

Govt touts CRDB Bank's role in Tanzania's development efforts

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Dodoma. The government is happy with the role of CRDB Bank Plc in Tanzania's development efforts. Apart from being one of the largest taxpayers, CRDB Bank Plc was also setting aside one percent of its net profit towards community-based projects through its Corporate Social Responsibility (CSR) initiatives.

The bank, which is owned predominantly by Tanzanians, was also injecting back billions of shillings into the economy through dividend payment to its shareholders. The latest incident happened on Monday when CRDB Bank Plc issued a total of Sh17 billion to the government in form of dividend. The money is part of the Sh120.1 billion in net profit that the lender and its subsidiaries registered in 2019.

CRDB Bank Plc's board chairman Dr Ally Laay presented a dummy cheque to the Finance and Planning minister Dr Phillip Mpango during an event that was also attended by other cabinet ministers and senior officials for the bank.

The government – through the Danida Investment Fund – owns a 21 percent stake in CRDB Bank Plc while pension funds and other public organisations control a 17.1 percent stake.

“During our June 2020 virtual Annual General Meeting (AGM), shareholders approved a dividend of Sh17/share, representing a total dividend of Sh44.4 billion. That was an increase of 112.5 percent compared to what was



Finance and Planning Minister, Dr Phillip Mpango (seated centre), Minister of State in President's Office (Regional Administration and Local Government), Suleiman Jafo (3rd left), Minister of state Prime Minister's Office (Policy, Parliament, Youth, Employment and People with Disabilities), Jenista Mhagama, CRDB Bank Plc Board Chairman Dr Ally Laay (2nd left) and CRDB Bank Managing Director and Group CEO, Abdulmajid Nsekela in group photo with the leaders of the institutions that own shares in CRDB Plc bank after handing the dividend of Sh9.3 billion shillings. The ceremony was held in Dodoma on August 11, 2020.

shared to shareholders last year,” said Dr Laay.

Present at the event to hand over a dummy cheque to the government here on Monday were Denmark Ambassador to Tanzania Mette Dissing-Spandet, Minister of State in the President's Office (Regional Administration, Local Government Authorities), Selemani Jafo and Minister of State in the Prime Minister's Office (Policy, Parliamentary Affairs, Labour, Employment, Youths and the Disabled), Ms Jenista Mhagama.

Treasury Registrar, Athumani Mbuttuka as well as heads of

various public organisations and pension funds that own shares in the bank were also in attendance.

Speaking during the event, Dr Mpango said CRDB Bank was playing a pivotal role in the execution of the government's Second Five Year Development Plan (FYDP 2) which runs from financial year 2016/17 to 2020/21.

“The Plan seeks to stimulate industrial production so as to revolutionise the economy... Implementation of the FYDP requires massive funds and the dividend we are receiving here today is one of the ways we generate revenues for that purpose,”

he said.

He commended CRDB Bank for being one of the companies that issue huge dividends to the government.

“Allow me to say that from the government point of view, we regard CRDB Bank Plc as a major partner in development... The Bank is also contributing massively to implementation of the government's mega projects,” he said.

He applauded CRDB Bank Plc for reporting a growth in profits during the first half of the current year. The bank reported two weeks ago that its profit rose by

15 percent to Sh70.4 billion during the first half of the current year, from Sh61.1 billion during a similar period last year.

He said the government would ensure that it creates an enabling environment for the private sector to thrive, noting that a recent decision by the Bank of Tanzania (BoT), meant to cushion the financial sector from negative effects of the Covid-19 pandemic, was a step in the right direction.

In May this year, the BoT announced some key monetary policy measures, including lowering the statutory minimum reserve requirement from sev-

en to six percent to provide the banks with additional liquidity in the wake of the Covid-19 pandemic.

Among others, the BoT also reduced the discount rate – the level of interest at which commercial banks borrow from the central bank – from seven to five percent to allow them access to cheaper loans hence signaling lower lending interest rates.

In his remarks, the CRDB Bank Plc board chairman, Dr Ally Laay, said 80 percent of the bank's shares were in the hands of Tanzanians.

Out of the percentage, the government and public institutions own 38 percent. He said the bank's profit before tax rose by 76 percent to settle on Sh174.7 billion last year.

He said it was due to an improving profitability trend that the bank's dividend to its shareholders has also been on the rise. Last year, it issued Sh20.9 billion in total dividend, up from ShSh13.1 billion in 2017. That was due to an improvement in the lender's net profit to Sh64.1 billion in 2018 from Sh36.2 billion in 2017 before rising further to Sh120.1 billion last year.

A breakdown of the dividend issuance shows that the Central Government – through the DIF shares – went home with Sh9.317 billion while social security funds went home with a total of Sh5.85 billion.

Various local government authorities that had invested in CRDB Bank Plc pocketed a total of Sh299.8 million while the National Health Insurance Fund went home with Sh517.4 million whereas the Umoja Unit Trust Scheme and Umoja Fund Unit Trust Scheme pocketed a total of Sh239 million. A tobacco growers' union was also one of the dividend beneficiaries at Monday's event.