivers were allowed to withdraw remittances in hard currency and FX Bureaus were allowed to officially reopen subject to licencing



Source: Federal Reserve Board, EY-Parthenon

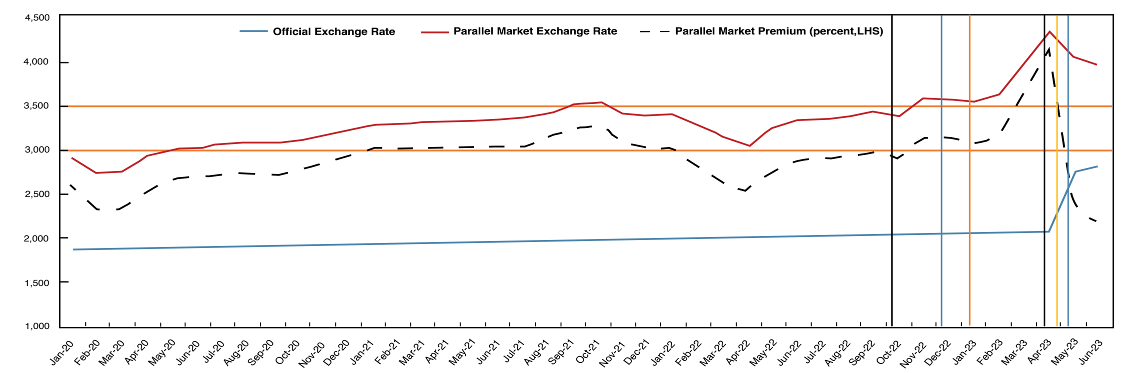
Macroeconomic Reforms

The ECF arrangement comes with commitments from the Burundian authorities, focusing on fiscal consolidation, foreign exchange market liberalization, monetary policy tightening, and broader governance and structural reforms. The implementation of these reforms will likely impact the Burundian economy in 2024.

Outlook and Impact on Treasury

In 2024, the Bank anticipates transformative times and will closely monitor the full implementation of the ECF-supported reforms. Key focus areas include:- the reform of foreign exchange regulations, leading to FX market liberalization, and the tightening of monetary policy. This will likely influence dynamics on the forex interbank market, impacting FX inflows and driving adjustments in interest rates on the money market. Positive movements in yields on government securities are anticipated in the first half of the year.

Text Figure 4. Recent FX Market Developments, 2020 - 23 (Period Average)



Oct 7, 22: Receivers were allowed to withdraw remittances in hard currency and FX Bureaus were allowed to officially reopen subject to licencing
Dec 9, 22: The BRB ended the special refinancing window for priority sectors(except for Agriculture sector)
Dec 9, 22: The BRB capped margins on FX transactions at 2 percent (Maximum of 5 percent al fees included.
Jan 13, 23: The BRB allowed FX bureaus to trade at the freely determined market rate
Jan 13, 23: The BRB imposed limits on cash transactions at commercial banks except where supporting documentation is available
Apr 10, 23: IMF press release of Staff Level Agreement (SLA) for ECF program
Apr 28, 23: The BRB announced that the FX interbank market (MD) will be launched or May 4th and revoked the Jan 13 measures on cash and deposit limits and comfort letters

1. Period average refers to monthly average
2. As of May 23 Parallel market defination changes to reflect Black market rates up to May 17 and Official Market reflects MD rate
3. Data for June 23 refers to monthly and average up to June 21st

Source; Authorities and IMF Staff

Sources: IMF staff calculation

Capital Market Development

The establishment of the Burundi Stock Exchange gained momentum in 2023 with the appointment of a Managing Director. The Bank is poised to support this progress in the capital market, aligning with the broader economic objectives. This development is expected to create new opportunities for investors and contribute to the overall economic growth.

Financial Support & Economic Contribution

As of December 31, 2023, the Bank maintained an outstanding exposure of USD 94.6 million, including debts from the parent company and the International Finance Corporation (IFC), financing various business segments in the economy. Beyond financial support, the Bank actively contributed to the Burundian economy through knowledge sharing, technical assistance, and job creation.

Future Outlook

Despite the challenges posed by global uncertainties and local economic pressures, CRDB Bank Burundi SA remains steadfast in its commitment to supporting the growth and stability of the Burundian economy. As we navigate the complexities of macroeconomic reforms, we remain focused on leveraging our resources and expertise to drive sustainable development and prosperity for our stakeholders and the nation.

Going into 2024, the Bank is well-positioned to adapt to the evolving economic landscape, capitalizing on opportunities arising from macroeconomic reforms and contributing to the growth and stability of the Burundian financial market.

Credit Report

Prioritising Customer Needs Amid **Economic Adversity**

Deusdedit Mchomba
Head of Credit

In the face of economic adversities gripping Burundi in 2023, CRDB Bank remained steadfast in its commitment to supporting businesses and households, navigating through challenges while maintaining a strong focus on growth and innovation.

Business Support and Technological Advancements

Throughout 2023, CRDB Bank extended support to businesses, recognizing their pivotal role in economic resilience. Leveraging technology, the bank fortified its asset quality management. Implementation of early warning systems and robust portfolio monitoring mechanisms underscored the bank's proactive approach to risk management, ensuring a resilient credit portfolio.

Stakeholder Engagement

CRDB Bank upheld its tradition of close engagement with stakeholders, particularly customers, fostering deeper understanding of their evolving needs. By maintaining open channels of communication and actively soliciting feedback, the bank remained agile in tailoring its offerings to meet customer expectations amidst changing economic dynamics.

Lending Portfolio Growth

The bank witnessed remarkable growth in its lending portfolio, reflecting a surge from BIF 307,575 million in December 2022 to BIF 684,934 million by the close of 2023, marking an impressive 123% increase. This surge not only underscores the bank's confidence in the market but also its unwavering commitment to fuelling economic expansion through strategic lending initiatives.

Industry Performance and Market Position

During the year under review, CRDB Bank continued to assert its dominance in the Burundian banking landscape, maintaining its position among the top leading banks in terms of balance sheet size. With a 16% market share in total assets and 15% market share in deposits, the bank solidified its stature as a key player, further consolidating its market presence amidst stiff competition.

In comparison with industry averages, CRDB Bank exhibited stellar performance in managing non-performing loans (NPLs). While the industry average stood at 2.90%, CRDB Bank impressively recorded a mere 0.22% NPL ratio, demonstrating exceptional asset quality and prudent risk management practices.

Future Outlook

CRDB Bank's performance in 2023 underscores its resilience, adaptability, and a dedication to supporting economic growth amidst challenging circumstances. Through innovative strategies, prudent risk management, and customer-centric initiatives, the bank not only navigated through turbulent waters but also emerged stronger, poised for sustained success in the dynamic banking landscape of Burundi.

Looking ahead, we will continue to capitalize on emerging opportunities and regulatory reforms anticipated to enhance market liquidity. The bank reaffirms its commitment to mobilizing deposits for onward lending, thereby catalysing economic growth and fostering financial inclusion across Burundi.

ICT Report

Pioneering ICT for Financial Inclusion **and Operational Excellence**

Mr. Gadi Pori
Senior Manager, Information Technology

In today's rapidly evolving banking landscape; Information and Communication Technology (ICT) remains a cornerstone for fostering innovation, driving digital acceleration, and financial inclusion.

It is against this understanding that CRDB Bank Burundi SA endeavours to be a trailblazer pioneering solutions that not only add value to the lives of our customers but also provide unmatched convenience.

In line with the medium-term strategy for 2023-2027, the bank continued to make considerable investments in ICT infrastructure, leveraging support from the parent company. A critical focus during the 2023 financial year was the sustained integration with strategic platforms and service ecosystems to provide convenience for customers.

Our priority as a market leader in Burundi is to fully exploit the growth opportunities within the economy to build a responsive technology-enabled banking ecosystem that supports the ambitions of individuals and businesses alike. Our investment in technology is guided by our desire to pioneer market solutions and digital technologies to drive financial inclusion and contribute to better livelihoods.

We are banking on diverse human capital, comprising experts in project management, database and system administration, ICT security, system development, hardware maintenance, and communication services provision to drive change. Their commitment and resilience have enabled the swift deployment of numerous solutions, aligning with the bank's mission to deliver innovative, quality, and sustainable solutions that cater to the evolving needs of customers.

To ensure total readiness, we have transformed our Data Center into a modern tier-three facility, to effectively manage the core business of providing financial services while actively contributing to the realization of financial inclusion through technology. We are keen to fully embrace new concepts such as teleworking, e-learning, big data analysis, and the Internet of Things to continue shaping the bank's operational landscape in line with our long-term strategy.

Aligned with the bank's overarching strategy, the ICT Department continues to execute initiatives outlined in the five-year plan, leveraging technology as a primary driver to enhance digital penetration and augment non-funded income. By remaining proactive and adaptive in its approach to ICT integration, CRDB Bank Burundi exemplifies a commitment to staying at the forefront of technological innovation, thereby ensuring sustained growth and relevance in an ever-evolving financial landscape.

Future Outlook

As we continue to navigate the evolving landscape of banking and technology, the role of ICT will remain central in shaping our trajectory. We will continue to embrace emerging technologies, refine operational strategies, and foster a culture of innovation to sustain the bank's position as a leader in the realm of digital banking and financial inclusion. we strongly believe that through strategic planning and relentless execution, CRDB Bank Burundi is poised to not only meet but exceed the expectations of its customers and stakeholders, driving transformative change and paving the way for a more inclusive and technologically advanced banking ecosystem.

Operations Report

Embracing Transformation to **Build Future-oriented Operations**

Ernest Ngendakumana
Head of Banking Operations

The 2023 financial year presented unique for the banking sector in Burundi, requiring a strategic response from CRDB Burundi SA.

As a market leader, our focus remained on ensuring uninterrupted services, a coordinated customer-centric approach, and the continued implementation of digital transformation initiatives.

Strengthening Distribution

During the year under review, the bank maintained its commitment to strengthening its distribution network, both physical and digital, targeting high-value regions. The bank's diverse network included 32 Banking outlets, comprising super agents and franchises, 11 ATMs, and approximately 1,530 Turi Hose agents, reflecting our commitment to providing accessible financial services across the country. As a result of our investment in distribution, we witnessed significant growth in the performance of our distribution channels

Channel Performance in 2023

Description	2022	2023	YoY Growth
Mobile Banking (SimBanking)			
Volume (transactions)	65 853	87 476	25%
Number of registered accounts	18 309	29 932	63%
Internet Banking			
Volume (transactions)	4 421	10 924	60%
Number of registered customers	3 834	9 044	58%
Agency Banking			
Volume (transactions)	168 663	259 818	35%
Number of registered agents	558	1 530	64%
ATMs			
Volume (transactions)	51 769	62 103	17%
Number of registered cards	23 460	26 430	64%

Digital Transformation

During the year, the bank made significant strides in digital adoption, with a primary emphasis on automation as a pivotal driver of our digital strategy. As a forward-looking bank, we recognize the importance of staying ahead in the digital landscape to meet evolving customer expectations and industry standards.

A key highlight of the year was the commendable progress in process automation, further enhancing operational efficiency and customer service. The integration of automated processes has not only streamlined internal operations but has also contributed to a more seamless customer experience.

Capacity Building Through Training

Acknowledging the importance of human capital in our digital journey, CRDB Burundi SA invested in comprehensive training programs. Capacity building initiatives ensured that our workforce remained well-equipped to navigate the evolving landscape of digital banking, fostering a culture of continuous learning and adaptability.

Looking Ahead

As we move forward, our strategic focus will remain on delivering our customer-centric digital strategy, optimizing processes, enhancing customer experiences, and ensuring user-friendly services. The bank's commitment to strengthening ICT infrastructure underscores our dedication to future growth and transforming our operational framework.

Our service experience aspiration is anchored in process simplification and automation, with a keen emphasis on critical technology projects and accelerated process reengineering programs. CRDB Burundi SA is steadfast in its commitment to holistic transformation, aspiring to emerge as the bank of the future, redefining standards in the financial services sector.

Human Resources Report

Investing in our People as a **Strategy of Growth**

Ines Mucowintore
Senior Manager, Human Resources

At CRDB Bank Burundi, we firmly believe that our future success is intricately linked to the well-being and development of our people.

As a bank that places people at the heart of its operations, we are committed to nurturing a supportive work environment conducive to employee growth and holistic wellness. Central to our approach is a dedicated focus on career progression and continuous upskilling, aimed at equipping our employees with the necessary expertise to excel in their roles. During the year under review, we continued to make strategic investments in our workforce in alignment with our medium-term strategy.

Training Initiatives

In 2023, CRDB Bank allocated BIF 473 million towards comprehensive staff training programs designed to enhance employees' skills and competencies. Leveraging various learning methodologies, including blended learning through video conferencing, web-based eLearning, and face-to-face training sessions, we ensured that employees had access to diverse learning opportunities tailored to their individual development needs. These efforts were supplemented by the attachment of eleven staff members to different departments within the parent company, providing them with invaluable exposure and skill-enhancement opportunities.

Our training initiatives are geared towards enhancing job performance, and skill development, and preparing individuals for future roles and responsibilities. Decisions regarding training facilitation are made based on individual development needs, without any bias towards age, gender, disability, ethnicity, or socio-economic status.

Talent Management and Development

CRDB Bank has instituted a robust talent management framework aimed at identifying, nurturing, and retaining talented employees. This framework emphasizes the linkage between performance and potential, ensuring that the bank remains competitive and equipped with the requisite leadership skills for sustainable growth. Our focus lies not only on positional advancement but also on developing a pool of skilled professionals capable of assuming diverse leadership roles within the organization.

Performance Management

CRDB Bank employs a rigorous Performance Management System (PMS) to evaluate employee performance against predetermined objectives. This system serves as the foundation for providing performance feedback, recognition, development opportunities, and corrective action plans to promote effective performance. During the year under review, we continued to use tools such as the Balanced Scorecard (BSC) and Competencies-Based Framework (CBF), to ensure a comprehensive and transparent assessment process, with performance reviews conducted semi-annually to facilitate ongoing feedback and development.

BIF 473 million
towards comprehensive staff training programs

supplemented by the attachment of
11 staff members

Gender Parity

Group/Category	2023 Male	2023 Female	2022 Male	2022 Female
Board	4 (57%)	3 (43%)	4 (57%)	3 (43%)
Key Management personnel	24(61.5%)	15 (38.5%)	16(57%)	12 (43%)
Other employees	72 (67%)	35(33%)	61 (78 %)	24 (28%)

Gender Diversity and Inclusion

As an equal-opportunity employer, CRDB Bank is committed to fostering gender diversity and inclusion across all levels of the organization. Our gender parity initiatives aim to provide equal access to employment opportunities, free from discrimination based on gender, marital status, tribe, religion, or disability. We are proud to report progress in gender parity across various categories, reflecting our commitment to creating an inclusive workplace environment.

Employee Wellbeing Initiatives

Recognizing the importance of employee well-being, we have implemented a comprehensive employee wellness program aimed at promoting healthy lifestyles and work-life balance. This program offers confidential counselling, sensitization training, capacity building, and support on health-related issues, underscoring our commitment to fostering a supportive and holistic work environment.

Future Outlook

Looking ahead, we remain committed to our people-centred approach, recognizing that our employees are our greatest asset and key drivers of our success. Through continued investments in their development, well-being, and inclusion, we are confident in our ability to achieve sustainable growth and make a positive impact on society.

Strategic Risk Management

Prioritizing Risk Management for **Sustainable Growth**

Icare Gafurero
Head of Risk and Compliance

> The banking industry is undergoing a significant transformation marked by heightened competition from FinTech, evolving cultural norms, regulatory changes, and disruptive technologies.

The emergence of FinTech and non-bank startups has reshaped the competitive landscape, prompting traditional institutions to reassess their business strategies. As a forward-thinking bank, we continually evaluate our risk exposure and implement proactive strategies to mitigate risks affecting our business.

Throughout the past year, we remained vigilant in managing risks, closely monitoring shifts in the business environment and emerging threats.

Our Risk Management Approach

CRDB Bank Burundi SA is steadfast in meeting stakeholders' expectations by employing a robust enterprise-wide risk management framework. This framework ensures the identification, quantification, management, and monitoring of risks to achieve an optimal risk-reward profile. With well-defined internal structures, processes, systems, and policies, we mitigate existing and potential risks that could impact our operations.

Implemented through a 'three lines of defence' model, our Risk Management Framework assigns clear responsibilities and accountabilities, facilitating effective independent oversight and assurance activities.

Our Attitude Towards Risk

While actively pursuing opportunities, we exercise prudent risk-taking within defined tolerance levels. Unacceptable risks, exceeding our maximum tolerance level, are rigorously evaluated to safeguard the bank's growth and operational stability. Our approach considers regulatory requirements to optimize profitability while managing risk responsibly.

Risk Philosophy and Appetite

Risk management is integral to our core functions, ensuring business continuity and delivering stable returns to shareholders. We adhere to policies, procedures, and tools that define risk appetite and expected returns, aligning with industry best practices.

Our Guiding Principles

Our risk management principles emphasize creating value while aligning with the bank's objectives. We integrate risk management into our planning processes at both operational and strategic levels, ensuring a comprehensive approach to risk identification, assessment, and mitigation.

We recognize the importance of proactive risk management in decision-making, leveraging available information to identify and address uncertainties. Our framework acknowledges the influence of human and cultural factors, promoting stakeholder engagement throughout the risk management process.

Top 7 Risks in 2023

- Geopolitical and economic uncertainties
- Cybersecurity threats
- Foreign exchange risk
- Technological disruptions
- Regulatory compliance
- Talent management
- Climate Risk

Management Responsibility

Primary responsibility for risk management rests with business and functional areas, embedding the Risk Management Framework into daily processes. All employees share the responsibility for effective risk management, reporting any breakdowns or potential exposures promptly.

Risk Mitigation and Shareholder Value

Preventing risks enhances shareholder value by proactively managing uncertainties and maximizing earning potential. Our risk management processes prioritize asset quality, operational efficiency, and prudent capital management, ensuring sustained earnings, regulatory compliance, and stakeholder support.

Uncertainty Management

In navigating uncertain economic environments, we employ a robust risk management process, deploying tools and measures to mitigate potential threats. Continual monitoring enables proactive adaptation to economic shifts, protecting our business and enhancing customer value propositions.

Emerging Risks

Climate change poses significant physical and transition risks, impacting operations, creditworthiness, and asset prices. Our approach to climate-related risks encompasses adaptation to a low-carbon economy while assisting customers and societies in navigating market dynamics. Physical risks include extreme weather events, while transition risks involve changes in stakeholder expectations and regulatory landscapes.

Corporate Social Investment (CSI)

Driving Impact Through Strategic **Social Investments**

Carelle Mugisha
Manager, Marketing and Public Relations

CRDB Bank Burundi SA upholds the values of inclusive growth and responsible citizenship, seeing itself not just as a financial institution but as an integral part of the community it serves. Yearly, we prioritize investments in social causes aimed at directly improving people's lives through targeted donations and sponsorships, guided by four main pillars: education, health, youth and sports, and the environment. We also remain flexible to address pressing needs beyond these pillars when warranted.

Health

In 2023, our commitment to our CSI policy remained steadfast. **The bank allocated a total of BIF 40,000,000** towards the establishment of an **In vitro fertilization (IVF) Center at the Umugiraneza Polyclinic of Kibimba**, a vital contribution to enhancing healthcare access. In addition to this, during Women's Day celebrations, we provided food and essential items to women at Mpimba Jail, emphasizing our dedication to addressing women's health and sanitation needs.

Education

Education remains a cornerstone of our societal investments. During the year under review, we **renovated a public school in Gitega**, Burundi's political capital, underscoring our commitment to improving educational infrastructure. The school's handover to the government in the second quarter marked a significant milestone in our ongoing efforts to support education.

Sports

Our support for sports reflects our belief in the holistic development of individuals and communities. In 2023, we contributed to various sporting endeavours, including backing Rukinzo Volleyball Club (RVC) in the Men's African Volleyball Club Championship and supporting the Association of Ngozi Cyclists (ANC) in celebrating National Patriotism Day. Additionally, we funded events such as the World Handball Championship, Beach Volleyball Federation (BVF), and the African Rallye Championship (ARC), reinforcing our dedication to promoting sporting excellence.

Community Engagement and Stakeholder Relations

Our sustained commitment to community engagement has earned us recognition and respect within the region. Notably, in October 2023, CRDB Bank had the honour of hosting Her Excellency Lady Maryam Mwinyi, the First Lady of Zanzibar and Chairperson of the Zanzibar Maisha Bora Foundation (ZMBF). Her visit, driven by humanitarian concerns, underscored the importance of our community initiatives. During the visit, the bank made a contribution towards ZMBF, which included the provision of five boats, valued at BIF 56,855,000, in support of the Foundation's commendable efforts to uplift and empower the community in Burundi. We view the First Lady's interest in learning about our support for the community as a validation of our impactful contributions

Looking Ahead

Looking ahead, CRDB Bank Burundi SA remains committed to fostering inclusive growth and responsible citizenship. As a market leader, we acknowledge that our role extends beyond financial transactions. We understand that we are a part of the communities we serve. As we progress, we will continue to invest in social causes aligned with our core pillars of education, health, youth and sports, and the environment.

Our flexibility to address emerging needs underscores our adaptability and responsiveness to evolving challenges. We believe that staying true to our values and leveraging our resources will enable us to make a lasting and meaningful impact on the lives of people across our region.

Ethics & Governance

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Board of Directors **Profile**

Mr. Hosea Kashimba
Board Chairman

Mr. Hosea Ezekiel Kashimba serves as the General Administrator of the Social Security of the Public Service (PSSSF), bringing extensive experience from his tenure as Director of Internal Audit at the PPF Pensions Fund (PPF). Prior to this role, he held positions including Internal Auditor and Payroll Accountant within the PPF Pensions Fund. Holding a Master's in Business Administration (Business Management) from the University of Mzumbe, a Higher Diploma in Certified Accountancy from IDM Mzumbe, and being a Chartered Accountant (CPA) T certified by NBAA, Mr. Kashimba exemplifies a commitment to professional excellence. He further solidifies his expertise with a Director's Certificate from the Institute of Directors Tanzania (IoDT).

Mr. Salvator Minani
Independent Director

Mr. Salvator, a seasoned lawyer and dedicated human rights advocate, brings extensive expertise and strategic acumen to his role as a consulting advocate in Bujumbura. With a rich background in human rights issues, he previously served as Project Coordinator for the Promotion of Criminal Justice in Burundi at the Association for Justice and Equity in Burundi (AJEBU-GENDERINGINGO). Prior to that, Salvator contributed to impactful initiatives such as the World Bank's "Women, Business, and the Law" project. Holding Master's degrees in Human Rights from the University of Lake Tanganyika, Burundi, and in International Trade Policy & International Trade Law from TRAPCA (a partner of Lund University, Sweden), he is currently pursuing an Executive Master's degree in Strategic Leadership, further enhancing his capacity for effective advocacy and leadership.

Dr. Elizabeth Mkoba
Independent Director

Dr. Elizabeth Mkoba, a Lecturer at the School of Computational and Communication Science and Engineering, Nelson Mandela African Institution of Science and Technology, Arusha, Tanzania, specializes in IT Project Management, Applied Information Systems, and ICT4D. With affiliations to esteemed organizations like the South African Institute of Computer Scientists and Information Technologists, she contributes as a reviewer for the National Research Foundation, Pretoria, South Africa. Dr. Mkoba holds Chartered IT Professional status and is associated with the British Computer Society. Her expertise extends to Research Methods and she is an active member of the Project Management South Africa Association. Notably, she is a distinguished Global Alumni of The Royal Princess and the Duke of Edinburgh - Commonwealth Leadership Study Conference.

Mr. Boma Rubala
Independent Director

Mr. Boma currently serves as the Chief Commercial Officer of CRDB Bank Group, having joined the bank on July 1st, 2019, as the Director of Retail Banking.

Prior to his tenure at CRDB, he held various roles at National Microfinance Bank (NMB), including Head of Card Business, Head of Consumer Banking, Senior Manager Retail Liabilities, Insurance, and VAS, Product Manager Retail Liabilities, and Management Trainee. He holds a Master's of Business Administration (MBA) in Corporate Management from Mzumbe University, Tanzania, and a Bachelor of Business Administration (Accounting) from Kampala International University, Uganda. His diverse experience in banking and finance, coupled with his strong educational background, underscores his expertise in the field.

Dr. (Mrs.) Oda Sindayizeruka
Independent Director

Dr. Oda Sindayizeruka serves as a Financial Expert at the National Coordination Unit of the "Agro-Pastoral Productivity & Market Development Project (PRODEMA)" and also holds the position of Financial Expert for the "Sustainable Coffee Landscape Project" (PADZOC), funded by the Global Environmental Facility. Previously, she held roles as a Lecturer and Vice-Dean at the Faculty of Economics and Administrative Sciences, University of Burundi, and later as Head of Finance and Administration. Dr. Sindayizeruka earned her PhD in Economics, specializing in Agricultural Economics, Rural Development, and Agribusiness from the University of Montpellier I, France, along with a master's and bachelor's degree in Economics Sciences, focusing on Agricultural Economics, Rural, and Agribusiness.

Mr. Didace Ngendakumana
Independent Director

Mr. Didace Ngendakumana, a seasoned leader, joined CRDB Burundi's Board in July 2023. Currently, he holds the position of Chief Executive Officer (CEO) at Agence de Développement du Burundi (ADB), the nation's Investment Promotion Agency.

Additionally, he serves as CEO of Burundi Investment Authority (BIA), comprising influential figures driving impactful change in Government and Authorities. Previously, Mr. Ngendakumana held the role of Director overseeing Relations with Europe at the Ministry of Foreign Affairs of the Republic of Burundi. With his extensive experience and strategic acumen, he continues to drive growth and development in both the public and private sectors.

Mrs. Kahumbya Bashige
Independent Director

Mrs. Kahumbya is a Chartered Director (Institute of Directors, UK) with a wealth of expertise in Governance, Development Finance, Commercial Banking, and Corporate Finance. She serves as an elected member of the Council of the Institute of Directors, UK, where she plays a crucial role in overseeing and advising the Board to ensure the Institute's objectives are met.

With over 20 years of experience, Kahumbya has a strong background in corporate and project finance, deal structuring, credit risk review, portfolio management, financial modeling, capital raising, and advisory services, particularly in mergers and acquisitions. She holds a Masters in Finance from Strathclyde University in Glasgow, UK, and a Bachelor of Commerce with a major in Accounting from the Catholic University of Eastern Africa, Nairobi, Kenya.

Mr. Fredrick Siwale
(Managing Director)
Board Secretary

Mr. Fredrick Siwale is a highly accomplished banking professional with over 15 years of expertise in financial services. His tenure as Managing Director follows distinguished service as Head of Global Markets within the Treasury Department.

With a robust background in capital markets, treasury management, and branch operations, he brings invaluable leadership to the organization.

Mr. Siwale holds an MBA from the University of Dar-es-Salaam (UDSM), complemented by a Post-Graduate Diploma and an Advanced Diploma in Business Administration from the College of Business Education (CBE) in Dar es Salaam, Tanzania.

His comprehensive skill set and academic achievements underscore his commitment to excellence in the field.

Our Governance

Our bank has a strong focus on good corporate governance. Our governance encompasses practices that aren't just about ticking boxes; but about fortifying trust in our institution and fueling sustainable growth for our shareholders and stakeholders. In principle, the board of directors doesn't just oversee; it champions the long-term prosperity of the bank. We're committed to; not only meeting legal requirements but also embracing voluntary guidelines and standards. Compliance isn't an afterthought—it's woven into the very fabric of our boardroom discussions, especially through our diligent board risk committee.

The Board of Directors

The Board of Directors plays a crucial role in guiding and overseeing the bank's performance and ensuring ethical conduct. To enhance its effectiveness, the board establishes specialized committees with specific responsibilities. These committees, composed of skilled directors, both monitor and advise the board, which retains overall decision-making responsibility.

Regular reviews and updates of committee terms ensure alignment with regulations and governance standards. The board closely monitors committee activities to ensure comprehensive oversight of the bank's operations. Each committee chair provides regular feedback to the board, promoting transparency and accountability.

The board is the driving force behind the bank's strategic direction and risk management. They are accountable to shareholders for the bank's performance and uphold high standards of governance. Their duties include overseeing financial reporting, setting the bank's vision and values, and appointing key executives.

They also approve corporate strategy, monitor its implementation, and ensure effective internal controls and risk management practices. The board reviews business resiliency plans, ensures adequate capitalization, and approves major expenditures and strategic investments. Throughout the year, the board fulfilled its responsibilities, leading to the bank's outstanding performance, while adhering to the principles of good corporate governance.

Commitment to Sustainable Value Creation

Unlocking value through strong corporate governance is at the heart of our bank's ethos. Our well-defined governance structures provide the foundation for creating and safeguarding value, ensuring we meet our strategic objectives while considering the needs of all stakeholders. With a commitment to continuous improvement, our Board stays abreast of regulatory changes and best practices, enhancing our governance principles, policies, and practices. Through our approach to corporate governance, we not only comply with legal and regulatory requirements but also deliver sustainable impact to stakeholders, contribute to our community, support the economy, and protect the environment. We foster an ethical culture and prioritize risk awareness while promoting transparency, accountability, and empathy in all our stakeholder relationships.

Board Independence

Ensuring board independence is crucial for effective corporate governance, as it allows for unbiased decision-making that serves the interests of all shareholders. The majority of board directors should be independent, with no relationships that could compromise their judgment. Assessments of independence consider all relevant factors, including connections with the company, senior management, or other directors. Insider trading restrictions are in place to prevent misuse of privileged information, with strict rules for trading Group securities. Board appointments are based on merit and diversity, with a thorough selection process for directors and senior positions. The board comprises both Non-Executive and Independent Non-Executive Directors, recommended for election or appointment by shareholders.

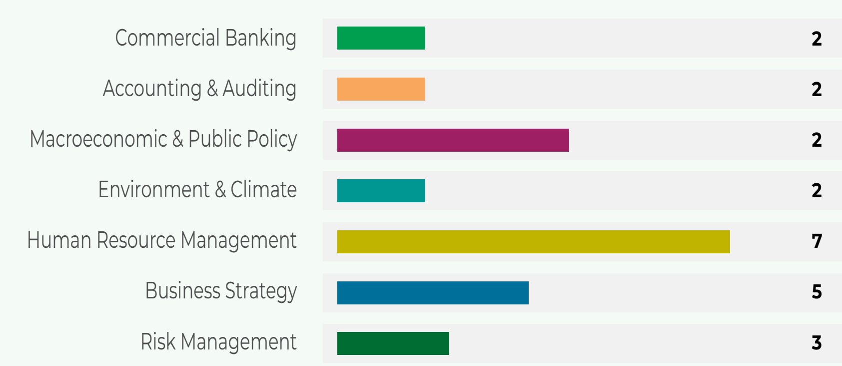
Board Relationships and Engagement with Stakeholders

Building strong connections with shareholders and stakeholders is key to fostering trust and transparency. Through regular outreach and ongoing dialogue, we actively engage with our investors to understand their perspectives while ensuring they comprehend our vision and plans. The board values open communication, regularly updating shareholders on our financial performance and; ensuring timely and equitable dissemination of information to the market.

Balance of Knowledge, Skills & Experience Well Diversified to add Value to all Aspects of CRDB Bank Group

Over the years, we have learned that to succeed in this fast-paced business environment, ourbank needs a broad range of skills to ensure and create value in the interest of all stakeholders. The board determines the required composition of skills in response to the rapidly changing environment and shifts in CRDB Bank's own long-term strategy. Having the appropriate mix of skills and experience ensures that the Board is well-equipped to guide and drive the bank's strategy into the future and thereby create value.

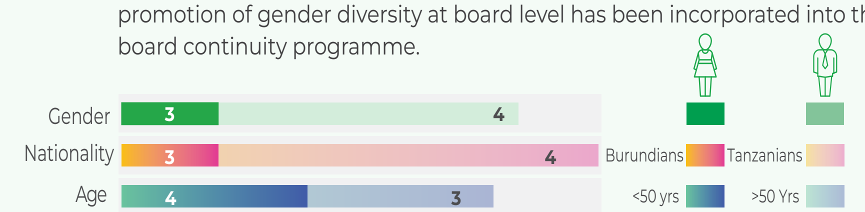
Board skills and Experience



Board Diversity - Being Relevant in a Transforming Society

Our bank considers board diversity as a critical factor in ensuring the bank remains committed to its purpose of transforming lives through financial sector innovation and intuitive action. We have learned from other markets that diversity matters, as companies that embrace gender, race and ethnic diversity perform better financially.

As part of our long term strategy, CRDB Bank. is committed to promoting diversity at board level, with diversity and inclusion being key considerations in our board selection processes. We strive for a transformed board transcends biases and stereotypes. The bank's policy on the promotion of gender diversity at board level has been incorporated into the board continuity programme.



Code of Conduct and Ethical behaviour

At CRDB Bank Burundi, we have a sting focus on ethical conduct because we believe it defines our purpose and character in society. To ensure success our Board has implemented a comprehensive code of conduct applicable to all directors and employees, including the Managing Director. This code addresses various aspects, with a particular focus on regularly reviewing and updating conflict of interest considerations. It is mandatory for all employees and directors to confirm in writing their compliance with the code, reinforcing our commitment to the highest standards of ethical behavior.

Our directors are held to the utmost standard of ethical conduct, supporting policies that emphasize integrity and honesty for both directors and employees. We maintain a zero-tolerance stance against bribery and corruption, viewing them as incompatible with good corporate governance. All staff within the Bank bear the responsibility of adhering to the Bank's Code of Conduct

Whistleblowing Policy

The Bank has established robust whistleblowing policies and procedures to foster a culture where staff are encouraged and confident in reporting any fraudulent, immoral, unethical, or malicious activities. This extends to employees, management, those charged with governance, clients, consultants, vendors, contractors, and any other parties with a business relationship with the bank. The policy is crucial for promoting compliance and creating an environment where employees respect internal bank policies and comply with relevant laws and regulations.

The Bank encourages the reporting of concerns related to fraud, corruption, or any misconduct. This policy safeguards individuals disclosing such information from retaliation and outlines the mechanisms for reporting violations of laws, rules, or internal policies. Periodic training for staff and stakeholders, as well as an accessible whistleblowing section on the bank's website, further reinforces our commitment to good corporate governance practices

Risk Management and Internal Control

The Board ensures the Bank maintains sound risk management and internal control systems aligned with corporate values, ethics guidelines, and principles for sustainability and corporate social responsibility. Management is responsible for developing and maintaining internal control systems that provide reasonable assurance regarding operational effectiveness, asset safeguarding, business continuity, accounting record reliability, compliance with laws and regulations, and responsible behaviour toward stakeholders. The board's assessment confirms that the internal control systems are at an acceptable level.

IT Governance

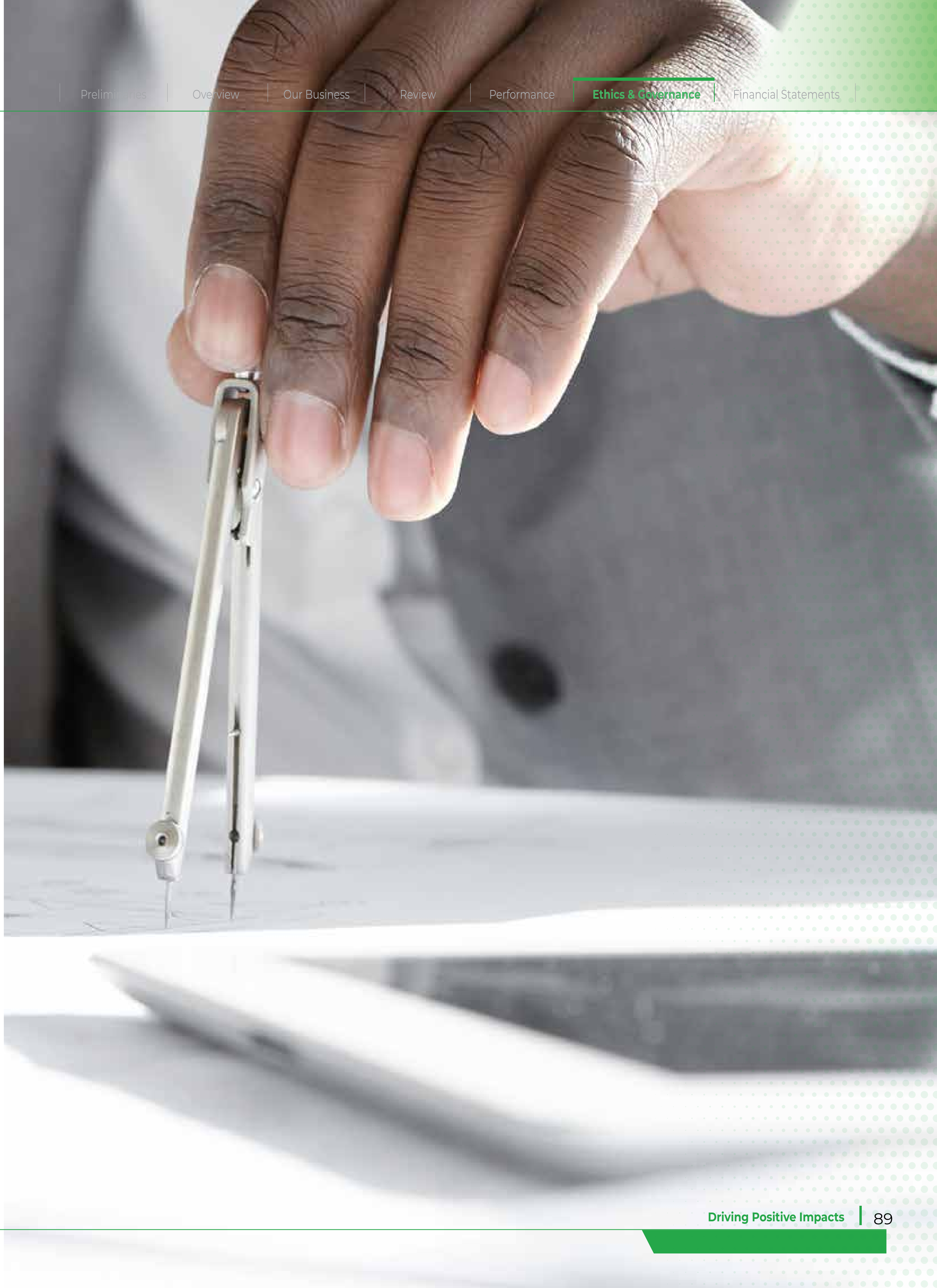
IT governance is an integral part of the overall corporate governance structure, focusing on enhancing the management and implementation of the Bank's IT structure. Adopting IT governance policies from CRDB Bank PLC ensures effective management of IT risks and alignment with overall business objectives.

Remuneration Policy

The bank adheres to a remuneration policy determining directors' remuneration, considering demands, complexities, and performance. Proposals for fees and emoluments, benchmarked against industry standards, are subject to approval at the Annual General Meeting. The policy undergoes an annual review.

Directors' Remuneration

The remuneration of all directors undergoes an annual review to ensure appropriateness and adequacy compared to industry benchmarks. Non-executive directors are ineligible for pension scheme membership and are not part of the bank's remuneration scheme. The aggregate emoluments and fees paid during the year to directors were BIF 458 million, compared to BIF 292 million in 2022. The difference being from an additional director and the currency devaluation.



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COMPANY INFORMATION

COMPANY INFORMATION
REGISTERED OFFICE
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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023

1. NTRODUCTION

Those charged with governance have the pleasure to submit their report and the audited financial statements for the year ended 31 December 2023, which disclose the state of affairs of CRDB Bank Burundi S.A.

2. INCORPORATION

CRDB Bank Burundi S.A. was incorporated in Burundi in the year 2012 under the Company's Act and is domiciled in Burundi. CRDB Bank Burundi S.A. is a wholly owned subsidiary of CRDB Bank Plc. CRDB Bank Plc is a commercial bank incorporated and domiciled in Tanzania and is listed on the Dar Es Salaam Stock Exchange. The bank has a wide network and strong presence in corporate banking, Retail banking, SME, Treasury, Alternative digital channels, Micro finance, and Agency banking which efficiently offers a comprehensive range of financial services to the public.

3. ASPIRATION

Be an undisputable market leader

4. PURPOSE

Improve livelihoods and deliver sustainable impact.

5. VISION

Transform Lives and develop economies to their fullest potential.

6. MISSION

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

7. CORPORATE VALUES

We are guided by the following corporate values: Deliver impact, learn continuously, behave responsibly, and achieve together.

8. ENTITY OPERATION

CRDB Bank Burundi S.A is a licensed bank in Burundi under the Banks Act, 2017 of the Republic of Burundi. The principal activity of the Bank is the provision of banking services to corporate customers, SMEs, Government, microfinance institutions and individuals.

The Bank remains to be among the fastest growing commercial Banks in Burundi with a share of total customer deposits of 15% and assets share of 16% in 2023 (Ranking 2nd in Total Assets and 3rd in Total Deposits)

8. ENTITY OPERATION (Continued)

Environmental matters and impact to bank's business operations

The Bank believe that taking care of the environmental and social matters is a serious responsibility for every individual. As a corporate citizen we have embraced a culture of responsible living, with the ultimate intention of building a sustainable work environment with insignificant impact on the environment which can impact business operations.

Bank's Employees

At CRDB Bank, we believe our people are the cornerstone of our success. Their engagement and commitment make us who we are. Our employees play an important role in contributing to the long-term success and performance of the bank. The employee focus is centred on Learning and Development, Employee Well-being, Employee Engagement, and Diversity and inclusion.

- **Learning and Development**

Despite operating in a very tight schedule, learning is the top priority of the Bank. The Bank introduced the digital learning platform (LinkedIn) last year to facilitate self-learning among employees across the network. Convenience is guaranteed, the platform is also accessed through mobile phones hence enable staff to access the platform from anywhere.

- **Employee Well-being**

Employee wellness is an integral component of our employee value proposition, centering around the value of 'Care'. We constantly explore possibilities and opportunities to deliver the finest customer experience. In the process, we realized that an engaged workforce is not just a productive one, but also a key element for creating 'Happy Customers' begins with health. The key health issues at the workplace stem from sedentary lifestyle, coupled with improper posture and stress. We conduct regular medical check-ups and create awareness on best health practices. We also provide counselling to help our people deal with mental health issues through a dedicated helpline at the Group. All our employees are provided with medical insurance covers.

Bank also pays special attention to the importance of good nutrition, physical fitness, and stress reduction. Our 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.

The services include;

I. Professional telephone counselling: Counselling for psychosocial problems, substance abuse, and addiction, relationship problems, financial management, health, personal, or work-related problems, and all mental disorders.
II. Professional online Counselling: For any psychological, relationship, medical stress, financial problems, marital and prenatal counselling, trauma-focused counselling, teenage counselling, family therapy, individual and corporate coaching, fitness, nutrition, and lifestyle management

8. ENTITY OPERATION (Continued)

III. Managerial Consultation for stress management, crisis management, assistance in managing risk cases, cultural diversity, or performance management of employees.
IV. Psychiatric care arrangement: outpatient assessment and care through an accredited Psychiatrist.
V. Emergency response critical incident stress debriefing (CISD): Worksite counselling and stress management support such as armed robbery, death, or disaster at a worksite.
VI. Education support and awareness: Conduct an awareness program across the network to equip employees on key psychological threats/signs periodically.

- **Employee Engagement**

The Bank believes Employee engagement is the foundation which support several positive business outcomes such as productivity, improved bottom lines, growth, customer experience, employee retention and safety. At CRDB employees are engaged at three different levels: physical, emotional, and cognitive. These are not only to ensure full commitment from the employees but also creates passionate and enthused workers who strive hard to work towards the Banks's vision and their personal goals.

Employees need to feel committed to the organizations they work for, need to feel valued, and need to feel that they are contributing to something meaningful, all of which can influence and be influenced by emotions. Emotionally engaged employees are more invested in their jobs and more likely to experience job satisfaction. Having a high level of emotional engagement contributes to a positive work environment where it is easier for other employees to engage with their work.

On the aspect of physical engagement, the Bank believes employees who are physically engaged feel enthusiasm for the work they do and have improved mindset tied to mental well-being and devote their emotional and physical energy to their work. Employees with a lot of energy have better overall health, which allows them to contribute more to the business.

Fundamentally, people want to be recognized and appreciated for the efforts they make. To emphasize this in 2020 the Group formally launched an award with the name "CEO awards" aiming at recognizing excellence at the workplace. The awards were structured in line with our strategic themes to recognize key drivers of change within the Bank. As a future-oriented employer, we believe in rewarding excellence among our staff as not only a motivating factor, but also as a noble action. Starting 2023, apart from taking part in the Group's CEO Awards, the Bank has approved to adopt the awards at the subsidiary level to complement the recognition and awards.

The Bank believes that, to continue becoming an employer of choice in the market, it must keep its employees engaged and listened too. From time to time, the Bank has used an employee satisfaction survey as a tool to listen and engage its employees. The survey is conducted annually with the main aim to get a better understanding of employees' morale, satisfaction, and engagement across the bank and our subsidiaries. The survey is very important for the bank as it provide feedback to management to improve the working environment.

The modality of survey is conducted via research, an online survey tool which is simple and easy to use. Employee's survey responses are anonymous and survey team cannot trace an individual. The result of survey is communicated to staff via organized group sessions to discuss ways of improving our culture, performance and addressing problem areas.

8. ENTITY OPERATION (Continued)

The survey results are basically used for three purposes.
i. Identify areas of strength, best practice, and potential improvement of our policies to make them more practical and effective.
ii. Understand engagement drivers, satisfaction levels and team effectiveness.
iii. Formulate actions to resolve issues that demotivate people, compromise customer satisfaction and /or diminish performance.

- **Diversity, Inclusion, Equity and Belonging**

Diversity, Inclusion, Equity and Belonging create a positive work environment for all, which leads to better ideas and helps foster a positive work environment that not only promotes equality but delivers results. A diverse and inclusive workplace is one that makes everyone, regardless of who they are or what they do for the business, feel equally involved in and supported in all areas at the workplace.

With 146 employees across the country, a key focus point for the bank is to be able to attract, recruit, develop and retain a diverse workforce. By actively seeking and including a diverse range of ideas, perspectives and approaches, the bank is better able to reflect, understand and connect with customers; foster creativity and innovation; solve complex problems; improve the quality of business decisions; and boost employee engagement and morale. Our leaders are committed to providing opportunities that allows all employees to reach their full potential.

- **Diversity, inclusion, Equity and Belonging (Continued)**

CRDB Bank Burundi S.A. is committed to being a leader in supporting and valuing the diversity of the people, organizations, and communities, we serve by recognizing and respecting human difference and similarities. 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, and we believe that, by employing people with different cultural experiences and perspectives, we can eliminate these blind spots in how we develop solutions to customer problems. We hold the belief that by enhancing understanding of how messaging, products, and services are received by people with different points of view, we gain a competitive edge to respond to the needs in the market appropriately. For us, diversity is an integral source of our strength, because it fosters innovation and problem-solving by pushing everyone to look at things from different perspectives.

The bank has developed a diversity, inclusion, equity and belonging policy, aiming to ensure that the Bank adhere to the best human resources practices and standards. The Bank is an equal gender employer and there are several efforts being taken to maintain gender balance. As at 31 December 2023, the bank's total workforce stood at 146 staff where 96 (66%) were males and 50 (34%) were females. The biggest age group in our workforce is below 35 years of age (58%), (41%) are between the ages of 35-55 years and (1%) are above 55 years.

The Bank continued to focus on driving women agenda through special sessions which aimed at inspiring and empowering more women to draw unique leadership qualities that would enable them to rise to the highest levels of leadership. The Bank continued its She initiatives program as one of the initiatives aiming at empowering women through training, coaching, and mentoring.

8. ENTITY OPERATION (Continued)

Social and community issues

The bank acknowledges that Corporate Social and community issues are of increasing importance to our stakeholders and are vital to the continued success of the bank. The Bank 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 always operates in a responsible manner for the benefit of our stakeholders. The bank implements CSI by partnering with and investing in communities to find sustainable solutions.

The Bank's Corporate Social Investment strategy focus 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. For further details on our Corporate Social investment, refer to section 28.

The governance

Our Bank is founded on strong principles of good corporate governance, which we conceive as integral to our prosperity. We understand the depth of the responsibility placed upon us by our shareholders to safeguard their hard-earned investments. Therefore, we conduct our business openly and in transparent manner adhering to tenets of good corporate governance.

The Bank has Risk Management Framework which forms the Bank's integral part of corporate governance. It defines the Bank's high-level governance structure and documents the key responsibilities and accountabilities that are in place to manage risks inherent in the bank's business and operations. For further details on our corporate Governance structure, refer to section 20. We have a diverse board of directors that has the right balance of skills and experience to steer our bank into prosperity.

The Bank's operating model

Our integrated business model is designed to address the widespread needs covering all market segments by responding to the rapidly changing world. Our governance operating model ensures a robust internal governing bodies and proper systems and processes are in place to support our customers and stakeholders.

The Bank continues to be innovative and adopt an agile operating model to be able to respond rapidly to our customers' ever-changing needs. The Bank provides a wide range of products which suit the needs of different segments in the market, through our business divisions namely Retail, Corporate, and Treasury.

Products and services offered.

The Bank has grown to become the most innovative and preferred financial services partner in Burundi, supported by uniquely and updated service. We are transforming our digital presence, providing simpler, seamless interactions through digital platforms while sustaining extensive customer reach through our branch network by offering digital solutions including simbanking, internet banking, and agency banking (Turi Hose). More details of bank's operating model are disclosed under section 9.

9. OPERATING ENVIRONMENT

Global Economic Growth

Despite signs of resilience earlier in 2023, the impact of policy tightening to reduce inflation is expected to cool economic activity going forward. Among emerging market and developing economies (EMDEs), commodity exporters continue to grapple with fiscal policy procyclicality and volatility. Across all EMDEs, proper macroeconomic and structural policies, and well-functioning institutions, are critical to help boost investment and long-term prospects.

The global growth is set to slow further this year amid tight monetary policy, restrictive financial conditions, and feeble global trade and investment. Downside risks include an escalation of the recent conflict in the Middle East, financial stress, persistent inflation, trade fragmentation, and climate-related disasters. Global cooperation is needed to provide debt relief, facilitate trade integration, tackle climate change, and alleviate food insecurity.

Global growth is projected to slow for the third year in a row from 2.6% last year to 2.4% in 2024, almost three-quarters of a percentage point below the average of the 2010s. Developing economies are projected to grow just 3.9%, more than one percentage point below the average of the previous decade. After a disappointing performance last year, low-income countries should grow 5.5%, weaker than previously expected. By the end of 2024, people in about one out of every four developing countries and about 40% of low-income countries will still be poorer than they were on the eve of the COVID pandemic in 2019. In advanced economies, meanwhile, growth is set to slow to 1.2% this year from 1.5% in 2023.

The instability associated with higher procyclicality, and volatility of fiscal policy produces a chronic drag on the growth prospects of commodity-exporting developing economies. The drag can be reduced—by putting in place a fiscal framework that helps discipline government spending, by adopting flexible exchange-rate regimes, and by avoiding restrictions on the movement of international capital. On average, these policy measures could help commodity exporters in developing economies boost their per capita GDP growth by as much as 1 percentage point every four or five years.

Macro and micro economic overview

Burundi's economy has been challenged by the COVID-19 pandemic and Russia's war in Ukraine. However, the economy is showing resilience, and the outlook is favourable, with a GDP growth rate of 4.5 percent in 2023 and projected to be 4.6 percent in 2024 owing to the continuing recovery of agriculture and public investment. Macroeconomic hurdles persist in Burundi, including deteriorating terms of trade and accelerating domestic inflation that is threatening already challenging living standards.

9. OPERATING ENVIRONMENT (Continued)

Macro and micro economic overview (Continued)

The effects of the war in Ukraine have driven food, housing, and fuel prices up, with overall inflation at 20.3 percent end of December 2023, from 26.6 percent in December 2022. The BIF/USD closed at 2,856 on 31 December 2023 compared to 2,063 reported on 31 December 2022.

Before the war in Ukraine, the economic outlook of Burundi had been promising, with growth projected to a robust 4.7 percent in the medium term, supported by several positive developments including the impact of reforms, projects in the agricultural and mining sectors, and financial deepening. Economic growth prospects remain strong, also supported by the country's progressive re-engagement with the IMF and the international community.

Climate change issues and policy options

Burundi is known as one of the most vulnerable countries to climate change in the world due to its geographical (rugged relief) and climatic (floods, droughts, heat) characteristics, worsened by the socio-economic situation of a large part of the population living below the poverty line. The observed and predicted impacts of climate change progressively undermine development efforts and risk hampering the aspirations of the Burundian people contained in Vision 2025. The Vision of Burundi 2025 describes actions and goals that the government will take to ensure sustainable development of Burundi until 2025. In respect of the energy sector, the goal is to reduce wood burning for heating and cooking in households. Promotion and deployment of renewable technologies will provide the population with better quality of energy, minimize health hazards, and reduce the deforestation process. Micro and mini renewable plants are particularly a focus of Vision 2025.

Furthermore, Burundi completed a Green Climate Fund (GCF)readiness grant aimed at strengthening the National Designated Authority (NDA) to better perform the coordination role for climate change initiatives and the establishment of a sustainable mechanism of engaging key stakeholders, including women groups and the private sector in climate finance decision-making. In its current updated Nationally Determined Contribution (NDC), Burundi expanded the geographical and sectoral scope of its adaptation ambition, while making an unconditional pledge to reduce emissions by 3.0% by 2030, or 12.6% with international support. The NDC includes the development of a logical framework to monitor and assess the implementation of the actions.

Competitive position

The banking landscape continues to face competition from other players, mainly Mobile Network Operators (MNOs) and FinTech with technology disruptions becoming a norm. CRDB will continue to drive a digital transformation agenda towards building the bank of the future and creating value to our society through access to credit, financial inclusion and social responsibility programs.

The Bank will continue to leverage its competitive advantage through customer centricity, improved technology, wide network of over 29 outlets (branches and franchises) and a committed work force to deliver value to all stakeholders. The Bank continues to support customers demand which has been a sustainable focus throughout the year. This has been achieved through providing banking services all over Burundi.

9. OPERATING ENVIRONMENT (Continued)

9. OPERATING ENVIRONNEMENT (Continued)

Speed and effect of technological change

In today's world, banks offer most of its banking services online through digital channels, including the Internet and mobile applications with limited physical presence. Bank's business operation is based on the application of financial technology (fintech) and innovation. Technology plays a pivotal role in determining what customers want and how their needs can be met. With the benefits of a technology-driven operation and a cloud-native banking model, new customer experiences and financial inclusion can be achieved.

The banking sector has embraced technology to serve customers more efficiently and conveniently. The use of technology has revolutionized banking from brick and mortar to clicks, changing how banks deliver services across its channels. The Bank is strategically focused to deploy technological advancements to meet the growing customers' demands and remain competitive. The Bank committed to adopting new technologies and business models that support growth and driving digital adoption.

The emergence of online banking has changed the way banks operate, and the risk profile. With a heavy reliance on technology banks are exposed to various risks like information and cybersecurity risks. Data leakage and confidentiality breaches due to unauthorized access or cyberattack may result in legal costs and serious damage to the bank's reputation. CRDB has established a cyber risk management plan that safeguards its network from any breach efforts and ensures financial security for its clients to prevent breaches. CRDB bank's information security is of paramount importance as its core business area is the provision of banking services to clientele both within the country and in the Diaspora through our outlets physical and online.

Market forces

The Bank serves a diverse customer base with changing needs and ever-increasing demand for more value and convenience. Technology is highly impacting the banking landscape; clients expect seamless 24/7 banking with constant innovation. The Bank maintains a customer centric focus, innovating business models that meet the customer demands and leverages on cutting edge technology to find solutions for customer needs. We have enhanced capabilities of our core banking system and alternative channels and ensure our footprint presence across the country.

Societal matters in the environment we operate

Financial inclusion

Building on our desire to transform, we remain keen on deepening access to financial services in Burundi because we believe financial inclusion has a bearing on our sustainability. We strive for full inclusion for the unserved and underserved population within our market of operation.

The Bank made reforms in its business which is concentrated in creating sustainable value, increasing financial inclusion, and building the economy integrated through products, services, and innovative service delivery systems through our wide range of network, ATMs, Agency banking and point of sales. Our distribution network for example Turi Hose agents increased to reach 1,530 from 558 recorded last year. The bank also operated simbanking and internet banking channels with 29,932 and 9,044 customers registered to the services respectively. All these lead to improved access to financial services in the region which focus on strengthening financial inclusion.

9. OPERATING ENVIRONMENT (Continued)

9. OPERATING ENVIRONNEMENT (Continued)

Our strategy embraces a broad definition of financial inclusion, seeking to improve access, ensure quality and actual usage of financial products and services, including credit, payments, remittances, and savings. As a Bank, we are focused on making sure technology transforms financial services in a way that works for everyone.

Human rights

CRDB Bank Burundi S.A. complies with all regional and international human rights instruments. We also promote human rights through our employment policies and practices, through our supply chain and through the responsible use of our products and service in accordance with the requirements of the Constitution of the Republic Burundi.

Health

The Bank is committed to conducting our business in compliance with all applicable health and safety laws and regulations. The Bank strive to provide a safe and healthy work environment to avoid adverse impact and injury to its employees and customers by taking responsibilities towards the safety of everyone on our premises, including employees, contractors, customers, visitors, and members of the public, and ensures that they are not exposed to risks that may compromise their Health and Safety.

Population and demographic changes

The Bank maintains a customer-centric focus and consider demographic data such as age, education, income, ethnicity, and gender to create business models that meet the customer demands by using all valuable pieces of information when developing new products, creating marketing campaigns, or deciding where to place branches and agencies. With all the parameters of demographic the bank consider age as very crucial that need to be tracked because of the move of wealth into younger generations.

Environmental challenges

In a bid to enhance the economy and maximize wealth, humans continue to engage in activities that are detrimental to the environment. As a result, the world is faced with the challenges of climate change, such as floods, loss of ecosystem, heat waves and resource shortages as planetary limit are approached. Concern for environment related issues is increasing globally and, recently, among enterprises and institutions, leading to the development of various means of evaluating it. Climate change presents a conspicuous threat to societies as well as natural environments. As a financial services provider, we will continue to promote environmental sustainability to mitigate climate change risk in Burundi and outside Burundi while using constructive and advanced initiatives to contribute towards a more sustainable future for the societies in which we operate.

Political environment

CRDB Bank Burundi S.A is operating under stable political environment to safeguard the interests of shareholders and meet stakeholders' needs, and overall stabilization and growth of the bank and economy at large. The stable political environment has also promoted the increase in foreign and domestic investments and operations through fair and stable tax regime, and policies induced by the government leading to the increase of production capacity. The country political stability provides assurance to both local and international stakeholders, as well as increased investments.

10. BANK STRATEGY AND OBJECTIVES

Highlight of implementation of five years' strategy

CRDB Bank embarked on a five-year business strategy (2023 – 2027) focused around four main areas - 'Improve Livelihoods and deliver sustainable Impact" as the purpose, "Transform Lives and develop economies to their fullest potential" as the vision, Providing disruptive solutions to unlock social-economic value for our stakeholders" as the mission, and the aspiration "To be the market leader". These strategic directional instruments for the five years provide a wider context of the bank's growth ambitions, considering the challenges within the markets of operations, and our stakeholders' aspirations.

The current Strategy is being implemented through four main objectives which are, 'Become obsessed with the customer', 'Increase capability to seize opportunities in business regions and key sectors', 'Build a strong, healthy and productive Workforce', and 'Improve the organization resilience efficiency & sustainability'. 2023 was the 1st year of implementation of the Bank's five-year business strategy for the period 2023-2027. Being the first year of the strategy implementation with the strategic aspiration of "evolve," the bank aimed at deploying bold strategies to address internal setbacks which hinder our performance goals.

In 2023, the Bank has made commendable progress in its implementation, resulting in significant gains in terms of positioning the Bank for sustainable growth. To ensure optimal delivery on the strategy, the Bank uses strategic themes for each financial year, which are informed by both the external environment and the challenges within the organization.

The strategic themes play a significant role in ensuring fidelity to the medium-term strategy, and a sustained focus on seven strategic thrusts within the context of the long-term vision of the organization. The Bank has seven established strategic segments to serve namely; Youth, Women, Agriculture, MSMEs, Salaried, Diaspora and Corporate & Public.

CRDB Bank Burundi S.A recognizes the need to identify and prioritize strategic areas in line with the market and its core capabilities but in consideration of the current climate change initiatives and digital transformation.

The Bank's strategic progress

The Bank reports on the outcomes of the strategic progress that we have made in 2023 by evaluating our financial and non-financial performance against our strategic value drivers. As we move towards completion of the ending strategy, the Bank has sustained growth amid market dynamics and performed remarkably well when compared to the set strategic financial KPIs.

This achievement was made possible through enhancement of balance sheet efficacy, driving a seamless digital experience for our customers, addressing productivity and efficiency gaps, revamping the distribution model, and maximizing on strategic partnerships and stakeholders' engagement. As a result, the Bank experienced growth in all angles of the Business:

- An increased customer base and transaction channels
- Increased financial inclusion, accessibility, and penetration through digital channels.
- Higher efficiency and optimized costs through improvements in technology
- Enhanced portfolio quality
- A strong market presence with a recognizable brand
- Strengthened compliance and good corporate governance.

10. BANK STRATEGY AND OBJECTIVES (Continued)

The Bank's strategic progress (Continued)

Below are the bank's financial KPIs that those charged with governance use in measuring the achievement of strategic objective set and managing bank's operations.

Key financial performance Indicator	Target 2023	2023	2022	2021	2020	2019
Return on Equity	> 35%	34.5%	35.0%	26.8%	27.7%	20.0%
Return on Assets	> 4%	3.5%	3.5%	3.0%	3.9%	3.0%
Cost to income ratio (CIR)	< 36%	43.0%	45.4%	52.1%	50.8%	62.5%
Growth in customer deposits	> 21%	32.0%	62.0%	73.4%	49.2%	43.8%
Non-performing loans to total loans	< 3%	0.22%	0.3%	0.3%	0.9%	1.1%
Growth in loans and advances to customers	> 75%	123%	58.4%	46.4%	69.8%	-15.0%
Growth in total assets	> 33%	48.8%	55.2%	64.9%	38.7%	31.6%
Total Capital ratio	> 23%	21.8%	24.7%	25.4%	28.4%	30.7%

The Bank continued to be resilient as it recovered from the impact of the COVID-19 pandemic and emerging risks such as climate change and geopolitical conflicts, which have created high volatility and instability in the global markets. To shield itself from the effects of global turbulence, the Bank continued to implement measures to enhance our ability and flexibility to adapt to the constantly evolving business environment. These measures include capacity building, strengthening of our balance sheet, harmonization of our channel distribution and enhancement of portfolio quality management. In return, the Bank recorded high growth in profit after tax (55% YoY), with other critical parameters being above budget.

Bank short, medium, and long-term strategic objectives

For the Bank to create long-term sustainable value, we recognize the need for an appropriate strategy, focused leadership, healthy corporate values, and timely response to shareholder's needs. In the long term, the Bank's primary objective is to attain market leadership and bring sustainable impact for the Burundi Community.

As we progress on our new strategy 2023-2027, we are confident that we will continue to respond effectively to the industry's challenges and most importantly, the bank has re-imagined itself to improve its competitiveness and secure its sustainability for decades to come. We have continued to prioritize efficiency, innovation, competitiveness, and our focus on sustainability to deliver our 2027 ambitions and fulfil our purpose.

During the development of the Bank 5-year strategy (2023-2027), the Bank had:

- 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 Burundi market to ensure success
- How CRDB will configure itself internally to capture and maintain clients within Burundi market

10. BANK STRATEGY AND OBJECTIVES (Continued)

Strategies to implement strategic objectives

The Bank 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 Bank will continue to optimize the balance sheet, capitalize on stakeholder engagements for business growth, and build capacity to hasten execution of the strategy. The Bank shall also continue to create technological strength to increase our capacity to serve.

We aspire 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. This is in line with the bank vision (2023-2027), that is; Transform lives and develop economies to their fullest potential.

Bank strategic pillars

Our strategic priorities shall remain centred around cementing our position in the market, business growth, sustainability and building strong foundations for future growth. Everything we do will focus on the below three priorities and we have set targets against which we will track our progress.

Strategic Pillars	Ringfence the Business	Strengthen our service offerings and cement our presence in the market
	Grow the Business	Tap into our unrealized potential and introduce offerings that are new to the Bank
	Futureproof the Business	Enhance Sustainability and Governance, explore new horizons to adapt to evolving client demands

Our strategic framework

The bank set a framework which set the strategy to achieve the objective set

Strategic	Provide distinctive customer experience. Attract new and retain existing customers Increase the transaction income Compliance with Regulation Increase in market share
Economic	Improve the return on equity Grow quality loan book responsibly Improve the efficiency ratio Digital transformation
Operational	Develop automated solutions Train and develop employees Help surrounding communities
Social	Financial inclusion
Environmental	Build a reputation as an employer of choice Ensure environmental sustainability

10. BANK STRATEGY AND OBJECTIVES (Continued)

Our strategic framework (Continued)

Those charged with governance manage the Bank's operations by monitoring the achievement of KPIs set on a quarterly basis through the performance reports which are being presented by Management, highlighting the achievement of each KPI, challenges if any regarding the internal or external environment and the support required to achieve the set objectives.

11. BANK BUSINESS OPERATING MODEL

CRDB Bank plays a key role in connecting the providers and users of capital. We recognize the role we play in society, and our success as a business has always been closely linked to the progress of the people, communities, and businesses we serve. We aspire to grow and deliver value for all our stakeholders. For us, value is best illustrated in the quality of lives of our shareholders, our people, and the community around us. In driving value for our stakeholders, we anchor our actions on a firm foundation of the defined strong values.

The Bank's mission is to provide disruptive solutions to unlock social-economic value for our stakeholders while our purpose is to improve livelihoods and deliver sustainable impact.

We have a robust portfolio supported by a resilient balance sheet and great talent. We invest in people, technology, and processes to deliver value in a responsible and sustainable manner. Therefore, through innovation and strategic investments, we continue to expand our delivery channels to deepen access to financial services.

The Bank has a robust plan to drive financial inclusion with a clear aim to serve underserved communities and include the lower segment of the market into the financial ecosystem. As a commercial bank in Burundi, our relevance today and in the future, along with our ability to create value for our stakeholders is dependent on our capability to effectively manage and leverage the forms of resources available by transforming inputs, through our operating activities, into outputs and outcomes that aim to fulfil the Bank's strategic purposes and create value over the short, medium, and long term.

Inputs employed to provide service to customers.

Below are the key inputs relating to the key resources on which the bank depends to provide services to the customers.

Resources	Input
Financial resources We deploy our financial resources to support our customers achieve their goals. Our strong base of our financial capital supports our operations and funding growth. Our investors, both debt and equity, played a big part in the makeup of our financial capital to execute the Bank's strategy. The Bank maintained a solid capital base and diversified funding sources that enabled us to provide banking solutions competitively across the markets we operate. Group access fund at the competitive rates, to efficiently create and maximize shareholder value.	• Strong balance sheet with Total assets BIF 1 119 billion and equity BIF 91 billion • Material market share of total customer deposits 15% and 16% of total assets

11. BANK BUSINESS OPERATING MODEL (Continued)

Inputs employed to provide service to customers (Continued)

Resources	Input
Human resources Our people are our organization. We deliver success through a purpose-driven and inclusive culture. Our people are at the heart of our success. Their diverse skill sets, expertise and industry knowledge constitute our human capital. We enhance our human capital through continuous training and development programmes. Our focus on developing a skilled and motivated workforce enables us to acquire, serve and retain our customers. We have an engaged and motivated workforce that is guided by a clear vision and anchored in strong values. We are focused on embedding a culture of continuous development, which increases competitiveness and investment in the development of skills required by employees to serve the digital customer of the future.	• The bank's total workforce stood at 146 staff where 96 (66%) were males and 50 (34%) were females. • The biggest age group in our workforce is below 35 years of age (58%), (41%) are between the ages of 35-55 years and (1%) are above 55 years • Experienced and competent leadership team • Gender and diversity inclusiveness • Equal opportunities in training and development • Free of discrimination and harassment
Intellectual resources The adoption of data analytics and emerging technologies enables us to increase operational efficiencies. The knowledge and expertise incorporated within our systems, processes and procedures and the equity built in the Bank's brand constitute our intellectual capital. We have invested in a strong brand, strategic partnerships and innovative products and solutions that we offer to our customers. We have made commendable progress in digital adoption with focus on automation, which is a key driver of delivering our digital strategy.	• Strong heritage brand • Our philosophy of service is driven by our deep belief in innovation. • Our sustainability strategy speaks to our desire to spearhead innovation in the financial services sector.
Natural resources The natural resources we consume to conduct our business and seamlessly deliver our products and services constitute our natural capital. Our energy consumption, carbon dioxide emissions, paper consumption and waste management impact this capital. Further, we screen all credit facilities to assess them for environmental and social risks.	• The Bank is keen on the consumption of electricity, fuel, water at our offices and driving paperless culture. • The Bank finance projects and businesses which manage their social and environmental impact in a responsible manner.

11. BANK BUSINESS OPERATING MODEL (Continued)

Inputs employed to provide service to customers (Continued)

Resources	Input
Natural resources(continued) We are keen on the consumption of electricity, fuel, and water at our offices and driving paperless transactions through deployment of digital tools and automation. We are committed to reducing our carbon footprint by remaining conscious to our materiality.	• The Bank embraces a culture of responsible living, with the ultimate intention of building a sustainable work environment.
Manufactured resources. Our physical and digital infrastructure through which we conduct business activities. It includes our branch network, digital platforms, and IT estate which we are in the process of enhancing and simplifying.	Our distribution network comprising; • Banking outlets 32 (including super agents and franchises) • ATMs (11) • Turi Hose agents (1,530) • It also covers our IT infrastructure and security.
Social and relationship resources In our engagements with key stakeholders, we continuously strive to deliver a meaningful value exchange. We value the views of our stakeholders because they play a significant role in shaping our response to business and societal issues.	• Stakeholders' relationship is key for the success. • Continuous engagement with regulators.

Our core business activities

The Bank differentiates itself in the market by providing excellent service to our customers. The Bank's strategic aspiration is centred on "customer first, innovative mind and efficiency at core". Our robust technology and infrastructure capabilities drive seamless customer experiences and support strong resiliency. We have invested in technology, which enables competitive product development, enhancement of digital channels and implementation of reliable techniques for control of risks, therefore enabling us to reach diversified markets.

The Bank's business model offers a comprehensive range of financial services to individuals, Small and Medium-sized Enterprises (SMEs) and corporations. Our integrated business model is designed to address the widespread needs covering all market segments by responding to the rapidly changing world.

The below are the key products and services offered by the bank;

- Accepting customer's deposits and providing secured and unsecured loans in form of term loans, overdrafts, salary advance, credit card, Letter of credit and guarantee based on customer needs and risk appetite.
- Providing transfer of funds within and outside the country through various channels such as simbanking, internet banking, Swift, etc.
- Protecting against risk through the Bancassurance business.

11. BANK BUSINESS OPERATING MODEL (Continued)

Our core business activities (Continued)

- Trade and supplier finance through issuance of Letter of credit and guarantee as a working capital to access international markets.

Bank's approaches to innovation

Innovations which are being implemented by the bank come from the business strategy and customer needs. CRDB is the bank that listens, we listen what our customers need at that specific moment and align our strategy to meet the customer's needs.

Operating model and response to change

The Bank's operating model is designed to be flexible and provide room to quickly adapt to changes in the environment we operate. It requires continuous innovation and proactiveness for the bank to stay competitive in addressing market demands while improving customer experience. The bank's strategy is to continuously promote and drive an agile culture throughout the organisation to speed-up execution and adapt the changes in the environment we operate.

12. STAKEHOLDER RELATIONSHIP

Effective relationship through consistent dialogue with key stakeholders is central to business sustainability, both in terms of understanding the key stakeholders needs and interest, opinions, and concerns, and in delivering the bank's commitments and respond on concerns through decisions, actions, and performance as well as on going communication with our stakeholders.

Set out below are the key stakeholders with whom the bank engages on a regular basis and the means of engagement.

Stakeholder	Stakeholders' Engagement	Outcome
Shareholders/ Investors	• Annual General Meeting (AGM) is held on a yearly basis, • The annual report • Regular investors meeting	Shareholder value creation through an attractive and sustainable dividend stream (BIF 181,208 dividend per share in year 2023 for 2022 performance and expect to declare BIF 214,700 dividend per share in 2024 for 2023 performance.) Continuous engagement to inform their investment decisions. Transparent reporting and Sound risk management.

12. STAKEHOLDER RELATIONSHIP (Continued)

Stakeholder	Stakeholders' Engagement	Outcome
Employees	• Continuous engagement between management and employees through various ways physically and virtually where employees are encouraged to speak up all matters pertaining staff issues. • Employee annual feedback survey through an online platform is conducted to get feedback from employees on areas for improvement. • Annual performance appraisal discussions.	• A workplace where employees can be productive and achieve their potential. • Fair remuneration, effective performance management and recognition. • Career development and advancement opportunities. • A safe and health work environment.
Customers	• A series of branch/office visits and customer events for retail, corporate and insurance customers. • A hotline is there to ensure constant engagement with the customers; and • Interaction with customers via CRDB website and other social media platform including the Instagram, Facebook, and Twitter.	• Innovative financial solutions and services • Convenient access to banking services through digital channels. • Excellence in client service. • Value-for-money banking that is competitive and transparent in pricing. • Strong cyber risk management
Suppliers	• Formalized procurement policies and procedures have been established throughout the bank; and • Competitive procurement of goods and supplies is always exercised, and fairness is of utmost importance while awarding supply contract to selected service providers. • Regular meetings virtually and physically	• Fair bidding and timely payments • • Governance and ethical practices.
Regulatory authorities	• Regular communication with the Central Bank of the Republic of Burundi (BRB), Telecommunication Regulatory Authority (ARCT), and • Interaction with Burundi Revenue Authority (OBR) in respect of CRDB's tax commitments, as appropriate.	• Compliance on legal and regulatory obligation. • formulation of relevant policy frameworks and enforcement thereof. • Active participation and contribution to industry and regulatory working groups. • Financial stability.

12. STAKEHOLDER RELATIONSHIP (Continued)

Stakeholder	Stakeholders' Engagement	Outcome
Government	Regular interactions through Government relations and Regulatory Affairs teams.	• Continuous streamlining with all required regulations • A stable and transformed financial services sector. • During the year tax BIF 3.9 billion was paid to the Government
Community/Society	• Collaboration with related entities concerning CSI to foster responsible initiatives and disseminate best practices; and financial literacy and inclusion initiatives.	• Providing support and access to social and environmental financing to address societal needs. • Increased access to, and funding for education, health, and sports -related opportunities. • Innovative products that address societal and economic challenges.

Stakeholders Scorecard

Our business is built on a desire to transform lives. The activities are designed to drive three main outcomes: drive social progress and individual well-being, help preserve the environment and ensuring sustainable prosperity for all stakeholders. The bank recognises that, the value of our stakeholders' relationships influences our ability to accomplish our purpose. Hence, we measure the value of our relationship with our stakeholders through a variety of ways to make an informed evaluation.

Stakeholders	Indicator	How does it link to value creation	2023	2022
Customers	Net Promoters Score	Quality of service experienced by customers	85%	53%
	Client experience	Quality of service experienced by customers	85%	85%
Employees	Staff engagement index	Engaged employees	88%	88%
	Retention of high performing employees	Ability to retain high -performing employees	100%	100%
	Permanent employee turnover	Ability to retain employees	2.05%	2.60%
	Diversity-Internal promotion of women	Development of internal skills and capability	7	10

12. STAKEHOLDER RELATIONSHIP (Continued)

Stakeholders Scorecard (Continued)

Stakeholders	Indicator	How does it link to value creation	2023	2022
	Diversity – women in middle management	Progress of women in leadership position	38.5%	43%
	Training amount Spent	Employee development investments	473 Mn	258 Mn
Regulator	Liquidity coverage ratio	BRB Compliance	305%	311%
	Tax paid	Contribution to Government funds	5.9 bn	2.6 bn
Societal and Planet	Education, health, and environment	Contribution to society and the planet	67 Mn	73 Mn

13. FACTORS THAT IMPACTED OUR ABILITY TO CREATE VALUE

Our operating environment is characterised by increased competition, disruptive technologies, changing consumer behaviour and regulatory and policy changes. Within the context of our current strategic, cultural, and digital journey. The Bank manages the following material matters.

Issue	Risk/Impact on Value Creation	Our Response
Increasing Competition	Loss of market share coupled with pressure on revenues and possible loss of revenues if our offerings do not remain competitive.	Delivering innovative products and services through an increasingly automated and digitized environment.
Disruptive technologies and digital adoption	Digital transformation is changing the way we do business, from client on-boarding and products sales to servicing.	Improving our partnerships to drive greater alignment between our business and technology partners to ensure we remain agile in the face of change.
Rising stakeholder expectations	Stakeholders' sentiments can impact our reputation and, affect the cost and availability of funding that is required to drive long-term performance.	Increased engagements with stakeholders to best understand their expectations to incorporate into our strategic planning. Adopting integrated reporting to increase transparency on our value creation process.

13. FACTORS THAT IMPACTED OUR ABILITY TO CREATE VALUE (Continued)

Issue	Risk/Impact on Value Creation	Our Response
Ongoing regulatory and policy changes	Growing compliance costs which may have to be passed on to customers and ultimately impact shareholder returns.	Allocating a material proportion of our investment to regulatory compliance and risk prevention initiatives. Engagement with policy makers and communities to advocate for appropriate regulatory reform. Maintaining constructive and proactive relationships with key regulators.
Current and emerging risks	Risk of cyber-attacks on our Bank's systems through hacking, phishing, ransomware, and other means, may result in disruption of our services or leak of bank's confidential and customer information. Climate change is the major emerging risk in the world with a potential disruptive impact on the economy. It poses both physical and transition risks to our business, as the world transitions to a low-carbon economy.	The Bank have a robust data protection and cybersecurity framework in place which comprise of technological infrastructure and personnel with strong expertise in the field. The integration of long-term ESG criteria into business decisions, with the goal of providing more equitable, sustainable, and inclusive benefits to our stakeholders.

14. FINANCIAL PERFORMANCE AND FUTURE DEVELOPMENT PLANS

FINANCIAL PERFORMANCE

Those charged with governance are responsible for the vision, mission, and strategic objectives of the Bank and ensure the overall objectives are being supported by business plan, budgets, and marketing plan. The board is also responsible for the review and approval of operational and financial objectives of the Bank, amendments of key performance indicators, financial statements before publication and succession plan of senior management including Managing Director. On Quarterly basis, management presents the Bank performance to the board for their review and guidance. The year 2023 was the first year of implementing the third five-year business strategy of the Bank (2023-2027) whose focus was to expand our outreach using cost effective delivery channels in Burundi.

- The Bank made profit before tax of BIF 33 068 million compared to BIF 21 846 million recorded in 2022 recording 51% growth.
- During the year, the Bank provided for BIF 1 574 million for tax hence recording net profit of BIF 31 494 million compared to BIF 20 321 million recorded in 2022 which is 55% growth.
- Interest income increased from BIF 49 973 million recorded in 2022 to BIF 78 212 million as at 31 December 2023 which is 57% growth.

14. FINANCIAL PERFORMANCE AND FUTURE DEVELOPMENT PLANS (Continued)

FINANCIAL PERFORMANCE(Continued)

- Fee and commission income increased from BIF 9 048 million recorded in 2022 to BIF 19 152 million as at 31 December 2023 which is 112% growth.
- Staff and administrative expenses increased from BIF 18 488 million recorded in 2022 to BIF 29 942 million as at 31 December 2023 which is 62% growth.

Assets

Total assets increased from BIF 752 162 million in 2022 to BIF 1 119 579 million in 2023 which is a 49% growth. The Bank closed 2023 with adequate capital, liquidity and risk foundations well placed to meet the opportunities and challenges that lie in 2024 and ahead.

Deposits

Total deposits mobilized increased from BIF 464 258 million as at 31 December 2022 to BIF 611 151 million as at 31 December 2023 which is a 32% growth.

Lending

The credit portfolio increased from BIF 307,575 million as at 31 December 2022 to BIF 684 934 million as at 31 December 2023 which is a 123% growth.

Performance in the Banking industry

CRDB Bank continue to remain among the top leading Banks in Burundi in terms of balance sheet size with 16% market share in total assets, 15% market share in deposits.

Key performance indicators of the Bank in comparison with the industry average in 2023;

KPI	INDUSTRY AVERAGE	CRDB
Non-performing loans	2.90%	0.22%
ROA	2.40%	3.53%
ROE	16.00%	34.49%
CIR	52.00%	43.05%

Key performance indicators (KPIs)

Below are the financial KPIs which are used by those charged with governance to measure performance of the Bank as at 31 December 2023.

KPI	Definition and calculation method	2023	2022
Return on Equity	(Net Profit / Total Equity) * 100%	34.49%	35.0%
Return on Assets	(Profit Before Tax / Average Assets) *100%	3.53%	3.5%
Efficiency Ratio	(Non-Interest Expense/Total Income net of Interest Expense) *100%	43.05%	45.2%
Earnings per share (BIF)	Profit attributable to equity shareholders / Number of Ordinary shares in issue (BIF)	613 429	517 736
Gross loans to customer deposits	(Gross loans to customers/Total deposits from customers) *100%	105.5%	57.9%
Growth in total asset	(Current year total assets – Previous year total assets)/ Previous year total assets) * 100%	48.8%	55.2%
Growth in customer deposits	(Current year Deposits-Previous year deposits)/ Previous year deposits) *100%	31.6%	62.0%

14. FINANCIAL PERFORMANCE AND FUTURE DEVELOPMENT PLANS (Continued)

FINANCIAL PERFORMANCE(Continued)

KPI	Definition and calculation method	2023	2022
Core Capital ratio	(Core capital/Risk weighted assets including off balance sheet items) *100%	21.5%	24.2%
Total Capital Ratio	(Total capital/Risk weighted assets including off balance sheet items) *100%	21.8%	24.7%

The source of the above KPI computed is based on the numbers of the audited financial statements and no adjustment made.

During the year there were no changes to either KPIs or the computation method that needed to be disclosed in the underlying accounting policies adopted in the financial statements compared to previous financial years. The Bank complied with all the regulatory ratios during the year. The Bank KPI targets for 2023 are disclosed in section 8.

Achievement against budget - In 2023 the Bank achieved remarkable performance and sustained growth amid market dynamics. Our focus was on five strategic key areas namely:

- Protecting the bank financial strength,
- Building resilience business models,
- Workforce optimization,
- Accelerating automation, innovation, and digital adoption
- Prioritizing regulatory and compliance

Based on the planned activities aligned with the Bank strategy, business environment and assumptions used, management managed to deliver the budgeted numbers as per below with KPIs;

KEY INDICATORS	ACTUAL 2023	TARGET 2023
Profit before Tax	33.1	38.2
Profit after Tax	31.5	24.8
Total Assets in bn	1 119.5	999.7
Total Deposits in bn	611.1	557.3
Net Loan & Advances in bn Return on asset	684.9	579.1
Return on asset	3.5%	4.4%
Return on equity	34.5%	28.1%
Cost to income ratio	43.0%	36.2%
Non-Performing loan ratio	0.22%	3.0%

The strategy of the Bank focuses on creating the best experience for the customer, and by doing so builds brand loyalty. The Bank ensure that the customers are at the centre of a business's strategy. The Bank believe that our clients are the primary reason that we exist, and we use every means at our disposal to keep them satisfied. Before we introduce any product or services, we get feedback or comments from our customers, not all but from few which are representing others because is not easy to reach all of them. Even on the existing products and services, in many instances the improvements/enhancements are done on the response to our customer's needs. Details of stakeholders needs, and interest are disclosed in section 10.

14. FINANCIAL PERFORMANCE AND FUTURE DEVELOPMENT PLANS (Continued)

FINANCIAL PERFORMANCE(Continued)

Performance of Non-Financial KPIs;

KPI	2022	2023	YoY Growth
Mobile Banking (Simbanking)			
Volume (transactions)	65 853	87 476	25%
Number of registered accounts	18 309	29 932	63%
Internet Banking			
Volume (transactions)	4 421	10 924	60%
Number of registered customers	3 834	9 044	58%
Agency Banking			
Volume (transactions)	168 663	259 818	35%
Number of registered agents	558	1 530	64%
ATMs			
Volume (transactions)	51 769	62 103	17%
Number of registered cards	23 460	26 430	64%

FUTURE DEVELOPMENT PLANS

In 2024 the Bank will continue the implementation of the 5-years strategy (2023-2027. 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 our market share, while driving the business in the market through strategic partnership and innovative digital solutions. Our customer needs and preferences are continuously evolving and our ability to respond with robust offerings will determine our key success in the market. The Bank shall continue to focus on delivering our customers digital strategy, enabling process optimisation, enhancing customer experience, and ensure ease of use.

The Bank shall continue to strengthen the ICT infrastructure for future growth and transform how we operate and offer services. Our service experience aspiration is to enhance the entire operations value chain through process simplification and automation. Thus, we will 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. This will be achieved through introduction of innovative products to the market, driving efficiency through automation of processes, driving staff productivity, and focusing on value added customer services and selective expansion of business while carefully managing both costs and risks. 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, our strategic direction will strike the right balance between business growth and compliance.

On Sustainability, the bank ESG priorities are important component 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. 2024 Bank aspirations will be to:

- Elevate Governance, risk management and sustainability.

14. FINANCIAL PERFORMANCE AND FUTURE DEVELOPMENT PLANS (Continued)

FINANCIAL PERFORMANCE(Continued)

- 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.
- Maintain healthy and quality loan portfolio.
- Accelerate delivery of technology projects to address system challenges.

Investment in capital expenditure in 2024

- The Bank will continue to 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.
- Branch network enhancement through construction of at least two more branches.

15. MAIN TRENDS AND FACTORS LIKELY TO AFFECT FUTURE DEVELOPMENT PLANS

The banking industry is experiencing a fundamental shift, driven by new competition from FinTech, a cultural shift, continuous change in regulations and compliance, and disruptive technologies. The coming out of FinTech/non-bank start-ups is changing the competitive landscape in financial services, driving traditional institutions to rethink on the way to conduct businesses.

Increasing Competition

The competition posed by FinTech, which mainly target some of the most profitable areas in financial services is substantial. It is expected that these Fintech and start-ups would divert revenue from traditional banks and financial Institutions. These new industry entrants are forcing many financial institutions to strive for partnerships and/or acquisition opportunities as a measure to survive. For the traditional bank to continue to maintain a competitive advantage, must learn from FinTech, by providing a simplified and intuitive customer expervience.

Cultural Shift

In the digital world, there is no opportunity for manual processes and procedures. Banks need to think of technology-based solutions to banking industry challenges. As a result, it is important that banks and financial institutions institute a culture of innovation, in which technology is leveraged to optimize existing processes and procedures for maximum efficiency. The cultural shift towards new technologies is reflective acceptance of digital transformation.

Regulatory Compliance

Regulatory compliance has become one of the most significant banking industry challenges as a direct result of the growing number of regulations that banks must comply with.

15. MAIN TRENDS AND FACTORS LIKELY TO AFFECT FUTURE DEVELOPMENT PLANS (Continued)

Regulatory Compliance (Continued)

In some cases, banks incur additional cost to stay up to date on the latest regulatory changes to implement the necessary controls. Overcoming regulatory compliance challenges requires banks to foster a culture of compliance within the organization, as well as implement formal compliance structures and systems.

Rising Expectations

Customers of today's world are very smart and more informed than ever before and expect a high degree of personalized services and convenience out of their banking experience as a result, an increased expectation of digitized experiences. Millennials have led the charge to digitization whereby they prefer to interact with brands via social media and found that they make the larger percentage of mobile and internet banking user. As a result of this this trend, banks can expect future generations to be more users of mobile banking rather than visiting physical branches. The challenge for banks is to maintain a hybrid banking model which can serve both the older and younger generations.

Continuous Innovation

For banks to sustain in the current world, it requires continuous innovation which helps banks stay competitive and address market demands while improving customer experience. Innovation stems from insight, and insight tend to be discovered through customer interactions and continuous analysis. Banks needs to build advanced analytics capability to maximise the utilisation of the data asset in revenue growth, risk/fraud control and efficiency (financial control and operational cost). The banks should also continuously promote and drive agile culture throughout the organisation to manage speed, scale, and value of the digital transformation.

Emerging risks

Climate change is the major emerging risk in the world with a potential disruptive impact on the economy. It poses both physical and transition risks to our business, as the world transitions to a low-carbon economy. The banking industry is currently working on two interconnected objectives. At the same time figuring out the impact of climate change on the strategy and operations, banks are attempting to help customers and societies to navigate this complicated and fast-moving market dynamics too.

The Bank categorize climate-related risks into two;

- Physical risks, which cover those risks that impact the premises and operations of the bank, its customers, and the wider economy. These includes extreme weather events and long-term shifts in climate leading to the closing of branches or facilities, negatively impacting the creditworthiness of clients, and adversely affecting value asset prices.
- Transition risks: which cover those that impact a bank's products and services because of the move toward a lower carbon economy. These includes the extent to which bank's funds or has a stake in entities that emit greenhouse gases (GHGs), evolving stakeholder expectations, and associated legal or regulatory changes.

16. OUR 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

15. 16. OUR RISK MANAGEMENT (Continued)

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.

Risk Management Principles

In managing risk, CRDB Bank Burundi S.A considers the value our risk framework creates to ensure it contributes to the bank's objectives. This is achieved through continuous review of processes and systems. Strategically, we have an integrated risk management and governing structures which form part of our planning processes, at both operational and strategic levels.

All key decision-makers within CRDB Bank Burundi S.A rely on proactive risk management principles to make informed choices, identify priorities, and choose the appropriate action. We address uncertainties by proactively identifying potential risks and implementing controls and treatments to maximize the chance of gain while minimizing the chances of loss.

From experience we know that to effectively manage risk, we must strive to understand and consider all available information relevant to an activity, while being conscious to the fact that there may be limitations on that information.

Our risk management framework guides us on determining how all-available information informs the risk management process, taking into consideration both the internal and external operating environment.

We also appreciate the role of human and cultural factors in risk management. This framework recognizes the contribution that people and culture make in achieving the bank's business objectives. For this reason, we constantly engage stakeholders, both internally and externally, throughout the risk management process, recognizing that communication and consultation are key to identifying, analysing, and monitoring of risk. Besides, we acknowledge that managing risk needs flexibility, hence our focus on dynamism. We operate in a challenging environment and this, therefore, requires that we stay alive to need context for managing risk and continuously work to identify new risks that emerge while making allowances for those risks that no longer exist. CRDB Bank aspires to improve its risk management culture by allocating adequate resources, over time to efficiently manage risks and ensure the ability to demonstrate continual achievement.

Bank's attitude toward risk

We actively take risks, as allowed within our risk appetite and risk tolerance levels. In taking Risks, we exhaustively examine adequacy of the benefit in business terms. Unacceptable risks are risks at a level that exceeds the maximum risk tolerance level, as defined by the Board of Directors, or risks that may impair the growth of the bank and perhaps cripple operations. We take a comprehensive perspective, considering regulatory requirements to maximize the bank's profitability at a risk level in line with our risk appetite.

Risk Philosophy and appetite

The Bank considers management of risk as one of its core functions and a key factor for business continuity and providing stable and good return to its shareholders.

16. OUR RISK MANAGEMENT (Continued)

Risk Philosophy and appetite (Continued)

Various policies, procedures and tools that spell out the risk appetite commensurate to the risk taken and expected return have been developed and implemented. In this process, the bank strives to match the best practices in risk management and ensure that risks are adequately managed.

Bank's approach in managing risk.

The primary responsibility for the management of risk resides with the business and functional areas where the risk is taken. The function owners are responsible for ensuring that the Bank Risk Management Framework has been embedded within the 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 bank.

For every product, process or system that is introduced or implemented in the bank, 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 Management Audit & Risk Committee is established to manage risks and monitor effectiveness of controls implementation. The bank Risk and Compliance function provides an independent oversight and monitoring process for bank risk and controls and reports to the Managing Director.

Roles and responsibilities of the board of directors in risk management

The bank board of directors has an ultimate responsibility for Risk Management function across the bank including setting the tone and influence the culture of risk management within the bank. Other responsibilities include:

- Approving the overall business strategies, Bank Risk Management Framework, and its associated policies.
- Ensure adequate implementation of risk management framework by the management.
- Defining the nature, role, responsibility, and authority of the risk management function within the bank including the scope of risk management work
- Monitoring of the bank risk profile through reports from Management to determine the level of risk exposure and whether it is within the Board's risk appetite and take remedial actions in a timely manner.

Responsibility of the senior management in managing risk

Setting the tone of risk management and influence risk management culture within the bank. More specifically, the bank's executive team is having the following responsibilities:

- Facilitate the review or development of the Bank Risk Management Framework and its related policies and recommend changes to the Board for approval.

16. OUR RISK MANAGEMENT (Continued)

Responsibility of the senior management in managing risk (Continued)

- Provides an oversight to the operations covering risk management and strategy formulation and execution.
- Implementing strategies in a manner that limits risks associated with each strategy and that ensures compliance with laws and regulations on both long term and day-to-day basis.
- Ensure appropriate policies, controls and risk monitoring systems are in place and that accountability and lines of authority are clearly defined.
- Establishing and communicating strong awareness of and the need for effective internal risk management culture.

Uncertainties in operating environment

In the environment we operate there are unforeseen circumstances which the bank cannot predict in certain. Uncertainty implies the outlook for the economy is unpredictable and there is a high likelihood of negative economic events, however in case of uncertainties the bank has in place a robust risk management process where risk management tools have been deployed to ensure proactive measures are achieved at largest extent.

The Bank continues to monitor the economic environment and execute measures to protect the business by reinventing processes and systems to ensure that we adapt to the ongoing changes of economic environment and at the same time protect our customers by offering an enhanced value proposition and having in place contingencies in our business strategy.

We strongly believe that preventing risks enhances shareholder value because it allows us to manage risks proactively and intelligently, which maximizes the bank's potential for earnings, ensures stability and takes measures to protect the business against unexpected losses. Primarily, our risk management processes aim at protecting the bank's solvency through 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.

17. CAPITAL STRUCTURE AND FUNDING MIX

The Bank's issued and fully paid-up ordinary shares is BIF 25,670.5 million (2022: BIF 19,625 million). The capital growth is from the 2022 dividends that were converted to capital. There were no changes on capital structure as compared to the previous financial year. Details of share capital are disclosed under Note 49 in the notes to the financial statements.

The Bank continue to remain strong in term of financial position, well capitalized and closed the year with hard core capital ratio of 17.9%, core capital ratio of 21.5% and total capital ratio of 21.8% both above the regulatory requirement of 11%, 12.5% and 14.5% respectively.

Funding mix

The Bank's primary source of funding during the year was deposits from customers (Demand deposits, Savings deposits, and Time/ fixed deposits) which commands 61% of the total funding, borrowings 30% and equity 9%. There was no major change in the funding mix in 2023 compared to the year 2022. The Current/ Savings deposits (CASAs) represented 94% of total customer deposits in 2023 (2022:92%).

17. CAPITAL STRUCTURE AND FUNDING MIX (Continued)

This interprets that the Bank managed to maintain a lower cost of funds. During the year, the bank increases the borrowing to align with bank's growing customer credit demands, liquidity, and maturity mismatch.

The balance between debt and equity was as follows;

Debt

In BIF' Million	2023	2022
Customer deposits	611 151	464 258
Borrowings - Current	231 011	113 077
Borrowings – Non-current	53 488	81 672
	895 650	**659 007**
Equity		
Issued capital	25 671	19 625
Retained earnings	33 433	20 075
Other reserves	32 207	18 354
	91 311	**58 054**

The balance between equity and debt, the maturity profile of debt, type of capital instruments used, currency, regulatory capital and interest rate structure are under Treasury department and are being monitored by ALCO committee which meet monthly.

The maturity profile of bank's financial assets and the undiscounted cash flows of its financial liabilities is disclosed in note 9.5.1 of the financial statements.

Treasury department is also in charge of short and longer- term funding plans to support the strategies of those charged with governance to achieve the bank's objectives. As per funding mix there are short and long-term borrowing likewise for deposits, there are time deposit with longer term to match the maturity profile of bank's financial assets. The bank has adopted the above capital structure of deposits (62%), equity (9%) and borrowings (29%) because of associated cost.

18. TREASURY OBJECTIVES AND POLICIES

Treasury conducts its activities within a comprehensive framework provided by the Board's approved financial and treasury policies. These policies are reviewed and approved by the Board on an annual basis. Treasury is guided by the principles of professionalism, transparency, accountability, and profit maximization objective within conservative set of risk parameters.

The overall responsibility for the management of market risks (liquidity risk, Interest rate risk) rests on the Board of Directors, through its Board Risk Committee. At management level, Asset Liability Management Committee (ALCO) and Management Audit and Risk Committee are responsible for the management of Market Risks. Treasury being the main player in the market risk space; is performing her roles and functions under the oversight of the Assets Liabilities Committee (ALCO) which seats monthly.

Treasury policies and objectives are structured in a way to achieve strategic management of bank's statement of financial position with the focus of realizing optimal returns while minimizing risk exposure and related funding costs.

18. TREASURY OBJECTIVES AND POLICIES(Continued)

Within this framework, Treasury applies the best available market knowledge and techniques to achieve the bank's strategic objectives.

The key treasury policies are:

Market Risk Policy

The policy provides guidance/ framework for managing exchange rate and interest risks, also protect the value of the bank assets from adverse effects of market rate movements.

Liquidity Policy

The policy provides guidance on management of liquidity risk under normal and crisis situations. The policy sets out a liquidity management decision-making structure in the Bank, approaches to funding and liquidity operations, limits to liquidity risk exposures, procedures and systems for liquidity planning and management, regulatory compliance, reporting, control, and contingency funding planning.

The bank places a strong emphasis on managing liquidity risk and daily cash flows, which is handled by the Treasury Department through Asset Liability Committee (ALCO) to ensure the bank holds sufficient liquid assets to enable it to continue with its normal operations. Asset Liability Committee (ALCO) also manages the Bank's exposure to liquidity risk by ensuring that limits are in line with realistic assumptions and tracking compliance monthly. The bank closed the year with regulatory short-term liquidity ratio of 305%, which is above requirement of 100%.

The bank 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 bank also has lines of credit with the parent 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. The bank does not foresee problems on the liquidity in the next 12 months which can affect the business operations.

Contingency Funding Policy

The policy provides guidance for managing stressed liquidity situation created by a problem or market wider crisis and ensure that the Bank is able all the time to meet its matured obligations as they fall due and remain as good as going concern.

Limit Policy

The policy provides guidance/framework for managing market and liquidity risks for the counterparts at domestic and international level. It also provides guidance for investment and credit exposures limits.

Asset Liability Management (ALM) and Investment Policy

The policy highlights a set of actions and procedures designed to manage the Bank's financial risks to ensure competitive return on assets by putting in place specific predefined risk management policies. It covers strategic management of the Bank's statement of financial position and off-balance sheet items intending to achieve sustained growth, profitability, and solvency. It involves a multiplicity of management activities and responsibilities, including the formulation of short and long-term strategic goals, objectives, and the management of financial risks.

19. CASHFLOWS

The Bank's major sources of cash flow were from operating activities, which was attributable to increase in customer deposits by BIF 146.8 billion (2022: increase of BIF 177.59 billion) and from borrowing BIF 78 billion (2022: increase of BIF 70.9 billion). The funds generated in 2023 were mainly utilised to increase lending to customers by BIF 377 billion (2022: increase of BIF 113 billion). Such investment activities and customer deposits are the major factors explaining the Bank's movement in cash flow generated from operations. The Bank's cash projections indicate that future cash flows will mostly be generated from deposits. The Bank continues to implement different strategies to mobilise deposits and maintain sound liquidity position to meet its cash flow commitments.

20. BORROWING

The Bank has been working closely with the parent to support the market on key sectors of the economy. As of 31 December 2023, the bank had an outstanding exposure of USD 94.6 which includes debts from the parent and IFC for financing various business segments in the economy. The bank has contributed greatly to the economy through knowledge sharing, technical assistance, and job creation.

21. SHAREHOLDERS OF THE BANK

The total number of shareholders as of 31 December 2023 were three (31 December 2022: three shareholders). The shares of the Bank were held as follows:

Shareholders	Designation	2023 (Shares)	2022 (Shares)
CRDB Bank Plc	N/A	51,339	464 258
Mr. Abdulmajid Mussa Nsekela	Group CEO & Managing Director (CRDB Bank PLC)	1	1
Mr. Frederick Bayona Nshekanabo	CFO (CRDB Bank PLC)	1	1
Total		**51,341**	**39,250**

Directors Shareholding

As of 31 December 2023, those charged with governance did not hold any share.

22. CORPORATE GOVERNANCE

The Bank 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 bank. 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 board risk committee.

Board Structure

The Board of directors is primarily responsible for monitoring managerial performance and 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 bank. The Board has an ultimate accountability for the performance and position of the bank and ensuring the bank adheres to high standards of ethical behaviour.

22. CORPORATE GOVERNANCE (Continued)

Board Structure (Continued)

Therefore, the board sets up specialised committees 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, knowing that the latter retains collective responsibility for decision-making. 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.

The key functions of each Board committee are outlined on pages 43 to 46. The Board monitors these responsibilities to ensure effective coverage of, and control over, the operations of the Bank. Each committee Chair provides written and verbal feedback at quarterly Board meetings.

Roles of the board

The board is the ultimate decision-making body and its key role is to provide strategic leadership and guidance to the Bank and effective oversight of risk management. The board is accountable to the shareholders for the performance of the Bank's businesses.

The specific roles and responsibilities of the board include but not limited to the following:

- To prepare financial statements of the Bank which show a true and fair view in accordance with applicable standards, rules, regulations, and legal provisions which covers the period from the beginning of the financial year to the date those charged with governance approve the audited financial statements and it covers all those charged with governance who acted in this capacity during any part of the period covered by financial statements.
- Determine the Bank's vision, mission and values that promote sustainability of the Bank.
- Appointing the Managing Director, Deputy Managing Director and senior management team to whom the responsibility of managing the Bank is being delegated. The Board review and evaluate the performance of the bank's Executives regularly including reviewing and defining succession planning.
- Approving corporate strategy and monitoring the implementation of strategic plans. The Board has meaningful input into the bank's long-term strategy from development through execution. The Board approve the bank's strategic plans and regularly evaluate implementation of the plans that are designed to create long-term value. The Board is required to understand the risks inherent in the bank's strategic plans and how those risks are being managed.
- Establishing adequate policies and procedures that ensure the integrity and effective internal controls and adequate risk management practices across the bank.
- Setting the bank's risk appetite, reviewing, and understanding the major risks, and overseeing the risk management processes and internal control systems. The Board oversees the process of identifying and managing the significant risks facing the bank and establish a structure for overseeing risk, delegating responsibility to committees, and overseeing the designation of the Head of risk and compliance responsible for risk management.

22. CORPORATE GOVERNANCE (Continued)

Roles of the board (Continued)

- Reviewing the bank's plans for business resiliency. As part of its risk oversight function, the Board periodically reviews management's plans to address business resiliency, including such items as business continuity, physical security, cybersecurity, and crisis management.
- Ensure the Bank is adequately capitalized.
- Approving significant capital expenditures and changes in capital structure of the Bank, acquisitions and dispositions or various strategic investments.

During the year, the Board performed their roles and responsibilities as evidenced by a remarkable performance of the Bank. All members of the Board were collectively responsible and complied with the code of good corporate governance.

Value Creation Through Good Corporate Governance

The bank practices good corporate governance through well-defined governance structures which are vital to support our ability to create and preserve value. Our approach to good corporate governance enhances the achievement of our strategic objectives over time and bring together the interests of all our stakeholders in creating sustainable value. Furthermore, Our Board is committed to continue to improve corporate governance principles, policies, and practices by remaining up to date of the changes in regulations and best practices.

Our corporate governance approach ensures the bank;

- Adheres to applicable legal, regulatory and practice of good corporate governance.
- Deliver sustainable impact to our stakeholders while caring for our community, contribute to our economy and the environment through our business activities.
- Embeds an ethical and risk-awareness culture.
- Promotes transparency, accountability, and empathy in managing our stakeholder relationships.

Board Meetings

The Board has in place an annual work plan that sets out the board's activities in a year. The Board meets at least five times a year, and, when necessary, to consider all matters relating to the overall risk management, bank performance, implementation of the strategy and succession planning. The Board Chairman together with the Board Secretary (Managing Director) prepare the annual work plan and agenda for each meeting. The notice, agenda and detailed board papers are circulated prior to the meetings. Those charged with governance are allowed to request additional information to support their decision making when necessary. During the year, the Board held six meetings as planned, and the meetings had several discussions regarding the operations of the Bank. Below are some of the matters discussed during the meetings.
The Board had a discussion on the quarterly performance of all KPIs of the bank as presented by the management and directed management accordingly on expected performance of the bank.

22. CORPORATE GOVERNANCE (Continued)

Board Meetings (Continued)

- The Board discussed and approved the bank's 2024 budget and strategy as presented by the management by adding inputs and enlightening management on its expectations on the implementation of the strategy and budget.
- During the meetings, the Board also discussed the reports received from all board committees and deliberated accordingly.

The Board elect a chairperson who is a non-executive director. The elected chairperson is not supposed to be a member of any committee. The chairperson may be invited to attend any of the committees' meetings when deemed fit excluding Audit Committee.

The Bank has a Board Charter which sets out the key values and principles of the Board of Directors of the Bank. It provides the specific responsibilities of the Board and how it shall operate within applicable legal and regulatory framework; and clearly specifies the powers of the Board and its Committees, separation of roles between the Board and Management; and the practice of the Board in respect of corporate governance matters.

The Board Charter is subject to the requirements contained in the Bank's Memorandum and Articles Association (MEMARTS), Central Bank Circulars, Company Laws and other applicable laws and regulatory provisions.

The Charter is being reviewed annually or on need basis to ensure it remains adequate and consistent with the Board's purpose. Changes are subject to approval by the Board of Directors.

Those Charged with Governance

The Board is confident that it consists of sufficient members with the right mix of skills, experiences and knowledge to challenge and help develop proposals on strategy and bring independent judgement on issues of performance and risk. It consists independent non-executive directors who provides independent opinion on various matters pertaining to the Board.

The roles of the Chairman, a non-executive role, and the Managing Director are separate. The Chairman is responsible for the leadership and management of the Board and for ensuring that the Board and its Committee's function effectively.

The Managing Director bears overall responsibility for the implementation of the strategy agreed by the Board, the operational management of the Company and the business enterprises with the support from Senior Management team.

The Senior Management team is encouraged and invited to attend Board meetings to facilitate effective communication and assist the Board with its deliberations and provide critical insights and analysis of various business units within the Bank.

__Composition of Those Charged with Governance.__

As at 31 December 2023, the Board was composed of seven Directors. Five Directors are independent non-executive members, one is a non- executive member and one an executive member and Secretary to the Board. During the year, those charged with governance "the Board" who served the bank were.

22. CORPORATE GOVERNANCE (Continued)

Composition of Those Charged with Governance (Continued)

No	Name	Gender	Position	Age	Discipline	Nationality	Year of Appointment
1	Mr. Hosea Kashimba	M	Chairman	53	Accountant	Tanzanian	2019
2	Dr. Oda Sindayizeruka*	F	Vice Chair*	61	Economist	Burundian	2018
3	Mrs. Kahumbya Bashige	F	Member	48	Banker	Tanzanian	2018
4	Mr. Jean Sindayigaya**	M	Member	76	Economist	Burundian	2018
5	Mr. Salvator Minani	M	Member	41	Lawyer	Burundian	2022
6	Dr. Elizabeth Mkoba	F	Member	51	IT	Tanzanian	2022
7	Mr. Boma Raballa***	M	Member	41	Banker	Tanzanian	2023
8	Mr. Didace Ngendakumana****	M	Member	46	Economist	Burundian	2023
9	Mr. Fredrick Siwale	M	Secretary	47	Banker	Tanzanian	2021

* Dr. Oda Sindayizeruka was appointed as a Vice Chair in October 2023
** Mr. Jean Sindayigaya retired from the Board in March 2023
*** Mr. Boma Raballa was appointed to the Board in May 2023
**** Mr. Didace Ngendakumana was appointed to the Board in July 2023

Board Secretary

As per BRB's Circular No 21 of 2018, the Managing Director is being appointed by the Board as a Board Secretary to assist and advice the Board. The Board Secretary's specific roles and responsibilities include but not limited to the following.

- Playing a leading role in good governance by helping the Board and its Committees function effectively and in accordance with their terms of reference and best practice. Providing support goes beyond scheduling meetings to proactively manage the agenda and ensuring the presentation of high-quality up-to-date information in advance of meetings.
- Assist the Chairman of the Board in organizing the Boards activities.
- Maintain and update the register of conflict of interest.
- Facilitate Board and Shareholders meetings.
- Custodian of all Board's official records including board packs, minutes, and bank's MEMARTS.
- Facilitate effective communication between the bank and shareholders.

The Board Secretary during the year was Mr. Fredrick L. Siwale assisted by the Assistant Board Secretary, Ms. Neema C. Riwa.

Conflict of Interest and Related Party Transactions

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.

22. CORPORATE GOVERNANCE (Continued)

Conflict of Interest and Related Party Transactions (Continued)

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:

- 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.
- Declare as soon as they become aware that a subject to be discussed at the 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.
- Director(s) with a continuing material conflict of interest is required to consider resigning from board.

Board members are required to inform the Board 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 Board Secretary.

During the year, none of the Directors had a material interest, directly or indirectly, in any contract of significance with the Bank.

Separation of roles and responsibilities

While the Chairman and Managing Director are collectively responsible for the leadership of the bank and for promoting the highest standards of integrity and probity, there is a clear and effective division of accountability and responsibility between the two, and each plays a distinctive role but complementing each other to ensure that there is a balance of power and authority, and no individual has unfettered powers of decision and control.

Key roles and responsibilities of Chairman of the Board.

- Provides leadership and governance of the Board to create the conditions for overall Board and individual Director's effectiveness and ensures that all key and appropriate issues are discussed by the board in a timely manner.
- Promotes effective relationships and open communication and creates an environment that allows constructive debates and challenges, both inside and outside the boardroom, between Non-executive Directors and the management.
- Ensures that the Board plays a full and constructive part in the development and determination of the bank's strategies and policies, and that board decisions taken are in the bank's best interests and fairly reflect Board's consensus.
- Ensures that the strategies and policies agreed by the board are effectively implemented by the Managing Director and the management.

Establishes good corporate governance practices and procedures and promotes the highest standards of integrity, probity, and corporate governance throughout the bank and particularly at board level. It is the responsibility of chairman to adhere to the code of corporate governance/ board charter.

22. CORPORATE GOVERNANCE (Continued)

Separation of roles and responsibilities (Continued)

Key roles and responsibilities of Managing Director

- Leads the management in the day-to-day running of the bank's business in accordance with the business plans and within the budgets approved by the Board.
- Leads the management to ensure effective working relationships with the Chairman and the board by meeting or communicating with the Chairman on a regular basis to review key developments, issues, opportunities, and concerns.
- Proposes the bank's strategies and policies for the board consideration.
- Implements, with the support of the management, the strategies and policies as approved by the board and its committees in pursuit of the bank's objectives.
- Conducts the affairs of the bank in accordance with the practices and procedures adopted by the board and promotes the highest standards of integrity, probity, and corporate governance within the bank.

Board Independence

Directors' independence is critical to effective corporate governance and providing objective independent judgment that represents the interests of all shareholders is at the core of the board's oversight function. Accordingly, a substantial majority of the board's directors should be independent, according to applicable rules and regulations and as determined by the board. An independent director should not have any relationships that may impair, or appear to impair, the director's ability to exercise independent judgment.

Assessing independence.

When evaluating a director's independence, the board consider all relevant facts and circumstances, focusing on whether the director has any relationships, either direct or indirect, with the company, senior management or other directors that could affect actual or perceived independence. This includes relationships with other companies that have significant business relationships with the company or with not-for-profit organizations that receive substantial support from the company.

Restrictions on insider trading

It is the bank's policy that directors and employees are considered to have privileged knowledge, from time to time, of material facts or changes in the affairs of the bank, which have not been disclosed to the public, including any information likely to affect the state of affairs of the bank that may affect the Group, except in accordance to the requirements of the Group policy.

CRDB Insiders are prohibited from trading Group securities either on their own behalf or on behalf of someone else when the trading window is closed. Insiders are required to keep any unpublished and non-public sensitive information received by them whether in the ordinary course of their employment or office or otherwise, confidential and with sufficient protection from unauthorized disclosure or access.

Appointments of the Members of the Board

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.

22. CORPORATE GOVERNANCE (Continued)

Appointments of the Members of the Board (Continued)

Board Members are appointed by the shareholders for an initial five-year term, renewable once.

The Board consist of both Non-Executive Director (NED) and Independent Non-Executive Directors (INEDs). The Board recommends Directors for election and/or appointment to the shareholders at the Annual General Assembly (AGA). 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 Central Bank.

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 the whole Group, 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 in the board (including all policies, charters, recent financial reports and governing laws and regulations). They receive comprehensive guidance from the Board Secretary on corporate governance framework.

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.

They are 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 up skilling 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 bank and group's businesses functions, where they get updates on 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 bank and the Group.

During the year, Board Members were given exposure on Bank's Governance Structure and Risk Management, Environmental, Social and Governance (ESG), Digitizing Micro and Small Medium Enterprises (MSME) and Artificial Intelligence in the banking sector through a study tour in Malaysia.

Board relationships/ engagement with shareholders/ Stakeholders

Regular shareholder outreach and ongoing dialogue are critical to developing and maintaining effective investor relations, understanding the views of shareholders, and helping shareholders understand the plans and views of the Board and Management. The Board maintains regular dialogue with shareholders and considers it very important to inform them about the Bank's financial performance. The Bank strives to continuously publish all relevant information to the market in a timely, effective, and non-discriminatory manner.

22. CORPORATE GOVERNANCE (Continued)

Board Committees

An effective 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. The responsibilities of each committee and the qualifications required for committee membership is clearly defined in a written charter that is approved by the board. Each 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.

The Bank is committed to maintaining a high standard of corporate governance. The directors also recognize the importance of integrity, transparency, and accountability. During the year 2023, the board constituted two sub-committees for improving corporate governance by delegating specific tasks from the main board to a smaller group and harnessing the contribution of the directors. Committee Chair and members are appointed 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 sub-committees are;

- Audit Committee
- Risk Committee

Table below shows the number of board and Committee meetings held during the year and the attendance by those charged with governance.

No	Director	Position	Board Meetings	Audit Committee	Risk Committee
1	Mr. Hosea Kashimba	Chairman	6/6		
2	Dr. Oda Sindayizeruka*	Member	6/6	5/5	4/4
3	Mrs. Kahumbya Bashige	Member	6/6	5/5	
4	Mr. Jean Sindayigaya*	Member	6/6	2/5	1/4
5	Mr. Salvator Minani**	Member	6/6		3/4
6	Dr. Elizabeth Mkoba**	Member	6/6	3/5	3/4
7	Mr. Boma Raballa***	Member	3/6		
8	Didace Ngendakumana****	Member	1/6		
9	Mr. Fredrick Siwale	Secretary	6/6	5/5	4/4

* Mr. Jean Sindayigaya retired from the Board in March 2023
** Dr. Elizabeth Mkoba and Mr. Salvator Minani were appointed to the Risk committee in May 2023
*** Mr. Boma Raballa was appointed to the board in May 2023
**** Mr Didace Ngendakumana was appointed to the board in July 2023

Audit Committee

The committee oversees the bank's internal audit function and ensures that the internal audit function has adequate resources and support to carry out its role. The committee reviews the scope of the internal/external audit plan, significant findings by the internal/external audit and management's response, and the appointment and replacement of the Head of Internal Audit and assesses the performance and effectiveness of the internal audit function annually.

22. CORPORATE GOVERNANCE (Continued)

Audit Committee (Continued)

The Audit Committee is also responsible for overseeing the financial reporting process, ensuring that internal control systems are adequate and effective, disclosures are complete and accurate and in accordance with International Financial Reporting Standards (IFRS) and applicable laws, rules, and regulations. The Board Audit Committee reviews significant accounting and financial reporting controls of the Bank. In line with the above responsibility, the committee acts as a bridge between the statutory auditors and the management.

The committee planned and met five (5) times during the year. Audit Committee is comprised of the following members.

No	Director	Position	Qualifications/ Discipline	Nationality	Meetings Attended
1	Mrs. Kahumbya Bashige	Chairperson	Banker	Tanzanian	5
2	Mr. Jean Sindayigaya*	Member	Economist	Burundian	2
3	Dr. Oda Sindayizeruka	Member	Economist	Burundian	5
4	Dr. Elizabeth Mkoba***	Member	IT	Tanzanian	3
5	Mr. Didace Ngendakumana**	Member	Economist	Burundian	0
6	Mr. Salvator Minani**	Member	Lawyer		0

* Mr. Jean Sindayigaya retired from the Board in March 2023
** Mr. Didace Ngendakumana and Mr. Salvator Minani were appointed to the Committee in October 2023
*** Dr. Elizabeth Mkoba was appointed to the Committee in May 2023

To ensure effective independence in discharging its duties, chairperson of the committee do not serve in any other committee, the committee has a charter that describes its oversight function and all members served in this committee during the year are non-executives and independent directors with no financial interest in the entity or significant relationships with major shareholders, management, suppliers, or customers.

The committee members are finance and business professionals. Mrs. Kahumbya Bashige is a holder of Bachelor of Commerce in Accounting, Master of Science in Finance and is a Chartered Director from IOD UK and council member of IOD UK, Dr. Oda Sindayizeruka is a Doctor of Philosophy (PhD) in Economics, Dr. Elizabeth Mkoba is a Doctor of Philosophy (PhD) in Information Technology Management, she also holds a Bachelor of Science in Computer Science, Master in Business Administration and Master in Computer Science, Mr. Salvator Minani holds a Master in Human Rights and Conflict Resolution and Bachelor in Law, Mr. Didace Ngendakumana holds a Bachelor in Economics and Master in Business Administration.

In the five meetings conducted during the year, the committee apart from other things, discussed the following.

- The semi-annual financial reports for publication which were presented by the management and requested the board audit committee to deliberate and approve the reports which are audited by the statutory auditor.
- Discussed quarterly internal audit reports for various departments and branch operations on selected branches which was presented by the Department of Internal audit. The reports were discussed by the members of the board and directed management to increase the coverage of the areas to be audited to reduce risks of fraud, over/understatement of the numbers.

22. CORPORATE GOVERNANCE (Continued)

Audit Committee (Continued)

Emphasis was pressed on the internal controls, to make sure that strong internal controls are in place and are being reviewed regularly.

- Discussed Statutory auditors Audit report and audited financial statements for the year ended 31 December 2022 presented by the statutory auditors and directed the statutory auditors and the management accordingly.
- Discussed quarterly financial performance of the bank and guided the Management on areas of improvements.

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.

The committee planned and met four (4) times during the year. Risk Committee is comprised of the following members;

No	Director	Position	Qualifications/ Discipline	Nationality	Meetings Attended
1	Mr. Jean Sindayigaya*	Chairman	Economist	Burundian	1
2	Dr. Oda Sindayizeruka	Member	Economist	Burundian	4
3	Mr. Salvator Minani***	Member	Lawyer	Burundian	3
4	Dr. Elizabeth Mkoba****	Member	IT	Tanzanian	3
5	Mr. Boma Raballa**	Chairman	Banker	Tanzanian	0

* Mr. Jean Sindayigaya retired from the Board in March 2023
** Mr. Boma Raballa was appointed to Chairperson of the Committee in October 2023
*** Mr. Salvator Minani was appointed in May 2023
**** Dr. Elizabeth Mkoba was appointed in May 2023

Dr. Oda Sindayizeruka is a Doctor of Philosophy (PhD) in Economics, Dr. Elizabeth Mkoba is a Doctor of Philosophy (PhD) in Information Technology Management, she also holds a Bachelor of Science in Computer Science, Master in Business Administration and Master in Computer Science, Mr. Salvator Minani holds a Master in Human Rights and Conflict Resolution and Bachelor in Law, Mr. Boma Raballa holds a Master in Business Administration, Corporate Management and Bachelor in Business Administration.

The board risk committee met four (4) times during the year, and in the four meetings apart from other issues of the bank, the main discussion centered on the risk assessment and management and compliance issues to avoid fines and penalties which can result from non-compliance with the internal controls and regulations.

The main responsibility of the board risk committee is bank's risk oversight and is required to provide the full board regularly with the information it needs to understand all the bank's major risks, their relationship to the bank's strategy and how these risks are being addressed.

22. CORPORATE GOVERNANCE (Continued)

The same was discussed in each of the four meetings together with bank's compliance issues including the bank's code of conduct, reporting compliance and compliance of all internal limits set by the board.

The Committee also reviews adequacy and effectiveness of balance sheet management and its related risks through Asset Liability Management Committee (ALCO) reports presented by Management to the Committee every quarter.

The bank has been tasked by the board risk committee to conduct risk assessment every year and present to board, maintain a risk profile of each department and consolidated risk profile for the bank which is being reviewed by the board regularly. During the year, the bank conducted the risk assessment, risk register updated and presented to the board risk committee and thereafter to the main board and deliberated accordingly.

Board and committees' evaluation

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 will be done by an external party/consultant to ensure the Bank and the board continues operate consistently within good governance and best practice principles. During the year, evaluation of the board, its committees and the individual directors was performed internally using questionnaires, results discussed, and training needs of the members was identified which will be implemented in year 2023.

Code of conduct and Ethical behaviour

The board has adopted a code of conduct for all directors and employees including Managing Director that addresses, among other things, conflict of interest which is being reviewed and updated regularly. The code of conduct is shared to all employees and directors and are required to confirm in writings that they have complied with the code of conduct.

Board members are expected to observe the highest standard of ethical behaviour which supports and encourages policies that require Directors and all employees to observe high standard of integrity and display honesty in their dealings.

We are committed to high standards of ethical behaviour and operate a zero-tolerance approach to bribery and corruption, which we consider unethical and contrary to good corporate governance. It is the utmost responsibility of all staff within the Bank to comply with the Bank's Code of Conduct.

Whistle blowing policy

The Bank 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,

22. CORPORATE GOVERNANCE (Continued)

Whistle blowing policy (Continued)

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 is essential for maintaining a positive compliance culture in which employees adhere to all internal bank policies and respect all applicable laws and regulations in the country. The Bank is committed to maintaining the highest possible standards of ethical and legal conduct within all its projects, programs, and businesses. In line with this commitment and to enhance good governance and transparency, this policy provides an avenue for raising concerns related to fraud, corruption, or any other misconduct and to assure that persons who disclose information relating to these misconducts will be protected from any retaliation.

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.

Staff are periodically trained as part of induction and ongoing development which encourage staff and other stakeholders to bring out information helpful in enforcing good corporate governance practices. The whistle blower section also found in the website of the bank where customers and other stakeholder are advised to whistle blow on the misconducts through these channels. The whistle blower has options of whether to reveal the identity or remain anonymous.

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:

- Operational effectiveness and efficiency.
- Safeguarding of the bank's assets and business continuity.
- Reliability of accounting records and Compliance with applicable laws and regulations
- Responsible behaviours towards all stakeholders

To ensure the internal controls, remain adequate, the Bank has a fully-fledged Risk and Compliance function that coordinates and oversees the implementation of enterprise-wide risk management framework within the bank. During the year, internal control systems were assessed by the board and was found to be at an acceptable level.

IT governance

IT governance is part of the overall corporate governance of the bank which aimed at improving the overall management and implementation of IT structure to derive value from investment in information technology. As a subsidiary of CRDB Bank PLC, the bank has adopted IT governance policies from the group since most of systems and IT infrastructure used in the bank are coherently used across the group. The policies enable the bank to manage IT risks effectively and ensure that the activities associated with information and technology are aligned with the overall bank's business objectives.

22. CORPORATE GOVERNANCE (Continued)

Directors' Remuneration

Remuneration policy

The Group has in place remuneration policy to determine the remuneration of directors, which considers the demands, complexities, and performance of the Group. The bank abides to this policy. 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 same is forwarded to the Annual General Meeting (AGM) for final approval. The policy is being reviewed annually.

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. Information on aggregate amounts of the emoluments and fees paid during the year to directors in comparison to the previous year is BIF 458 million (2022: BIF 292 million).

Managing Director & Management

The Bank's executive office consists of the Managing Director who is the Chief Executive Officer Mr. Fredrick Siwale and is assisted by the Deputy Managing Director, Mr. Menard Bucumi* and Mr. Mediateur Muhire** and Heads of departments.

The key management personnel who served during the year, and to date of this report, were as follows;

No	NAME	DEPARTMENT
1	Mr. Paul Mlay	Finance and Administration
2	Mr. Deusdedit Mchomba	Credit
3	Mr. Arnaud Rugema	Business Development
4	Mr. Prosper Nyenimpundu	Treasury
5	Mrs. Bella Niyuhire	Internal Audit
6	Mr. Icare Gafurero	Risk and Compliance
7	Mr. Ernest Ngendakumana	Banking Operations
8	Mrs. Ines Mucowintore	Human Resources
9	Mr. Gadi Pori	Information Technology
10	Mr. Rene-Espoir Ndayikeje	Retail Banking

* Mr. Menard Bucumi was seconded to the Parent Company since June 2023
**Mr. Mediateur Muhire was appointed DMD in July 2023

The MD and Management, under the MD's direction, are responsible for the development of the bank's long-term strategic plans and the effective execution of the bank's business in accordance with those strategic plans. As part of this responsibility, management is charged with the following duties:

22. CORPORATE GOVERNANCE (Continued)

Managing Director & Management (Continued)

- **Business operations -** The MD and management run the bank's business under the board's oversight, with a view toward building long-term value.
- **Strategic planning -** The MD and senior management generally take the lead in articulating a vision for the bank's future and in developing strategic plans designed to create long-term value for the bank, 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.
- **Identifying, evaluating, and managing risks -** Management identifies, evaluates, and manages the risks that the bank 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 bank's risk appetite. Senior management keeps the board and relevant committees informed about the bank's significant risks and its risk management processes.
- **Accurate and transparent financial reporting and disclosures -** Management is responsible for the integrity of the bank's financial reporting system and the accurate and timely preparation of the bank's financial statements and related disclosures. It is management's responsibility under the direction of the MD and bank's Head of Finance and Administration to establish, maintain and periodically evaluate the bank's internal controls over financial reporting and bank's disclosure controls and procedures, including the ability of such controls and procedures to detect and deter fraudulent activity.
- **Annual operating plans and budgets -** Senior management develops annual operating plans and budgets for the bank 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.
- **Business resiliency -** Management develops, implements, and periodically reviews plans for business resiliency that provide the most critical protection considering the bank's operations. It is the responsibility of Management to identify the bank'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.

Bank performance evaluation and reward

The bank's performance and reward approach ensure remuneration structures are balanced and is designed to drive sustainable performance, by ensuring that reward programmes support our business strategy and are both supportive of, and aligned to, sound remuneration practices. Individual reward and incentives are linked directly to the performance and behaviour of the employee, the performance of their respective business units and the interests of shareholders.

23. RESULTS AND DIVIDENDS

The Board recommends a dividend of BIF 214 700 per share from year 2023 profit after tax (2022: BIF 181,208 per share). Total amount of dividend recommended is BIF 11 023 million (2022: BIF 7,112 million) which is 35% of the net profit. The dividend is recommended in line with the dividend policy of the Bank.

24. CRITICAL ACCOUNTING POLICIES AND JUDGEMENTS

Results of the bank are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of the financial statements.

When preparing the financial statements, it is the Directors' responsibility to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent. The accounting policies that are deemed critical to our results and financial position, in terms of the materiality of the items to which the policies are applied and the high degree of judgment involved, including the use of assumptions and estimation, are described in notes 6 and 7 to the Financial Statements.

25. SOLVENCY

The Directors consider the bank to be solvent within the meaning ascribed by the Company Act.

26. EMPLOYEES' WELFARE

Employees with appropriate skills and experience in running the business are a key resource available in the Bank assisting in pursuing the Bank's business objectives. The Bank continues to encourage open and honest communication in decision-making. Employment issues, financial and economic factors affecting the Bank's performance are regularly shared with the employees. The total number of employees at the year-end was 146 (2022: 113).

Management and Employees Relationship

There were continued good relations between employees and Management and there were no unresolved complaints received by Management from the employees during the year.

The bank'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 bank'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.

Resultant to these initiatives the bank has been able to retain its key staff and maintained the turnover rate below 5%. Additionally, CRDB Bank continued to maintain a strong organization health index as compared to the global benchmarks as rated by McKenzie at the group level 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.

26. EMPLOYEES' WELFARE (Continued)

Employees Performance Management (Continued)

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.

Staff Training and Development

During the year the Bank spent BIF 473 million on staff training to improve employee's skills. Training programs were implemented with assistance from the Parent Company to ensure employees are adequately trained at all levels with some form of annual training to upgrade skills and enhance development and succession plan. During the year, eleven staff were attached at different departments at parent company to improve their skills and have more exposure.

The bank used different learning methodologies to offer these trainings which included: blended learning through different facilities like Video Conferencing which allowed facilitators from one point to interact with different business units; web-based learning (eLearning) whereby one could learn at their own pace; and face to face training sessions which were conducted within and outside the bank. All employees of the bank, have access to more than one learning option and are encouraged to use the opportunity to re-tool and up-skill themselves in their specialised area of working and personal development to enable them to discharge their duties effectively.

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.

Youth Programs

The bank launched Graduate Program since 2021 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 3 young graduates were enrolled. In the course the trainees receive field training through branches, departments, and units within the bank to build their resilience. As a Bank We are proud to be part of the youth employment solution.

Employee Wellbeing Initiatives

The Bank have an employee wellness program which is a professional service that offers confidential counselling, sensitization training, capacity building and support with regards to health-related issues. The program aims at sensitizing staff to change and live healthier lifestyles.

26. EMPLOYEES' WELFARE (Continued)

Youth Programs (Continued)

It emphasizes on the balancing of work/life within dimensions like emotional control, behaviour change, mind and body health, physical fitness etc. Employees have access to a range of health and wellbeing resources, including medical cover, occupational health services and an employee assistance program.

Medical Assistance

All members of staff and their immediate families were availed medical services by appointed hospitals including Burundi Medical and Research Centre (BUMEREC), Centre Medico-Chirurgical de Kinindo (CMCK), Hopital Militaire de Kamenge, Polyclinique Centrale de Bujumbura (Polyceb), Kira Hospital, Clinique de l'Oeil, Maisha Optical Center, Pharmacie Salama and Ngozi Polyclininque Monseigneur St Joseph Martin Germain.

Health and Safety

The Bank took all reasonable and practicable steps to safeguard the health safety and welfare of its employees and customers. A safe working environment is ensured for all employees by providing adequate and proper personal protective equipment, training and supervision as necessary and as per health authorities advice and recommendations.

Annual leave

Every employee is entitled to 30 calendar days annual paid leave once in each calendar year and Relaxation Leave of six (6 days) consecutive days each. 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. As at end of the year staff outstanding loans was BIF 7.5 billion accounting for 1% of the total loans and advances and they were within regulatory requirements.

Persons with Disabilities

It is the Bank's policy to provide employment to disabled persons wherever practicable. The Bank has always considered this policy whenever it recruits. The basis of development and promotion is based on the ability of an employee to perform at a higher position to which he or she is promoted. The performance management system results of an employee form a very important part in assessing the candidate's potentiality for promotion. Training development and promotions are free from discrimination of any kind. If an employee has a disability, the bank makes reasonable adjustments, to accommodate individual requirements.

Employees' Benefit Plan

The Company pays mandatory contributions to the publicly administered pension scheme INSS for all employees under a defined contribution pension scheme. A defined contribution plan is a pension plan under which the bank pays a fixed contribution into a separate entity. The bank has no legal or constructive obligation 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.

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.

Talent Management

The Bank undertakes to identify, develop, and retain talented employees. The Bank has its talent management framework which provides a guideline on how talent will be identified in the bank linking performance to potential. To enable the Bank, remain competitive and successfully carry out its activities, ensure long-term supply of required skills and expertise for its business development and sustainability, it is in the bank's best interests to develop staff to be prepared to assume different leadership levels rather than position. Talent Management and development is a model developed to ensure a knowledgeable labour supply exists within the Bank to replace personnel leaving the organization regardless of the reason.

27. GENDER PARITY AND DIVERSITY

The Board is committed to having an appropriate blend of diversity on the Board and the Bank's senior management. The Bank is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion, and disability which does not impair ability to discharge duties.

The Bank's gender parity was as follows:

Group/Category	2023 Male	2023 Female	2022 Male	2022 Female
Board	4 (57%)	3 (43%)	4 (57%)	3 (43%)
Key Management personnel	24(61.5%)	15 (38.5%)	16(57%)	12 (43%)
Other employees	72 (67%)	35(33%)	61 (78 %)	24 (28%)

28. SERIOUS PREJUDICIAL ISSUES/MATTERS

In the opinion oft the Directors, during the year 2023 there were no serious unfavourable legal matters that could affect the Bank (2022: None).

29. POLITICAL AND CHARITABLE DONATIONS

The bank did charitable donation during the year 2023 in Favor of Zanzibar Maisha Bora Foundation (ZMBF) established by the First Lady of Zanzibar her Excellency Mariam Mwinyi. The bank offered to the foundation 5 boats equivalent to BIF 56,855,000 as a contribution to their good initiatives of developing the community.

30. CORPORATE SOCIAL INVESTMENT

In 2023, the Bank contributed to several matters to support various institutions and activities. A total amount of BIF 103 million was used by the Bank for CSI activities as follows:

- BIF 53 million was used as a contribution of the bank to the Foundation Bonne Action Umugiraneza established by the First lady of Burundi her excellency Angeline Ndayishimiye which is involved in projects supporting orphans & women, vulnerable and health projects to develop the Burundian community.
- BIF 25 million was used to support the Olympic National Committee and the Ministry of Youth, Sport & Culture to celebrate national champions from all sports discipline who participate in international competition and managed to represent well the country by bringing medallions back home.
- BIF 12 million was used to support the construction of administration offices at Kirundo Province (10 million) and parish renovation at Kivoga in Ruyigi Province.
- BIF 8 million was used to provide school kit to kids from vulnerable families and orphans at Kinama Zone to assist them to go back to school.
- BIF 5 million was used to support women, a project initiated by the Mayorship of Bujumbura during the Celebration of International Women's Day.

31. MAIN EVENTS HOSTED BY THE BANK

Different events were hosted by the bank, but the most colourful were the Iftar dinner celebration with our Muslim customers in March 2023 (Q1), the official hand over of Gitega Administration office in May 2023 (Q2), the official launch of GEPG cross border service in July 2023 (Q3) and a Roadshow for ABC promotion in the capital city in August 2023 (Q3)

We took advantage of the events to advertise our products and run marketing sessions to strengthen our brand position as well as our relationship with customers and the Burundian community in general.

32. RELATIONSHIP WITH STAKEHOLDERS

The Bank continued to maintain a good relationship with all stakeholders.

33. EVENTS AFTER REPORTING PERIOD

There were no material events adjusting or non-adjusting which have occurred between the reporting date and the date when financial statements are authorised for issue.

34. AUDITORS

The Statutory Auditors TAA PARTNERS, were appointed by the Shareholders on 24th March 2023. In line with BRB circular No 16/08 they are eligible for reappointment. A resolution proposing appointment of the Bank's statutory auditors for the year ending 31 December 2024 will be tabled to the Annual General Assembly in March 2024.

35. STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

It is the responsibility of those charged with governance to prepare financial statements of the bank which show a true and fair view in accordance with applicable standards, rules, regulations, and legal provisions. This responsibility covers the period from the beginning of the financial year to the date those charged with governance approve the audited financial statements and it covers all those charged with governance who acted in this capacity during any part of the period covered by financial statements.

BY ORDER OF THE BOARD

Mr. HOSEA KASHIMBA 21st February 2024

CHAIRMAN

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Company's profit or loss.

It also requires the Directors to ensure that the Company keeps proper accounting records that disclose with reasonable accuracy the financial position of the Company. They are also responsible for safeguarding the assets of the Company. The Directors accept responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards and the requirements of the Companies Act. The Directors are of the opinion that these financial statements give a true and fair view of the state of the financial affairs of the Company's profit.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as designing, implementing and maintaining adequate systems of internal financial control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

BY ORDER OF THE BOARD 21st February 2024
MR. HOSEA KASHIMBA
CHAIRMAN

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CRDB BANK BURUNDI S. A.
Report on the Audit of the Financial Statements

We have audited the financial statements of CRDB Bank Burundi S. A which comprise the statement of financial position as at 31 December 2023 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion the accompanying financial statements present fairly in all material respects the financial position of the CRDB Bank Burundi S. A as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Burundi Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Burundi and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that in our professional judgment were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Other Information

The Management is responsible for the other information. The other information comprises the other information included in this report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the Burundi Companies Act and for such internal control as management determines if necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CRDB BANK BURUNDI S. A. (continued)

In preparing the financial statements management is responsible for assessing the Company's ability to continue as a going concern disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement whether due to fraud or error and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate they could reasonably be expected to influence the economic decisions of users, taken based on these financial statements.

For: TAA Burundi SA

MUGISHA PATRICK, ACCA
Managing Partner

21st February 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	31 December 2023 BIF 000	31 December 2022 BIF 000
Interest income	12	78 212 591	49 972 679
Interest expense	13	(33 802 978)	(17 749 787)
Net interest income		**44 409 613**	**32 222 891**
Fee and commission income	14	6 594 743	4 102 950
Fee and commission expense	16	(550 647)	(937 130)
Net fee and commission income		**6 044 096**	**3 165 820**
Net trading income	15	12 556 935	4 945 788
Net operating income		**63 010 644**	**40 334 499**
Operating expenses:			
Staff expenses	17	(9 630 271)	(6 719 547)
Depreciation and Amortization	25-27	(1 124 613)	(959 503)
Other operating expenses	18	(16 056 385)	(10 120 481)
General provisions	19	(3 131 189)	(688 732)
Total operating expenses		**(29 942 458)**	**(18 488 262)**
Profit before tax		**33 068 186**	**21 846 237**
Development Tax	20	(861 192)	(1 092 312)
Corporate Tax	20	(712 914)	(432 718)
Net Profit for the Year		**31 494 080**	**20 321 207**
Other comprehensive income		-	-
Total comprehensive income for the year		**31 494 080**	**20 321 207**

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2023

ASSETS	Notes	31 December 2023 BIF 000	31 December 2022 BIF 000
Cash and balances with central bank	21	75 229 373	104 689 739
Balances due from other banking institutions	22	63 089 063	22 647 080
Treasury bills and bonds	23	250 249 470	298 178 528
Loans and Overdrafts	24	684 933 921	307 574 965
Property and equipment	25	20 805 926	12 199 966
Intangible assets	26	669 030	792 930
Leased premises refurbishment	27	104 845	282 630
Other assets	28	21 406 493	5 226 987
Right of use of Asset	29	53 721	218 179
Investment accounted for using the equity method	30	100 000	100 000
Tax Asset	31	2 937 202	251 717
TOTAL ASSETS		**1 119 579 044**	**752 162 721**
LIABILITIES			
Customer Deposits	32	611 150 973	464 258 117
Other liabilities	33	16 113 974	12 096 096
Lease Liability	34	62 578	249 216
Borrowing	35	284 499 184	194 792 716
Balances due to other banking institutions	36	116 440 930	22 712 244
Total liabilities		**1 028 267 640**	**694 108 389**
EQUITY			
Share capital	37	25 670 500	19 625 000
Statutory Reserves	38	4 244 964	1 415 050
Legal Reserve	38	27 962 052	16 939 124
Retained Earnings	39	33 433 887	20 075 158
Total shareholder's equity		**91 311 404**	**58 054 332**
TOTAL LIABILITIES AND EQUITY		**1 119 579 044**	**752 162 721**

Mr. Hosea Kashimba	**Mr. Fredrick Siwale**	**Mrs. Kahumbya Bashige**
Chairman	Managing Director	Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share Capital BIF 000	Retained Earnings BIF 000	Legal Reserve BIF 000	Statutory Reserves BIF 000	Total
At 1 January 2022	**19 625 000**	**10 701 047**	**9 826 702**	**800 608**	**40 953 358**
Profit Adjustments for 2021	-	-	-	-	-
Profit for the year after tax	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	20 321 207	-	-	20 321 207
Transfer of excess depreciation	-	-	-	-	-
Transfer to Legal Reserve	-	(7 112 422)	7 112 422	-	-
Differed tax on excess depreciation	-	-	-	-	-
Transfer to/from statutory reserve	-	-	-	614 442	614 442
Payments of dividends	-	(3 834 674)	-	-	(3 834 674)
Proceeds from issue of shares	-	-	-	-	-
Transfer to/from share premium	-	-	-	-	-
At 31 December 2022	**19 625 000**	**20 075 159**	**16 939 124**	**1 415 050**	**58 054 333**
At 1 January 2023	**19 625 000**	**20 075 158**	**16 939 124**	**1 415 050**	**58 054 333**
Profit Adjustments for 2022	-	-	-	-	-
Profit for the year after tax	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	31 494 080	-	-	31 494 080
Transfer of excess depreciation	-	-	-	-	-
Transfer to Legal Reserve	-	(11 022 928)	11 022 928	-	-
Differed tax on excess depreciation	-	-	-	-	-
Transfer to/from statutory reserve	-	-	-	2 829 914	2 829 914
Payments of dividends	-	-	-	-	-
Proceeds from issue of shares	6 045 500	(7 112 422)	-	-	(1 066 923)
Transfer to/from share premium	-	-	-	-	-
At 31 December 2023	**25 670 500**	**33 433 887**	**27 962 052**	**4 244 964**	**91 311 404**

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2023

	31 December 2023 BIF 000	31 December 2022 BIF 000
Cash flows from operating activities		
Profit/loss before taxation	33 068 186	21 846 237
Depreciation of property and equipment	807 247	592 822
Amortization of intangible assets	139 580	188 886
Amortization of leased premises refurbishment	177 786	177 786
Regulatory reserves	3 131 190	688 732
Gratuity	905 291	452 794
	38 226 279	**23 947 256**
(Increase)/Decrease in loans and advances to customers	(377 358 955)	(113 377 941)
(Increase)/Decrease in treasury bills	35 810 905	(100 666 893)
(Increase)/Decrease in other assets	(16 179 506)	(1 423 033)
(Increase)/Decrease in customer deposits	146 892 857	177 595 282
(Increase)/Decrease in other liabilities	(1 921 363)	(1 394 452)
Net cash used in operating activities	**(212 756 063)**	**(39 267 037)**
Cash flows from investing activities		
Purchase of property and equipment	(10 029 225)	(2 563 506)
Purchase of intangible assets	(15 681)	(151,328)
Net cash used in investing activities	**(10 044 906)**	**(2 714 834)**
Cash flows from financing activities		
Loan from Parent Company	75 075 831	70 937 106
Net cash used in financing activities	**75 075 831**	**70 937 106**
Net change in cash and bank balances	**(109 495 859)**	**52 902 500**
Cash and bank balances at the beginning of the year	119 359 511	66 457 010
Cash and bank balances at the end of the year	**9 863 651**	**119 359 511**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. CORPORATE INFORMATION

CRDB Bank Burundi (the "Company") was incorporated in Burundi in the year 2012 under the Company's Act and is domiciled in Burundi. It offers a comprehensive range of Corporate Retail Business Treasury and other various banking services to the general public. CRDB Bank Burundi is a wholly owned subsidiary of CRDB Bank PLC. CRDB Bank PLC is a commercial bank incorporated in Tanzania and is listed in the Dar Es Salaam Stock Exchange.

2. BASIS OF PREPARATION

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board. The measurement basis applied is the historical cost basis except for the following;

- Debt instrument at fair value through OCI
- 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 Burundi francs (BIF) rounded to the nearest thousands, except where otherwise indicated.

The Bank has prepared its financial statement on the basis that it will continue to operate as a going concern-refer to note 8.

3. STATEMENTS OF COMPLIANCE

The Bank 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 Bank's 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 Bank's accounting policies. 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 Bank'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. PRESENTATIONS OF FINANCIAL STATEMENTS

These financial statements comprise the statements of financial position (also referred to as the balance sheet) as at 31 December 2023, 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 statement of financial position except when IFRS netting criteria are met.

5. APPLICATIONS of the going concern principle

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. Therefore, the financial statements continue to be prepared on the going concern basis.

Macroeconomic and geopolitical uncertainty

The impact of the macroeconomic and geopolitical environment has worsened inflationary pressure in almost all economies around the world. High and rising energy prices are having a negative impact on the cost of other goods and services, resulting in significant consumer price increases in many countries. Global supply chain disruption caused by war in Ukraine and Gaza, BIF devaluation, fuel shortages, continued to exert pressure on commodity prices, particularly food and energy.

The macroeconomic and geopolitical uncertainty, including the impacts of the War in Ukraine, and the residual impacts of the Covid-19 pandemic were insignificantly affecting the assumptions and estimation uncertainty associated with the measurement of assets and liabilities.

6. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Bank 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 2023, but do not have an impact on the Bank's 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 Bank

The following standards have been adopted by the Bank for the first time for the financial year beginning on 1 January 2023.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

International Financial Reporting Standards and amendments effective for the first time for *December* 2023 year-end		
Number	**Effective date**	**Executive summary**
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2023 (Published May 2017)	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition of the total of the fulfillment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money, and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfillment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognized over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach applies to certain types of contracts, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation of the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognized in profit or loss in the period in which they occur but over the remaining life of the contract. *Impact to the Bank's financial statements:* Based on Management's assessments none of its products (including performance bonds) issued to customers transfers significant insurance risk to the bank.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

International Financial Reporting Standards and amendments effective for the first time for *December* 2023 year-end(Continued)		
Number	**Effective date**	**Executive summary**
		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 over cash deposits
IFRS 17, Insurance Contracts Amendments	Annual periods beginning on or after 1 January 2023 (Published June 2020)	In response to some of the concerns and challenges raised, the Board developed targeted amendments and several proposed clarifications intended to ease the implementation of IFRS 17, simplify some requirements of the standard, and ease the transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. Impact on the Bank's financial statements: The amendments will have no impact on the financial statements. Refer to the details above.
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023. (Published May 2021)	The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Impact on the Bank's financial statements: Based on management assessment, the amendment is not expected to have a significant impact on the Bank's financial statements.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice Statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023. (Published February 2021)	The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgments 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

International Financial Reporting Standards and amendments effective for the first time for *December* 2023 year-end(Continued)		
Number	**Effective date**	**Executive summary**
		Impact on the Bank's financial statements: Based on management assessment, the amendment is not expected to have a significant impact on the Bank's financial statements.
Amendments to IAS 12 International Tax Reform—Pillar Two Model Rules	The deferred tax exemption and disclosure of the fact that the exception has been applied is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. (Published May 2023)	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. Impact on the Group's financial statements: Based on management assessment, the amendment is not expected to have a significant impact on the Bank's financial statements.

(ii) New standards and interpretations not yet adopted by the Bank

The following are International Financial Reporting Standards, interpretations and amendments issued but not effective hence not yet adopted by the bank.

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Number	**Effective date**	**Executive summary**
Amendments to IAS 1 - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions. *Impact on the Bank's financial statements:* Based on management assessment, the amendment is not expected to have a significant impact on the Bank's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

International Financial Reporting Standards, interpretations and amendments issued but not effective (Continued)		
Number	**Effective date**	**Executive summary**
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	Annual periods beginning on or after 1 January 2024 (Published May 2023)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows, and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. *Impact to the Bank's financial statements:* Based on management assessment, the amendment is not expected to have a significant impact on the Bank's financial statements.
Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. *Impact on the Bank's financial statements:* Based on management assessment, the amendment is not expected to have a significant impact on the Bank's financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions. For all new standards and interpretations not yet adopted by the Bank, will be adopted on the respective effective dates.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1. Foreign currency translation

(i) Functional and presentation currency

The financial statements are presented in Burundi Francs, which is the bank's functional and reporting currency.

(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 Burundi Francs using the exchange rates prevailing at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7.1. Foreign currency translation (Continued)

(ii) Transactions and balances (Continued)

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.

7.2 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 bank 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.

7.3 Fees 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.

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.

7.4 Financial instruments - initial recognition

7.4.1 Date of recognition

Financial assets and liabilities, except for loans and advances to customers and balances due to customers, are initially recognized on the date on which the Bank becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7.4 Financial instruments - initial recognition (Continued)

7.4.1 Date of recognition (Continued)

Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank.

7.4.2 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 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.

7.4.3 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.

7.4.4 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.

- **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.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

7.4 Financial instruments - initial recognition (Continued)

7.4.4 Measurement categories of financial assets and liabilities (Continued)

- **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 Bank 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;

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		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7.4 Financial instruments - initial recognition (Continued)

7.4.4 Measurement categories of financial assets and liabilities (Continued)

Category (as defined by IFRS 9)		Class (as determined by the Bank)	Subclass
	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		

7.5 Financial assets and liabilities

The Bank measures Loan and advances to banks, Loans and advances to customers, Debt instruments measured at amortized cost, 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.

The details of these conditions are outlined below.

7.5.1 Business Model Assessment

The business model reflects how the Bank manages the assets to generate cash flows. That is, whether the Bank'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 Bank in determining the business model 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7.5 Financial assets and liabilities (Continued)

7.5.1 Business Model Assessment (Continued)

For the purposes of performing the business model assessment, the Bank 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.

7.5.2. The SPPI test

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 Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Bank 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.

7.5.3 Modifications of financial assets and financial liabilities

7.5.3.1 Modification of financial assets

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7.5.3 Modifications of financial assets and financial liabilities (Continued)

7.5.3.1 Modification of financial assets (Continued)

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 Bank 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.

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 bank 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 bank 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.

7.5.3.2 Modification of Financial liabilities

The Bank 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7.5.3 Modifications of financial assets and financial liabilities (Continued)

7.5.3.2 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 liability is 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.

7.5.4. Derecognition due to 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 recognize as a derecognition gains or losses to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as stage 1 for ECL measurement purposes unless the new loan is deemed to be POCI.

7.5.5. Derecognition other than substantial modification of terms and conditions

7.5.5.1. 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,
- 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7.5.5. Derecognition other than substantial modification of terms and conditions (Continued)

7.5.5.1. 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 recognized 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.

7.5.5.2. 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.

7.6. 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, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7.6. Forborne modified Loans (Continued)

The Bank also reassesses whether there has been a significant increase in credit risk, 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.

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.
- 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

7.7. 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 bank's trading activity.

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been affected.

The Bank 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;
- Loan commitments issued;
- Financial guarantee and letter of credit; and
- Other assets (excluding non-financial assets).

Equity instruments are not subject to impairment under IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7.7. Offsetting financial instruments (Continued)

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).

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).

7.8. Impairment of financial assets

7.8.1. Overview of the ECL principles

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 Bank apply low credit risk exemption for financial instruments with no significant increase in credit risk.

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 Bank also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Bank 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.
- **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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7.8. Impairment of financial assets (Continued)

7.8.1. Overview of the ECL principles (Continued)

- **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.

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 Bank under the contract and the cash flows that the Bank expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

The Bank 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
7.8. Impairment of financial assets (Continued)
7.8.1. Overview of the ECL principles (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 bank'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.

7.8.2. Calculation of ECL

- 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, 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 Bank 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.

The mechanics of the ECL method are summarised below:

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 bank 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 bank 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7.8. Impairment of financial assets (Continued)

7.8.2. Calculation of ECL

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 bank recognizes the Lifetime expected credit losses for these loans. The method is like that for Stage 2 assets, with the PD set at 100%.

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 Bank 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 Bank if the holder of the commitment draws down the loan and the cash flows that the bank 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 i.e acceptances guarantees and letters of credit are accounted for as off-balance sheet transactions. Translation gain or losses on foreign denominated items are recognized immediately in the income statement.

Provision for Loans and advances

The provision policy follows both the BRB regulations and IFRS requirements. Provisions determined as per BRB have been adopted because they are higher than the provisions determined as per IFRS provisions. The applicable rates as per BRB regulations are shown in the table below.

Classification	Days past due	Provision rates
Current	0	1%
Debt to Monitor	1-89days	3%
Pre-Doubtful	90 - 179 days	20%
Doubtful	180 - 359 days	50%
Disputed Debts (loss)	> 360 days	100%

7.8.3. 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.

7.8.4. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7.8. Impairment of financial assets (Continued)

7.8.4. Forward-looking economic information (Continued)

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.

There were no changes in estimation techniques/ assumptions made during the reporting period.

7.8.5. Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as financial assets measured at amortized cost as a deduction from the gross carrying amount of the assets.

7.9. Credit enhancements: collateral valuation and financial guarantees

To mitigate its credit risks on financial assets, the Bank 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. 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.

7.10. 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 Bank 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 Bank'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.

7.11. 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 Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

7.12. Property and equipment

All property and equipment are stated at historical cost less depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7.8. Impairment of financial assets (Continued)

7.12. Property and equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the income statement in the year in which they are incurred.

Depreciation is calculated on a straight-line basis by reference to the expected useful lives of the assets concerned. During the year, the bank reviewed the accounting estimates for the useful lives of the property and equipment there was no changes from prior year assessment.

Leased premises refurbishment	10%
Computer Equipment	20%
Motor vehicles	10%
Furniture fittings and office equipment	10%
Land and Buildings	1.7%

Leased premises refurbishment represent costs incurred by the bank in refurbishment of leased bank premises. The cost shall be amortized over the shorter of the lease term and useful lives from the year the costs are incurred. Property and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are considered in determining operating profit. On disposal of revalued assets amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

Intangible assets – software costs

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production or procurement of identifiable and unique software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognized as intangible assets. Direct costs include the software implementation consultancy costs and an appropriate portion of relevant overheads. The costs are amortized on a straight-line basis over the expected useful life of eight years at the rate of 12.5% (2022 was 12.5%).

8. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Bank's 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

8. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

8.1. Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgement 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 several factors, changes in which can result in different levels of allowances. The Bank's ECL calculations are outputs of complex models with several underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

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 considering 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. Development of ECL models, including the various formulas and the choice of inputs.

h. Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

8. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

8.1. Impairment losses on financial assets (Continued)

i. 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 bank'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. It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

8.2. 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 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 a going concern basis.

8.3. 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.

8.4. 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).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

8. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

8.4. Effective Interest Rate (EIR) method (Continued)

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.

8.5. Provisions and other contingent liabilities

The bank 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.

8.6. Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee)

The Bank 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.

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 Bank 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 Bank 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.

8.7. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

8. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

8.7. Property, equipment, and intangible assets (Continued)

The Bank reviews the estimated useful lives of property, equipment, and intangible assets at the end of each reporting period.

9. FINANCIAL RISK MANAGEMENT

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis evaluation acceptance and management of some degree of risk or combination of risks. Taking risk is core to the business and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance.

The Bank's risk management policies are designed to identify and analyse these risks to set appropriate risk limits and controls and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets products and emerging best practice. The Board of Directors has overall responsibility for the establishment and oversight of the Bank'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 Bank's risks. The policies are integrated in the overall management information systems of the bank and supplemented by a management reporting structure.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions products and services offered and emerging best practice. The Bank 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 Risk Management Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures and review of the adequacy of risk management framework in relation to the risks faced by the bank. The committee is 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.

The most important types of risks are:

- Credit risk
- Liquidity risk
- Market risk

9.1. Credit risk

The Bank takes on exposure to credit risk which is the risk that a counterparty will cause a financial loss to the Bank by failing to discharge an obligation. Credit risk is one of the most important risks for the Bank's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from lending activities that lead to loans and advances investment activities that bring debt securities and other bills in the Bank's asset portfolio. 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 and reported to the Board of Directors and management regularly.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)

9.1. Credit risk (Continued)

Credit risk measurement

In measuring credit risk of loans and advances to customers and to banks at a counterparty level the Bank reflect two components (i) the 'probability of default' by the client or counterparty on its contractual obligations and (ii) current exposures to the counterparty and its likely future development from which the Bank derives the 'exposure at default'. These credit risk measurements which reflect expected loss (the 'expected loss model') are embedded in the daily operational management and are in line with IFRS 9.

The Bank uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. External and internal information is used to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Bank applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Bank for strategic planning and budgeting. The key drivers of credit risks and credit losses for each portfolio of financial instruments were identified and documented and using a statistical analysis of historical data to estimate relationships between macro-economic variables and credit risk and credit losses.

Significant increase in credit risk

The Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. When there is a significant increase in credit risk a financial asset is moved from one stage to the other along the three IFRS 9 Stages described below (Stage 1 Stage 2 and Stage 3).

	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	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 (essentially same as incurred loss of IAS 39).
Recognition of expected credit losses	12 Month expected credit losses are recognized.	Lifetime expected credit losses are recognized	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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)

9.1. Credit risk (Continued)

Credit risk measurement (Continued)

The Bank considers a debt instrument assets 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:

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; except for those which are assessed differently basing on qualitative criteria.

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 risk at the reporting date with 12-month expected losses recognition.

31 – 90 days to be classified as Stage 2; Loans and advances loan commitments and financial guarantees which have a significant increase in credit risk since initial recognition but do not have objective evidence of credit loss event with lifetime expected credit losses recognition.

91 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 recognition (credit-impaired assets).

Qualitative criteria

For Personal Loans if the borrower meets one or more of the following criteria:

- In 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 (secured facilities only) 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
- Adverse information obtained during period customer review.
- Significant adversely changes in political regulatory and technological environment of the borrowers or in its business activities.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)

9.1. Credit risk(Continued)

9.1.1. Risk limit control and mitigation policies

The Bank manages limits and controls concentrations of credit risk wherever they are identified to individual counterparties and groups and to industries. The Bank structure the levels of credit risk they undertake by placing limits on the amount of risk accepted in relation to one borrower or groups of borrowers and to industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review when considered necessary.

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 Bank employs 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 Bank implement guidelines on the acceptability of specific classes of collateral or credit risk mitigation.

The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Charges over business assets such as premises, inventory, and accounts receivable.
- Charges over financial instruments such as debt securities and equities.

To minimize the credit loss, the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

(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 authorizing a third party to draw drafts on a bank up to a stipulated amount under specific terms and conditions – are collateralized 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 authorizations to extend credit in the form of loans guarantees or letters of credit. With respect to credit risk on commitments to extend credit the Bank is 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 Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)

9.1. Credit risk(Continued)

9.1.1. Risk limit control and mitigation policies (Continued)

(c) Lending limits (for derivatives and settlement risk)

The Bank maintains strict control limits on net derivative positions (i.e., difference between purchases and sales contracts) by both amount and term. At any one time the amount subject to credit risk is limited to the current fair value of instruments that are favorable to the Bank (i.e., assets where their fair value is positive) which in relation to derivatives is only a small fraction of the contract or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers together with potential exposures from market movements.

Collateral or other security is not usually obtained for credit risk exposures on these instruments except where the Bank requires margin deposits from counterparties. Settlement risk arises in any situation where a payment in cash securities or equities is made in the expectation of a corresponding receipt in cash securities or equities. Daily settlement limits have been established for each counterparty to cover the aggregate of all settlement risk arising from the Bank's market transactions on any single day.

9.1.2. Impairment and provisioning policies

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. These allowances are a specific loss component that relates to individual exposures and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

The Bank writes off loans and advances net of any related allowances for impairment losses when the Board's Audit Committee determines that the loans and advances are uncollectible and securities unrealizable. This determination is reached after considering information such as the occurrence of significant changes in the borrower or issuer's financial position such that the borrower or issuer can no longer pay the obligation or that proceeds from sale of collateral will not be sufficient to pay back the entire exposure and after exhausting all other means including litigation. For smaller balance standardized loans charge off decisions are generally based on a product specific past due status.

9.1.3. Maximum exposure to credit risk before collateral held or other credit enhancements.

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:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)

9.1. Credit risk(Continued)

9.1.3. Maximum exposure to credit risk before collateral held or other credit enhancements (Continued)

	31 December 2023 BIF 000	%	31 December 2022 BIF 000	%
Bank Credit exposures				
On Balance sheet item:				
Cash and balances with Central Bank	75 229 373	6	104 689 739	13
Loans and advances to banks	63 089 063	6	22 647 080	3
Government securities	250 249 470	21	298 178 529	37
Loans and advances to customers (gross)	685 831 534	57	308 165 625	38
Other assets*	17 700 871	1	2 508 494	-
Sub-Total	**1 092 100 311**	**91**	**736 189 467**	**90**
Off balance sheet items:				
Guarantees and indemnities	1 694 938	0	447 480	0
Letters of credit	86 419 607	7	64 493 633	8
Commitments to extend credit	21 329 325	2	13 976 561	2
Sub-Total	**109 443 870**	**9**	**78 917 674**	**10**
Total	**1 201 544 181**	**100**	**815 106 141**	**100**

The Bank loans and advances to customers and off-balance sheet items comprise of 66% (2022: 48%) of the total credit exposure. The directors are confident in the ability to continue to control and sustain minimal exposure of credit risk to the Bank.

While collateral is an important mitigation to credit risk the Bank's underwriting policy ensures that loans are strictly granted on a going concern basis with adequate demonstration of repayment capacity. All facilities are secured by collateral in the form of charges over cash land and buildings marketable securities plant and machinery amongst other.

9.1.4. Collateral repossessed.

It is the Bank's policy to dispose repossessed properties on the open market at fair market value. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy or foreclose repossessed properties for its own business use. As at the year end the Bank had not repossessed any collateral.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)

9.1. Credit risk(Continued)

9.1.5. Loans and advances

The total impairment provision for loans and advances represents both individually impaired loans and loans assessed on a portfolio basis. When entering new markets or new industries to minimize the potential increase of credit risk exposure the Bank 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.

Restructured Loans

During the year total of BIF 357 billion (2022: BIF 116 million) loans and advances were renegotiated and restructured.

9.1.6. Investment securities

The investment securities held by the Bank comprise treasury bills and bonds issued by the Government of Burundi. All these investments were neither past due nor impaired. These investment securities are held with the Governments with good financial standing and no history of default. They are not rated.

9.1.7. Concentration of risks of financial assets with credit risk exposure

The following tables break down the Bank's main credit exposure at their carrying amounts as categorized by industry sector and geographical sectors as of 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)

9.1. Credit risk(Continued)

9.1.8 Concentration of risks of financial assets with credit risk exposure

(a) Industry sectors

31 December 2023	Financial institutions BIF 000	Manufacturing BIF 000	Local and Central Government BIF 000	Trading BIF 000	Transport and communication BIF 000	Hotel and Restaurant BIF 000	Agriculture BIF 000	Individuals BIF 000	Others BIF 000	Total BIF 000
On Balance sheet items										
Cash and balances with Central Banks	-	-	75 229 373	-	-	-	-	-	-	75 229 373
Loans and advances to banks	63 089 063	-	-	-	-	-	-	-	-	63 089 063
Government securities	-	-	250 249 470	-	-	-	-	-	-	250 249 470
Loans and advances to customers (Gross)	11 511 543	49 767 196	41 844 274	25 513 714	3 438 306	340 644	418 307 692	113 344 271	21 763 893	685 831 534
Other assets*	-	-	-	-	-	-	-	-	17 700 871	17 700 871
Total	**74 600 606**	**49 767 196**	**367 323 118**	**25 513 714**	**3 438 306**	**340 644**	**418 307 692**	**113 344271**	**39 464 764**	**1 092 100 311**
Off-Balance sheet items										
Guarantees and indemnities	-	6 043	-	344 513	-	-	-	-	1 344 383	1 694 939
Letters of credit	-	-	-	1 726 518	856 833	-	81 675 464	-	-	86 419 607
Commitment to extend credit	-	6 821 000	-	6 544 600	400 000	100 000	3 625 000	2 933 725	905 000	21 329 325
Capital Commitments	-	-	-	-	-	-	-	-	-	-
Total	**-**	**8 987 834**	**-**	**8 615 631**	**1 256 833**	**100 000**	**85 300 464**	**2 933 725**	**2 249 383**	**109 443 870**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)

9.1. Credit risk(Continued)

9.1.8 Concentration of risks of financial assets with credit risk exposure

(a) Industry sectors (Continued)

31 December 2022	Financial institutions BIF 000	Manufacturing BIF 000	Government BIF 000	Trading BIF 000	Transport and commu nication BIF 000	Hotel and Restaurant BIF 000	Agriculture BIF 000	Individuals BIF 000	Others BIF 000	Total BIF 000
On Balance sheet items										
Cash and balances with Central Banks	-	-	104 689 739	-	-	-	-	-	-	104 689 739
Loans and advances to banks	22 647 080	-	-	-	-	-	-	-	-	22 647 080
Government securities	-	-	298 178 529	-	-	-	-	-	-	298 178 529
Loans and advances to customers (Gross)	15 797 441	52 908 104	89 991 350	5 802 782	1 549 702	1 064 693	95 530 148	-	45 521 404	308 165 625
Other assets*	-	-	-	-	-	-	-	-	2 508 494	2 508 494
Total	38 444 521	52 908 104	492 859 618	5 802 782	1 549 702	1 064 693	95 530 148	-	48 029 898	736 189 467
Off-Balance sheet items										
Guarantees and indemnities	-	-	-	447 480 64 493	-	-	-	-	-	447 480
Letters of credit	-	-	633	-	-	-	-		-	64 493 633
Commitment to extend credit			13 976 561	-	-	-	-		-	13 976 561
Capital Commitments	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	78 917 674	-	-	-	-	-	78 917 674

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)

9.1. Credit risk(Continued)

9.1.8 Concentration of risks of financial assets with credit risk exposure

(b) Geographical sectors

31 December 2023	Tanzania BIF 000	Europe BIF 000	America BIF 000	Burundi BIF 000	Others BIF 000	Total BIF 000
On Balance sheet items						
Balances with Central Bank	-	-	-	75 229 373	-	75 229 373
Loans and advances to banks	1 652 581	2 234 750	-	59 137 469	64 262	63 089 063
Government securities	-	-	-	250 249 470	-	250 249 470
Loans and advances to customers (Gross)	-	-	-	685 831 534	-	685 831 534
Other assets	-	-	-	17 700 871	-	17 700 871
Total	**1 652 581**	**2 234 750**	**-**	**1 088 148 717**	**64 262**	**1 092 100 311**
Off balance sheet items						
Guarantees and indemnities	-	-	-	1 694 938	-	1 694 938
Letters of credit	-	-	-	86 419 607	-	86 419 607
Commitment to extend credit	-	-	-	21 329 325		21 329 325
Capital Commitment	-	-	-	-	-	-
Total	**-**		**-**	**109 443 870**	**-**	**109 443 870**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)

9.1. Credit risk(Continued)

9.1.8 Concentration of risks of financial assets with credit risk exposure

(b). Geographical sectors (Continued)

31 December 2022	**Tanzania BIF 000**	**Europe BIF 000**	**America BIF 000**	**Burundi BIF 000**	**Others BIF 000**	**Total BIF 000**
On Balance sheet items						
Balances with Central Bank	-	-	-	104 689 739	-	104 689 739
Loans and advances to banks	1 539 296	367 936	-	42 997	20 696 852	22 647 080
Government securities	-	-	-	298 178 529	-	298 178 529
Loans and advances to customers (Gross)	-	-	-	308 165 625	-	308 165 625
Other assets	-	-	-	2 508 494	-	2 508 494
Total	**1 539 296**	**367 936**	**-**	**713 585 384**	**20 696 852**	**736 189 467**
Off balance sheet items						
Guarantees and indemnities	-	-	-	447 480	-	447 480
Letters of credit	-	-	-	64 493 633	-	64 493 633
Commitment to extend credit	-	-	-	13 976 561	-	13 976 561
Capital Commitment	-	-	-	-	-	-
Total	**-**		**-**	**78 917 674**	**-**	**78 917 674**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)

9.2 Market risk

The Bank 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 prices. 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 market risks are concentrated in Bank Treasury and monitored by the Risk and Compliance department separately. Regular reports are submitted to the Board of Directors and Management. Trading portfolios include those positions arising from market-making transactions where the Bank acts as principal with clients or with the market.

9.2.1 Market risk measurement techniques

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimizing the return on risk. The Bank Risk and Compliance department is responsible for the development of detailed risk management policies while Treasury is responsible for day-to-day implementation of those policies.

The Bank 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 optimizing the return on investment.

9.2.2 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 limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions which are monitored on daily basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)

Concentrations of currency risk – on- and off-balance sheet financial instruments

As at 31 December 2023	BIF 000	USD 000	EURO 000	GBP 000	TZS 000	Total 000
Assets						
Cash and balances with Central Banks	20 174 840	52 694 236	2 359 678	619	-	75 229 373
Loans and advances to banks	59 177 616	1 672 584	2 235 540	3 324	-	63 089 063
Loans and advances to customers (Gross)	219 280 204	466 551 330	-	-	-	685 831 534
Government securities	250 249 470	-	-	-	-	250 249 470
Other assets	1 921 365	15 779 506	-	-	-	17 700 871
Total financial assets	**550 803 495**	**536 697 656**	**4 595 218**	**3 943**		**1 092 100 311**
Liabilities	-	-	-	-	-	-
Deposits from customers	442 519 524	164 237 736	4 388 316	5 397	-	611 150 973
Deposits from banks	14 802 503	91 807 934	168 301	-	32 388	106 811 127
Other liabilities	7 649 671	266 839	158	44	11	7 916 723
Short term borrowings	-	231 011 014	-	-	-	231 011 014
Long term borrowings	-	53 488 170	-	-	-	53 488 170
Subordinated debt	-	-	-	-	-	-
Total financial liabilities	**464 971 698**	**540 811 693**	**4 556 775**	**5 441**	**32 399**	**1 010 378 007**
Net on-balance sheet financial position	85 831 797	(4 114 037)	38 443	(1 498)	(32 399)	81 722 303
Off balance sheet commitments	**407 785**	**87 242 166**	**464 594**	**-**	**-**	**88 114 545**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)

Concentrations of currency risk – on- and off-balance sheet financial instruments (Continued)

As at 31 December 2022	BIF 000	USD 000	EURO 000	GBP 000	TZS 000	Total 000
Assets						
Cash and balances with Central Banks	86 445 591	16 988 394	1 250 904	4 849	-	104 689 738
Loans and advances to banks	20 711 360	1 511 409	367 936	28 488	27 887	22 647 080
Loans and advances to customers (Gross)	119 729 579	188 436 046		-	-	308 165 625
Government securities	298 178 529	-	-	-	-	298 178 529
Other assets	1 982 023	526 470	1	-	-	2 508 494
Total financial assets	**527 047 082**	**207 462 319**	**1 618 841**	**33 337**	**27 887**	**736 189 467**
Liabilities	-	-	-	-	-	-
Deposits from customers	432 635 683	29 976 701	1 640 078	5 655	-	464 258 117
Deposits from banks	7 668 765	15 031 532	11 947	-	-	22 712 244
Other liabilities	8 141 526	719 552	10 597	-	9	8 871 684
Short term borrowings	-	113 077 060	-	-	-	113 077 060
Long term borrowings	-	81 715 656	-	-	-	81 715 656
Subordinated debt	-	-	-	-	-	-
Total financial liabilities	**448 445 974**	**240 520 501**	**1 662 622**	**5 655**	**9**	**690 634 760**
Net on-balance sheet financial position	78 601 108	(33 058 182)	(43 782)	27 682	27 878	45 554 706
Off balance sheet commitments	**415 321**	**64 493 633**	**32 160**	**-**	**-**	**64 941 114**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)

9.3. Price risk

The Bank is not exposed to equity securities price risk as it did not hold shares in other listed companies.

9.4. Interest rate risk

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. The Bank takes 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 as a result of such changes but may produce losses in the event that unexpected movements arise. The Bank's Board 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.

31 December 2023

	Interest bearing BIF 000	Non-interest bearing BIF 000	Total BIF 000
Assets			
Cash and balances with Central banks	-	75 229 373	75 229 373
Government securities	250 249 470	-	250 249 470
Loans and advances to banks	63 089 063	-	63 089 063
Loans and advances to customers (Gross)	685 831 534	-	685 831 534
Other assets	-	17 700 871	17 700 871
Total financial assets	**999 170 067**	**92 930 244**	**1 092 100 311**
Liabilities			
Deposits from banks	-	106 811 127	106 811 127
Deposits from customers	611 150 973	-	611 150 973
Short term borrowings	231 011 014	-	231 011 014
Long term borrowings	53 488 170	-	53 488 170
Subordinated debt	-	-	-
Other liabilities	-	7 916 723	7 916 723
Total financial liabilities	**895 650 157**	**114 727 850**	**1 010 378 007**
Total interest gap	**103 519 910**		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)

9.4. Interest rate risk (Continued)

31 December 2022

	Interest bearing BIF 000	Non-interest bearing BIF 000	Total BIF 000
Assets			
Cash and balances with Central banks	-	104 689 738	104 689 739
Government securities	298 178 529	-	298 178 529
Loans and advances to banks	22 647 080	-	22 647 080
Loans and advances to customers (Gross)	308 165 625	-	308 165 625
Other assets	-	2 508 494	2 508 494
Total financial assets	**628 991 234**	**107 198 232**	**736 189 467**
Liabilities			
Deposits from banks	-	22 712 244	22 712 244
Deposits from customers	464 258 117	-	464 258 117
Short term borrowings	113 077 060	-	113 077 060
Long term borrowings	81 715 656	-	81 715 656
Subordinated debt	-	-	-
Other liabilities	-	8 871 684	8 871 684
Total financial liabilities	**659 050 833**	**31 583 928**	**690 634 760**
Total interest gap	**(30 059 599)**		

9.5. Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

Liquidity risk management process

The Bank's liquidity management process as carried out within the 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 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 balance sheet liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)
9.5. Liquidity risk (Continued)
Liquidity risk management process (Continued)

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.

9.5.1. Funding approach

The Bank's major source of funding is customer deposits. To this end the Bank maintains a diversified and stable funding base comprising current/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.

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash central bank balances items in the course of collection treasury and other eligible bills; loans and advances to 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 Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

9.5.1.1. Analysis of financial assets and liabilities by remaining contractual maturities

31 December 2023

	Up to 3 months BIF 000	3-12 months BIF 000	Over 1-year BIF 000	Total BIF 000
Liabilities				
Deposits from customers	474 289 978	134 714 995	2 146 000	611 150 973
Deposits from banks	106 811 127	-	-	106 811 127
Subordinated debt	-	-	-	-
Short term borrowings	27 989 878	203 021 136	-	231 011 014
Long term borrowings	-	-	53 488 170	53 488 170
Other liabilities**	1 430 193	5 398 048	1 088 482	7 916 723
Total financial liabilities (contractual maturity dates)	**610 521 176**	**343 134 179**	**56 722 652**	**1 010 378 007**
Total financial assets (Expected maturity dates)	**138 318 437**	**3 787 098**	**949 994 776**	**1 092 100 311**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)
9.5. Liquidity risk (Continued)

9.5.1.1. Analysis of financial assets and liabilities by remaining contractual maturities (Continued)

31 December 2022

	Up to 3 months BIF 000	3-12 months BIF 000	Over 1-year BIF 000	Total BIF 000
Liabilities				
Deposits from customers	370 436 981	90 723 485	3 097 651	464 258 117
Deposits from banks	22 712 244	-	-	22 712 244
Subordinated debt	-	-	-	-
Short term borrowings	-	113 077 060	-	113 077 060
Long term borrowings	-		81 715 656	81 715 656
Other liabilities**	40 937	2 785 069	6 045 678	8 871 684
Total financial liabilities (contractual maturity dates)	**393 190 162**	**206 585 614**	**90 858 985**	**690 634 760**
Total financial assets (expected maturity dates)	**127 336 819**	**2 508 493**	**606 344 154**	**736 189 466**

Collateral

The Bank pledges part of its Treasury bills and bonds in order to fulfil the collateral requirements of various short-term borrowings from other banks. As at 31 December 2023 there were neither bills nor bonds that were pledged by the Bank to the Central Bank.

9.5.2. Off-balance sheet items liquidity risk

Loan commitments

The dates of the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities are summarised in the table below.

- *Financial guarantees and other financial facilities:* Financial guarantees are included below based on the earliest period required to pay.
- *Capital commitments:* These relate to the acquisition of property and equipment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCIAL RISK MANAGEMENT(Continued)
9.5. Liquidity risk (Continued)
9.5.2. Off-balance sheet items liquidity risk (Continued)

The table below shows a summary of off-balance sheet items:

31 December 2023

	No later than 1 year BIF 000	1 – 5 years	Over 5 years BIF 000	Total BIF 000
Outstanding letters of credit	86 419 607	-	-	86 419 607
Guarantees and indemnities	1 694 939	-	-	1 694 939
Commitments to extend credit	25 455 096	-	-	25 455 096
Capital Commitment	-	-		-
Total commitments	**113 569 641**	**-**	**-**	**113 569 641**

31 December 2022

	No later than 1 year BIF 000	1 – 5 years	Over 5 years BIF 000	Total BIF 000
Outstanding letters of credit	64 493 633	-	-	64 493 633
Guarantees and indemnities	447 480	-	-	447 480
Commitments to extend credit	13 978 561	-	-	13 978 561
Capital Commitment	-	-		-
Total commitments	**78 917 674**	**-**	**-**	**78 917 674**

10. FAIR VALUE MEASUREMENT

The bank 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.

The principal or the most advantageous market must be accessible by the bank.

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 bank 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

10. FAIR VALUE MEASUREMENT (Continued)

When one is available, the bank 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:

Level 1 financial instruments: 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.

Level 2 financial instruments: 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.

Level 3 financial instruments: 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 bank 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 bank'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 bank including Risk Department and Finance. The responsibility of ongoing measurement resides with Finance which reports to the MD.

The fair value estimates are being validated by:

- Benchmarking prices against observable market prices or other independent sources

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

10. FAIR VALUE MEASUREMENT (Continued)

- 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 bank 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 bank 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.

11. Capital management

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 the Republic of Burundi;
- 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

11. CAPITAL MANAGEMENT

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 Burundi for supervisory purposes. The required information is filed with the Central Bank on a monthly basis.
The Central Bank requires the Banking institution to:

a. hold the minimum level of core capital of BIF 10 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 Deferred tax asset are deducted in arriving at Tier 1 capital; and
- Tier 2 capital: qualifying subordinated loan capital revaluation reserve and loan portfolio general provision.

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 taking into account 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.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2023 and year ended 31 December 2022. During those two periods the Bank complied with all the externally imposed capital requirements to which they are subject.

	31 December 2023 BIF 000	31 December 2022 BIF 000
Tier 1 capital		
Share capital	25 670 500	19 625 000
Retained earnings	12 962 734	6 866 373
50% of Current Profit	15 747 040	10 160 603
Legal reserves	2 633 706	1 617 646
Deferred tax asset	(2 937 201)	(251 717)
Intangible assets	(669 029)	(792 931)
Investment Reserves	14 305 419	8 209 057
Total qualifying Tier 1 capital	**67 713 169**	**45 434 031**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

11. CAPITAL MANAGEMENT (Continued)

	31 December 2023 BIF 000	31 December 2022 BIF 000
Tier 2 capital		
General banking reserve	723 036	878 795
Subordinated debt	-	-
Revaluation reserve	-	-
Total qualifying Tier 2 capital	723 036	878 795
Total regulatory capital	**68 436 205**	**46 312 827**
Risk-weighted assets		
On-balance sheet	247 736 998	128 528 640
Off-balance sheet Items	129 598	17 915 050
Market risk	13 508 524	8 124 892
Operational risk	53 094 574	32 984 552
Total risk-weighted assets	**314 469 695**	**187 553 134**

Required ratio	Regulatory %	2023 %	2022 %
Tier 1 capital (Hard core capital)	11.0	17.90	20.00
Tier 2 capital (Core capital)	12.5	21.50	24.20
Total capital	**14.5**	**21.80**	**24.70**

12. INTEREST INCOME

	31 December 2023 BIF 000	31 December 2022 BIF 000
Placements in other banks	1 632 081	3 189 576
Loans and overdrafts	52 072 154	25 596 080
Treasury bills and bonds	24 508 356	21 187 023
Total	**78 212 591**	**49 972 679**

Interest income increased by BIF 28 239 912 thousand (57%) mainly due to assets growth during 2023.

13. INTEREST EXPENSE

Current account	5 229 150	4 452 486
Saving deposits	2 643 559	1 468 495
Term deposits	2 467 603	2 457 150
Other borrowings	23 462 666	9 371 657
Total	**33 802 978**	**17 749 787**

Interest expense increased by BIF 16 053 190 thousand (90%) mainly due to growth of borrowing 2023.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

14. FEE AND COMMISSION INCOME

	31 December 2023 BIF 000	31 December 2022 BIF 000
Commissions and service charges	6 528 403	4 099 656
Recoveries	66 340	3 294
Total	**6 594 743**	**4 102 950**

Fees and Commissions have increased by BIF 2 491 793 thousand (61%) mainly due to service charges and commissions during 2023.

15. NET TRADING INCOME

	31 December 2023 BIF 000	31 December 2022 BIF 000
Exchange gains –Trading	3 096 227	2 709 418
Commissions on Nostro transactions	9 460 708	2 236 370
Total	**12 556 935**	**4 945 788**

Net trading income have increased by BIF 7 611 146 thousand (154%) compared to 2022 mainly on increasing foreign currency transactions.

16. FEES AND COMMISSION EXPENSES

	31 December 2023 BIF 000	31 December 2022 BIF 000
Commissions on nostro transactions	550 647	937 130
Total	**550 647**	**937 130**

The commission expenses decreased by BIF 386 483 thousand (41%) compared to 2022 mainly because there was less foreign currency repatriation.

17. STAFF EXPENSES

	31 December 2023 BIF 000	31 December 2022 BIF 000
Wages and salaries	3 763 090	2 717 960
Social security costs	234 730	176 062
Medical Fees	103 113	29 660
Staff welfare	289 590	173 743
Other benefits	5 239 748	3 622 122
Total	**9 630 271**	**6 719 547**

Staff expenses have increased by BIF 2 910 724 thousand (43%) compared to 2022 mainly due to growth of number of staff.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

18. OTHER OPERATING EXPENSES

	31 December 2023 BIF 000	31 December 2022 BIF 000
Travelling Local & Abroad	2 901 384	1 876 295
Amortisation of Right of Use/Rent	175 484	189 097
Maintenance – Office-Equipment	135 770	151 801
Maintenance – Vehicles	99 565	63 328
Maintenance- Buildings	79 630	180 967
Fuel and Lubricants	264 208	267 662
Marketing	1 375 519	1 418 444
Telephone& Fax	66 377	73 059
Hired Services	815 729	682 342
Printing and Stationery	230 672	154 748
Communication Costs	274 169	128 757
Insurance	267 722	164 866
Software License	64 390	67 261
Entertainment	190 649	108 777
Subscriptions	79 054	84 876
Water and Electricity	155 209	148 390
Consultancy Fees	542 012	454 222
Taxes and Levies	2 783 847	13 927
Simbanking	62 152	1 911
Training fees	473 534	258 296
Directors' fees	458 592	292 249
Board Expenses	1 494 819	1 249 385
Visa cards expenses	417 333	327 964
Transfer pricing	1 475 267	1 093 616
Other fees and charges	1 173 298	668 240
Total	**16 056 385**	**10 120 480**

Administration expenses increased by BIF 5 935 904 thousand (59%) compared to 2022 mainly due to the new tax on operating income and BIF devaluation effects on the fx denominated expenses like travelling abroad, training and transfer pricing.

19. GENERAL PROVISIONS

	31 December 2023 BIF 000	31 December 2022 BIF 000
Provisions for bad loans	3 070 493	689 344
Provision for other assets	60 696	(612)
Total	**3 131 189**	**688 732**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

19. GENERAL PROVISIONS (Continued)

General Provisions have increased by BIF 2 442 457 thousand (355%) compared to 2022. The growth in provision is largely for unclassified loans due to portfolio growth.

20. INCOME TAX

Development Tax	861 192	1 092 312
Corporate Tax	712 914	432 718
	1 574 106	**1 525 030**

Tax expense increased by BIF 49 076 thousand (3%) compared to 2022 in line with the profitability growth.

21. CASH AND BALANCES WITH CENTRAL BANK

Cash in hand	12 784 797	10 957 250
Due from central bank	62 444 577	93 732 489
Total	**75 229 373**	**104 689 739**

Cash and balances with the central bank increased by BIF (29 460 365) thousand (28%) compared to 2022 mainly due to matured government securities that could not be invested in the same month.

22. BALANCES DUE FROM OTHER BANKING INSTITUTIONS

Due from Other Banks	63 089 063	22 647 080
Total	**63 089 063**	**22 647 080**

Balances with other banks increased by BIF (40 441 983) thousands (179%) in 2023 compared to 2022 mainly driven by excess liquidity in the interbank market attributed to the central bank refinancing window.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

23. TREASURY BILLS AND BONDS

Treasury bills	16 739 259	56 445 859
Treasury bonds	225 700 973	234 671 962
Interest Receivable Treasury Bonds	7 809 238	7 060 708
Total	**250 249 470**	**298 178 528**

The maturity profile of Government securities was as follows:

Maturity within 30 days	6 537 565	2 297 424
Maturity after 30 days but within 90 days	6 439 544	22 797 837
Maturity after 90 days but within 180 days	6 070 323	18 292 270
Maturity after 180 days but within 364 days	48 098 603	38 931 473
Maturity above 364 days	183 103 435	215 859 525
Total	**250 249 470**	**298 178 528**

24. LOANS AND OVERDRAFTS

Term loans	641 870 060	287 350 881
Overdrafts	23 376 992	14 486 766
Staff loans	4 765 708	2 852 774
Loan outstanding	**670 012 760**	**304 690 421**
Interest receivable	15 818 774	3 475 204
Gross loans and advances to customers	**685 831 534**	**308 165 625**
Less: Provision for impairment	(561 122)	(423 769)
Net loans and advances to customers	**685 270 412**	**307 741 856**
Less: Interest in suspense	(336 491)	(166 891)
Net loans and advances to customers	**684 933 921**	**307 574 965**

The credit portfolio increased significantly by BIF 377 358 955 thousand (123%) compared to 2022. The growth was driven mostly by corporate loans.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

24. LOANS AND OVERDRAFTS (Continued)

The maturity profile of loans and overdrafts

The maturity analysis is based on the remaining periods to contractual maturity from year end.

Maturing within 1 months	10 225 142	205 621
Maturing after 1 month but within 3 months	48 525 322	506 138
Maturing after 3 months but within 12 months	13 229 348	6 026 570
Maturity after 1 year but within 5 years	480 878 144	13 610 053
Maturity over 5 years	132 075 965	287 226 583
Outstanding loans and advances to customers	**684 933 921**	**307 574 965**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

25. PROPERTY AND EQUIPMENT

	Land	Buildings	Office Equipment	Furniture & Fittings	Computer Equipment	Motor Vehicles	Smart Cards Equipments	Security Equipment	Capital WIP	Total
Cost										
At 1 January 2022	-	9 249 275	1 506 866	325 880	664 747	914 550	412 684	-	432 491	13 506 493
Additions	-	-	373 658	237 608	107 945	140 700	261 001	100 019	1 342 575	2 563 506
Transfer	3 632 060	(3 607 266)	-	-	-	-	-	-	(299 294)	(274 500)
Disposals	-	-	-	-	-	-	-	-	-	-
At 31 Dec 2022	**3 632 060**	**5 642 009**	**1 880 525**	**563 488**	**772 692**	**1 055 250**	**673 685**	**100 019**	**1 475 772**	**15 795 499**
Additions	-	-	472 382	170 473	187 876	556 118	1 276 877	85 071	7 280 427	10 029 225
Adjustments	-	-	-	-	-	-	-	-	(506 467)	(506 467)
Disposals/ transfers	-	-	-	-	-	-	-	-	-	-
At 31 Dec 2023	**3 632 060**	**5 642 009**	**2 352 907**	**733 961**	**960 568**	**1 611 368**	**1 950 562**	**185 090**	**8 249 732**	**25 318 257**
Depreciation										
At 1 January 2022	-	(839 648)	(1 067 733)	(164 375)	(450 023)	(323 290)	(157 643)	-	-	(3 002 712)
Adjustments	-	-	9	-	-	-	-	-	-	9
Charge for the period	-	(206 105)	(136 838)	(32 373)	(61 847)	(91 207)	(57 286)	(7 174)	-	(340 588)
At 31 Dec 2022	**-**	**(1 045 753)**	**(1 204 562)**	**(196 748)**	**(511 870)**	**(414 497)**	**(214 929)**	**(7 174)**	**-**	**(3 595 533)**
Adjustments	-	(3)	(75 033)	7 193	(27 886)	(13 822)	-	-	-	(109 551)
Charge for the period	-	(140 734)	(214 818)	(54 293)	(91 767)	(129 278)	(145 285)	(31 072)	-	(807 247)
Eliminated on disposal	-	-	-	-	-	-	-	-	-	-
At 31 Dec 2023	**-**	**(1 186 490)**	**(1 494 413)**	**(243 848)**	**(631 523)**	**(557 597)**	**(360 214)**	**(38 246)**	**-**	**(4 512 331)**
At 31 Dec 2023	**3 632 060**	**4 455 519**	**858 494**	**490 113**	**329 045**	**1 053 771**	**1 590 348**	**146 844**	**8 249 732**	**20 805 926**
At 31 Dec 2022	**3 632 060**	**4 596 256**	**675 963**	**366 740**	**260 821**	**640 753**	**458 757**	**92 844**	**1 475 772**	**12 199 966**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

26. INTANGIBLE ASSETS

	31 December 2023 BIF 000	31 December 2022 BIF 000
Cost		
Opening balance	3 418 651	**3 267 324**
Additions	15 681	151 328
Closing balance	**3 434 332**	**3 418 651**
Amortisation		
Opening balance	2 625 721	2 436 835
Charge for the period	139 579	188 886
Closing balance	**2 765 300**	**2 625 721**
Net Book Value	**669 030**	**792 930**

27. LEASED PREMISES REFURBISHMENT

Cost		
Opening balance	1 724 581	1 724 581
Additions	-	-
Disposals	-	-
Closing balance	**1 724 581**	**1 724 581**
Amortisation		
Opening balance	1 441 950	1 264 165
Adjusted for disposed leasehold	-	-
Charge for the period	177 786	177 786
Closing balance	**1 619 736**	**1 441 951**
Net Book Value	**104 845**	**282 630**

28. OTHER ASSETS

Items for clearing	1 012 474	1 149 990
Prepaid expenses	4 076 597	2 928 665
Other Assets	16 381 170	1 153 126
Total	**21 470 241**	**5 231 781**
Less Provisions	(63 748)	(4 794)
Net Other Assets	**21 406 493**	**5 226 987**

Compared to 2022 the other assets increased by BIF 16 179 506 thousand (306%) mainly on derivative assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

29. RIGHT OF USE OF ASSET

	31 December 2023 BIF 000	31 December 2022 BIF 000
Leasehold right of use	218 718	382 887
Amortization right of use	(164 457)	(164 709)
Additions (deductions)	-	-
Outstanding rights of use	**53 721**	**218 179**

During the year 2023 the leased properties right of use declined by BIF 164 457 thousand (75%) compared to 2022.

30. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Opening Balance	100 000	100 000
Outstanding Balance	**100 000**	**100 000**

In 2019 the Bank acquired 10 shares of BIF 10 000 000 each from BI-SWITCH Company whose shareholders are the member of the Bankers Association.

31. TAX ASSET

Opening Balance	251 717	471 003
Acquisition/(Disposal) during the year	2 685 485	(219 286)
Outstanding Balance	**2 937 202**	**251 717**

The tax credit was granted by the Revenue Authority (OBR) in accordance to the Country's Investment Promotion Agency (API). Tax review by OBR was done for the year 2014 to 2017.

32. CUSTOMER DEPOSITS

Current A/C (BIF)	343 874 067	356 988 259
Current A/C (Forex)	130 415 910	13 448 722
Savings A/C (BIF)	65 121 945	42 120 557
Savings A/C (Forex)	32 634 462	15 198 409
Term deposits (BIF)	33 531 109	33 526 867
Term deposits (Forex)	5 573 480	2 975 303
Total	**611 150 973**	**464 258 117**

The customers' deposits have increased by BIF 146 892 857 thousand (32%) compared to 2022. The growth was on current account deposits by BIF 103 852 997 thousand (28%) and Savings deposits by BIF 40 437 441 thousand (71%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

33. OTHER LIABILITIES

	31 DECEMBER 2023 BIF 000	31 December 2022 BIF 000
Accrued Expenses	3 763 018	1 308 181
Bills payable	1 430 193	564 335
Amounts due to parent company	17 022	6 045 678
Gratuity payable	905 291	452 794
Other payables	9 998 450	3 725 108
Total	**16 113 974**	**12 096 096**

Other liabilities have increased by BIF 4 017 878 thousand (33% due to the new tax on operating income and Unearned income due to increase of loans disbursed.

34. LEASE LIABILITY

Opening	249 216	422 793
Amortization	(197 665)	(197 965)
Interest on right of use	11 027	24 388
Additions (deductions)	-	-
Outstanding	**62 578**	**249 216**

During the year 2023 the leased properties liability declined by BIF (186 638) thousand (75%) compared to 2022.

35. BORROWINGS

	31 December 2023 BIF 000	31 December 2022 BIF 000
At 1 January	194 792 716	113 495 284
Additions	220 023 219	103 172 500
Interest Charge for the Year	32 971 210	4 030 802
Interest Paid in the Year	(23 310 450)	(6 387 176)
Principal repayment during the year	(139 886 931)	(19 518 694)
At 31 December	**284 499 184**	**194 792 716**
Current	231 011 014	113 120 136
Non-current	53 488 170	81 672 580

The Bank has not had any defaults of principal, interest, or other breaches regarding borrowings during 2023 or 2022.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

A. CRDB BANK PLC BORROWING

	31 December 2023 BIF 000	31 December 2022 BIF 000
At 1 January	184 432 391	113 495 284
Additions	205 742 669	92 855 250
Interest Charge for the Year	27 574 106	3 837 440
Interest Paid in the Year	(21 920 989)	(6 236 889)
Principal repayment during the year	(136 319 956)	(19 518 694)
At 31 December	**259 508 222**	**184 432 391**

During the year, the Bank received a facility of USD 62 Million for a period of one year, aiming at supporting Bank's initiatives to grow agribusiness.

B. IFC BORROWING

At 1 January	10 360 326	-
Additions	-	10 317 250
Interest Charge for the Year	5 308 247	193 362
Interest Paid in the Year	(1 391 186)	(150 287)
Principal repayment during the year	(3 566 975)	-
At 31 December	**10 710 412**	**10 360 325**

In October 2022, the Bank received a disbursement of USD 5 Million from International Finance Corporations (IFC), a three 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.

C. DRC BORROWING

At 1 January	-	-
Additions	14 280 550	-
Interest Charge for the Year	88 857	-
Interest Paid in the Year	(88 857)	-
Principal repayment during the year	-	-
At 31 December	**14 280 550**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

36. BALANCE DUE TO OTHER BANKS

	31 December 2023 BIF 000	31 December 2022 BIF 000
Opening Balance	22 712 244	35 004 601
Additions (Reduction)	93 728 687	(12 292 357)
Closing Balance	**116 440 930**	**22 712 244**

Balances due to other banks increased by BIF 93 728 686 thousand (413%)

37. SHARE CAPITAL

Opening balance	19 625 000	19 625 000
Additional during the year	6 045 500	-
Closing balance	**25 670 500**	**19 625 000**

38. OTHER RESERVES

Statutory Reserves		
Opening balance	1 415 050	800 608
Additional during the year	2 829 914	614 442
Closing balance	**4 244 964**	**1 415 050**
Legal Reserve		
Opening balance	16 939 124	9 826 702
Additional / reduction during the year	11 022 928	7 112 422
Closing balance	**27 962 052**	**16 939 124**

The additional reserves include 5% legal reserve and 30% development reserve both from the current year profit.

39. RETAINED EARNINGS

Opening balance	20 075 158	10 701 047
Dividends	(1 066 923)	(3 834 674)
Legal Reserves	(11 022 928)	(7 112 422)
Profit for the year	31 494 080	20 321 207
Closing balance	**33 433 887**	**20 075 158**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

40. OFF BALANCE SHEET ITEMS

Letters of Credit	86 419 607	64 493 633
Guarantees and indemnities	1 694 939	447 480
Commitments to extend credit	25 455 096	13 978 561
Total	**113 569 641**	**78 919 674**
ECL	(14 428 601)	(8 646)
Net Off Balance Sheet	**99 141 040**	**78 911 028**

41. CASH AND CASH EQUIVALENT

Cash on hand	12 784 797	10 957 250
Balance with central bank	62 444 577	93 732 489
Balance with other banks	63 089 063	22 647 080
Government securities maturity within 90 days	12 977 108	25 095 261
Balance due to other banks	(141 431 893)	(33 072 569)
Net Cash and cash equivalent	**9 863 651**	**119 359 511**

The bank recorded a decline of cash and cash equivalent essentially due to reduction in balances with the BRB and increase of dues to other banks.

42. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

In the normal course of business, a number of banking transactions are entered into with related parties' i.e. key management staff Directors their associates and companies associated with Directors. These include loans of BIF 1 273 261 million and deposits of BIF 1 784 330 million as at 31 December 2023.

Details	Loans BIF 000 31 December 2023	2022	Deposits BIF 000 31 December 2023	2022
Board	177 091	0	621 950	318 348
Management	1 273 261	533 401	1 162 380	446 686
Total	**1 450 353**	**533 401**	**1 784 330**	**765 034**

Borrowing from the Parent

As at end of December 2023 the bank had an outstanding balance of BIF 259 508 222 thousand borrowing from the Parent Company compared to BIF 184 432 391 thousand at the end of December 2022.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

43. COMMENTS ON THE STANDARDS AND CHART OF ACCOUNTS APPLICABLE TO CREDIT INSTITUTIONS

CRDB Bank Burundi uses the banking chart accounting for the reporting of financial statements to the central bank (BRB Returns). Nonetheless, CRDB Bank Burundi presents the financial statements in accordance with ISA- IFRS.

44. STATEMENT OF DEBTS WRITTEN OFF AND THEIR RECOVERIES RELATING THERETO.

The sum of debts charged off as at 31 December 2023 was 75 986 thousand BIF and are monitored off balance sheet. The total amount of recoveries during the period under review was BIF 66 340 thousand.

45. COMMENTS ON ASSETS QUALITY

By analysing the structure of assets of CRDB Bank Burundi at 31 December 2023, we noted that on a total balance sheet of 1 119 579 044 thousand BIF, loans and overdrafts represent 684 933 921 thousand BIF (61.18%).

Cash transactions (Cash and balances with central banks, Balances with other Banks, Treasury bills and bonds) represent an amount of 388 567 907 thousand BIF (34.71%), fixed assets represent an amount of 21 579 801 thousand BIF (1.93%), other assets and equity investment through OCI represent 24 497 415 BIF (2.19%).

Provisions for unpaid debts at 31 December 2023 represent an amount of BIF 4 083 049 thousand. The NPL at 31 December 2023 represent an amount of 2 188 299 thousand BIF. The loans portfolio deterioration rate is 0.33% (BIF 2 188 299 thousand on a total loan of 672 787 384 thousand BIF.

	31 December 2023 BIF 000	31 December 2022 BIF 000
Nonperforming loans		
Pre-Doubtful	565 446	204 221
Doubtful	1 172 598	429 583
Disputed Debts	450 255	120 343
Subtotal	**2 188 299**	**1 183 729**
Provision for non-performing loans		
Pre Doubtful	113 089	40 844
Doubtful	586 299	429 583
Disputed Debts	450 255	120 343
Subtotal	**1 149 643**	590 770
Net non-performing loans	**1 038 656**	**529 959**
Debt to Monitor	97 780 185	8 345 540
Provision for Debt to Monitor	2 933 406	250 366
Total Provisions for unpaid debts	**4 083 049**	**841 136**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

46. COMMENTS ON THE OFF BALANCE SHEET

By analysing the off-balance items at 31 December 2023, we noted that on a total off balance sheet of BIF 109 443 870 thousand. The commitments to extend credit BIF 21 329 325 thousand (19.49%) and the letter of credits represents BIF 86 419 607 thousand (78.96%).

47. COMMENTS ON THE RISKS DIVISION

- Loans to related parties (directors and managers)
- The total loans to related parties represents 8% of the core capital while the limit not to exceed is 25%.
- Staff loans
- The total loan granted to staff represents 7.03% of the core capital while the limit not to exceed is 25%.

48. COMMENTS ON THE QUALITY OF LOAN SECURITIES

We reviewed the quality of loan securities of the Bank and found that the securities required by CRDB Bank Burundi when disbursing those credits are adequate as the bank policy require the minimum coverage ratio to be above 125% of the amount of the facility.

These securities mainly consist of salaries, mortgages but also a pledge of goodwill, joint guarantees of shareholders (for corporate) or spouses (for individuals) and collateral deposits. The mortgages are covered by insurance policies.

CRDB BANK BURUNDI S.A

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