



CRDB BANK PLC

4Q2020 Investor Briefing



The bank that listens



2020 Performance Highlights

Solid Performance Amidst Shifting Dynamics

Sustained business growth and remained resilient

- Solidified balance sheet
- Improved bottom-line growth
- Expanded income streams
- Improved efficiency ratio
- Increased oversight on liquidity and capital management

Delivered people capabilities and build high performance culture

- Embraced the new normal to steer productivity
- Increased delivery of online sessions and trainings
- Implemented Diversity & Inclusion programs

Leveraged on technology to enhance service delivery capabilities

- Successfully tested and operated from DR site
- Completed new data Centre
- Automated and digitized key customer processes
- Transformed service culture by implementing digital customer feedback tools

Market Insights



TAILWINDS

- Broadly stable economy
- Tanzanian economy upgraded from low to middle-income country by the World Bank
- Growth in M3 and credit to private sector
- Stable headline inflation – single digit
- Stable exchange rate against major trading currencies
- Africa's economic growth has stabilized and is expected to pick up to 3.9% in 2020 and 4.1% in 2021



HEADWINDS

- Global growth is projected at –4.4 percent in 2020 and at 5.2 percent in 2021
- Global economy's long ascent back to pre-pandemic levels of activity remains prone to setbacks
- Despite the global recovery, tourist inflows in SSA are not expected to return to 2019 levels until 2023

Resilient Performance In The Year..

- Year on Year (YoY), NII and NFI grew 9% and 13% respectively
- Improvement in Cost to Income ratio from 64.4% in 2019 as a result of deployed cost saving initiatives
- 19% year on year improvement on impairment charges
- Total Capital Adequacy Ratio of 16.2%, 30bps higher than 4Q2019
- Great performance recorded by Bank subsidiaries; Burundi made a PAT of TZS 11.2bn, a YoY growth of 76%. The Insurance subsidiary recorded a PAT of TZS 3.6bn, a 143% YoY growth

YTD Group Financial Highlights (TZS Mn)

Net Interest Income
570,169

Non-Funded Income
283,989

Impairment
(74,462)

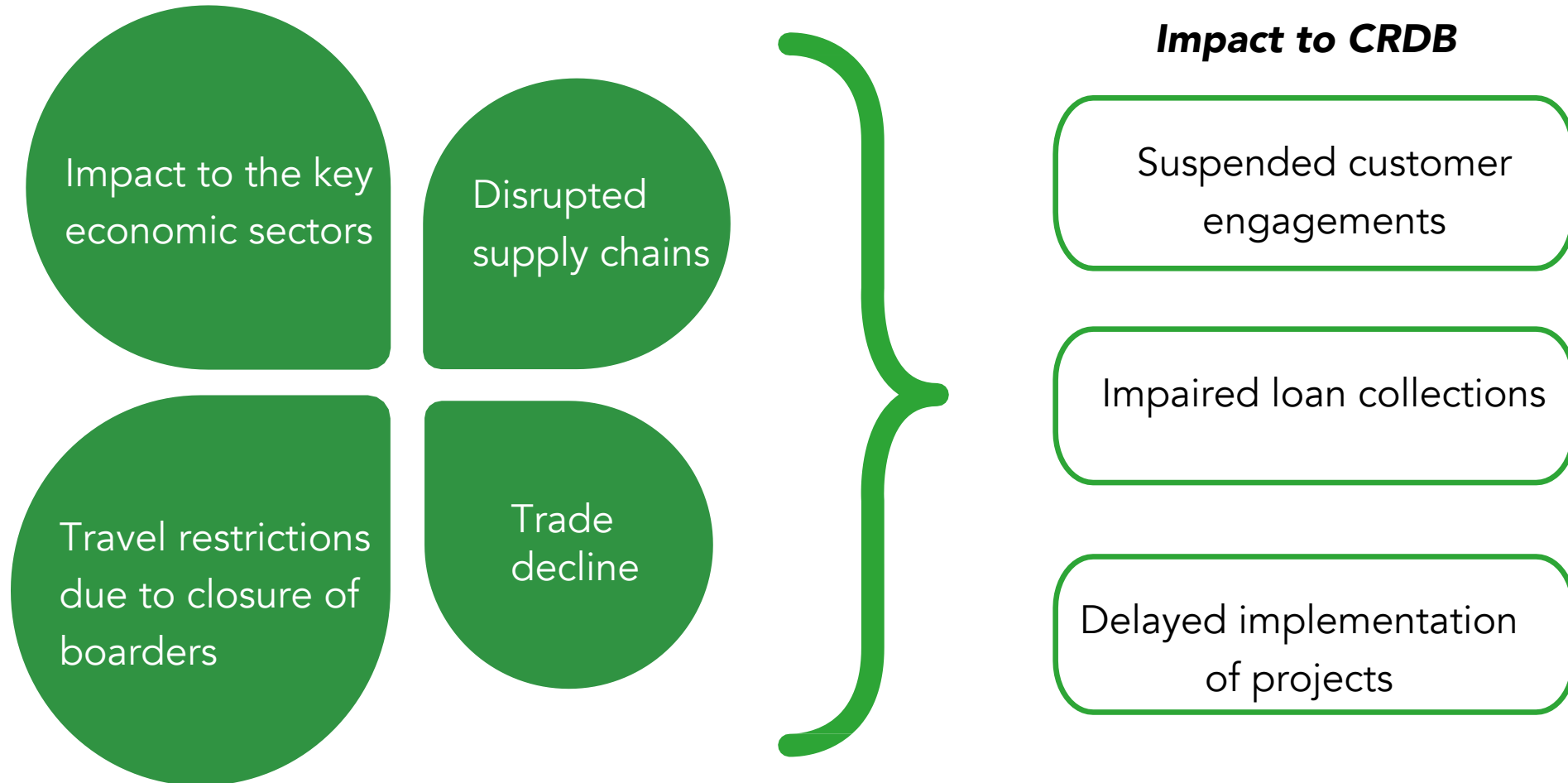
Profit Before Tax (PBT)
235,868

Cost to Income Ratio
61.6%

Total Capital Adequacy Ratio
16.2%

COVID-19 Impact on Operations

The pandemic impacted our business endeavours with notable disruptions to our business and stakeholders



We Safeguarded Our Stakeholders Amidst Challenging Times

CUSTOMERS

How We Are Supporting Our Clients

- Restructured loans valued at TZS 319.8bn
- 6-month moratoriums were offered
- Offered a range of business development skills to entrepreneurs through webinars and social media
- Equipped our bank agents with stocks of personal protective equipment (PPE)

COMMUNITY

How We Are Helping

- Donated over TZS 200m to support those impacted in the communities we serve
- Supported the construction of quarantine centres in Arusha and Zanzibar

EMPLOYEES

How We Are Working

- Initiated alternative work set-up arrangements
- Strengthened safety education and increased awareness of risk prevention
- Provided reusable face masks, hand sanitizers and infrared thermometers in all workplaces

Strategic Challenges Faced In The Year



Deposits volatility
due to market
conditions



Slow down in
opening of global
markets



Pressure on
reduction of
interest rates



Changes in
consumer behavior
post COVID 19



Shifts in regulatory
landscape

2021 Focus Areas

1

**Cost
Management**

2

**Deposit
Mobilization**

3

**Operational
Excellence**

4

**Credit Risk
Management**

5

**Capital
Optimization**



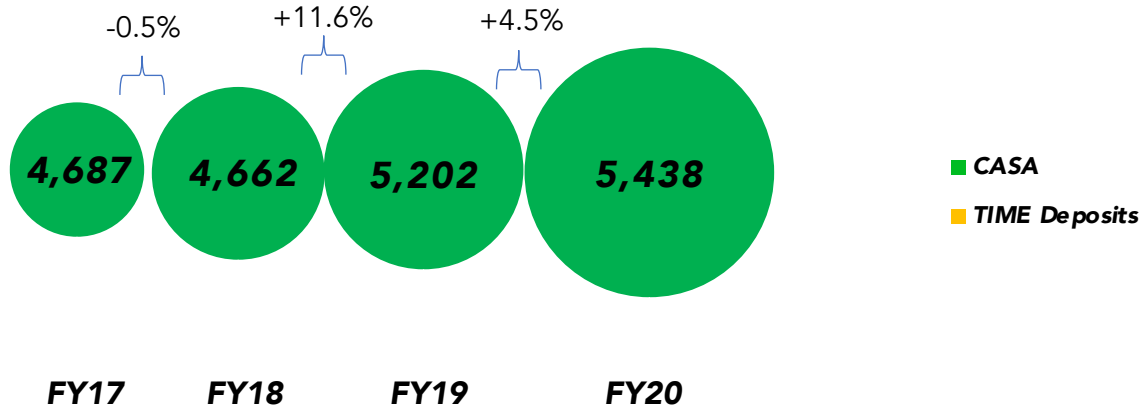
Financial Performance

Strong Group Balance Sheet

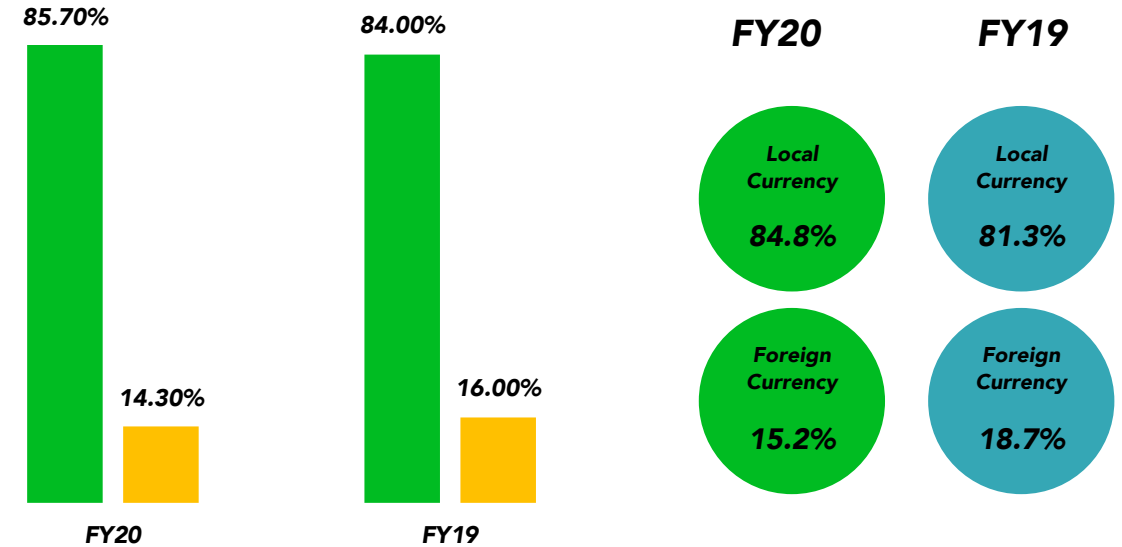
| | Q4 '20 | Q4 '19 | % Growth | REMARKS |
|------------------------------|------------------|------------------|--------------|--|
| Cash and Balances with Banks | 652,918 | 764,015 | -14.5% | <ul style="list-style-type: none"> Ongoing liquidity challenge in market necessitated the use of cash and balances with other banks |
| Government Securities | 1,492,310 | 1,412,843 | 5.6% | |
| Net Loans & Advances | 3,932,574 | 3,382,024 | 16.0% | <ul style="list-style-type: none"> Deceleration in deposits growth, 4.5% in 2020 compared to 11.6% in 2019. This is attributable to Government Payment System integration and the continued implementation of Treasury Single Account |
| Total Assets | 7,173,865 | 6,597,248 | 8.7% | |
| Customer Deposits | 5,438,126 | 5,202,247 | 4.5% | |
| Borrowed Funds | 566,008 | 329,492 | 71.8% | |
| Shareholders' Funds | 1,010,795 | 873,069 | 15.8% | |

Deposits

Deposits Trend (Tzs bn)



Deposit Mix



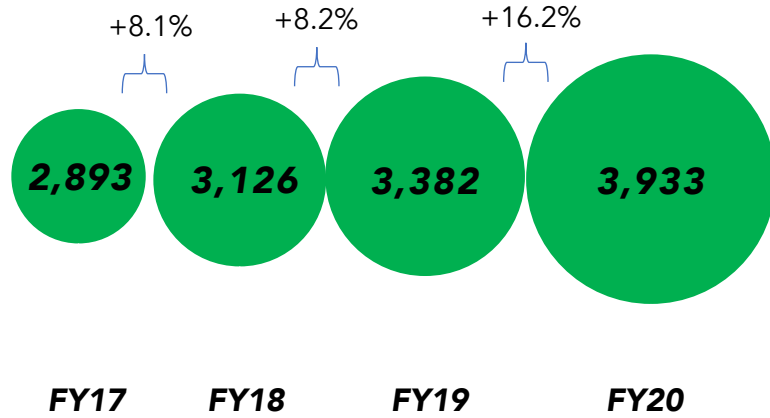
REMARKS

- 4.5% YoY customer deposit growth
- Efforts to acquire low-cost deposits paying off with an increase in CASA during the year
- The expansion of the agency network was helpful in mobilizing deposits at a time when corporates were focused on preserving their corporates.

- Deposit mobilization was however affected by delayed cash flows from restructured loans impacted by COVID19
- Management will continue to focus on low-cost deposit acquisition

Loans

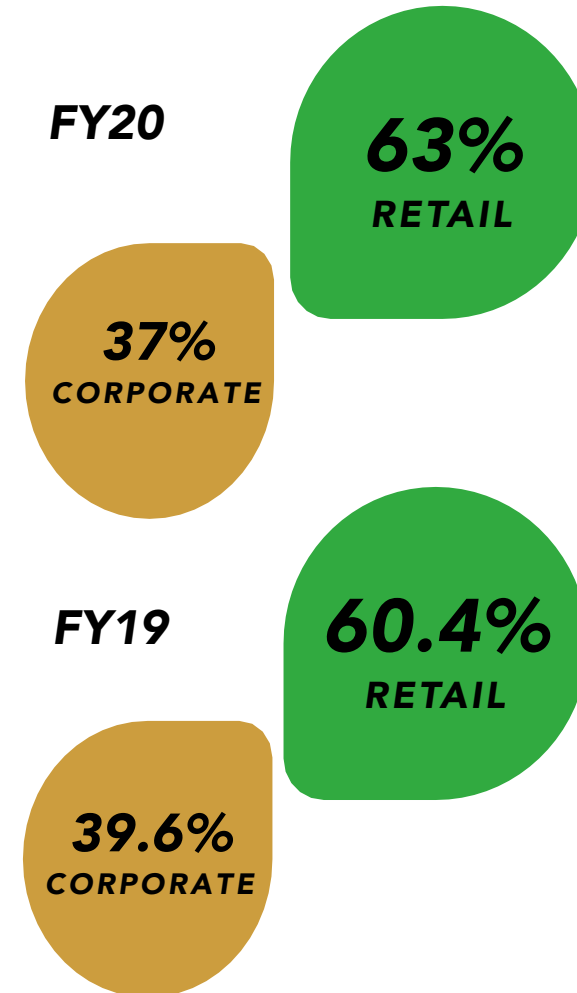
Loan Book – Trend (Tzs bn)



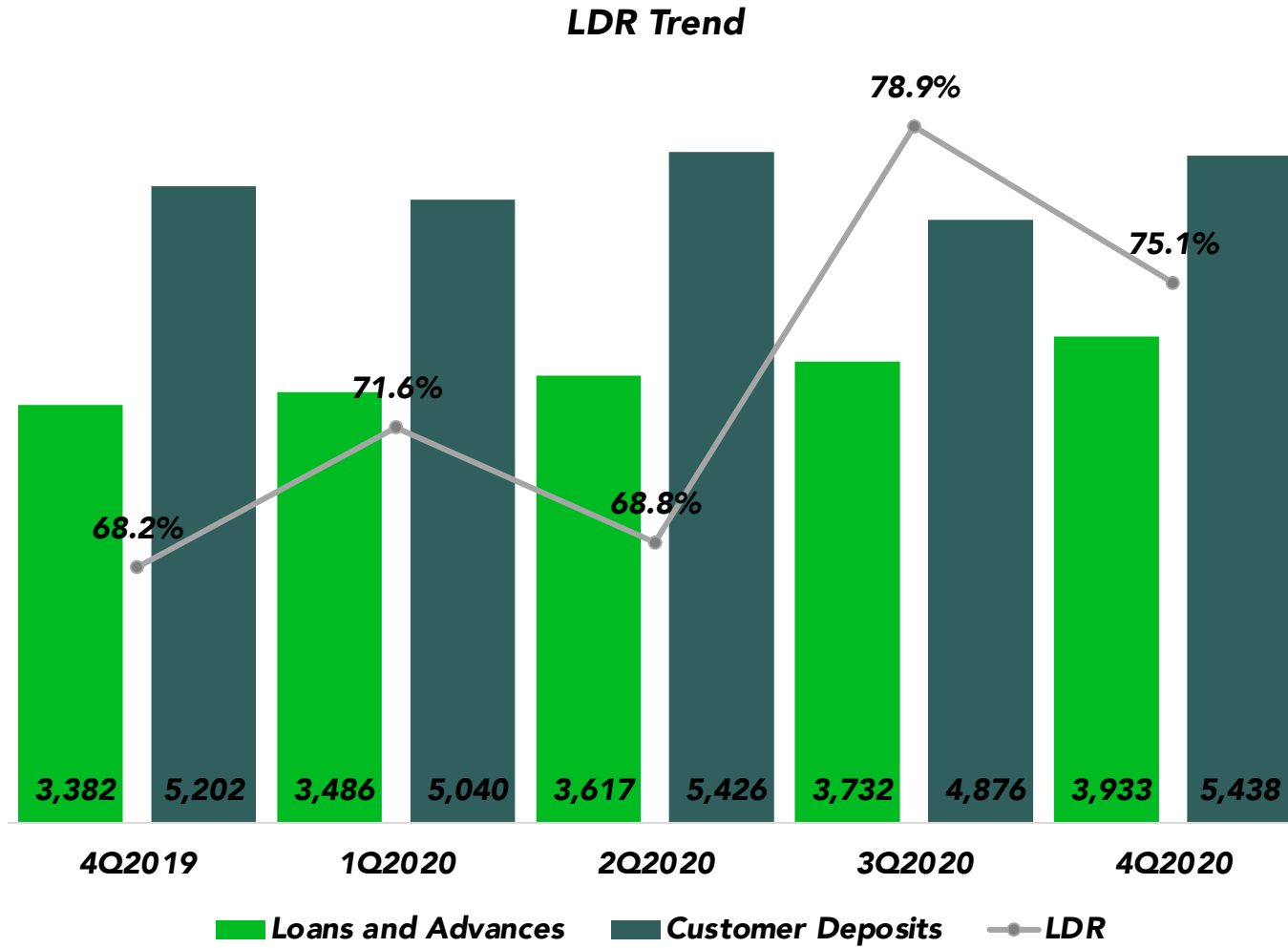
REMARKS

- 16% loan growth in the year was driven by increased demand of personal loans (mostly salaried worker loans) in the retail segment

Loan Book – Split by Business Segments



Challenged Liquidity and Funding Position

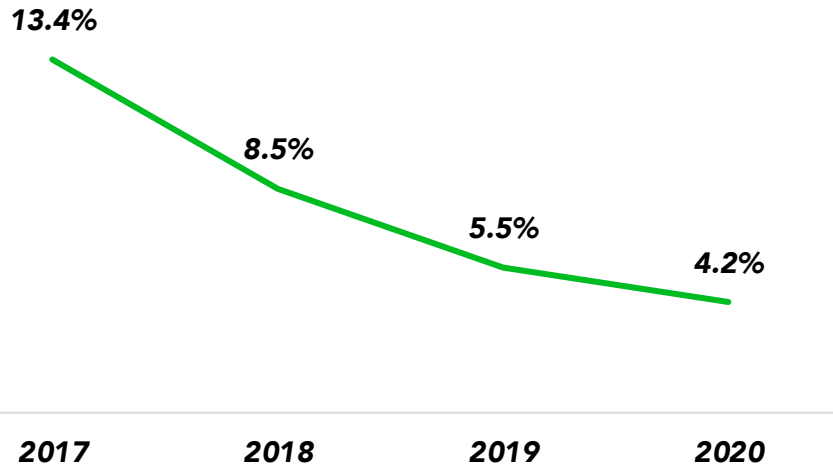


REMARKS

- Liquidity in the market and the bank remains a challenge.
- The Bank liquidity ratio as at end of 4Q2020 was 22% above regulatory ratio of 20%
- LDR ratio of 75.1% as at end of 4Q2020, down by 3.8% Q-o-Q as deposits have increased by TZS 522 billion and loans and advances by TZS 200 billion
- Bank will continue to focus on balance sheet optimization to remain within regulatory and internal limits

Asset Quality

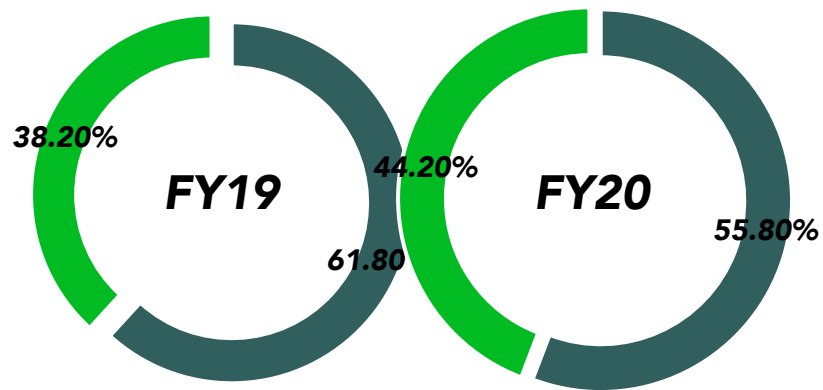
Group NPL ratio trend



REMARKS

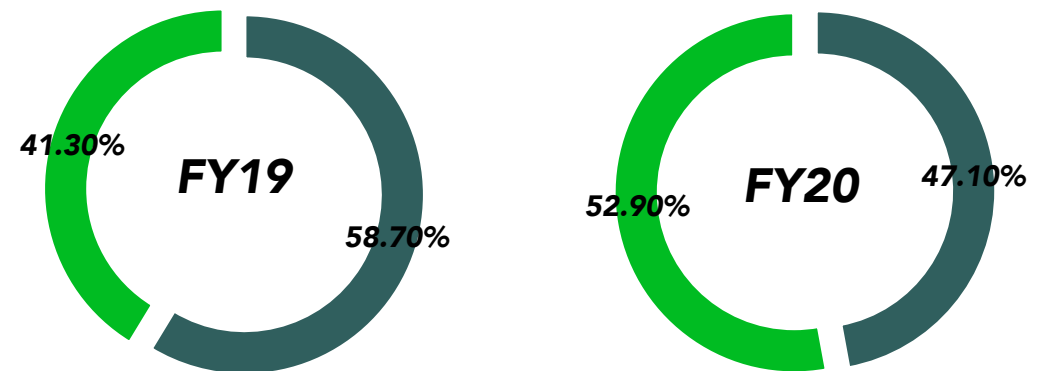
- NPL ratio has been decreasing over the last three years, reaching below the regulatory requirement of 5% in the year 2020.
- In 2020, the group closed with an NPL ratio of 4.2%, well below the industry ratio of 9.3% during the same period
- The increase in NPLs in the retail book is due to delays in payments from Government employees.
- Group continues to perfect the Expected Credit Losses (ECL) model

NPL – Segment Split



■ Corporate ■ Retail ■ Corporate ■ Retail

Provisions – Segment Split



■ Corporate ■ Retail

■ Corporate ■ Retail

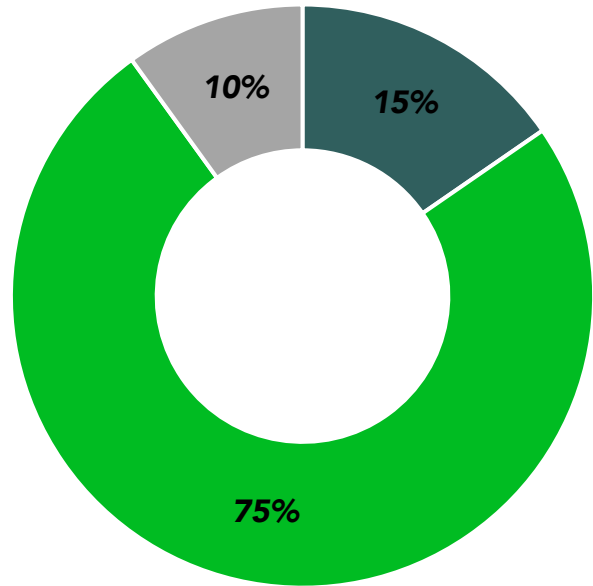
Growing Revenue Lines

Group Income Statement

| | FY20 | FY19 | % Growth | REMARKS |
|----------------------------|----------------|----------------|------------|---|
| Interest Income | 688,610 | 638,503 | 8% | <ul style="list-style-type: none"> ▪ Great performance in the year - PAT TZS 164bn, YoY growth of 37% ▪ Strong top line growth – 9% YoY growth in Net Interest Income |
| Interest Expense | (118,441) | (116,308) | 2% | |
| Net Interest Income | 570,169 | 522,195 | 9% | |
| Non-Interest Income | 283,989 | 251,523 | 13% | |
| Operating Expenses | (543,828) | (507,530) | 7% | <ul style="list-style-type: none"> ▪ Compressed interest margins due to cuts in lending rates |
| Loan Impairment charges | (74,462) | (91,503) | (19%) | |
| Profit After Tax | 164,993 | 120,145 | 37% | <ul style="list-style-type: none"> ▪ Non-interest Income impacted by decrease in economic activities resulting from COVID related disruptions |

NFI Split

NFI Composition



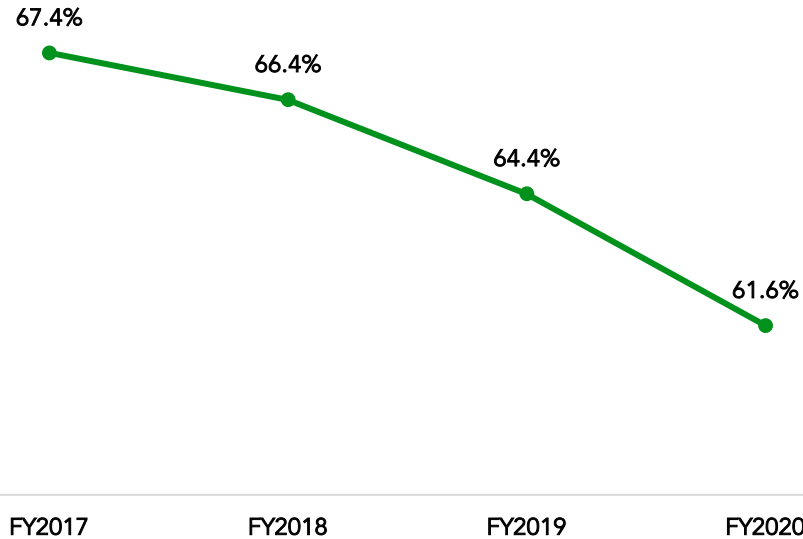
■ **Forex Income** ■ **Fees and Comms** ■ **Other Operating Income**

REMARKS

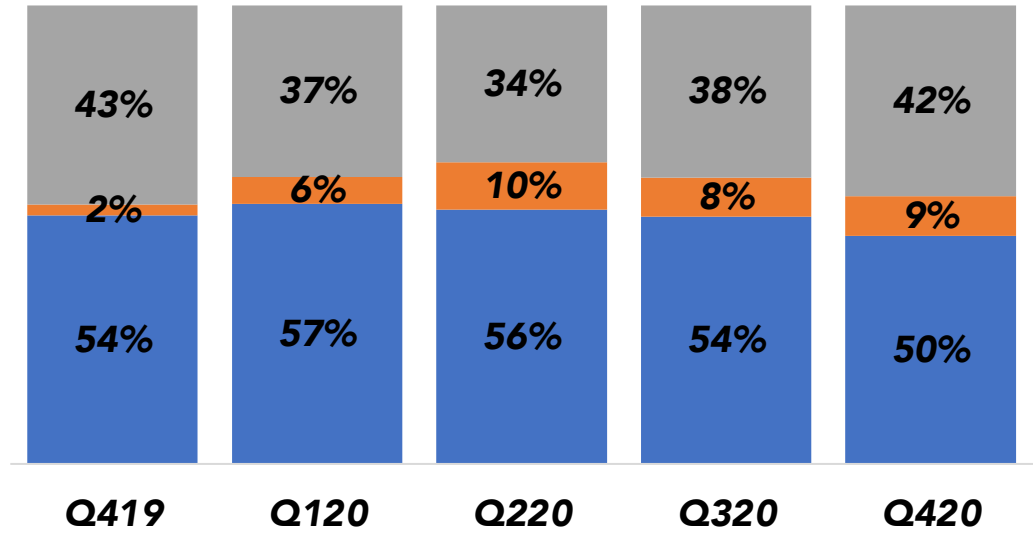
- In 2020, the contribution of NFI to total income reduced to 33.2% from 32.5% in 2019
- The contribution of forex income and net fees and commission to NFI reduced to 15% and 75% respectively from 17% and 79% in 2020
- This is result of slow down in trade, tourism and investment as a result of the pandemic
- Meanwhile, the contribution by other operating income increased from 4% in 2019 to 10% in 2020.

Deceleration In Growth of Expenses

Cost to Income Ratio



Opex Composition Q-o-Q Trend

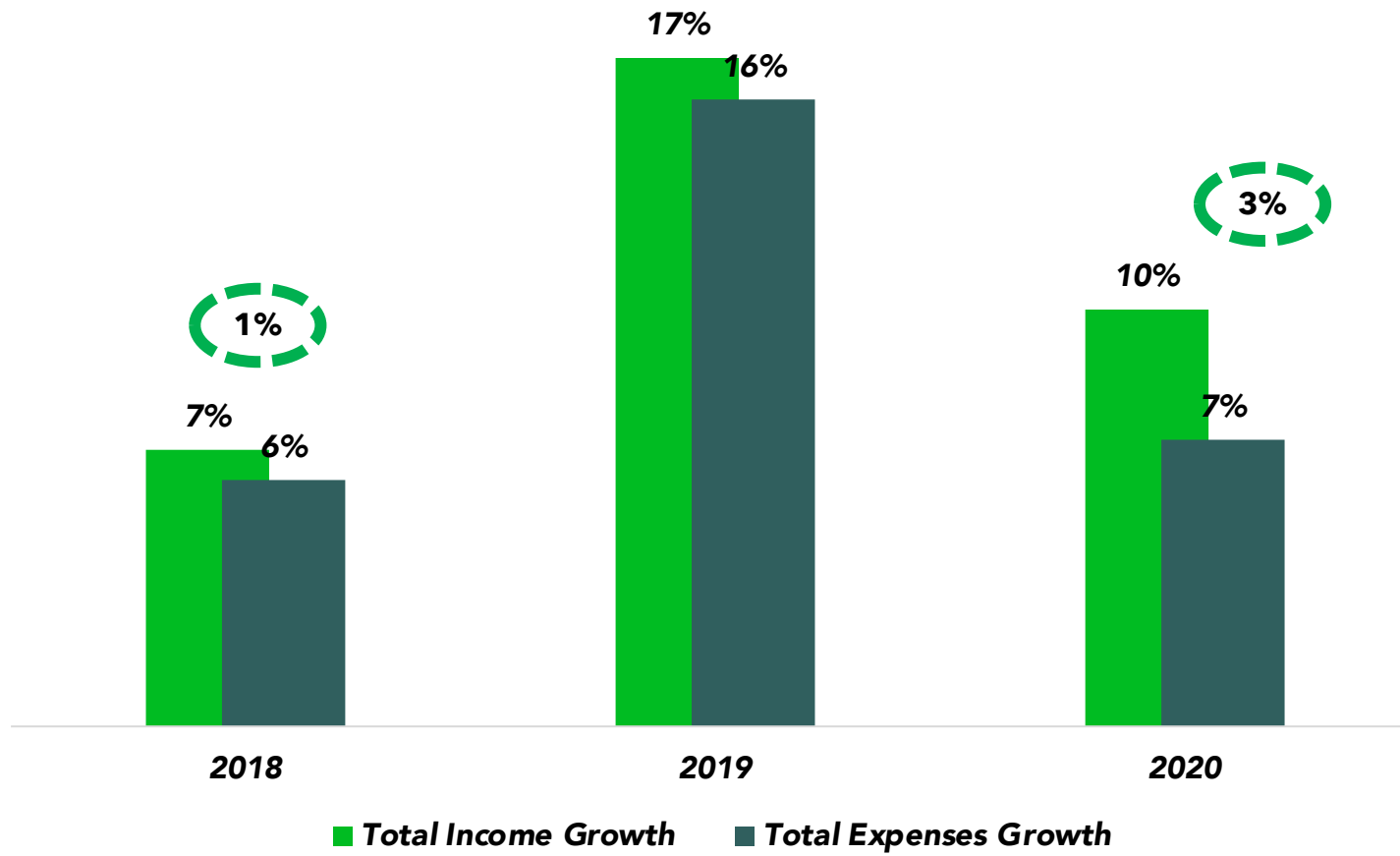


REMARKS

- Efforts from cost saving initiatives paying off. These include:
 - Automating back-office operations
 - Renegotiating old contracts to more favorable prices
 - Reducing brick and mortar expansion and increasing agency network growth, and
 - Changing the core banking system to reduce downtime incidents
- Quarter on quarter reduction in contribution of salaries and benefits to total expenses
- Growth in fees and commission expenses as a result of agency network expansion – specifically software license fees and commissions paid out to agencies

Improving Income JAWS

Total Income Growth vs. Total Expenses Growth

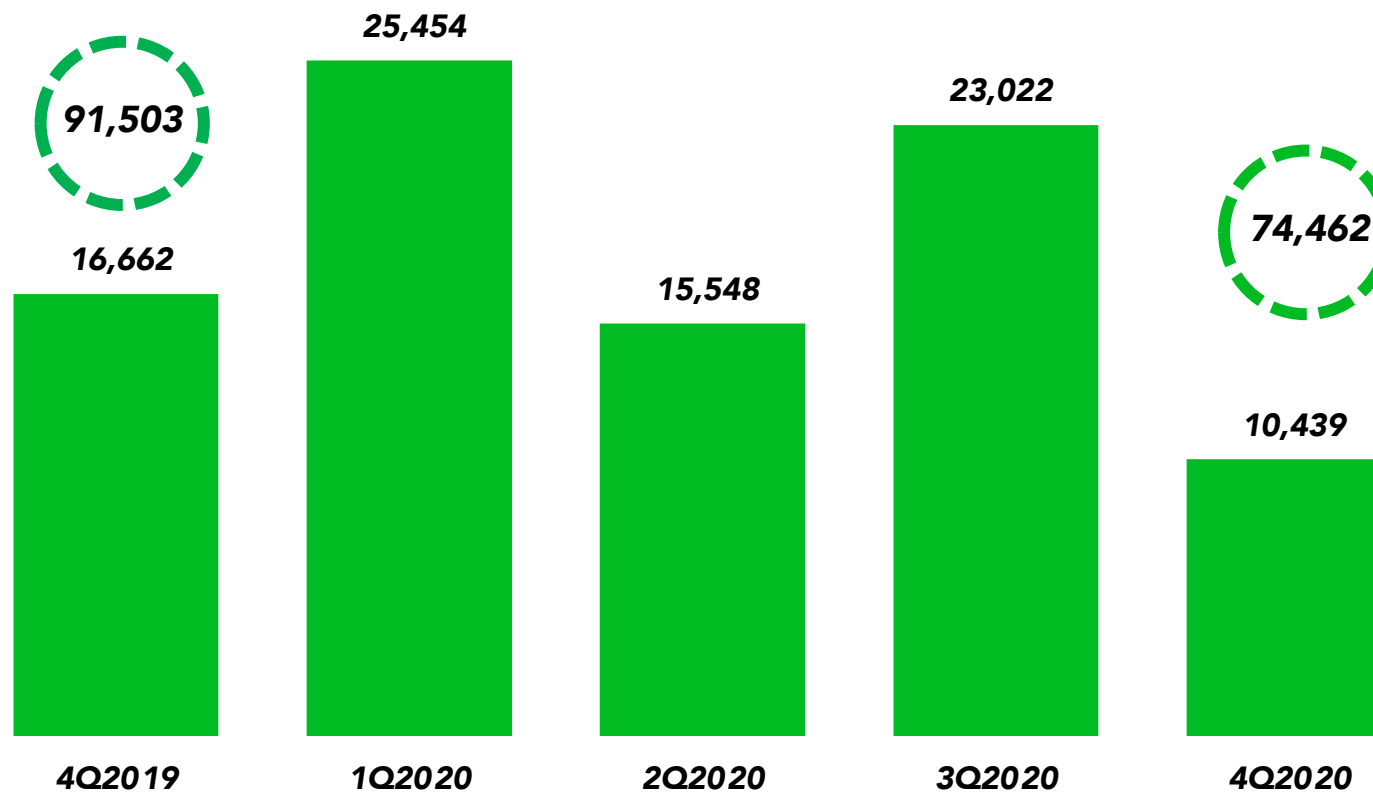


REMARKS

- Income JAWS of 3% achieved in the year, compared to 1% recorded in both 2018 and 2019

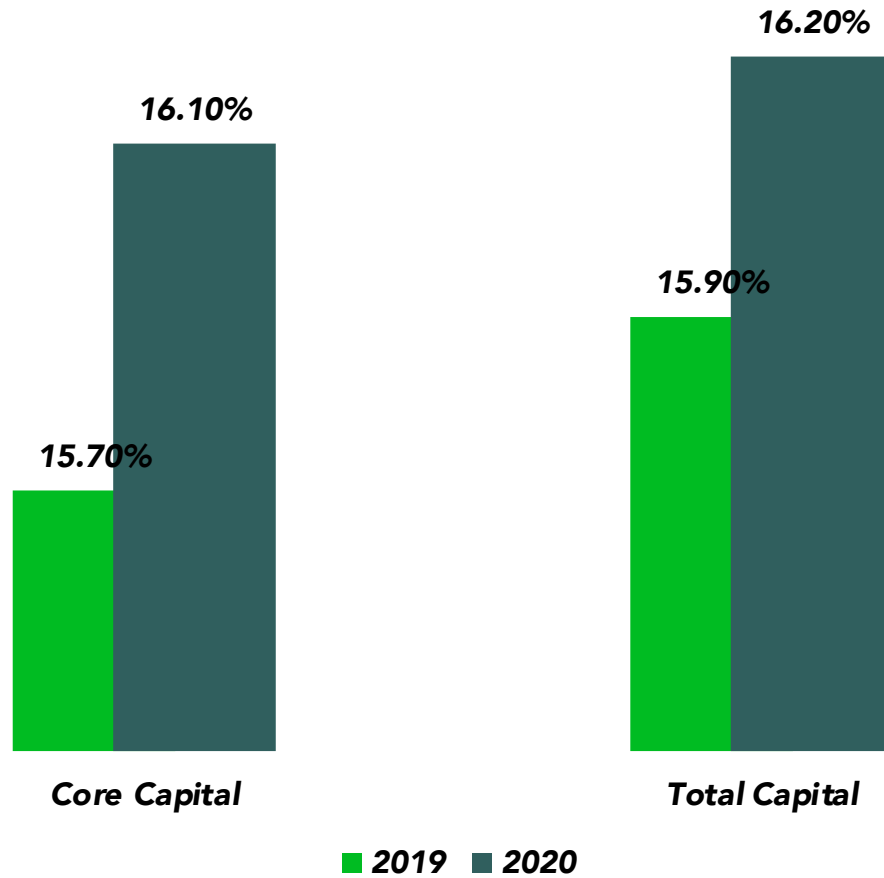
Reduction In Impairment Charge

Q-o-Q Impairment Charge

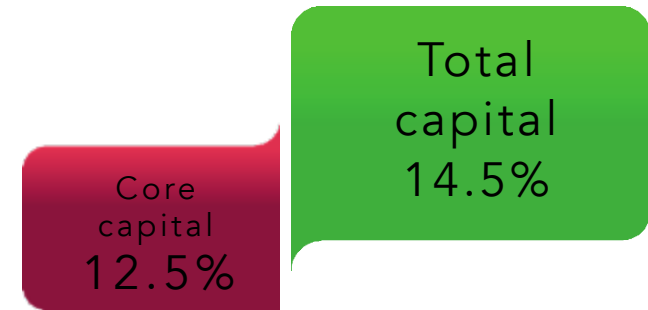


Strong Capital Base

Capital is well above both regulatory and internal limits

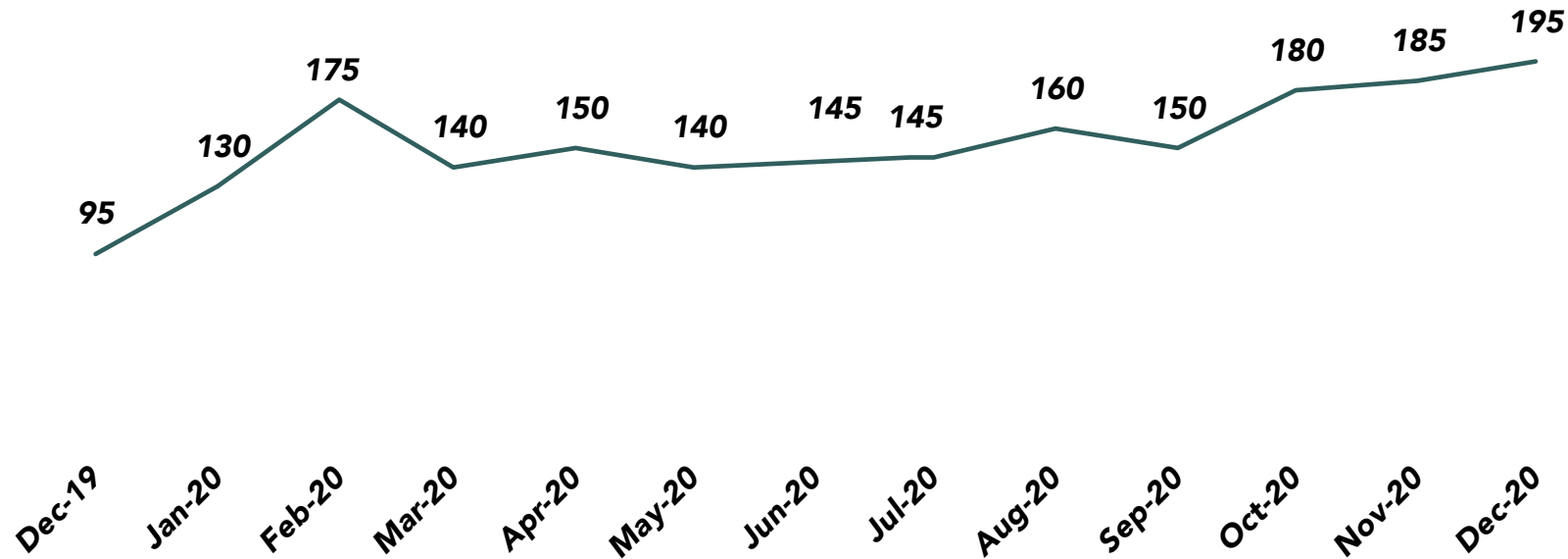


Regulatory Requirement



Great Share Performance In The Year...

Share Price



REMARKS

- In the year, the CRDB share price increased by 105% from TZS 95 in Dec 2019 to TZS 195 in Dec 2020
- CRDB was the most traded stock on the Exchange in the year

Increased Contribution to PAT by Subsidiaries

Balance Sheet and Income Statement (Amount in TZS Bln)

| | FY 20 | FY 19 | % Change |
|-----------------------|---------|---------|----------|
| Burundi | | | |
| Total Assets | 351,842 | 258,179 | 36% |
| Total Deposits | 201,327 | 138,427 | 45% |
| Operating Income | 25,322 | 19,316 | 31% |
| Net Profit | 11,233 | 6,391 | 76% |
| Insurance | | | |
| Total Assets | 8,015 | 5,082 | 57% |
| Net Commission Income | 6,880 | 4,976 | 38% |
| Net Profit | 3,633 | 1,494 | 143% |

REMARKS

- Contribution from subsidiaries has increase from TZS 8bn in 2019 to TZS 15bn in 2020
- In the year, management finalized the wind up of the Microfinance Subsidiary. It's customers were migrated to the Bank's Retail Unit.

Other Key Ratios

| | FY 2020 | FY 2019 |
|----------------------|----------------|----------------|
| Return on Equity | 17.5% | 14.7% |
| Return on Assets | 3.5% | 2.8% |
| NPL Ratio | 4.2% | 5.5% |
| Cost of risk | 2.1% | 2.6% |
| Cost of funds | 1.9% | 2.1% |
| NPL Coverage | 85.2% | 79.4% |
| Net Interest Margin | 9.6% | 9.7% |
| Yield on Investments | 11.6% | 12.5% |
| Earnings Per Share | 63.2 | 46.0 |
| Book value | 334 | 387 |



Looking Ahead

2021 Priorities



Operational Efficiency

- Streamline and simplify complex processes
- Centralize technical activities
- Digitize workflows and key customer journeys
- Decentralize customer facing processes



Business Growth

- Increase penetration to key sectors
- Optimize digital ecosystem to gather insights
- Portfolio diversification – MSMEs
- Grow transactions activity level



Credit and Risk Management

- Digitize loan origination
- Strengthen recovery process
- Automate credit monitoring
- End to end monitoring of leakages

2021 Priorities



Technology Enhancement

- Adopt scalable technology
- Leverage on ICT investments to drive efficiency
- Increase information security
- Enhance Disaster Recovery capabilities



Human Resources

- Drive staff productivity by relocating staff to revenue generating roles
- Develop talent and key competencies
- Strengthen performance management



Financial Strength

- Sustain capital and liquidity adequacy
- Win war for deposits and regain balance sheet leadership
- Manage growth of Risk-Weighted Assets
- Adopt cost to serve model to meet regulatory CIR requirement of 55%

Outlook For The Year

| | 2020 | 2021 OUTLOOK |
|----------------------|-------------|-------------------------|
| Loan Growth | 16% | 12% - 15% |
| Deposit Growth | 4.8% | 12% - 14% |
| Non Funded Income | 30% | 35% - 40% |
| Cost to Income Ratio | 61.6% | 50% - 55% |
| Return on Equity | 17.5% | 17.5% - 19% |
| Return on Assets | 3.5% | 3.5% - 4% |
| NPL | 4.2% | 3% - 4% |



About CRDB

About Us

CRDB Bank Plc is a publicly owned commercial bank headquartered in Dar es Salaam, Tanzania. We operate three main subsidiaries, CRDB Bank Burundi – a wholly owned affiliate based in Bujumbura in the Republic of Burundi and CRDB Insurance Broker Limited – a leading Insurance broker service provider operating in Tanzania. We are the largest financial services provider in Tanzania offering a comprehensive range of financial services to individuals, Micro, Small and Medium sized Enterprises (MSMEs) and large corporations. We see ourselves as a customer-centred financial services provider, committed to providing responsive financial solutions that not only support economic growth, but also foster sustainable livelihoods. We have a “B1 Stable Outlook” credit rating from Moody’s and are listed on the Dar es Salaam Stock Exchange (DSE).



VISION

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



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

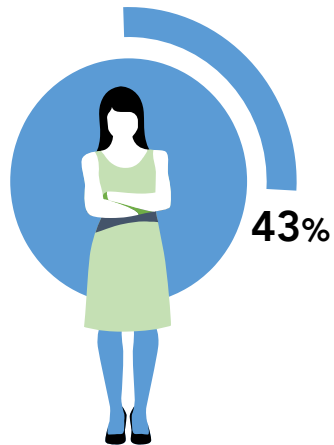
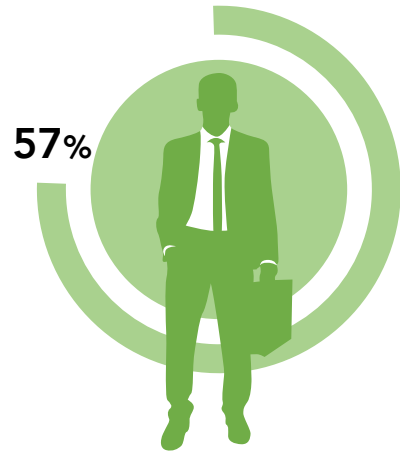


PURPOSE

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

CRDB at a glance

Our People



3,639

Professional Staff

Our Channels



560
ATMs



243
Branches



19,491
Bank
Agents



4,584
Merchant
POS

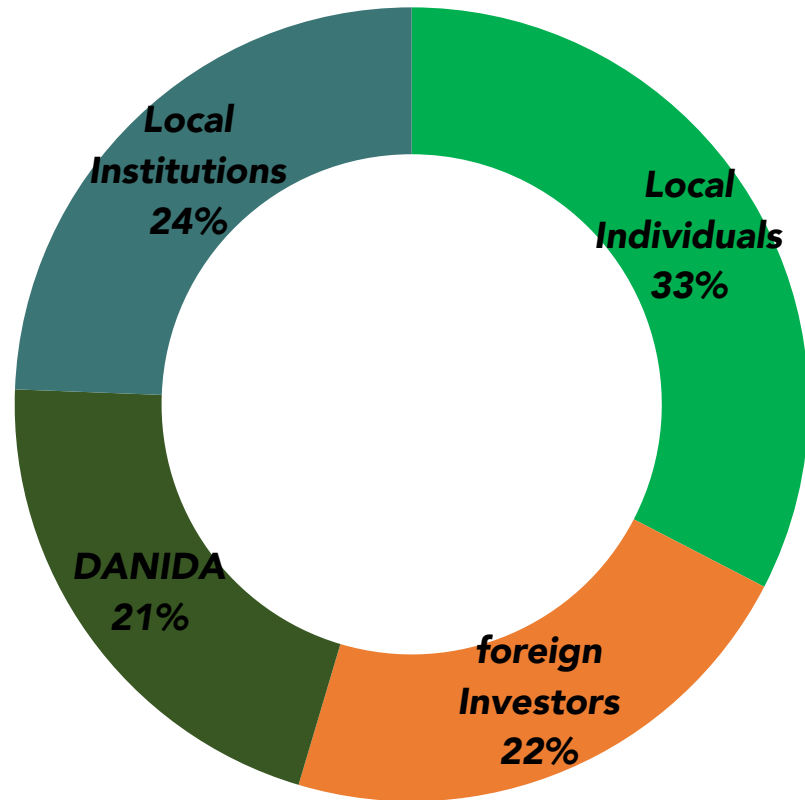


21
Mobile
Branches

ROBUST ONLINE BANKING PLATFORMS



Shareholder Structure as at 31 Dec 2020



| | Number of Shareholders | Number of Shares |
|-------------------------------|------------------------|------------------|
| DANIDA Investment Fund | 1 | 548,067,648 |
| Local Institutional Investors | 910 | 636,154,856 |
| Local Individual Investors | 29,150 | 852,434,376 |
| Foreign Investors | 80 | 575,181,704 |
| TOTAL | 30,141 | 2,611,838,584 |

2020 Awards & Recognitions



Best Bank in Tanzania 2020



Recognized as Best SME Bank in East Africa 2020 & Best Corporate Bank in Tanzania 2020



Visa Marketing Warrior & Visa Top E-commerce acquiring



Best Bank in Product Innovation



CEOs Hall of Fame



Best Payment Solution Provider Eastern Africa



Best Bank in Trade Finance Tanzania 2020



1st Winner Best presented Financial Statements



Best Bank in Tanzania 2020



Most Preferred Domestic Bank Of the Year



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.

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