



CRDB BANK PLC

Investors Briefing

1Q2020



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- Highlight of Strategy Implementation
- Q1 2020 Financial Performance
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CRDB Bank Group Overview

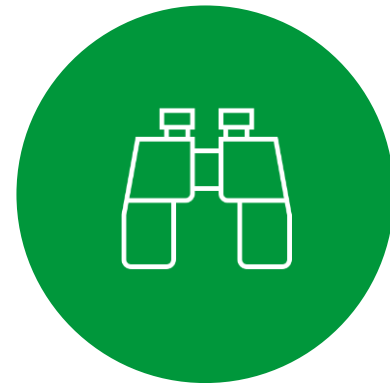
Who We Are

We are the largest Financial Service Provider publicly owned and fully fledged commercial bank based in Tanzania. We operate two main subsidiaries, CRDB Bank Burundi – a wholly owned affiliate based in Bujumbura in the Republic of Burundi and CRDB Insurance Brokers Limited – a leading Insurance brokerage service provider operating in Tanzania.



Purpose

To transform lives through financial inclusion and diversified outreach to the cooperatives and allies



Vision

To be the leading Co-operative Bank in Tanzania



Mission

Provide customized and comprehensive financial solutions while embracing technology and innovations to achieve mass market outreach and distinguishing customer experience that delivers value to our employees and communities

Our Core Strengths

Financial Capital



915 Billion
Total Capital



6.5 Trillion
Total Assets

Human Capital

3,400
Employees

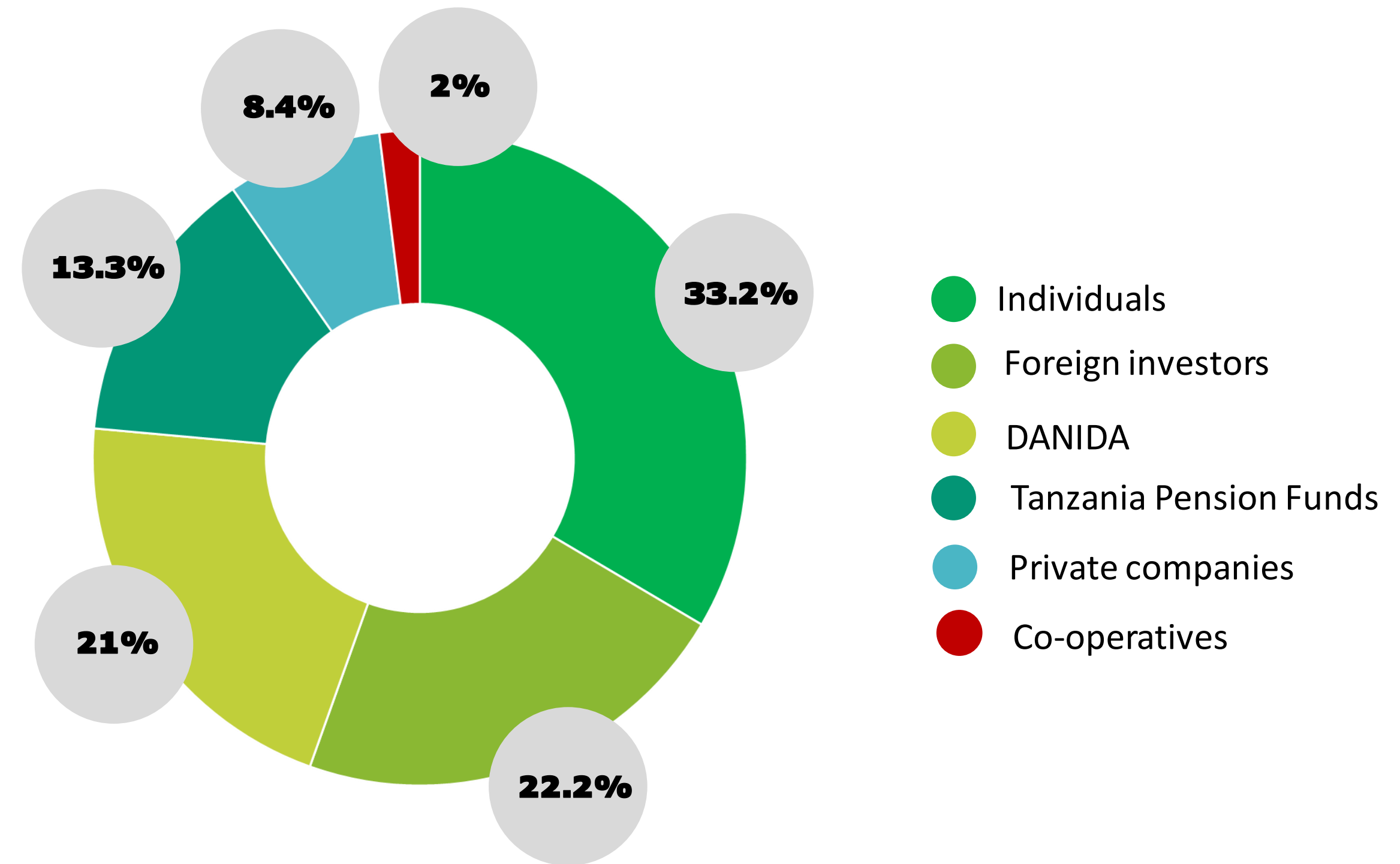


44%
Women



56%
Men

Our Investors



Our delivery channels



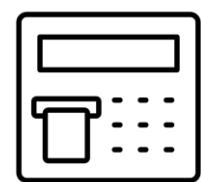
243

Retail branches



14,451

Banking agents



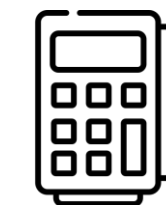
561

ATMs



21

Mobile branches



2237

Merchant POS



Mobile banking



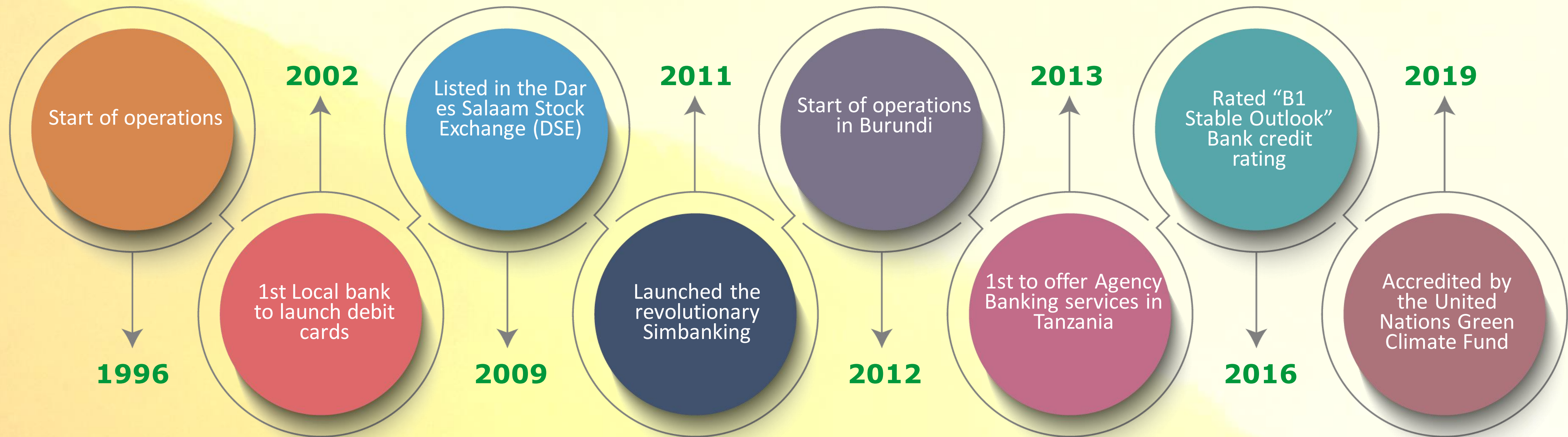
Debit cards



Internet banking

Our Key Brand Milestones

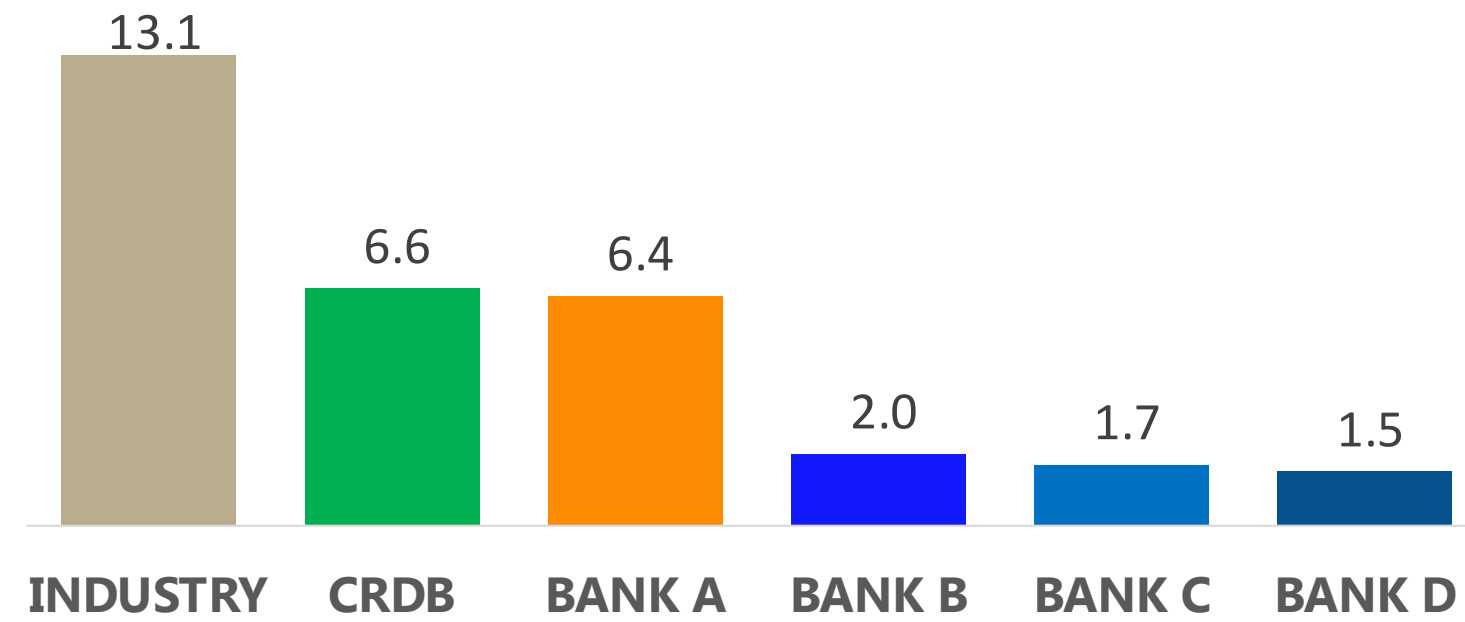
The foundations of a modern success story



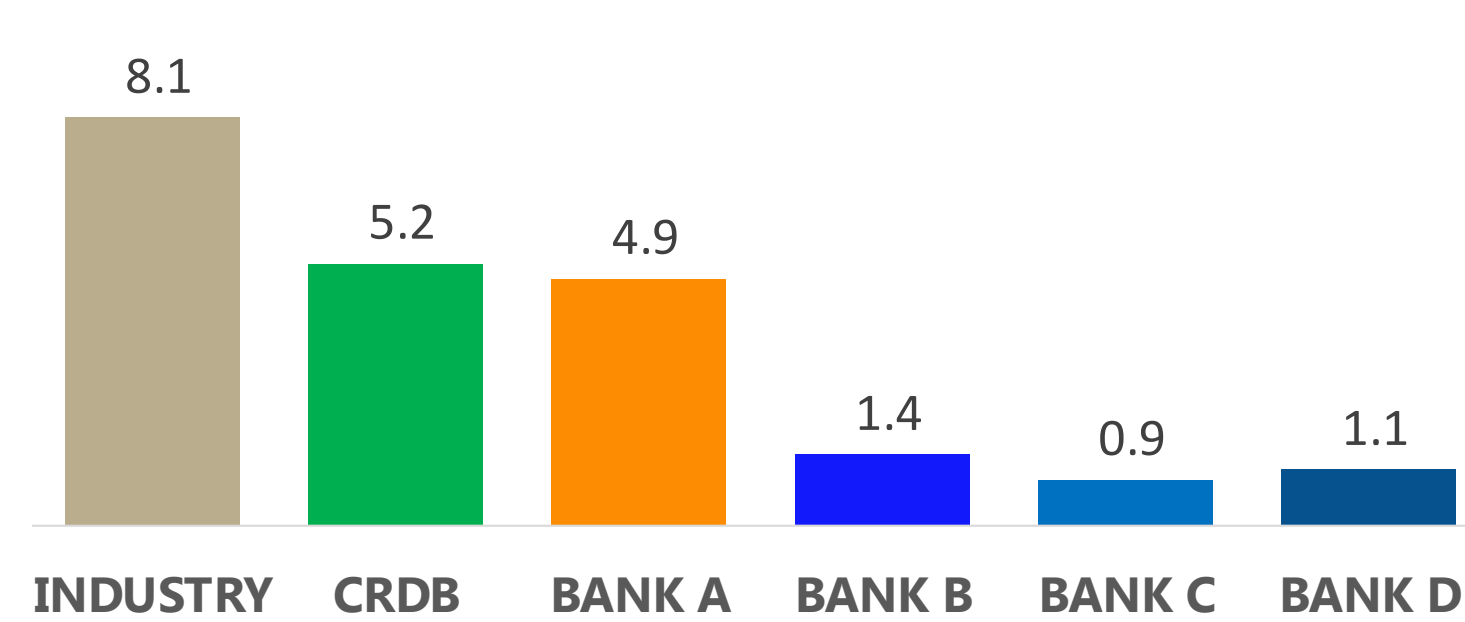
Operating Environment

Overview of the Banking Sector

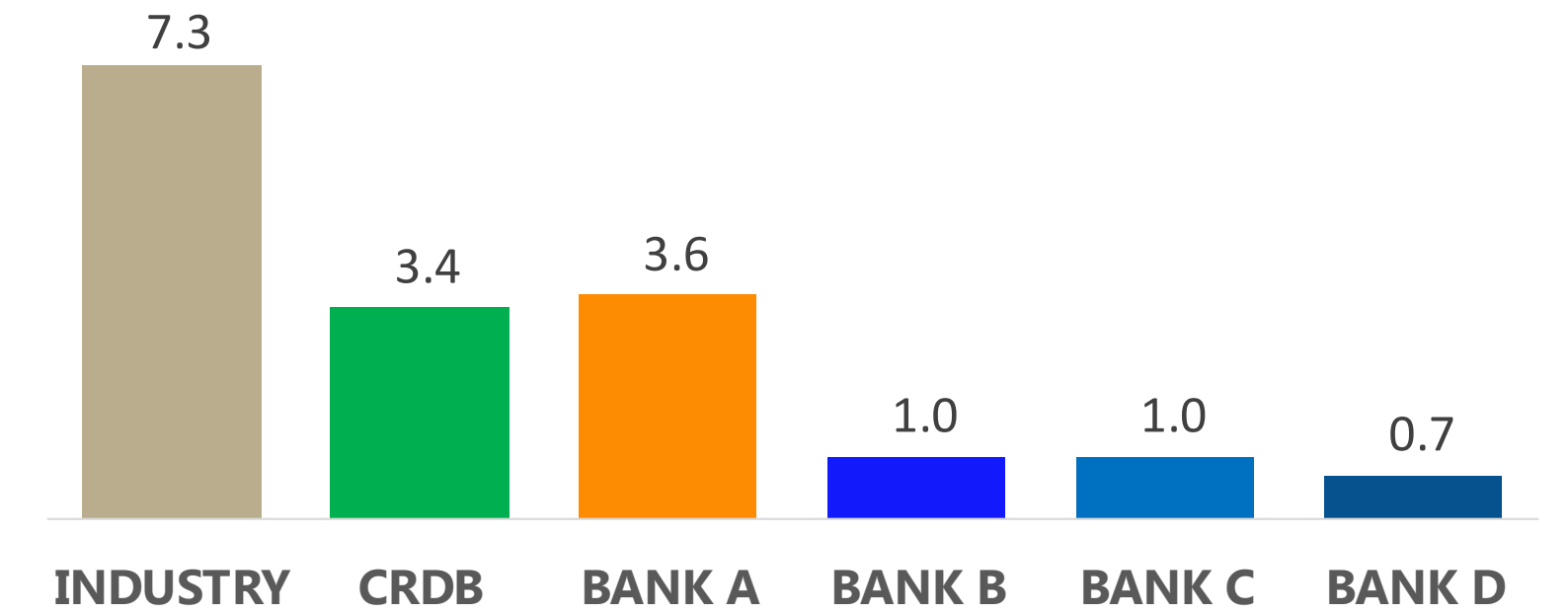
TOTAL ASSETS (TZS Tn)



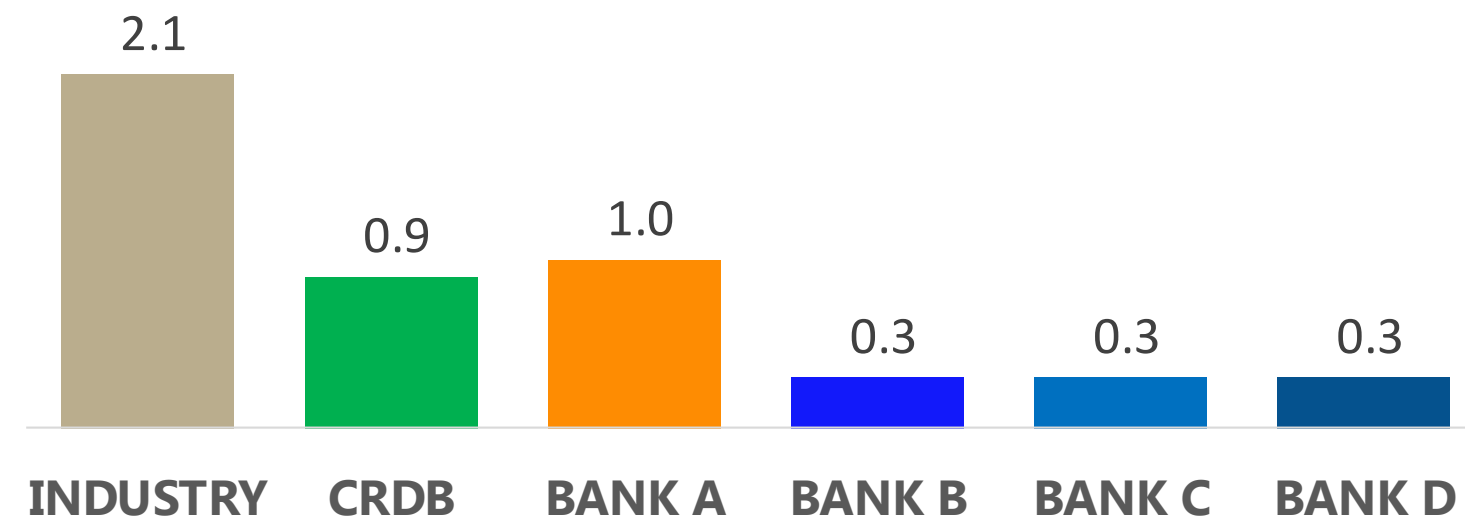
DEPOSITS (TZS Tn)



LOANS & ADVANCES (TZS Tn)

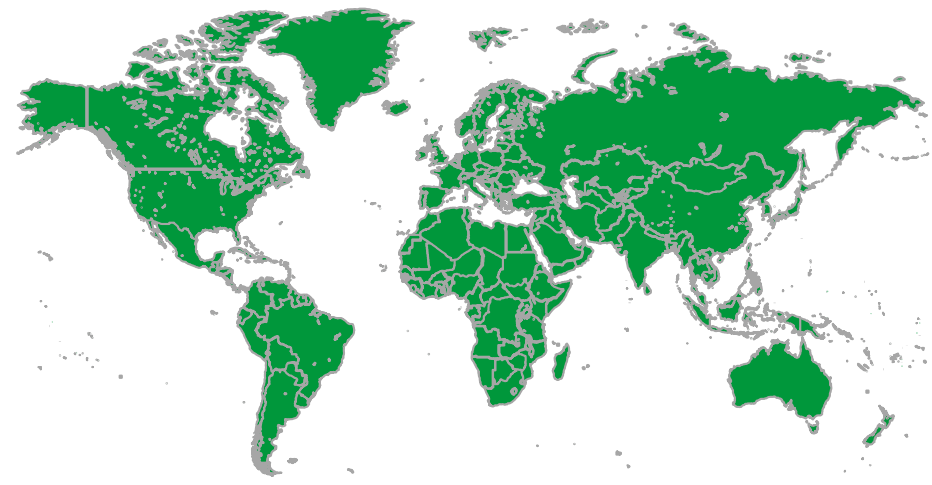


CAPITAL (TZS Tn)



We continue to fortify our position in the market

Global & Economy



With Corona outbreak, the world economic activities are expected to decline by 1.9% in 2020 with US GDP down by 3.3%, the eurozone down by 4.2% and UK down by 3.9%

Tanzania GDP is expected to grow at 6.4% in 2020 slightly below the estimated value of 6.8% with slight increase of Inflation in the coming Quarter

Burundi's economy is expected to grow slightly behind the 2020 projections at 3.7% against 4.1% with growth on money supply of 15% against 14% recorded in 2019

Regulatory environment



BOT introduced measures to safeguard the stability of the financial sector

With Corona outbreak, BOT is likely to fast-track implementing the instant payment system (TIPS) to provide easy, secure and affordable mechanism for fund transfers

Burundi is implementing a transformation project on automation of the financial sector

Other Market insights



Covid 19 pandemic has led to disruption in the various sectors, most notably the tourism and hospitality sectors.

Mergers & acquisitions for some banks due to liquidity and capital challenges

Both Tanzania and Burundi are expected to hold their general election this year

CRDB's Actions | Covid 19 Pandemic

We have reacted quickly to the challenges and continue to protect, serve and build resilience

How we are working

Continue to provide our people with a more efficient distributed-work environment

Implement preventive measures to protect employee health

Enable technology setup and infrastructure for remote work

How we are supporting our clients

Special attention to our customers to understand their business needs and act accordingly

Conduct sales and education sessions through webinars and social media

Promote cashless transactions

Equipped our bank agents with stocks of PPEs

How we are helping

Donated TZS 210mn to support those impacted in the communities we serve

Highlight of Strategy Implementation

Enhancing the country's infrastructure



We have taken part in financing and guaranteeing key country infrastructure projects aimed at spurring economic growth

Stirring industrialization



We deployed new tailor-made credit solutions such as purchase order financing (POF), certificate & invoice discounting to support strategic investments in the SME sector

Transforming lives in our community



Providing innovative financial solutions to drive financial inclusion and deepening. Through our micro-lending solution "Jiwezeshe loan" micro entrepreneurs have boosted their businesses

Contribution to key sectors



Financing key sectors of the economy to drive business growth. The bank deployed bespoke credit solutions to clients in agriculture, hospitality & tourism, trade & commerce to support entire value chain management

Technology enhancement & Optimization

- Core network enhancements to increase availability
- Centralized key branch activities
- Closed security and resilience gaps

People

- Enhanced end to end talent management to anticipate human capital needs
- Enhanced engagement to boost wellbeing and productivity

Credit Risk

- Placed robust and solid processes to ensure a quality loan portfolio
- Digitized processes to improve decision making and monitoring
- Enhanced capacity of contact centres for credit monitoring and collection
- Diversified our portfolio from high to low risk areas

Governance & Business Continuity

- Restructured and harmonized EXCO function to drive efficiency in decision making and reporting
- Strengthened recovery plans and Enhanced recovery capabilities
- Established a robust continuity and safety culture
- Embraced combined assurance to enhance overall risk management



Q1 2020 Achievements

12

In a dynamic operating environment characterized by unexpected turn of events, we are remaining nimble and adapting to change while still delivering value to our key stakeholders

Enhancing Financial Inclusion

Through unique products such as the NIAMOJA, the bank has reached bottom end customers with the right fit solutions

Support of infrastructure

Maintained strategic partnerships with development partners to guarantee infrastructure related projects

Support of industrialization

Collaborated with government on initiatives to support digitalisation, ease of payments (optimization of GEPG & MUSE) to drive industrialization in key sectors

Nurturing customers relationship

We have continued to back corporate customers in key sectors with an expanding array of solutions centred around cash management and payments solution



A hand is shown placing a white rectangular block onto a bar chart. The chart consists of several vertical bars of varying heights on a dark surface. The lighting creates strong shadows, giving a 3D effect to the scene.

EXPANDED OUR RISK ASSESSMENT CAPABILITIES

Credit Risk

- Partnered with portfolio guarantors to manage inherent credit risk
- Enhanced digital lending platforms for consumer loans as a part of portfolio de-risking strategy
- Exercised cautious lending to sectors amid COVID 19 Pandemic
- Ventured into new business risks i.e microlending

Governance

- Enhanced governance on acquisition and relationships
- Aligned implementation in conformity with regulators
- Strengthen risk governance framework to promote a strong risk culture

Governance

- Enhanced crisis management capabilities
- Proactively placed business continuity plan (BCP) and controls to monitor COVID 19 developments

Building Capabilities

Acquired and launched robust e-learning digital platforms

Launched refresher courses at different organisation levels

Diversity and Inclusiveness

Launched dedicated capacity building programmes aiming at increasing women leaders in the senior management

Leadership and culture transformation programs

Developed relevant leadership programs and launched dedicated leaders academy to develop future leaders

TECHNOLOGY ENHANCEMENT

- Upgraded core banking system
- Improved Channels service availability
- Automation of key business processes
- Placement of new business systems
- Upgraded systems and applications

TECHNOLOGY OPTIMIZATION

- End to end lending digitization
- Digital onboarding and digital identity

SERVICE IMPROVEMENT

- Launched instant service satisfaction survey using QR code to collect customer feedback and ensure customer's voice is always present in any transformation effort
- Upgraded contact centre to proactively respond to and help customers
- Revamped key customer processes to improve services

Q1 2020 Achievements

Moved beyond cost reduction and embedded productivity to improve cost efficiency

STRATEGIC FOCUS



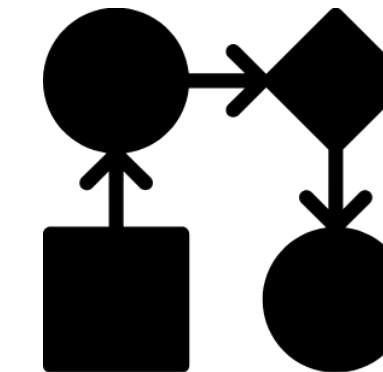
Embedded cost and productivity as strategic agendas in the leadership team

OPERATIONAL FOCUS



Established dedicated task force to reinforce cost and productivity

DIGITAL FOCUS

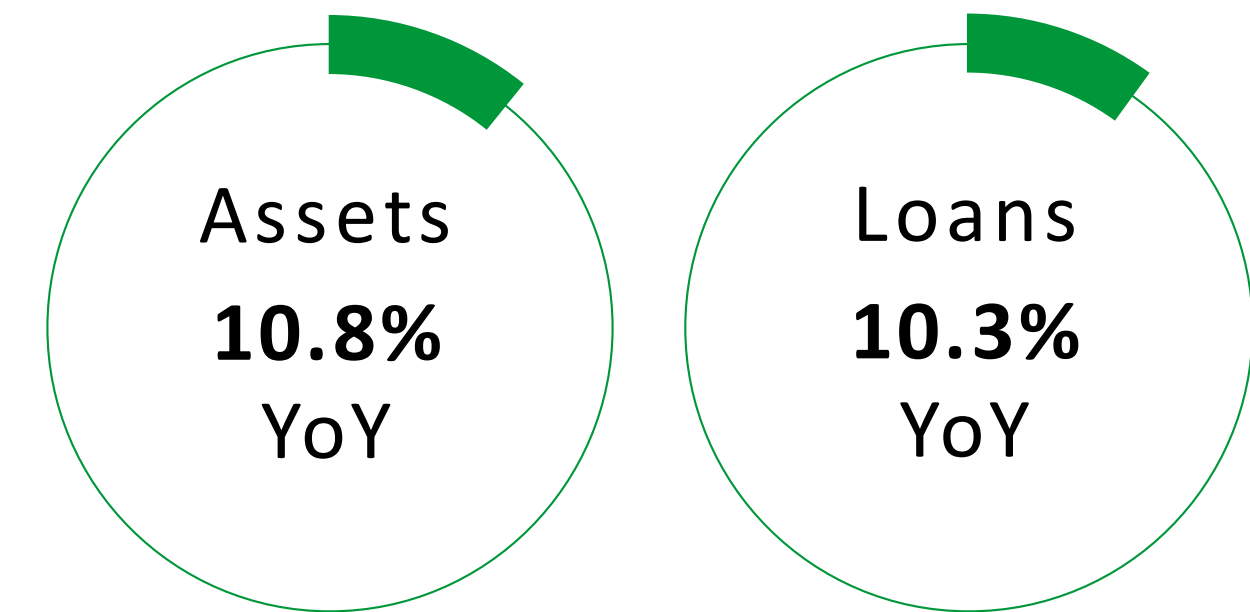


Institute efficiency philosophy to simply and digitize process

Q1 2020 Achievements

Group Balance Sheet

	Q1 20	Q1 19	% Growth
Assets			
Cash and balances with Banks	918	836	9.8%
Government Securities	1,455	1,275	14.1%
Loans & Advances (USD 1,507 mn)	3,486	3,160	10.3%
Total assets (USD 2,841 mn)	6,571	5,932	10.8%
Funding			
Deposits (USD 2,179 mn)	5,040	4,321	16.6%
Borrowed Funds	387	632	(38.8%)
Shareholders' funds (USD 396 mn)	915	791	15.7%
ROA	2.8%	2.9%	
ROE	14.4%	15.7%	
Efficiency ratio	63.5%	62.0%	
NPL	5.1%	8.7%	
Core Capital	16.9%	14.8%	
Total Capital	17.1%	16.1%	

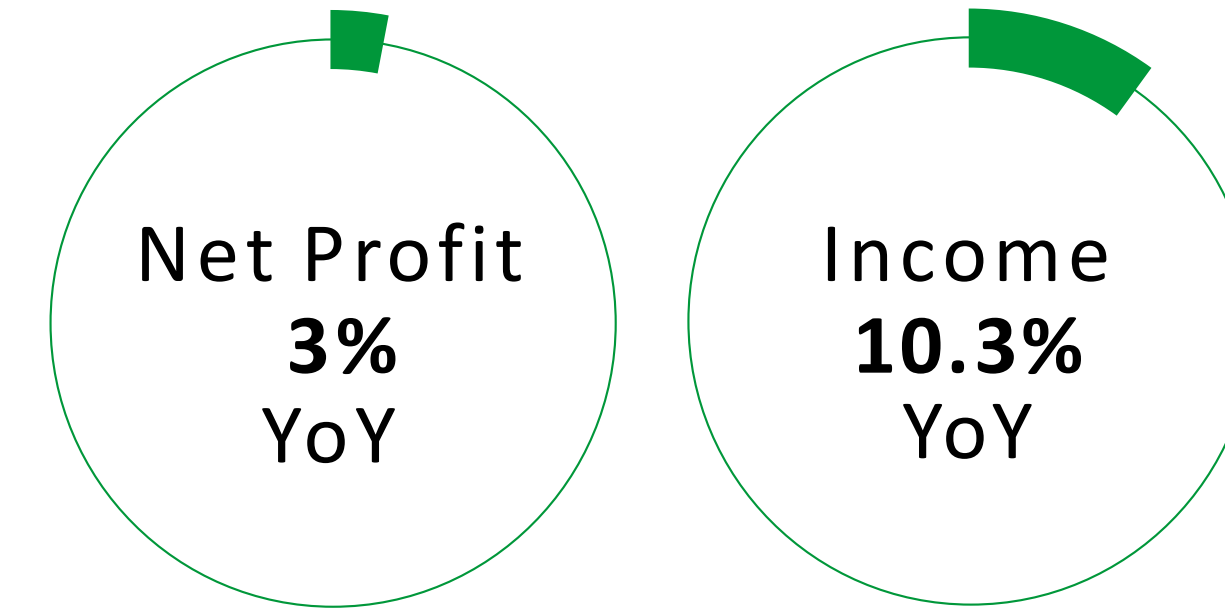


- Total group assets grew to TZS 6.571bn (\$2.87bn)
- Lending portfolio increased by 10.3%
- Total deposit grew by 16.6% up to TZS 5tn
- Increase in shareholder's Funds by 15.7%

Q1 2020 Achievements

Group Income Statement

	Q1 20	Q1 19	% Growth
Interest Income	168	152	10.3%
Interest Expenses	-31	-29	6.9%
Net Interest Income	137	123	11.4%
Non Interest Income	66	60	10.0%
Total Income	203	183	10.9%
Operating Expenses	-132	-113	16.8%
Result before allowances	70	70	(3.8%)
Loan Impairment charges	-25	-26	3.2%
Net Profit (USD 14) mil.	32	31	



- 3% Increase in profit after tax
- Net interest income grew by 11%
- Total income grew by 10.9%
- 3.2% drop in impairment charges

Way Forward

Way Forward



SAFEGUARDING STAFF

- Continuously assess the COVID-19 impact to monitor the interventions we have in place
- Introduce ways of working that will endure beyond the crisis
- Strengthen our remote access procedures and processes



CUSTOMER FOCUS

- Guide customers to online and digital capabilities
- Highlight and encourage cardless transaction capabilities
- Personalize advice to consumers



BUSINESS GROWTH

- Accelerate digital sales and service.
- Review the loan portfolio and tailor measures for each loan category



ENGAGEMENT

- Continue to support government actions



RISK MANAGEMENT

- Track and manage changes in the asset portfolio and understand credit risk implications

Disclaimer

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

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

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

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