

INVESTORS PRESENTATION Q2 2019



CONTENTS

- Our Current Position
- Q2 Financial Highlights
- Q2 Business Performance
- Transforming our Business for New Environment
- Other Information

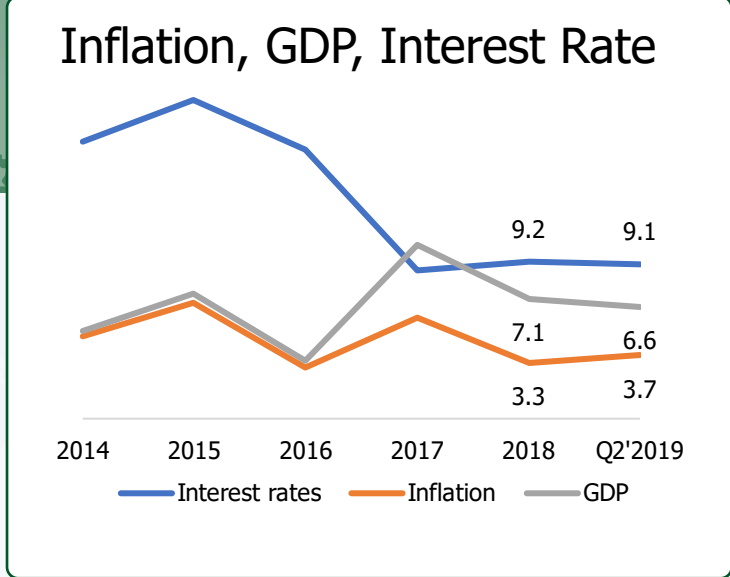
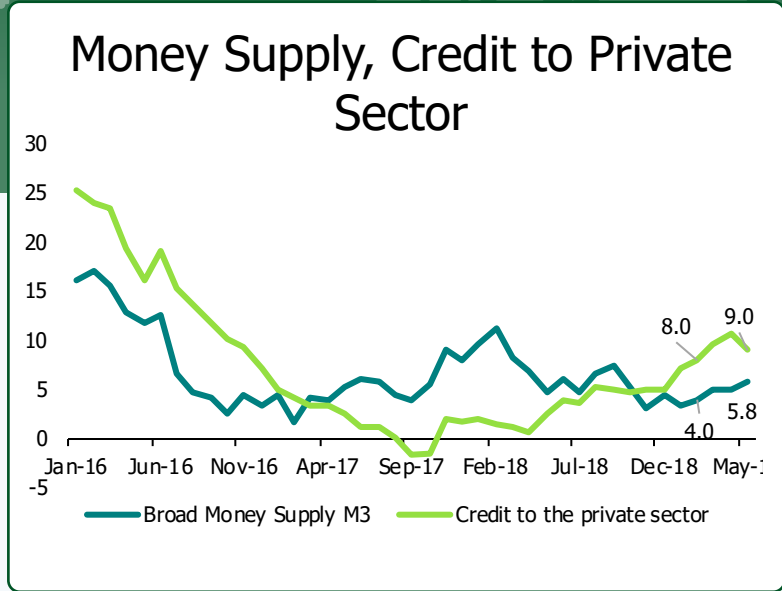
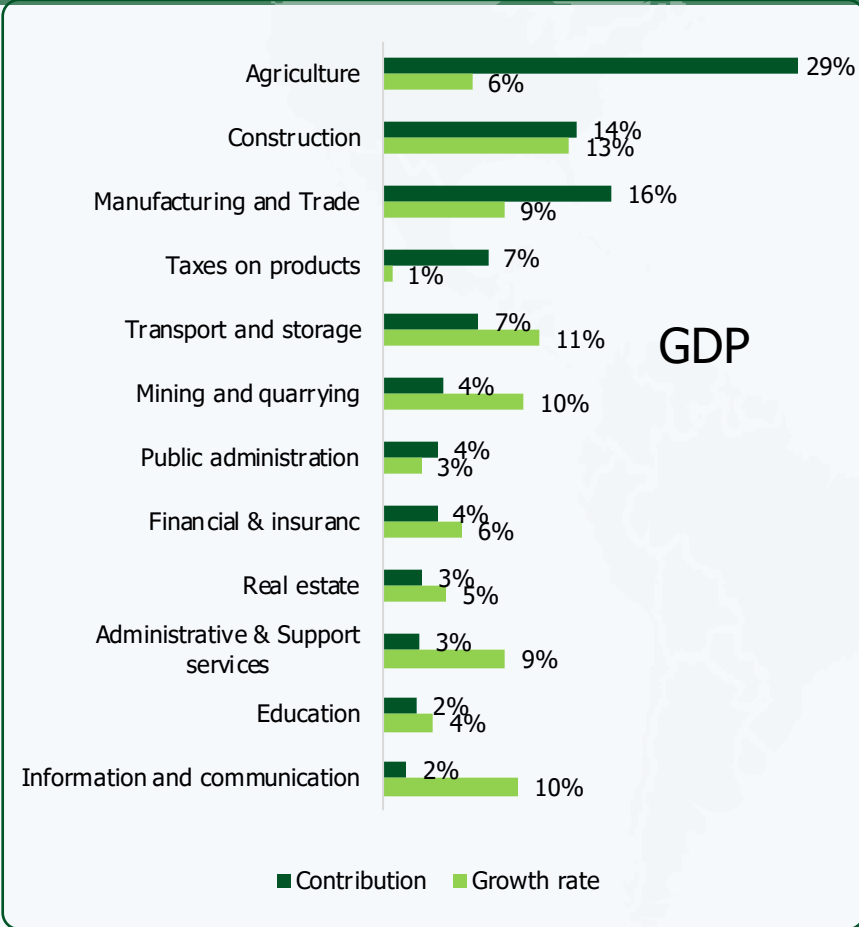
Our business model has delivered Strong strategic progress and good financial performance

- Focus on market leading businesses with attractive growth and return profiles
 - Strong loan growth led by pickup across all segments conscious on Corporate
 - Focus on strategic sectors in SME Space
 - SME loan book grown at a much higher pace than in recent times
 - Remarkable growth on number of Agents to 10,064 (+138% YoY); Increase of agents touch points and improved product features.
- Continued improving credit management
 - Improved credit quality with NPL of 8.7%, Portfolio diversification Corporate : Retail of 42%:58% and cost of risk 3.1% (June 2018 3.8%)
 - Strengthen credit process and governance structure
 - Modernise credit processes – Use of Early Warning Signs (EWS) and predictive analytics
- Improved Operational Efficiency
 - A new business model has been deployed that taps into the Bank's greatest strengths, while taking advantage of the opportunities in the market
 - Process automation and cost management initiatives , CIR 64% (June 2018: 66%)
 - Customer migration to alternative channels, 86% of transactions through alternative channels

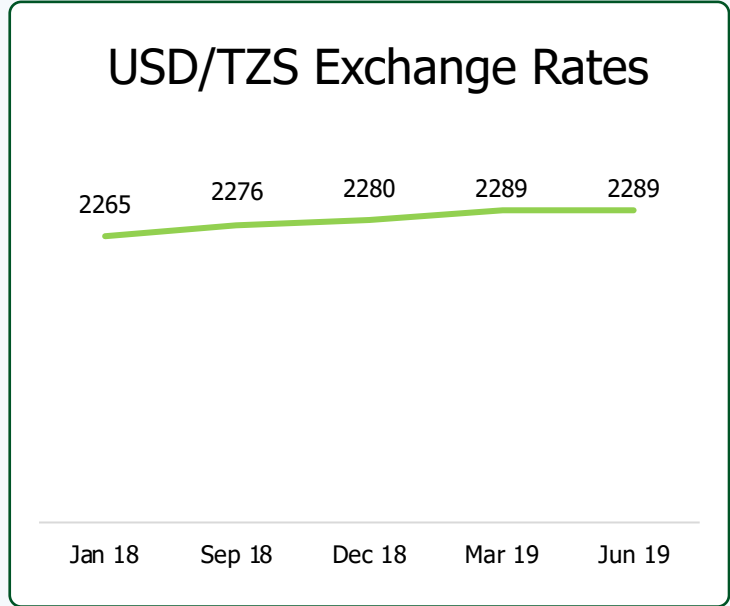
REFLECTING ON OPERATING ENVIRONMENT

MACRO-ECONOMIC HIGHLIGHTS

Tanzania



- Stability during the first half of the year
- Agriculture, manufacturing, construction and transport remain the leading contributors to the country's GDP
- Accommodative Monetary Policy
- The increase in Money supply and credit to private sector.
- Accommodative Monetary Policy
- Mandatory use of credit reference system in granting loans.



Source: BOT (2019)

OUR CURRENT MARKET POSITION

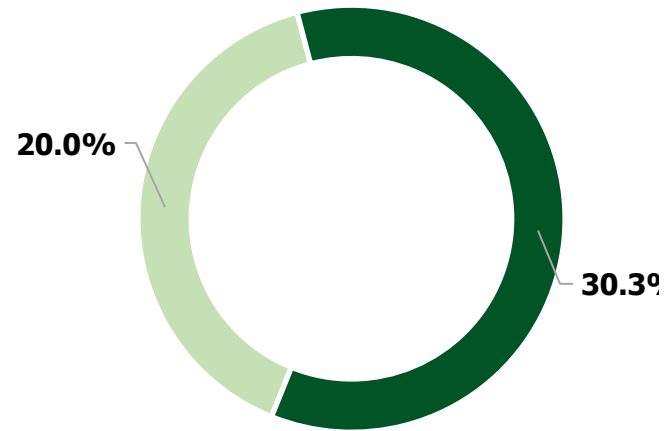
strong business fundamentals, operating model and a refined offering have resulted in market share growth...

Legend

- Q2' 2018
- Q2' 2019

Source: Publications

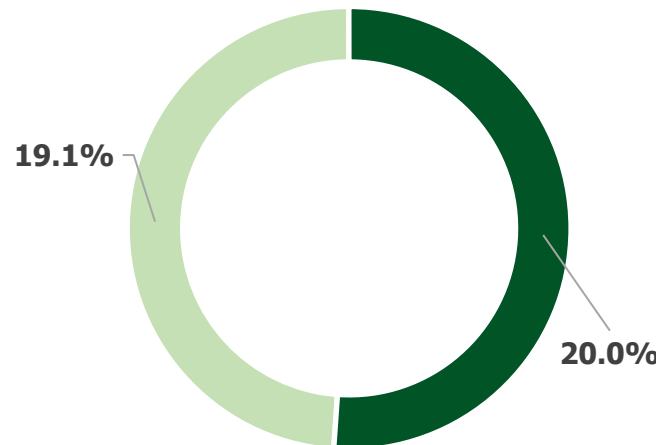
PROFIT MARKET SHARE



ASSET MARKET SHARE



LOANS MARKET SHARE



DEPOSITS MARKET SHARE



Q2 FINANCIAL HIGHLIGHTS



The bank that listens

STRONG BALANCE SHEET

Amount in TZS Bln

Group Balance Sheet

ASSETS

	Jun-19	Jun-18	% Change
Net Loans	3,178	3,007	6%
Cash & Cash Equivalents	1,223	1,294	(5%)
Government Securities	1,317	1,189	11%
Total Assets	6,380	6,027	6%

FUNDING

Deposits	4,990	4,462	12%
Borrowed Funds	440	588	(29%)
Shareholder's Funds	794	771	3%

- Total Asset growth YoY 6% to TZS 6.4 Trillion
- Driven by strong growth in retail-SME 15% and Personal 24%- loans and government security
- Total loans and advance grew by 6% to TZS 3.2 Trillion, 8.7% NPL (13.0% Q2 2018)
- Strong Deposit base of TZS 4.9 Trillion, with YoY growth 12%

IMPROVED PROFITABILITY

Amount in TZS Bln

Group Income Statement

	Jun-19	Jun-18	% Change
Interest Income	315	277	14%
Interest Expenses	(58)	(79)	(27%)
Net Interest Income	258	198	30%
Non Interest Income	120	114	5%
Total Income	378	312	21%
Operating Expenses	(236)	(207)	14%
Result before allowances	142	105	35%
Loan Impairment charges	(58)	(63)	(8%)
Net Profit after Tax	61	29	104%

- Stellar 104% YoY jump in half year Net Profit to TZS 61bn,
- Strong net Interest Income growth driven by retail loans, investment in government securities and reduced funding cost.
- Non Interest income grew by 5% to TZS 378bn
- Operating expense was TZS 236bn with 14% YoY growth.
- Growing revenues in areas of strength

Continued pursuit of business excellence projects, greater Financial performance in the second half of the year...

Good financial performance with market leading returns...

Q2 2019

	Jun-19	Jun-18	June-17
Return on Equity	15%	7%	11%
Cost to Income	64%	66%	64%
Gross NPL/Gross Loans	9%	13%	13%
NPL Coverage Ratio	74%	69%	51%
Cost of Funds	2%	3%	3%
Net Interest Margin	11%	9%	9%
Yield on Investments	13%	13%	13%
Return on Asset	3%	1%	2%
Tier 1 Capital	14%	14%	15%
Total Capital	16%	18%	18%

Investors Returns

Earning Per Share (EPS –TZS)	46.8	22.5	30.7
Price Earning Ratio (P/E)	2.4	7.1	5.7
Book Value (BV)	303.8	295.3	285.6
Price Book Value ratio (P/B)	0.4	0.5	0.6
Market Capitalisation (TZS Bn)	287.3	417.9	457.1

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Net Profit



TZS 61bn
104% YoY

NPL



8.7%
13.0% Q2 2018

Net Loans



TZS 3.2trn
6% YoY

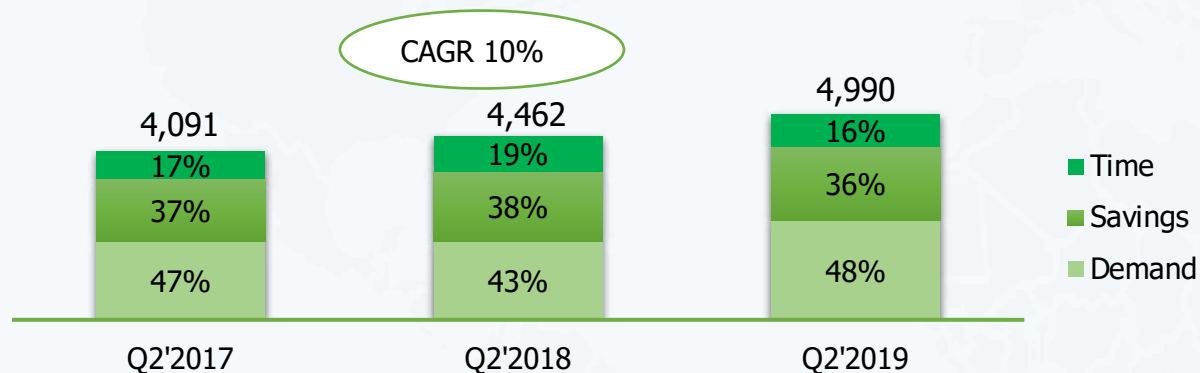
Deposits



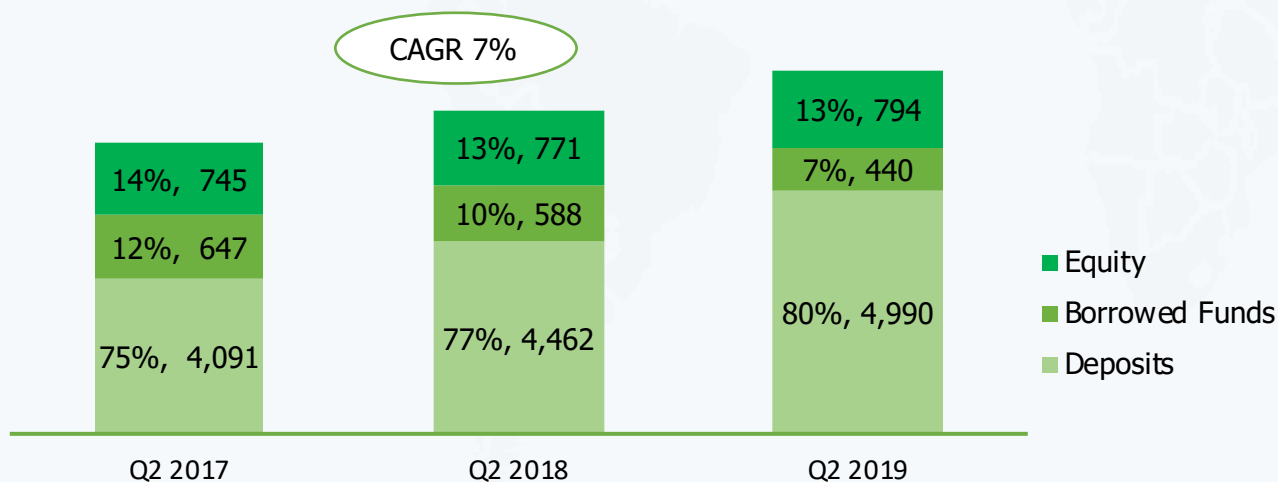
TZS 4.9trn
12% YoY

Low Cost Deposits continue to report healthy growth

Deposits Mix



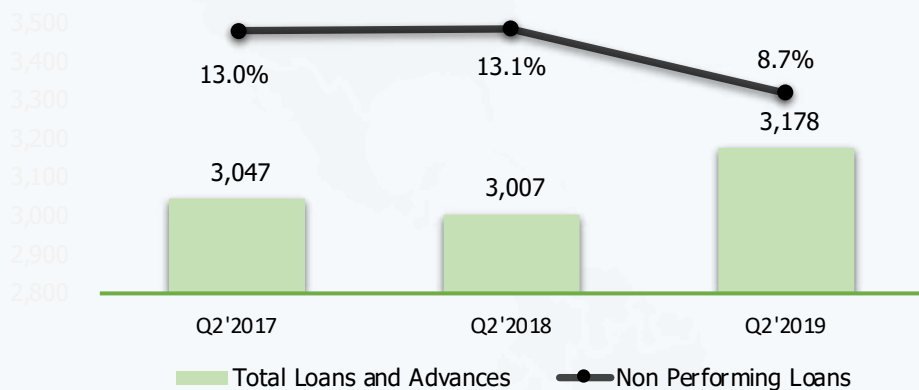
Funding Mix



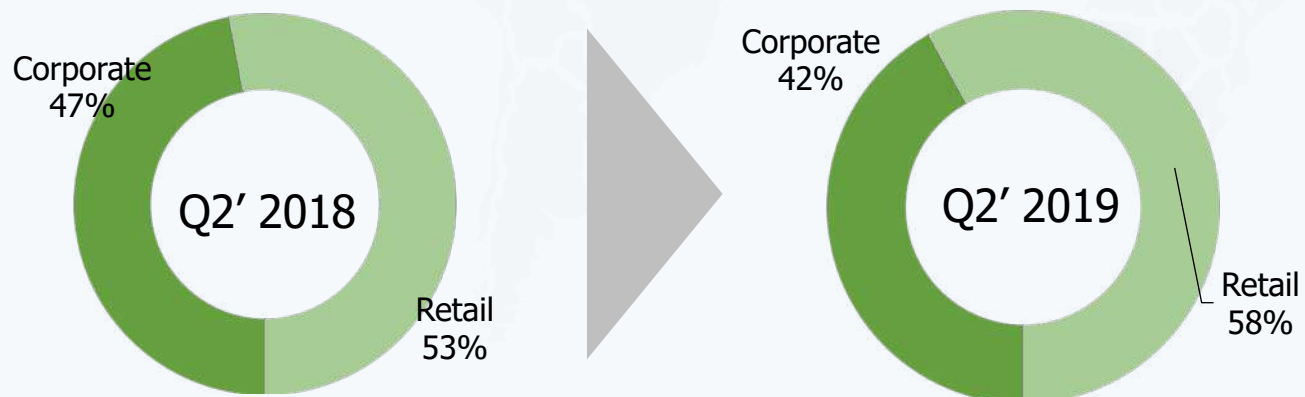
- Low cost funding improving net interest margin. Customer deposits account for 80% of total funding in the Balance Sheet.
- CASA base was at 84% in Q2 2019 (Q2 2018:81%) of total deposits with YoY increase of 12%.
- Q2 2019 Borrowing includes subordinated debt of TZS 30 bn and other borrowings of TZS 410 bn.

We are witnessing a strong bounce-back in loan growth

Loans & Advances Growth

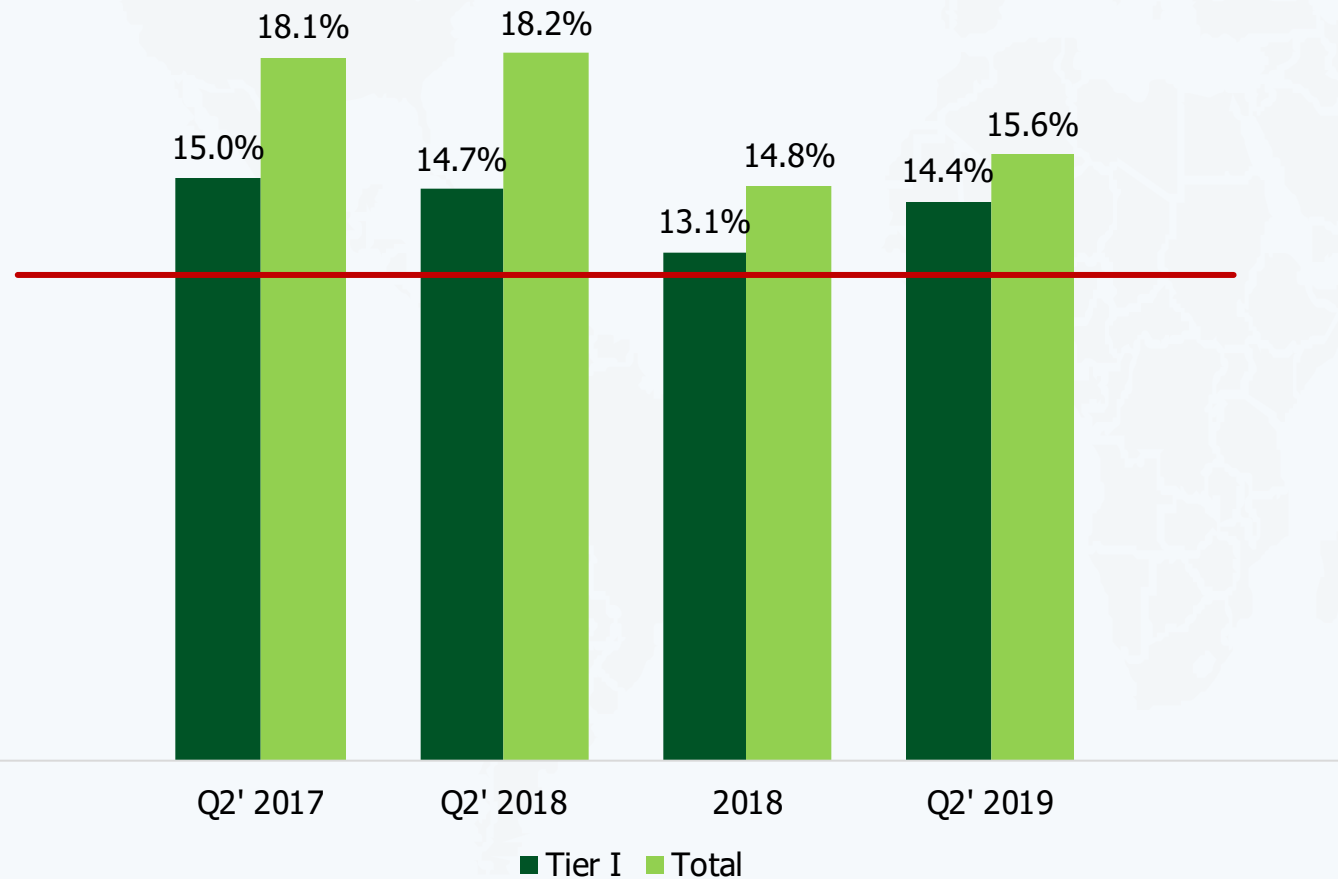


Loan Portfolio Diversification



- Credit quality remains strong reflecting a continued prudent approach to credit risk
- Improved Asset Quality, enhanced monitoring of portfolio migration
- Modernise credit processes – Use of Early Warning Signs (EWS) and predictive analytics
- NPL of 8.7%, cost of risk 3.1% (June 2018 3.8%) and 73% NPL coverage.

Prudent capital position



- Capital position remains healthy
- Strong capitalization levels offering room for substantial growth
- Tier Capital at 14.4%, Total Capital at 15.6%
- Remain focused on capital efficiency

Q2 BUSINESS PERFORMANCE

We are making difference by playing major role in country economy transformation



Financed Rufiji Power Project – USD 767 Mln



Financed construction of Busisi bridge across lake Victoria – USD 256 Mln



Financed Simiyu water project – USD 220 Mln



Financed Standard Gauge Railway – USD 156 Mln



Financed Hoima Tanga crude oil project – USD 152

We have diversified the focus based on the market demand and country agenda

AGRICULTURE FINANCING



Financed over USD 80 Mln on; - Cotton USD 22 Mln, Tobacco USD 30 Mln & Coffee USD 12 Mln

SME FINANCING



Launched Post Import Finance Solution (PIFS)

Financed construction of hospitals facilities, equipment and working capital



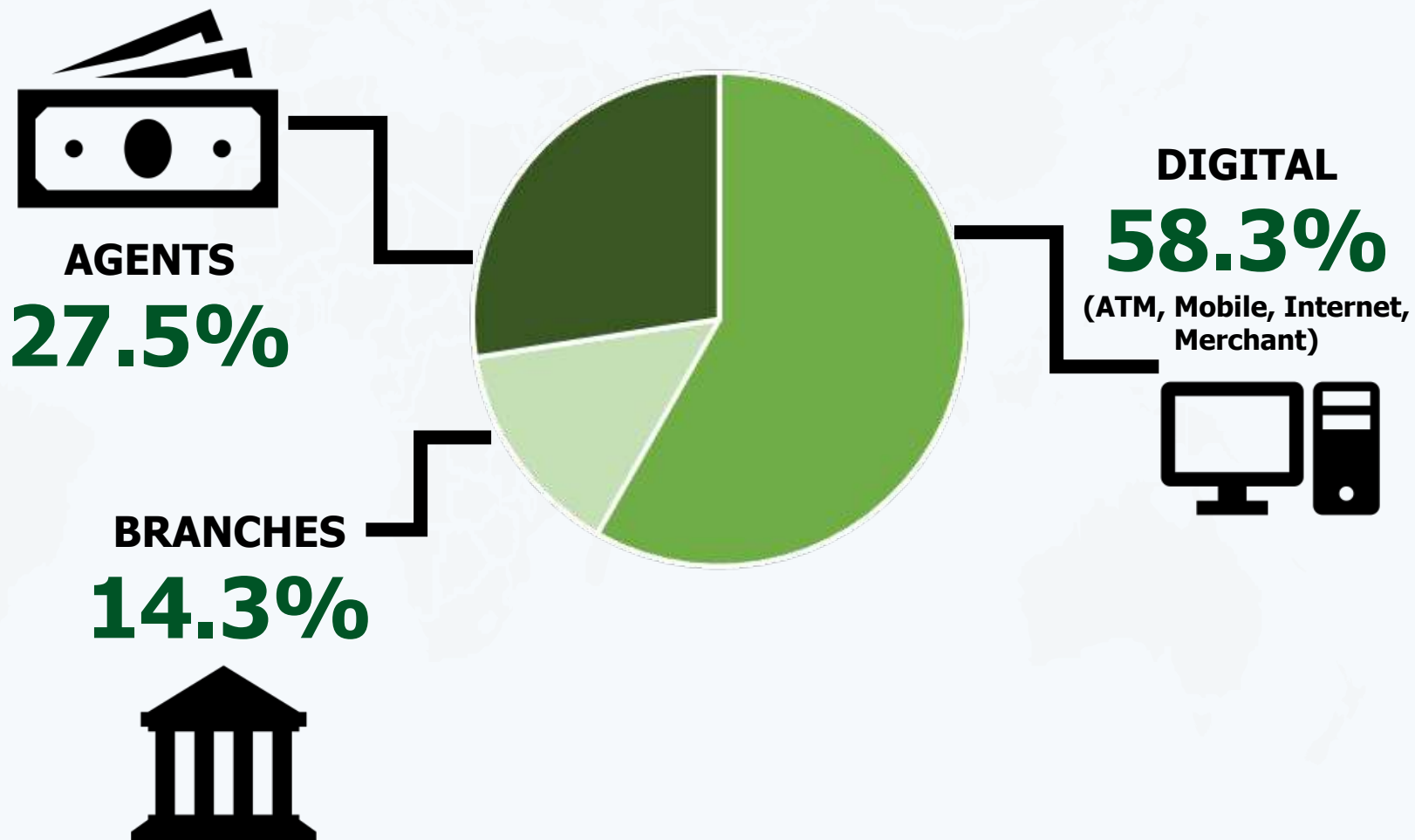
Launched Safari Car Financing Solution



Financing Hotel Construction/ refurbishment

Movement beyond traditional Banking Model

- Internal reforms aimed at improving service delivery and optimising processes for enhanced customer experience
- **86%** of Bank transaction are performed outside the branches – on Agents and Digital Channels
- Customer Focus and Tech driven ecosystem



Investments in analytics have helped build strong digital solutions



Enabled Mastercard payments through mobile (Masterpass QR Codes)



Online account opening for students and diaspora.



FahariHuduma

Streamlined Agents Product & Services that helped in increase usage



Partnership with Maxcom and Halotel on Visa On Mobile (MVisa).



Developed UNHCR Refugees payment solution

Enabling of remittance platform (World Remit, WAVE) WU and RIA Financials via our Alternative channels





TRANSFORMING OUR BUSINESS FOR THE NEW ENVIRONMENT

Our Business Model is based on our fundamental strengths

**TOTAL CREDIT PORTFOLIO
TZS 3.2 TRILLION**

Re-engineering our products and services to respond to the changing needs in marketplace



SPLIT BY SECTOR

Personal	40.3%
Trade & Manufacturing	16.1%
Construction	13.1%
Agriculture	10.2%
Education and Health	4.1%
Transport	4.0%
Tourism	3.6%
Financial Institution	2.5%
Mining, Oil & Gas	2.8%
Energy	2.3%
Others	1.0%

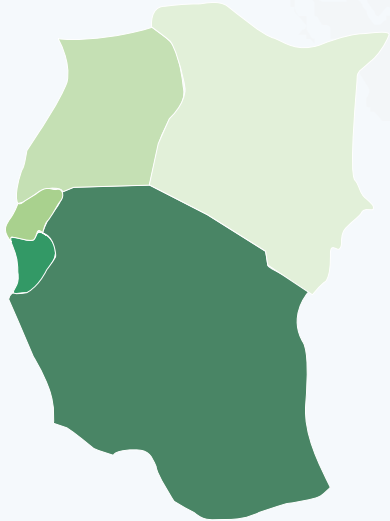
Personal	45.3%
Corporate	41.7%
SME	12.9%

We have created strong market position & capabilities in the region

22 Years

Our Coverage

Tanzania & Burundi



Our Business

- CRDB Bank
- CRDB Burundi
- CRDB Microfinance
- CRDB Insurance Broker

Our Distribution Franchise



238
Branches



10,064
Bank Agents



560
ATMs



1,394
Merchant POS



Robust Online
Banking Platforms



21
Mobile Branches



402
Microfinance Partners



Over 3,000 Professional and Diversified staff

44%  **56%** 



Maintain over 3 Million customer base

We have created and structured our partnerships strategically to bring a winning value

- Generating Funding Capabilities
- Enabling Collection Solutions
- Powering Payment Solution
- Accelerating Financial Inclusion



AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DEVELOPPEMENT



VISA



MOODY'S



+500
More Partners

We have redefined our operating model to deliver strong value to stakeholders

Pull quick wins, close performance gaps, fund new growth engines	Enable a fundamentally different competitive position to improve revenue	Set up organization to execute and sustain transformation over the long term
<ul style="list-style-type: none">○ Invest in our leading businesses, further improve our technology and control framework○ Streamline and automate processes○ Reform governance framework○ Develop new KPIs and reinforcing mechanisms	<ul style="list-style-type: none">○ Focus on market leading businesses with attractive growth and return profiles○ Deploy right systems to support changes○ Improve the productivity levers○ Change cost structure to achieve efficient○ Digitize current and new offerings	<ul style="list-style-type: none">○ Change culture to sustain changes & success○ Develop talent to deliver long term aspirations○ Deploy robust HR practice to facilitate transformation○ Embed digital mind set within the organization

We are actively monitoring and develop plans to improve efficiency and overall risk management

People	<ul style="list-style-type: none"><input type="checkbox"/> Improve diversity and inclusion<input type="checkbox"/> Implement focused trainings<input type="checkbox"/> Improve wellness
Processes	<ul style="list-style-type: none"><input type="checkbox"/> Fully implementation of IFSR9<input type="checkbox"/> Timely provision<input type="checkbox"/> Reduction of RWA<input type="checkbox"/> Reducing cost structure<input type="checkbox"/> Optimizing client service model<input type="checkbox"/> Simplifying and de-layering
Technology	<ul style="list-style-type: none"><input type="checkbox"/> Increase ICT resilience<input type="checkbox"/> Implement scalable infrastructures<input type="checkbox"/> Create more analytical capabilities

Other Information

Our deliver has been recognized locally and internationally



Over the years, the Bank has consistently been a leader and innovator of value-adding customer centric products to cater the respective needs of the market.

Scooped yet another Award in May 2019



Best Bank in Tanzania

Awarded by EMEA Finance at African Banking Awards

Corporate Social Responsibility Awards

Awarded by EMEA Finance at African Banking Awards

2nd Winner Best Presented Financial Statements

Large Bank Category
Awarded by NBAA

Best Custodian of the Year

Awarded by Dar es Salaam Stock Exchange Plc Member's Award 2018.

Best MIM Company of the Year

Awarded by Dar es Salaam Stock Exchange Plc Member's Award 2018.

CTI Special Award

Awarded by CTI as a lead sponsor of the President's Manufacturer of the Year

Best SME Bank in East Africa

Awarded by Banker Africa Awards

Best Issuer Africa

Awarded by UnionPay

Compliance Award

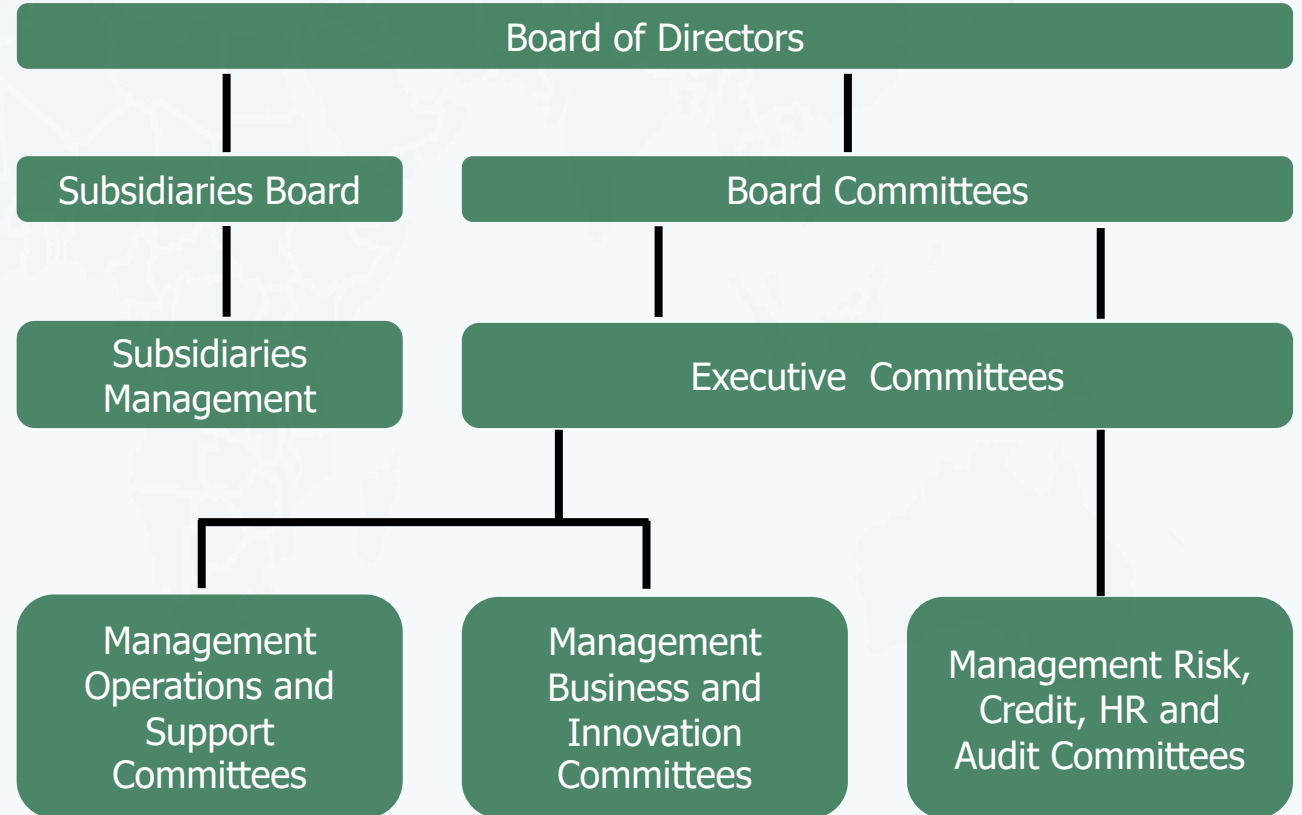
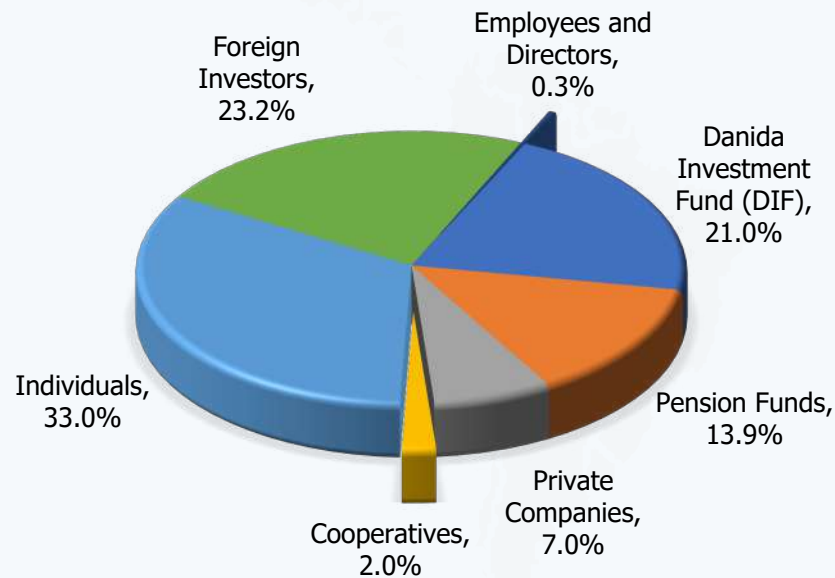
Awarded by Higher Education Students' Loans Board

Winner Best Financial Reporting Award Tanzania

Awarded by FIRE

- 1st in Tanzania rated by Moody's Investors Services
- Rated "B1 stable outlook" by Moody's - The highest rating to have been acquired by banks in sub-Saharan Africa.
- Selected as partner by International Financial Corporation (IFC), KFW-DEG, Germany, CDC-UK and African Development Bank

Our investors landscape is strong and business undertakings are well governed



2019 OUTLOOK

FOCUS ON GROWTH...

	2019 - Outlook
Loan Growth	10% - 15%
Deposit Growth	10% - 14%
Net Interest Margin	9% - 10%
Non Funded Income Mix	35% - 40%
Cost to Income Ratio	55% - 60%
Return on Equity	16% - 18%
Return on Asset	2.5% - 3.0%
Cost of Risk	2.5% - 3.4%
NPL	5.0% - 7.0%
Subsidiary Contribution (Asset)	2.3% - 3.0%
Subsidiary Contribution (PBT)	3.2% - 4.0%



Thank You

Contact us:
www.crdbbank.co.tz