



# **CRDB BANK PLC**

**Q2 2020 Investors Briefing**

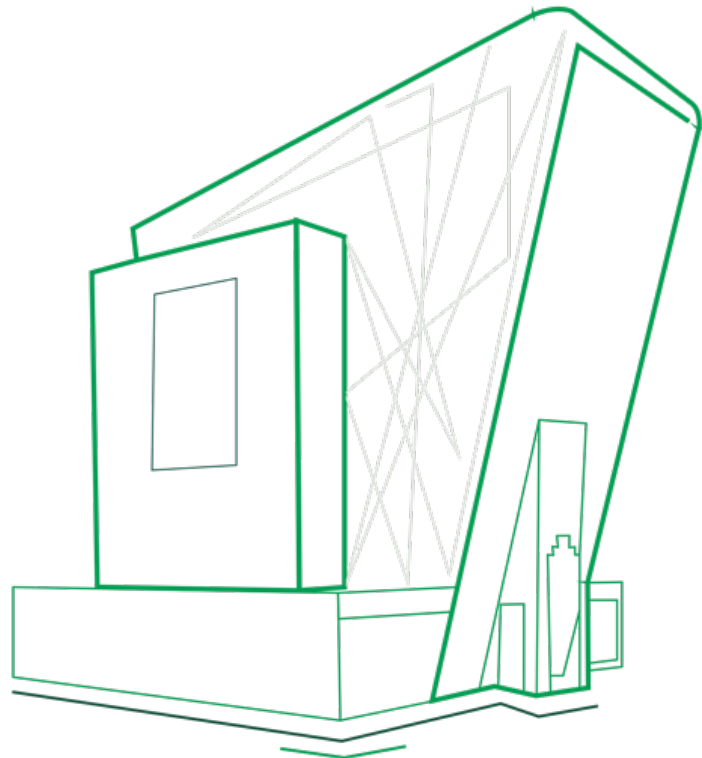
# Content

- CRDB Group at Glance
- Review of Environment
- Business Review
- Our Financial Performance
- Way Forward



# **CRDB Group at Glance**

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. We have a regional aspiration to expand into other viable markets in Africa



## Our Purpose

To transform lives through financial sector innovation, intuitive action and sustainable business

## Our Vision

To be the leading Bank which is customer needs-driven, with competitive returns to shareholders

## Our Mission

To provide competitive and innovative financial solutions through digital transformation, to achieve distinctive customer experience, while caring for our people, and delivering a sustainable contribution to the society

# Our Market Position


Total assets	Total capital
TZS 7tn (USD 2.9mn)	TZS 914bn (USD 319mn)

Professional staff  
+3600

	women 44%
	men 56%

 243  
Branches

 16,500  
Bank Agents

 21  
Mobile Branches

 561  
ATMs

 2,237  
Merchant POS

 3.3 million  
customer base

Capital

Tier I	Tier II
16.1%	16.3%

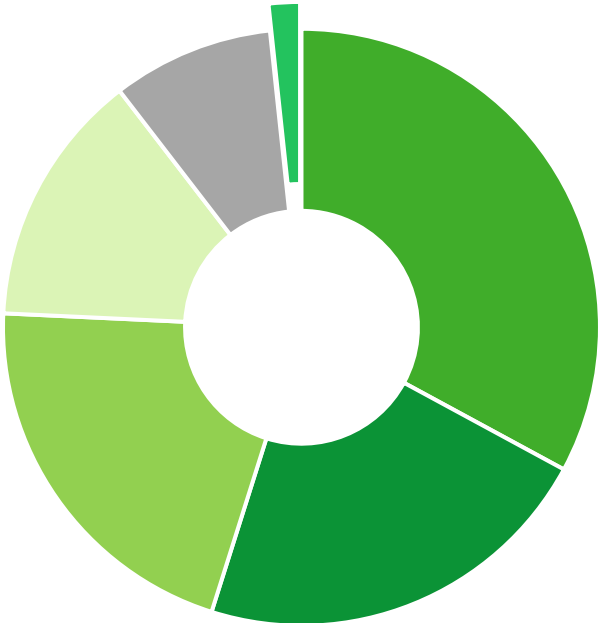
ROA	ROE
3.0%	15.4%

## ROBUST ONLINE BANKING PLATFORMS



# Our Shareholding

Shareholders have provided us with a strong financial foundation, with this we remain committed to building long term value. Our stock remains the most traded in the DSE bourse.

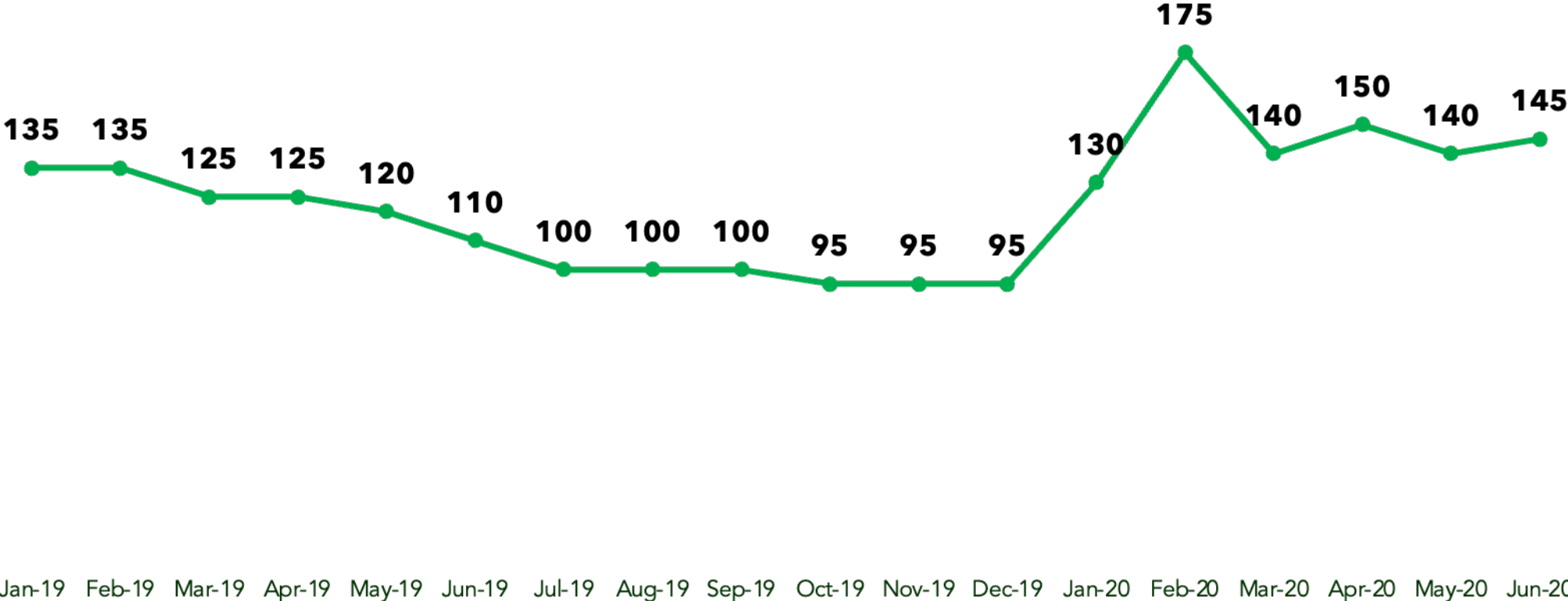


(as at June 2020)

- Individual Tanzanians: 33%
- Foreign investors: 22.1%
- Government / DIF: 21%
- Government Institutions: 15%
- Private companies: 7%
- Co-operative Unions: 2%

**30,057**  
Total number of shareholders

# Our Share Performance



- CRDB share price has improved in Q2 2020 against same quarter, 2019.
- Despite stock market challenges during covid 19 pandemic, our shares recorded the highest turnover.

# Our Subsidiaries



Growing expansion through Turihose agents  
Technology enhancement in our digital offerings

## CRDB Burundi



Growth in Gross written premium  
Digitization of insurance products  
Focus on underserved markets






## CRDB Insurance Broker







# **Review of Environment**

We remained resilient during the turbulent times, and now continue to adapt to the 'new normal'-market dynamics

## How we Responded

-  Placed preventive measures to protect employee health and customers
-  Initiated alternative work set up arrangements
-  Promoted cashless transactions
-  Partnered with government to support our communities
-  Restructured and deferred loan repayments

## Adapting to the new normal

-  Accelerate digital initiatives
-  Embrace blended approach to customer & staff interactions
-  Drive digital adoption and usage
-  Flexible working with the ability to stay connected

## Economy



Country categorized to low middle income economy

Tanzania GDP to grow by 5.5% in 2020, with inflation rate recorded at 3.2% in June

Credit and money supply growth recorded at 5.5% and 9.5% in June respectively

## Regulations



Prudent fiscal and monetary management

Sound and supportive regulations

Instant payment system (TIPS) to provide easy and secure mechanism for transfers

## Insights



Mergers & acquisitions in the industry

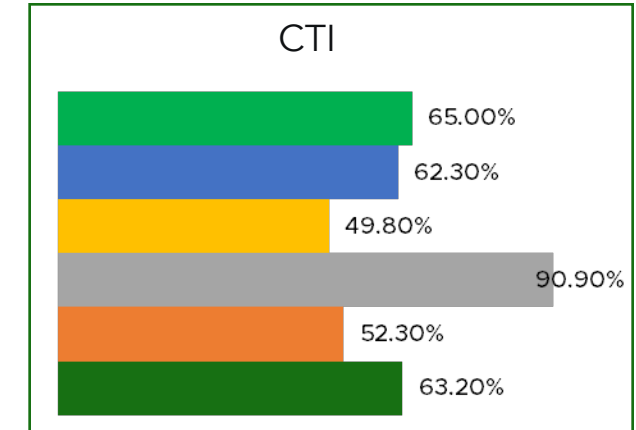
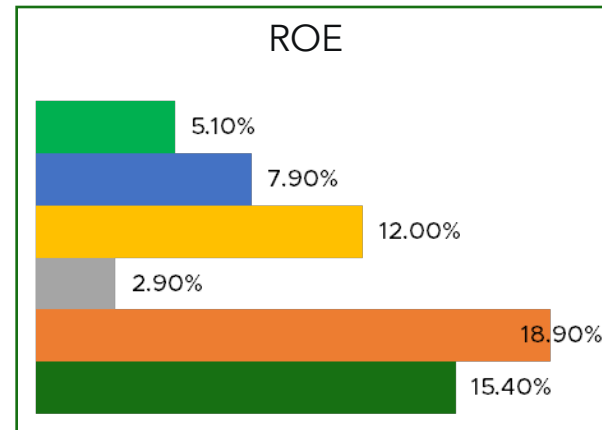
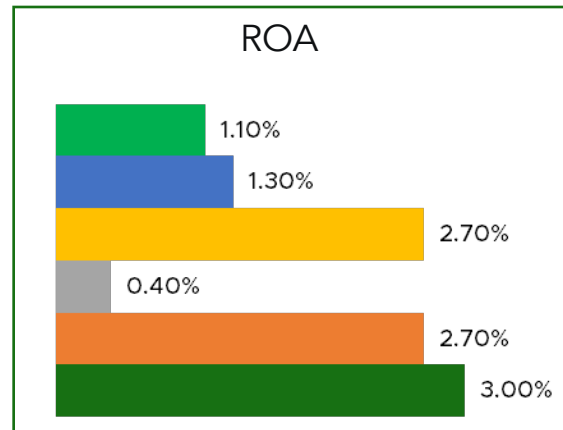
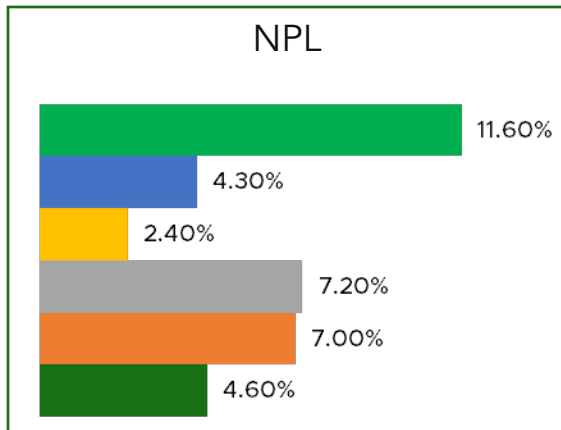
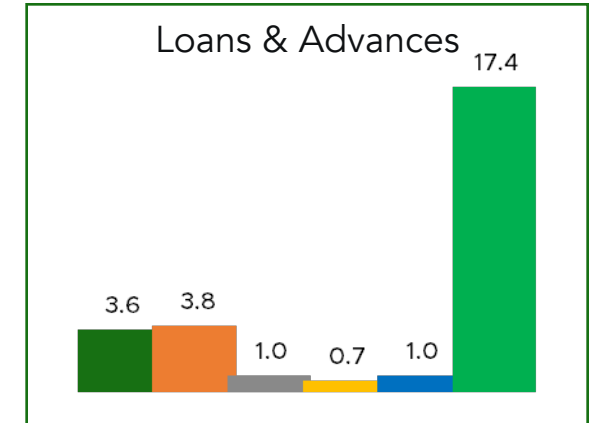
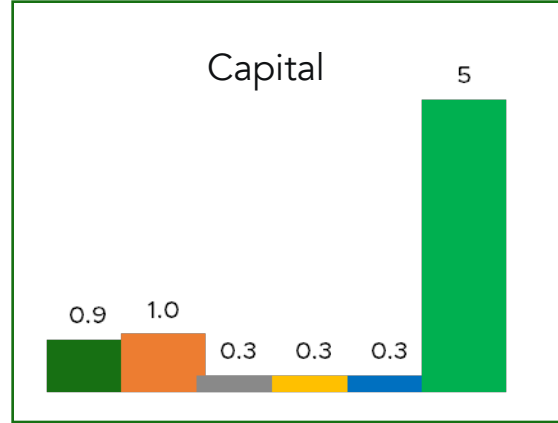
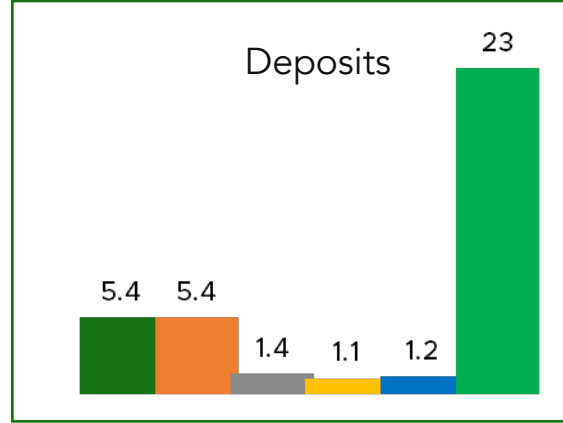
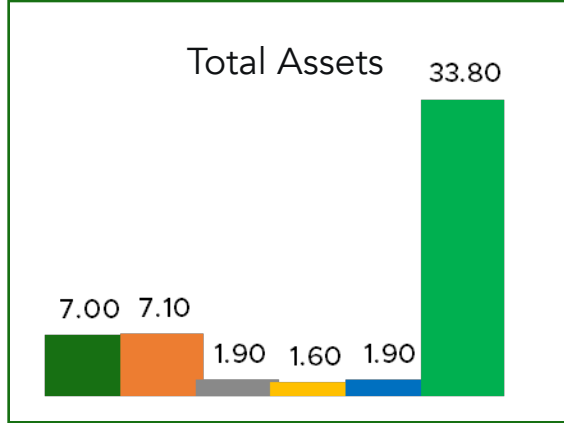
Growing demand for digital solutions

Rise of fintechs

Source: BOT

# Banking Sector Review

Q2 2020 figures (Amount in TZS Tln)



Source: Banks quarterly financial publications

# **Business Review**

Support industrialization to build a resilient and progressive economy



Financed and guaranteed key country infrastructure projects

> TZS 800 bn



Supported strategic investments in the SME sector

> TZS 400 bn



Supported micro businesses

> TZS 50 bn

Empower sectors for sustainable economic growth



Financed tourism and hospitality sector

> TZS 120 bn



Deployed credit solutions to support agriculture value chain

> TZS 450 bn



Financed health sector

> TZS 15 bn

# Financial Inclusion

Innovative solutions to drive financial inclusion and deepening



Micro-lending solution



Cash management to savings groups



Women access to finance

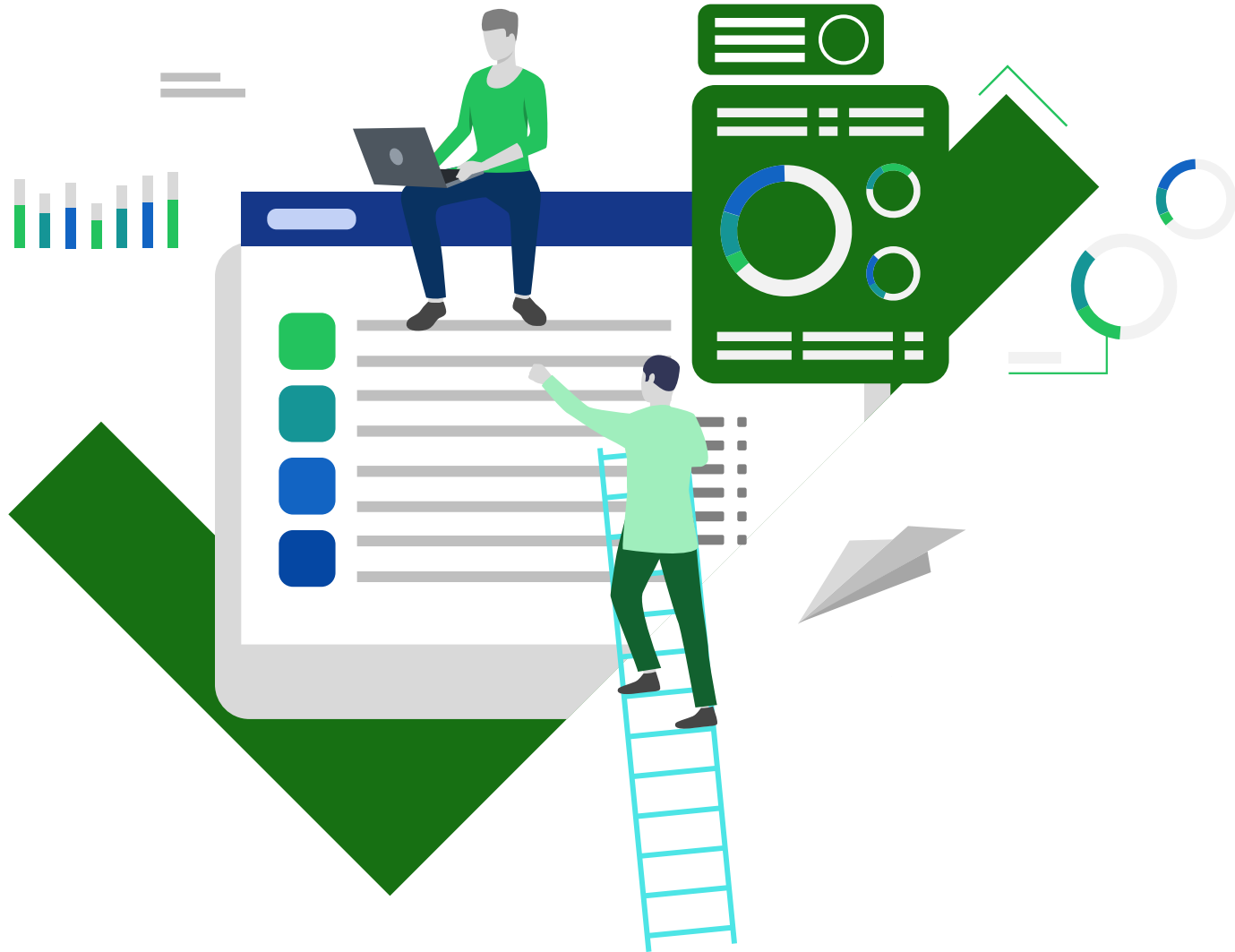


● Upgraded core and peripheral systems to improve scalability, availability & security

● Improved channels services availability through optimization of servers

● Automations – E2E lending, digital onboarding and agency banking





- Launched instant service satisfaction survey using QR code
- Upgraded contact centre to proactively respond to and help customers
- Revamped customer policies and procedures to improve services

# Invested in our People

Up skilled, rewarded our people and embraced diversity across the workplace



- Capacity building programs
- Talent management
- Staff engagement
- Diversity and Inclusiveness through women mentorship, leadership academy and SHE program

# Our Strategic Approach to Cost Efficiency

We have moved beyond cost reduction and embedded productivity in our operations to improve cost efficiency



# Invested in our Communities

We continued to invest in our CSI pillars (education, health and environment) and deployed significant resources in key areas to drive sustainable development



Employment opportunities for better financial lives

Education for a brighter future for young Tanzanians

Healthier communities

# Our Accolades



# **Our Financial Performance**

# Financial Parameters

Delivered strong performance indicating consistent growth





# Our Financial Performance

Growth in our Income lines demonstrate business expansion and growth in digital revenues

## Group Income Statement (Amount in TZS Bln)

	Q2 '20	Q2 '19	% Change
Interest Income	336	315	6.5
Interest Expense	(60)	(58)	3.9
Net Interest Income	276	258	7.1
Non Interest Income	128	120	7.1
Total Income	404	378	7.1
Operating Expenses	(264)	(240)	10
Result before allowances	141	138	2.4
Loan Impairment charges	41	51	(19.6)
Net Profit	70	61	15.2

# Our Financial Performance

Maintained a healthy balance sheet with good liquidity ratios

## Group Balance Sheet (Amount in TZS Bln)

	Q2 '20	Q2 '19	% Change
Cash and Balances with Banks	490	590	(17.0)
Government Securities	1,606	1,317	22.0
Loans & Advances	3,617	3,178	14
Total Assets	7,000	6,380	10
Deposits	5,426	4,953	10
Borrowed Funds	417	440	(5)
Shareholders' Funds	914	793	15
ROA	3.0%	2.9%	
ROE	15.4%	15.4%	
Efficiency Ratio	63.2%	63.6%	
NPL	4.6%	8.6%	

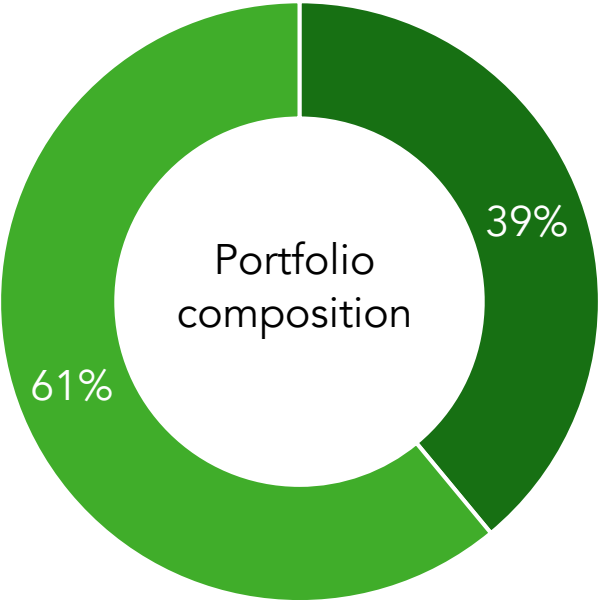
# Our Financial Performance - Subsidiaries

Our subsidiaries performance contributed positively to the Group

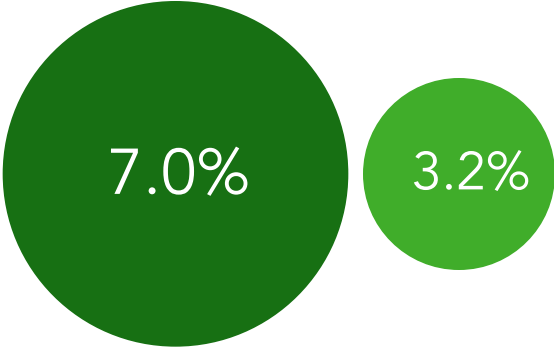
## Balance Sheet and Income Statement (Amount in TZS Bln)

	Q2 '20	Q2 '19	% Change
<b>Burundi</b>			
Total Assets	490	590	(17.0)
Total Deposits	341,239	207,443	64%
Operating Income	156,688	104,707	50%
Net Profit	11,378	7,569	50%
	4,366	1,611	171%
<b>Insurance</b>			
Total Assets	417	440	(5)
Net Commission Income	8,037	4,633	73%
Net Profit	4,813	2,852	69%
	2,595	1,066	143%

Strong focus on retail portfolio growth



NPL per segment



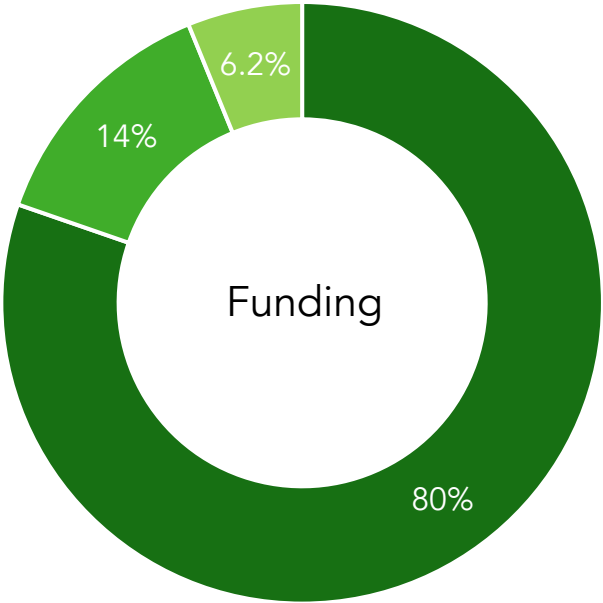
Q2 2020 figures



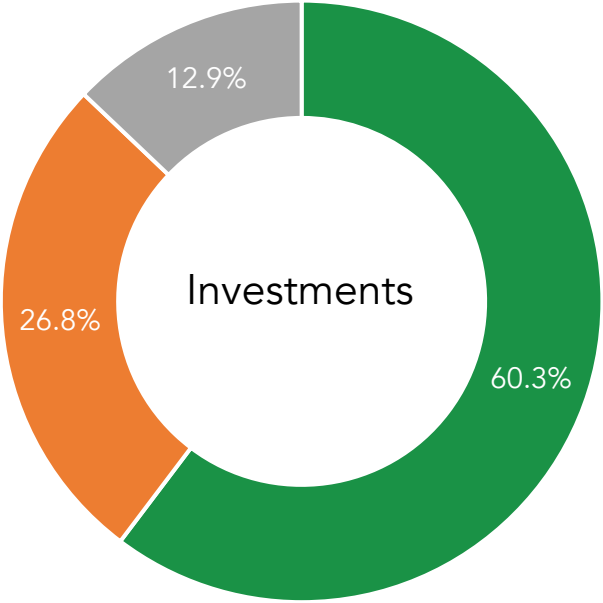
# Funding and Investment

Customer deposits are the primary funding source for our investments

Q2 2020 figures



- Deposits
- Equity
- Borrowing



- Loans
- Government securities
- Other assets

**Way Forward**

# Our Strategic Direction

We continue to focus on achieving results by accelerating our digital transformation, optimizing resources and technology, expanding our risk assessment capabilities and improving our services quality

PEOPLE	CUSTOMER FOCUS	BUSINESS GROWTH	RISK & GOVERNANCE
New ways of working  Sales focus  Performance management	Automation  Digital adoption  Personalization  Technology and service enhancement	Digital sales and service  Agency banking  Strategic partnerships  Portfolio diversification	Credit risk assessment implications  Strengthen risk and governance

## Key Financial Parameters

	2021
PAT	25% - 31%
Asset growth	5% - 8%
Loan growth	10% - 15%
Deposit growth	10% - 13%
Efficiency	55% - 60%
ROA	3.5% - 4%
ROE	18% - 21%
NPL	3.5% - 5%
Core capital	16.5% - 17.2%
Total capital	16.5% - 17.4%



**Thank You**