



CRDB BANK PLC




4Q2022 Investor Briefing





Our Journey Through 4Q 22


Agenda




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PART 1
HIGHLIGHTS
4Q2022 at a glance.
- 

PART 2
FINANCIALS
Getting to know the numbers
- 

PART 3
WAY FORWARD
Our next steps
- 

PART 4
ABOUT US



HIGHLIGHTS





Key Indicators



PROFIT AFTER TAX

▲ 31%

4Q21	TZS 268.7 bn
4Q22	TZS 351.4 bn



NET LOANS AND ADVANCES

▲ 36%

4Q21	TZS 5,039.9 bn
4Q 22	TZS 6,877.8 bn

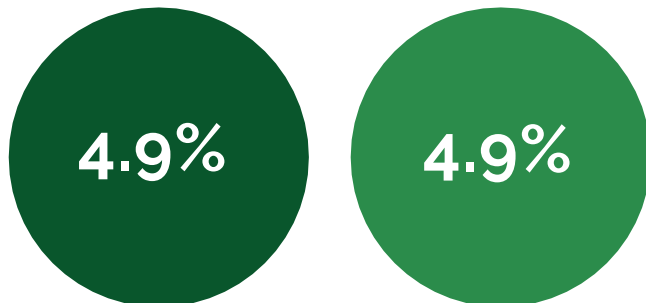


CUSTOMER DEPOSITS

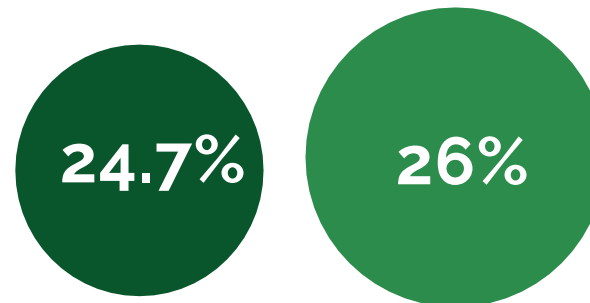
▲ 26%

4Q21	TZS 6,436.8 bn
4Q22	TZS 8,141.1 bn

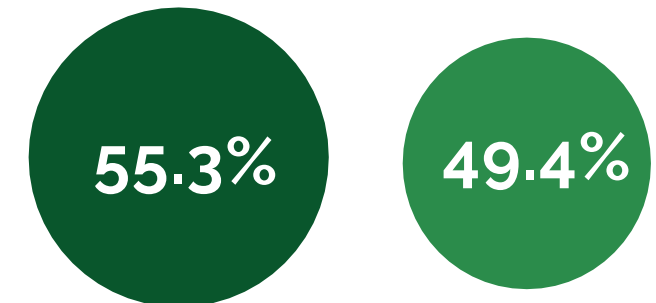
RETURN ON ASSET (ROA)



RETURN ON EQUITY (ROE)



COST TO INCOME RATIO (CIR)



Key ■ Q4 21 ■ Q4 22

Tanzania Economy

TABLE 1: Annual Growth of Credit to Selected Economic Activities

Sector	Q4 22	Q4 21
Agriculture	46.1%	-7.7%
Manufacturing	28.3%	12.4%
Trade	24.6%	19.7%
Mining and quarrying	21.5%	10.4%
Building and Construction	20.3%	-6.9%
Transport and communication	14.5%	-7.8%
Hotels and restaurants	-5.8%	-1.2%

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The economy grew by 5.2%, that is 2% above Q4 2022 projections of 5.1% (IMF, 2022). This growth is attributed improved performance in tourism, the reopening of trade corridors, and the accelerated rollout of vaccines.

The Tanzania economy is projected to grow at 5.6% in 2023,

4.8%

Inflation Rate

4.8% as of Dec 2022;
4.2% as of Dec 2021

5.6%

Interest Rate*

6.6% as of Dec 2022;
5.0% as of Dec 2021

2,320

Exchange Rate TZS/USD

2320 as of Dec 2022;
2305 as of Dec 2021



Key

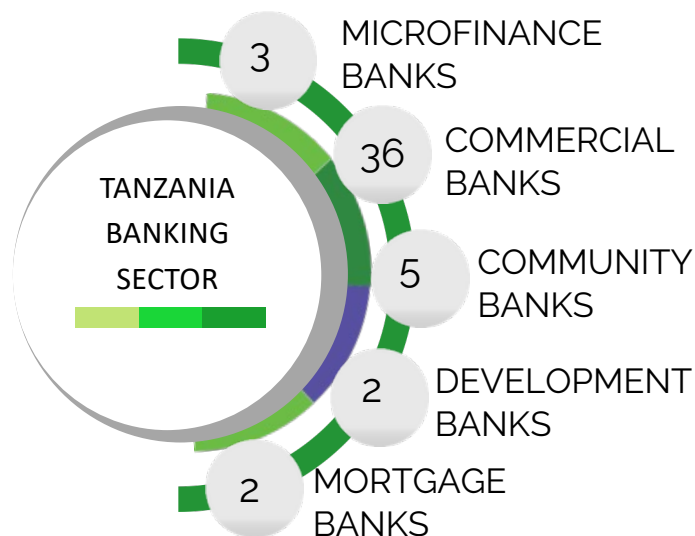
Interest rate* = 364 days T-bills rate



Banking Industry Updates

TABLE 2: Industry vs. CRDB

	Industry	CRDB
NPL ratio	5.2%	2.8%
ROA	3.2%	4.9%
ROE	13.8%	26.0%
Efficiency Ratio	53.9%	49.4%

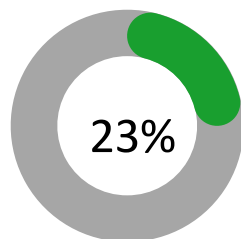


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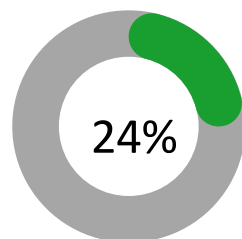
Key

■ CRDB Bank Plc ■ Other Banks

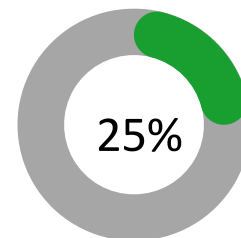
Assets Market share (1)



Deposits Market share (1)



Loans Market share (1)





Reflection of Five-Year Business Strategy

HIGHLIGHTS

FINANCIALS

SUMMARY

OUTLOOK



Transformed the Existing Machine

Fix and redefine the fundamentals to enable organization growth

- Deployed new **operating models**
- Strengthened **credit management** processes
- Changed the **spending culture and addressed cost levers** to achieve efficiency
- Reformed **risk and governance** frameworks
- Streamlined **subsidiaries'** operations to increase productivity



Built the Bank of the Future

Adopt systems and capabilities to meet current and future business needs

- Deployed right systems and robust **ICT infrastructure**
- Adopted **scalable architecture** to enable growth
- Enhanced **ICT resilience and cybersecurity maturity**
- **Streamlined** and automated processes to enhance service
- **Digitized** current and new offerings
- Embedded a **digital mindset** within the organization



Addressed the Enablers

Set up the organization to execute and sustain transformation

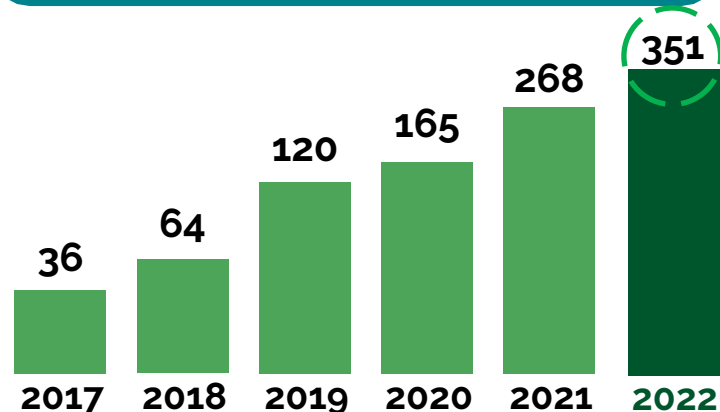
- Deployed robust **HR practices** to facilitate transformation
- Embark on a **culture transformation journey** to sustain changes
- Improved staff **productivity levers**
- Streamlined **employee rewards and benefits**
- Developed **competency** and **talent** frameworks



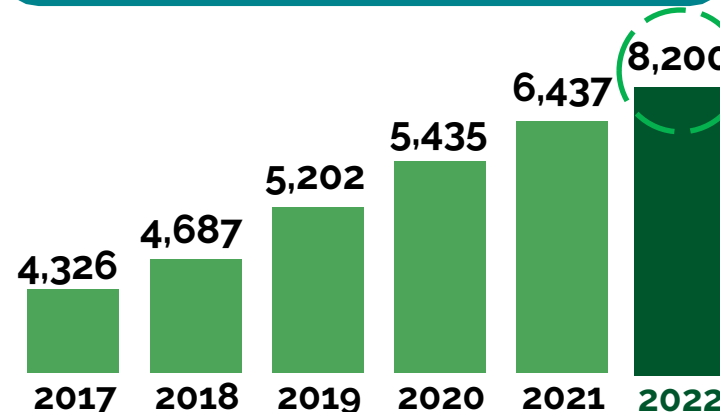
5-Year Financial Performance Trend

Amount in TZS Billions

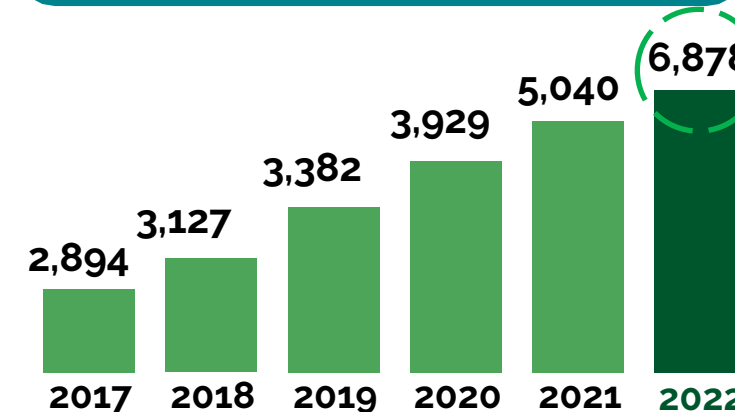
PROFIT AFTER TAX



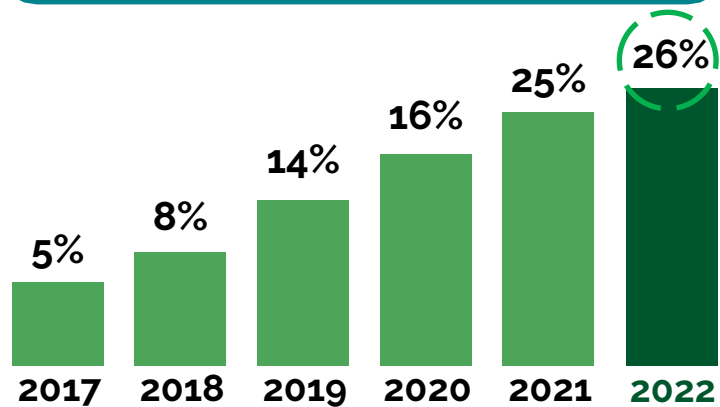
DEPOSITS



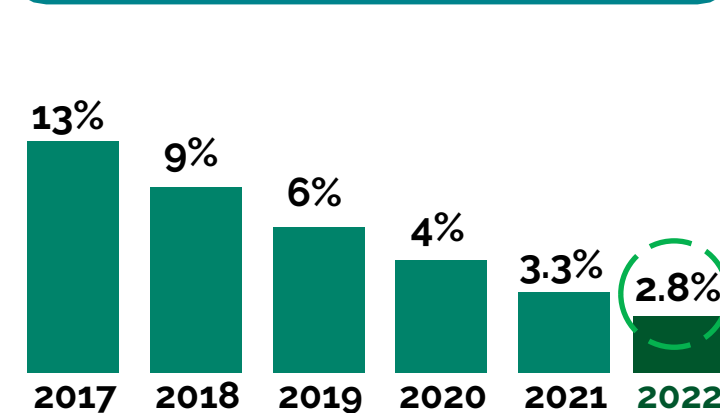
LOANS



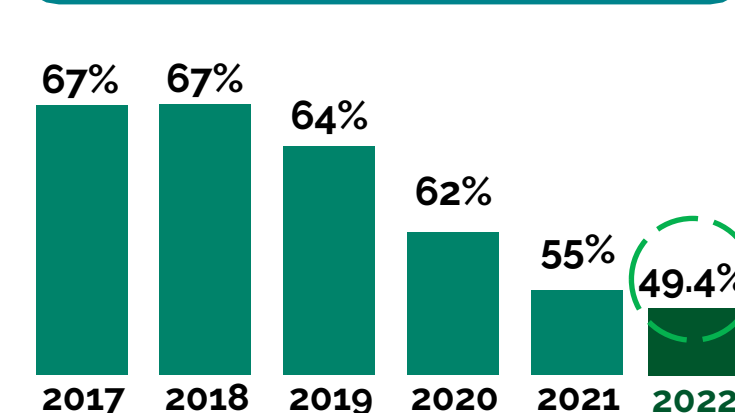
RETURN ON EQUITY



NPL



COST TO INCOME





Increased Our Returns to Shareholders

Dividend policy: At least 35% of PAT



Awards and Recognition

Recognised by various bodies through our efforts to provide customer-centric financial solutions



Euromoney Awards, 2022

Best bank in Tanzania



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The Banker Awards, 2022

Deal of the year



Global Finance Awards, 2022

Best bank in Tanzania



ACCA Accreditation

ACCA approved employer



FINANCIALS





Balance Sheet Overview

TABLE 3: Balance Sheet (Figures in TZ Bn)

In TZS Billions	Q4 22	Q4 21	% Growth
Government Securities	2,275	1,642	14%
Net Loans & Advances	6,878	5,040	36%
Total Assets	11,647	8,819	32%
Customer Deposits	8,141	6,437	26%
Borrowed Funds	1,738	908	91%
Shareholders' Funds	1,479	1,218	21%

36%

Net Loans & Advances grew by 36% YoY to TZS 6,877bn Growth

26%

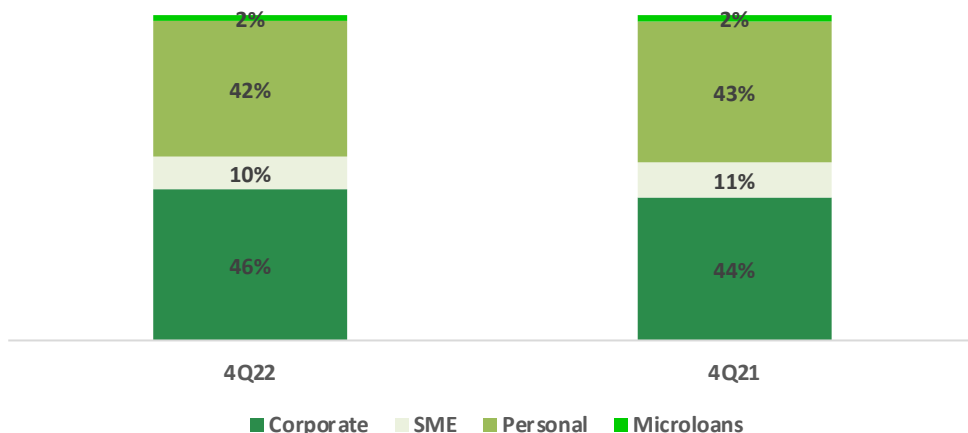
Customer Deposits YoY growth 26%, to TZS 8,141bn

Strong Balance sheet with a total assets worth TZS 11,637bn, YoY growth 32%, mainly due to growth of balances with other banks ,government securities and Loans and advances.



Loan Portfolio Diversification

FIGURE 1: Loan Book – Split by Business Segments



- Year on year, the corporate book grew by 44%, personal by 31% and SME by 26%. The microloans increased by 27%
- The corporate retail loan split shifted to 46:54 in 4Q22 from 44:56 in 4Q21.

TABLE 4: Loan Book – Split by Sector

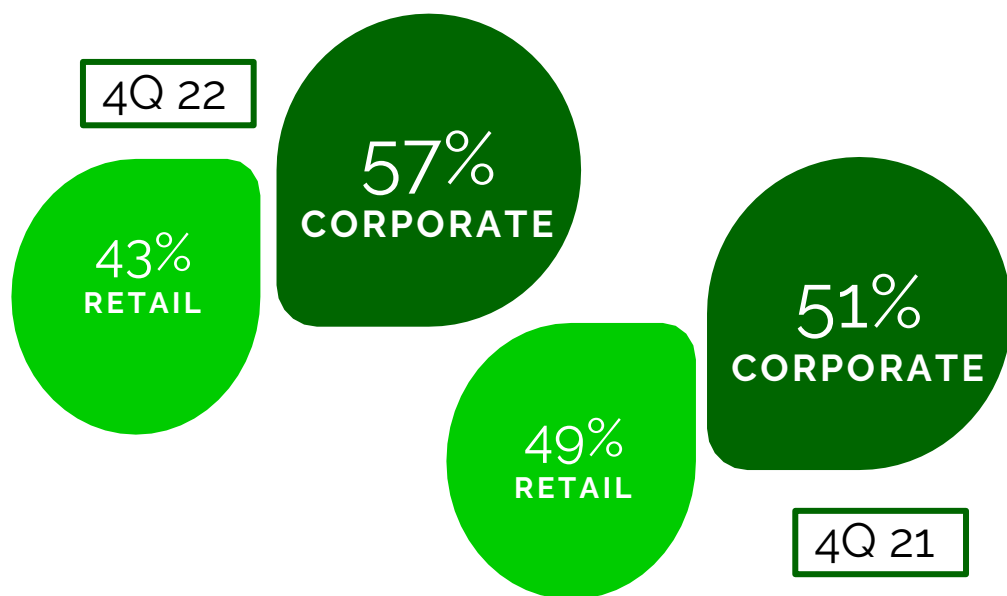
Split per Sector	Q4 22	Q4 21
Personal	39%	42%
Trade	19%	14%
Agriculture	14%	13%
Manufacturing	5%	6%
Building and Construction	4%	4%
Others	18%	21%

- There has been a notable growth in loans to the trade sector driven by the Bank's focus on supporting industrial growth in the country



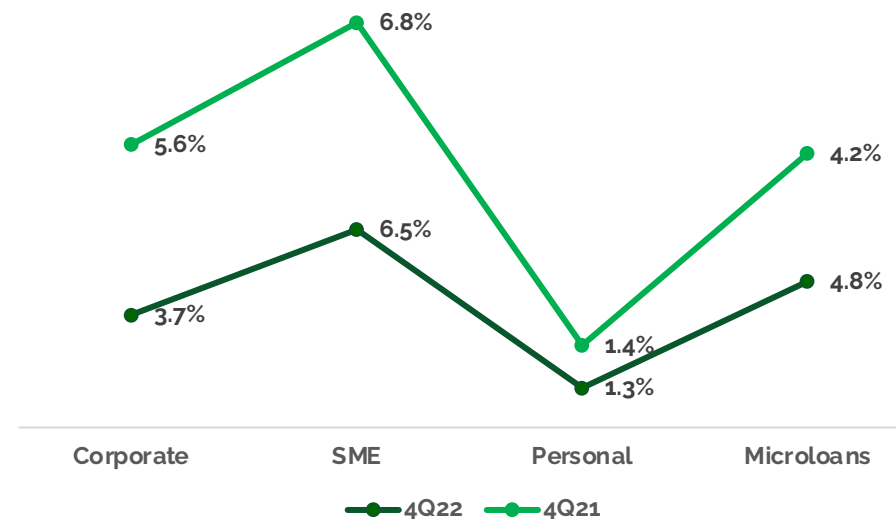
Asset Quality Review

GRAPH 1: NPL Composition - Business Segment



- Corporate loans continue to make up most of the NPLs – albeit at a slightly higher composition than 4Q21

GRAPH 2: NPL Ratio per Segment



- Notable improvement of portfolio quality across all business units.
- This was driven by concerted efforts to contain the migration of the portfolios to NPLs.



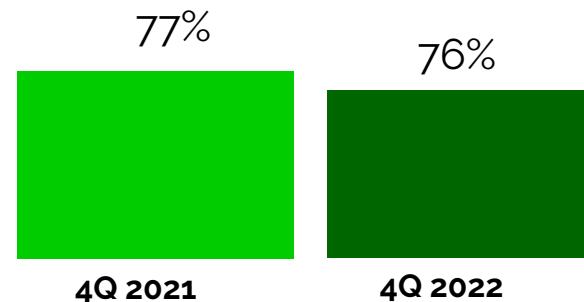
Asset Quality Review

TABLE 5: NPL Contributing Sectors

Sector	Q4 22
Agriculture	30%
Personal	16%
Trade	16%
Transport and Communication	9%
Education	8%
Real Estate	7%
Mining and quarrying	6%
Building and Construction	4%
Others	4%

- The Bank NPL ratio improved to 2.8% compared to 3.3% in Dec 2021. The improvements are mainly attributed to portfolio containment.
- Management continues to focus on asset quality assurance.

GRAPH 3: NPL Coverage Ratio

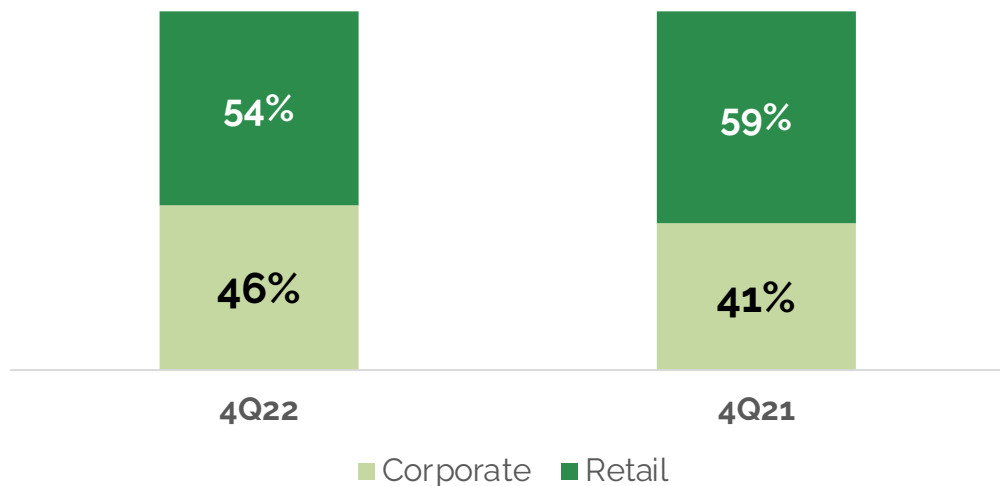


- NPL Coverage maintained above internal limit of 70%



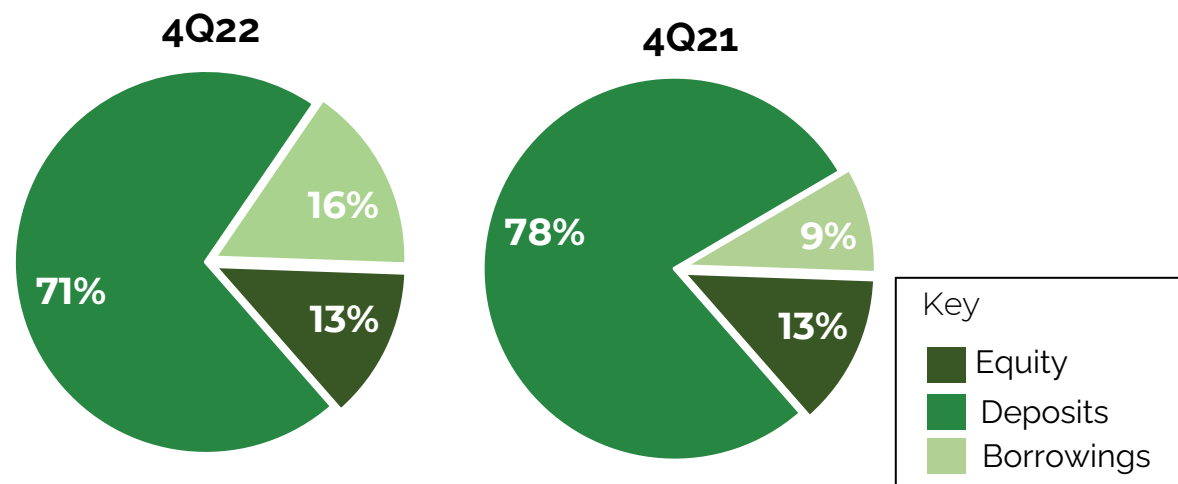
Deposit and Funding Mix

GRAPH 3: Deposit per Segment



- Customer Deposit growth was driven by growth in term deposits (41%), demand deposits (35%) and savings deposits (12%), resulting from various deposit mobilization efforts in the year.
- At 4Q22, the CASA ratio stood at 83%, slightly below the 84% recorded in the same period last year

CHART 2: Funding Mix



- In the year, the Bank increased its borrowings to make up for deposits lost from the ongoing liquidity challenge in the market.
- The Bank ended the quarter with a liquidity ratio of 27%, well above the regulatory requirement ratio is 20%

Income Statement Overview

TABLE 6: Income Statement (Figures in TZ Bn)

In TZS Billions	FY 22	FY 21	% Growth
Net Interest Income	713	630	13%
Non-Funded Income	400	294	36%
Total Income	1,113	924	20%
Operating Expenses	(550)	(511)	8%
Loan Impairment Charges	(65)	(29)	154%
Profit After Tax	351	269	31%

36%

NFI contribution to Total income increased to 36% from 32% in the same period of the previous year.

31%

PAT growth was driven by the Group's concerted efforts to grow income while keeping operating expenses at bay.

The Group's PAT grew by 31% YoY, reaching TZS 351.4bn as at FY22. The growth mainly contributed by the increase of funded income and NFI.

Income Analysis

TABLE 7: Net Interest Income and Margin

In TZS Billions	FY22	FY21	YoY Growth
Interest Income	930	775	20%
Interest Expense	(217)	(144)	50%
Net Interest Margin	8.6%	9.9%	

- Healthy loan portfolio growth resulted in a 20% increase in interest income.
- The increase in Interest expense was driven by an uptake of time deposits and borrowings during the year.
- NIMs shrunk to 8.6% from the combined effect of compressed lending rates and raised deposit rates in the year

TABLE 8: Non-Funded Income

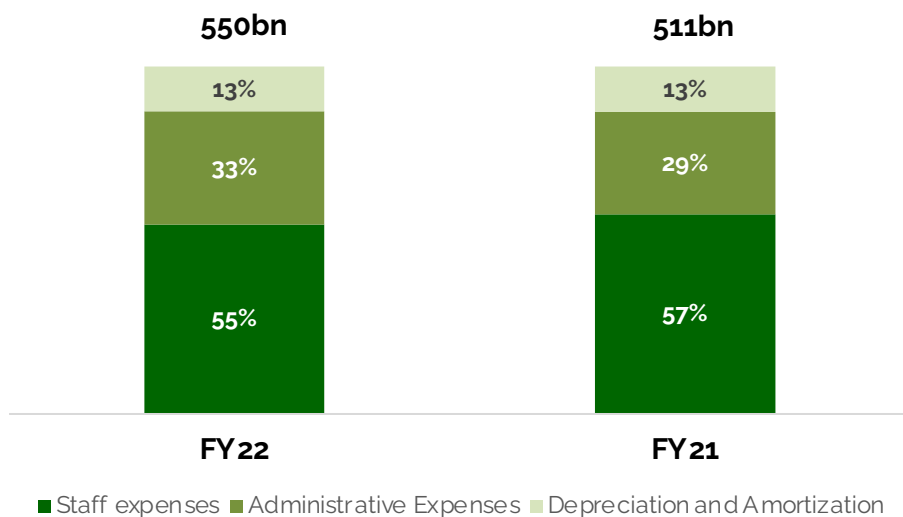
In TZS Billions	FY22	FY21	YoY Growth
Forex Income	57	38	36%
Fees and Commission	293	222	32%
Other Operating Income	51	34	50%

- The increase in Fees and Commissions was largely driven by the growth of transactions in digital channels i.e Agency Banking, Simbanking (mobile banking) and Internet Banking, as well as the increase uptake of loans.
- The increase in other operating income was driven by realized gain on available for sale portfolio



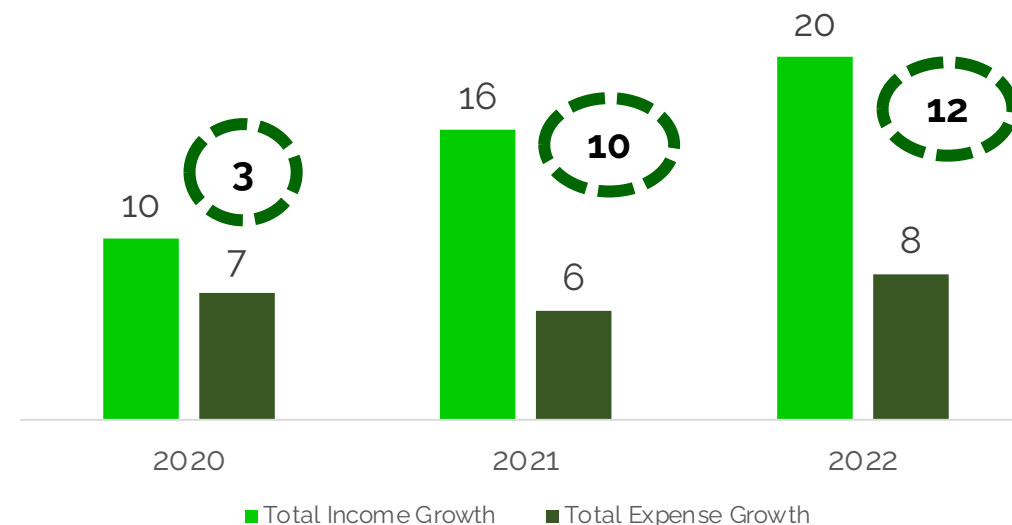
Cost to Income Analysis

GRAPH 4: Operational Expenses – Composition



- The Group's operating expenses grew by 8% YoY
- The increase was driven by administrative expenses, which grew by 19% YoY. These include maintenance of buildings, fuel and software licenses.

GRAPH 5: Cost to Income JAWS

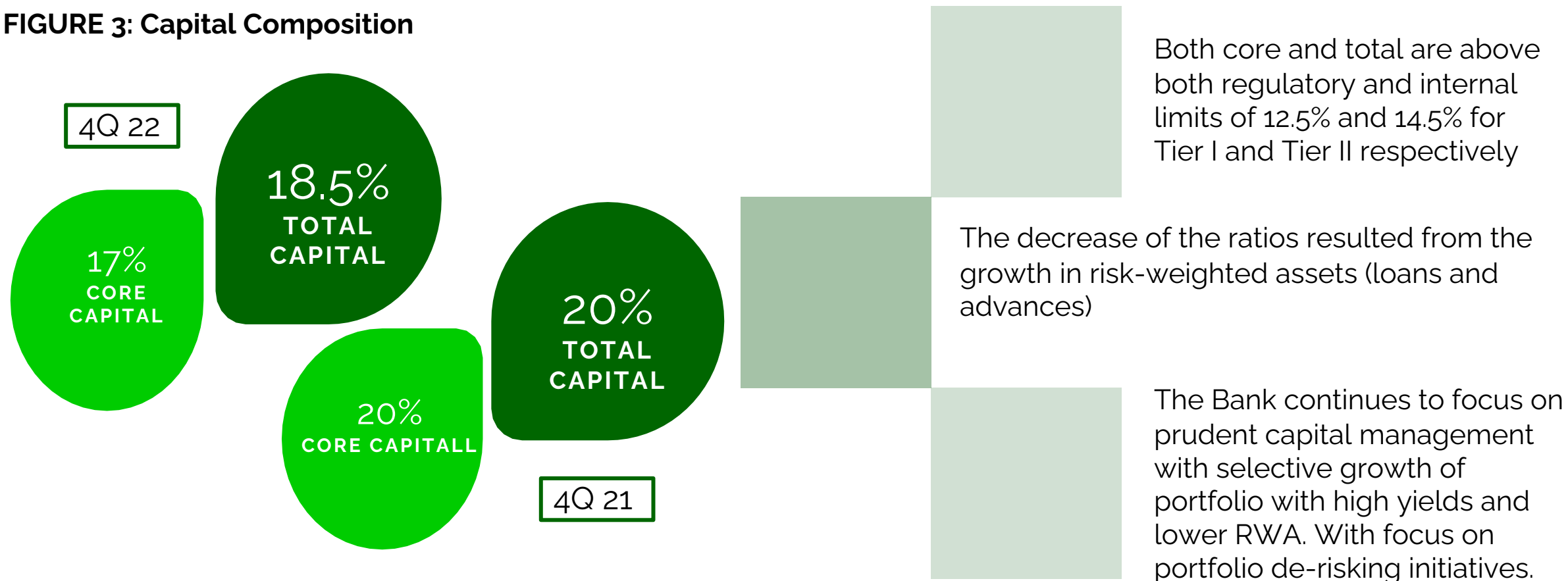


- Cost to Income JAWS continue to improve maintaining a positive figure of 12%.
- The improvement is the result of various initiative the bank is taking to reduce costs and increase revenues.



Capital Management

FIGURE 3: Capital Composition



Subsidiary Performance

TABLE 9: Balance Sheet and Income Statement (Figures in TZ Bn)

In TZS Billions	Q4 22	Q4 21	% Growth
Burundi			
Total Assets	850	548	55%
Total Deposits	525	324	62%
Operating Income	46	27	69%
Net Profit	23	12	85%
Insurance			
Total Assets	7.2	7.1	2%
Net Commission Income	0	2	(100%)
Net Profit	222	859	(74%)

Burundi

- Strong performance with an 85% YoY growth of PAT to TZS 23bn and an ROE of 35% (2021: 26.7%).
- In the year, the subsidiary's contribution to the group increased to 7% from 4% in 2021.

Insurance

- Total assets stood at TZS.7.2bn, 2% growth YoY from TZS 7.1bn reported last year in the same period.
- The company strives to be stringent in its operations to ensure cost containment as it transits into an insurance company.

Investment Information

Our Share price continues to be the most traded in the Dar es Salaam Stock Exchange market, with buying side led by foreign players and selling side by local players



TZS 395

Share price



41%

YoY Growth

Share Price Trend

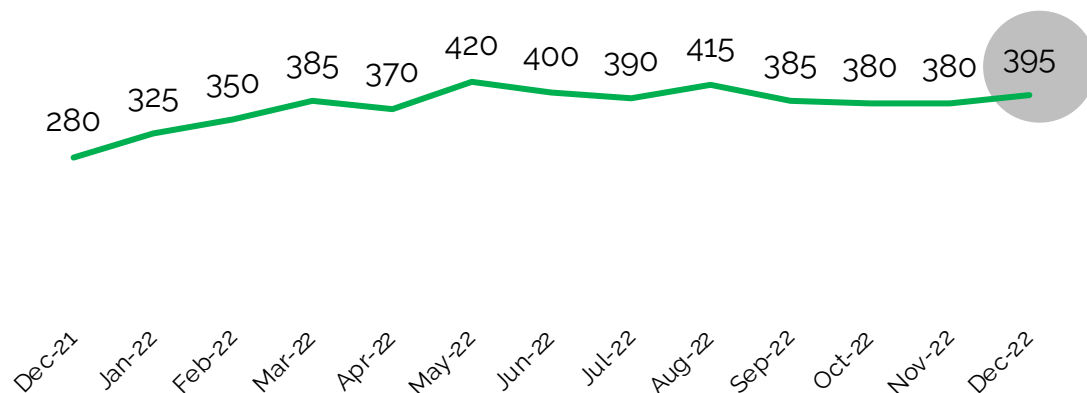
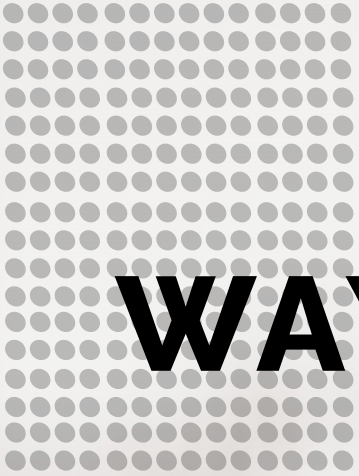


TABLE 10: Owned by a Diverse Group of Shareholders

Group Shareholding	2022		2021	
	No. of shares	%	No. of shares	%
10% and more	894,828,676	34.3	894,828,676	34.3
Less than 10%	651,813,909	25.0	642,280,316	24.6
Less than 1%	1,065,195,999	40.7	1,074,729,592	41.1
Total	2,611,838,584	100.00	2,611,838,584	100.00

TABLE 11: Capital

TZS	4Q.22	4Q.21	Growth
Market Cap (bn)	1,032	731	41%
Share Price	395	280	41%
Book Value Per Share (BVPS)	566	467	21%
Earnings per Share (EPS)	134	103	30%



WAY FORWARD.





Our New Brand Foundation

HIGHLIGHTS

FINANCIALS

SUMMARY

OUTLOOK



PURPOSE

Improve livelihoods and deliver sustainable Impact



VISION

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



MISSION

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

ASPIRATION

To be the undisputed leader in our markets



OUR VALUES

Deliver Impact

Behave Responsibly

Learn Continuously

Achieve Together

PEOPLE | PLANET | PROFIT



Our Five-Year Strategy

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

STRATEGIC PILLARS (2023 - 2027)

1

RINGFENCE THE BUSINESS

Strengthen our service offerings and cement our presence in the market

2

GROW THE BUSINESS

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

3

FUTURE PROOF THE BUSINESS

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



Outlook for the Year...

HIGHLIGHTS

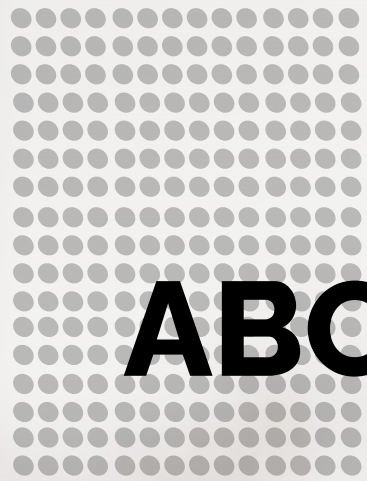
FINANCIALS

SUMMARY

OUTLOOK



	2022	2023 Outlook
Loan Growth	36%	15% - 20%
Deposit Growth	26%	20% - 25%
Non Funded Income	36%	40% - 45%
Cost to Income Ratio	49.9%	45% - 49%
Return on Equity	26%	26% - 30%
Return on Assets	4.5%	4.5% - 5.5%
NPL	2.8%	2.5% - 3%



ABOUT CRDB.





We have a sound financial base and have invested in the right people to provide financial services to all customers and support the economic transformation of our markets.

FINANCIAL CAPABILITIES

TZS 1.5 Trillion

Total Capital

TZS 11.6 Trillion

Balance Sheet

TZS 3.9 Trillion

Off-Balance Sheet

CUSTOMER BASE



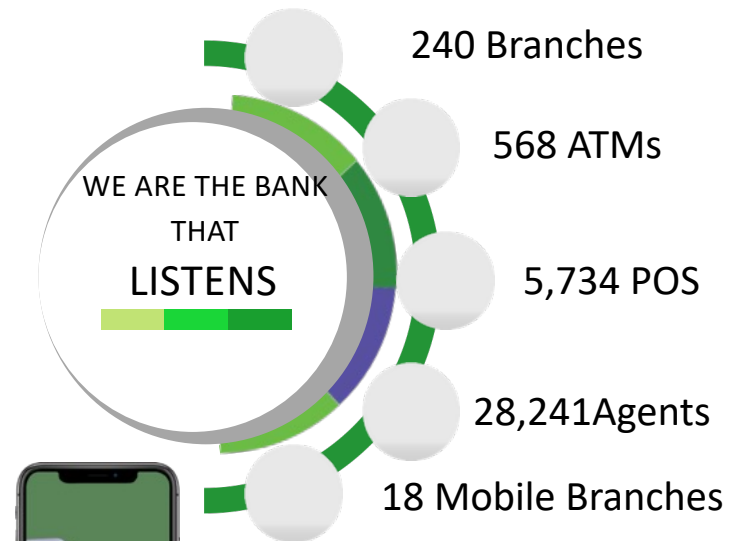
5.0 Mn +
Customers

PEOPLE



3,729 Highly Skilled Staff

DELIVERY CHANNELS



Robust
online
banking
platforms



CRDB Plc's Stance on the Briefing

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

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

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

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



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