

CRDB BANK PLC

The Bank that Listens

2017 AUDITED RESULTS



Operating Environment - 2017

- In year 2017, Tanzania's economic performance continued to record a strong growth with the real Gross Domestic Product (GDP) at 6.3% p.a and annual headline inflation rate closing at 4.0% compared to 5.0% recorded in 2016.
- During the year, the banking sector was challenged with tightening liquidity and high non-performing loans prompting curtail lending which resulted to low private sector credit growth.
- However, extended broad money supply (M3) reached 5% in December 2017, it was mostly attributed to increase in net foreign assets (NFA) of the banking system, following the Bank of Tanzania's net purchase of foreign exchange from the Government and banks through the interbank foreign exchange market.

Banking Sector Landscape

- The banking industry continued to be competitive with innovative products and services to enhance accessibility and convenience of banking services to their customers.
- The total commercial banks operating in the market as at 31 December 2017 were 58 with a total of 745 branches.

The strategic theme for year 2018 ‘Accelerating digital transformation’

1

Branch Transformation.

- Empower staff to provide excellent service to achieve distinctive customer experience.
- Enhance cross sales efforts to grow profitability and maintain market share.

2

Enhance Deposits mobilization.

- Focus on Global Development Organizations, Embassies, NGOs, project funds and cross-sell bank products.

3

Transform credit management.

- Innovatively revamp credit processes from origination to collection.
- Implement framework to enforce early warning signals
- Aggressive collection and recovery to contain growth of NPLs.

4

Modernize performance management.

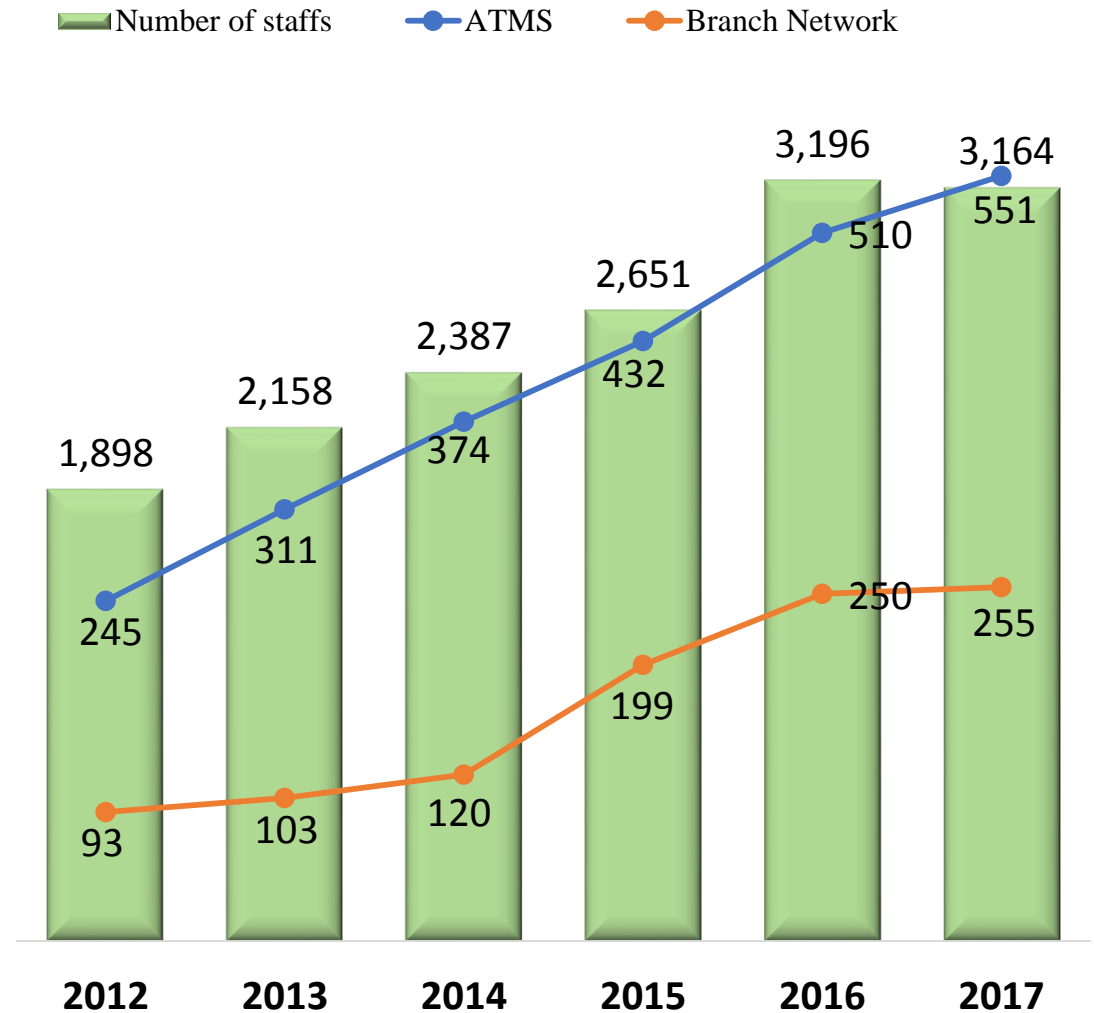
- Streamline KPIs and ensure proper cascading.
- Institute daily and weekly discussions on Performance Measurement with strong feedback culture.

Major Milestones - 2017

- Introduction of new products and alternative banking channels.
- ICT systems and infrastructure enhancement; upgrade and stabilization of the Core Banking system (UB to FBE) and other related systems
- Acquisition of Communication Spectrum 3.5HZ from Tanzania Communication Regulatory Authority (TCRA).
- Expansion of physical and virtual networks.
- Establishment of Insurance Brokerage Company Ltd.
- Development of M-Wallet (mobile money Wallet) to extend banking services through mobile phones to the unbanked population.
- Development of shareholders voting system to be used during Bank Annual General Meeting (AGM) both for shareholders registration and voting.
- Moody's issued an update on the rating of the Bank in August 2017 which indicated that the Bank is still on the stable outlook (B1 and B2).

CRDB Profile - December, 2017

- CRDB Bank PLC offers a comprehensive range of Corporate, Retail, Treasury, Premier, Agent banking and microfinance services.
- Network footprint of;
 - 255 branches including mobile branches and service centers
 - 551 ATMs including 18 Depository ATMs
 - 806 Merchants Network
 - 3,286 Agents (Fahari Huduma)
 - 398 Microfinance partner institutions.
 - CHINA DESK
 - INDIA DESK



Shareholding Structure

NAME	31.12.2017		31.12.2016	
	SHARES	%	SHARES	%
Above 10%				
DANIDA Investment Fund	548,067,648	21.0	548,067,648	21.0
PPF Pension Fund	260,882,095	10.0	260,882,095	10.0
Sub Total	808,949,743	31.0	808,949,743	31.0
Above 1% and less than 10%				
CDC Group Plc / International Finance Corporation / JPMCB FBO Africa Capitalization Fund Ltd	130,692,741	5.0	130,692,741	5.0
Mr. Aunali F Rajabali and Sajjad F Rajabali	107,655,562	4.1	106,706,104	4.1
Kimberlite Frontier Master Africa Fund LP RCKM	100,641,213	3.9	55,152,958	2.1
National Social Security Fund - Uganda	100,000,000	3.8	-	-
LAPF Pension Fund	58,077,549	2.2	58,077,549	2.2
Duet Africa Opportunities Master Fund IC	37,583,840	1.4	37,583,840	1.4
Hans Aingaya Macha	32,764,200	1.3	32,764,200	1.3
National Health Insurance Fund	32,040,040	1.2	32,040,040	1.2
Western Zone Tobacco Growers Cooperative Union Ltd	30,000,000	1.1	30,000,000	1.1
CMG Investment Ltd	29,330,971	1.1	29,330,971	1.1
Mehar Singh Viridi	25,164,028	1.0	-	-
Sub Total	683,950,144	26.2	632,920,396	24.2
Less than 1%				
More than 28,000 shareholders	1,118,938,697	42.8	1,169,968,445	44.9
Grand Total	2,611,838,584	100.0	2,611,838,584	100.0

Investment Ratios

Share Performance	2017	2016
Market Price Closing	TZS 160	TZS 250
Earning Per Share (EPS)	TZS 13.9	TZS 26.6
Price Earning Ratio (P/E)	11.5	9.4
Book Value (BV)	280.8	270.9
Price Book Value ratio (P/B)	0.6	0.9
Market Capitalisation (TZS billions)	417.9	652.9
Foreign Holding (%)	23.0	23.0
Dividend Yield	3.1	4.0

2017 Audited Results

Performance Summary

(TZS Billion)

Income Statement Items

	2017	2016	Y-O-Y Change
Interest Income	560.3	569.3	(1.6%)
Interest Expenses	150.6	136.1	10.7%
Net Interest Income	409.7	433.1	(5.4%)
Net Fees and commissions Income	164.2	152.4	7.7%
Net Foreign Exchange Income	37.4	34.8	7.2%
Operating Expenses	414.4	389.7	6.0%
Profit Before Tax	53.6	111.8	(52.1%)
Profit After Tax	36.2	69.6	(48.0%)

Balance Sheet Items

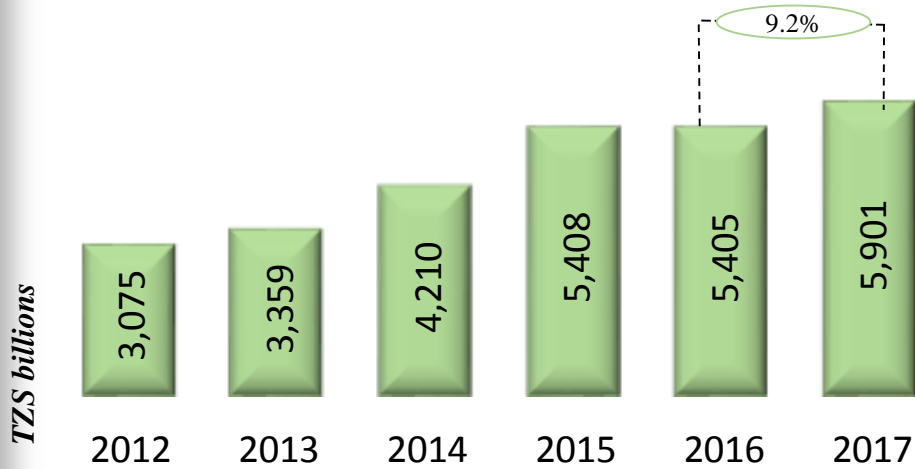
Net Loans & Advances to Customers	2,893.8	3,247.3	(10.9%)
Customer Deposits	4,325.9	4,109.9	5.3%
Shareholder Equity	733.5	707.6	3.7%
Total Assets	5,901.6	5,405.1	9.2%
Return on Avg. Assets	0.9%	2.1%	
Return on Avg. Equity	4.9%	9.8%	
NPL/Total Loans	12.4%	13.9%	

Key Financial Ratios

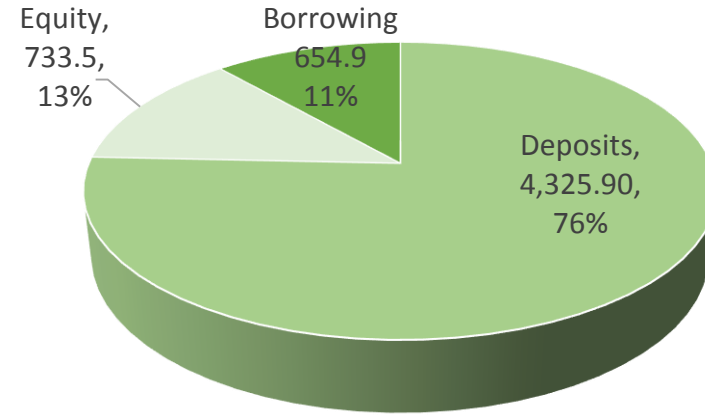
	FY 17	FY 16
Return on Equity	4.9%	9.8%
Cost to Income	66.7%	62.4%
Gross NPL to Gross Loans	12.5%	13.9%
NPL Coverage Ratio	59.0%	32.1%
Debt to Equity	92.05	69.0%
Non funded income to total income	38.0%	36.0%
Cost of Funds	3.0%	3.0%
Net Interest Margin	10.2%	11.3%
Loans to Deposit Ratio	73.3%	82.7%
Growth of Net Loans and Advances	-10.9%	-0.4%
Growth of Customer Deposits	5.3%	-3.2%
Yield on Investments	14.0%	14.9%
Return on Asset	0.9%	2.1%
Growth in Total Assets	9.2%	0.1%
Tier 1 Capital	14.0%	13.5%
Total Capital	17.0%	16.3%

Financial Position - Balance Sheet

Total Assets

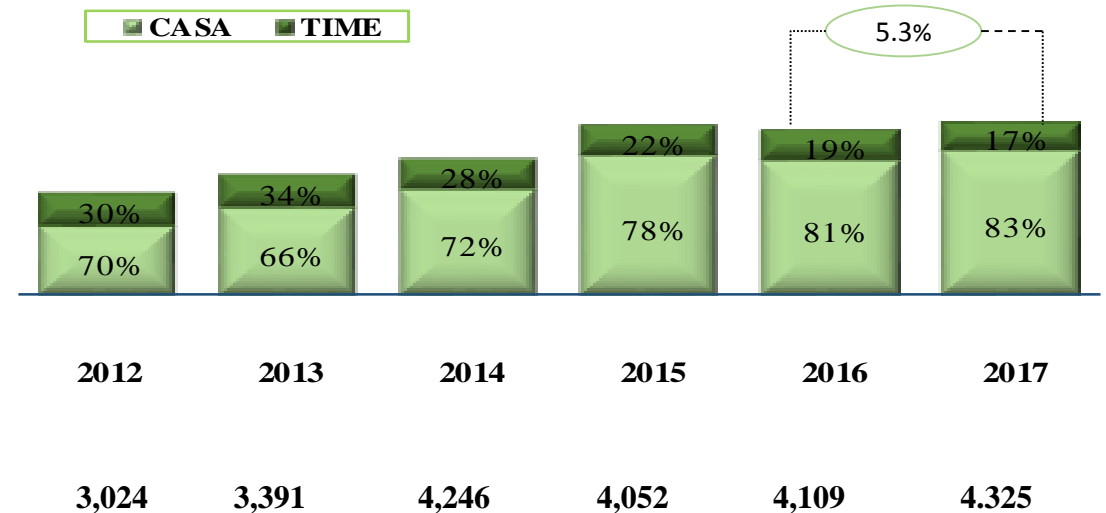


Strong sources of funding – TZS billions



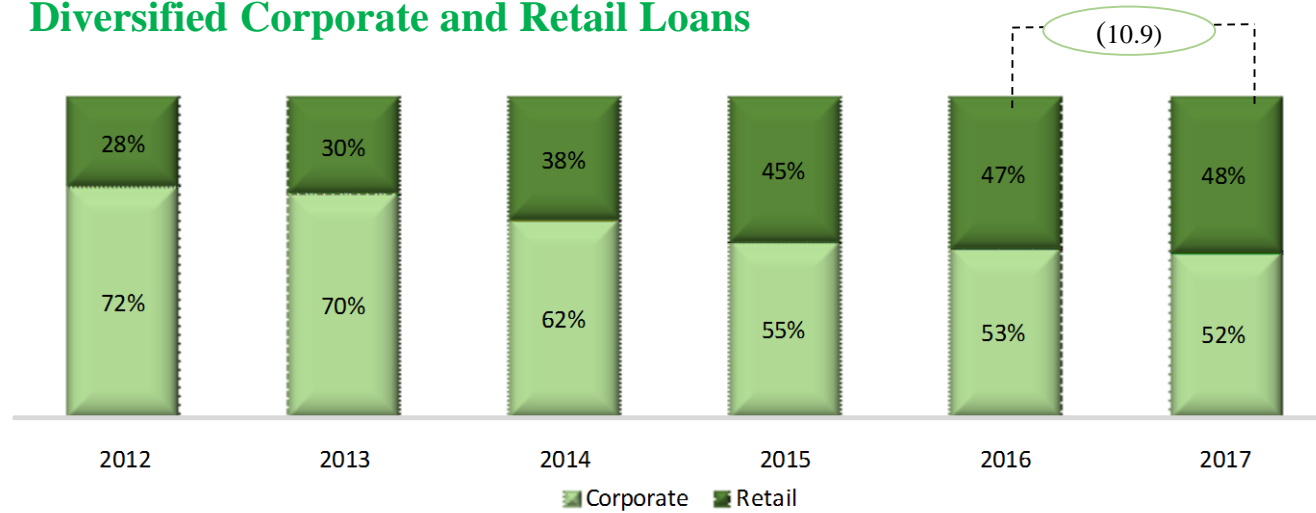
- Customer deposits account for 76% of total funding in the Balance Sheet.
- Borrowing includes subordinated debt of TZS 89.6 bn and other borrowings of TZS 565.3 bn.
- Low cost CASA base increased to 83% in December 2017 (December 2016: 81%) of total deposits with YoY increase of 5.3%.

Funding Growth Through Deposit Mobilization



Diversified Loans Portfolio (TZS in billion)

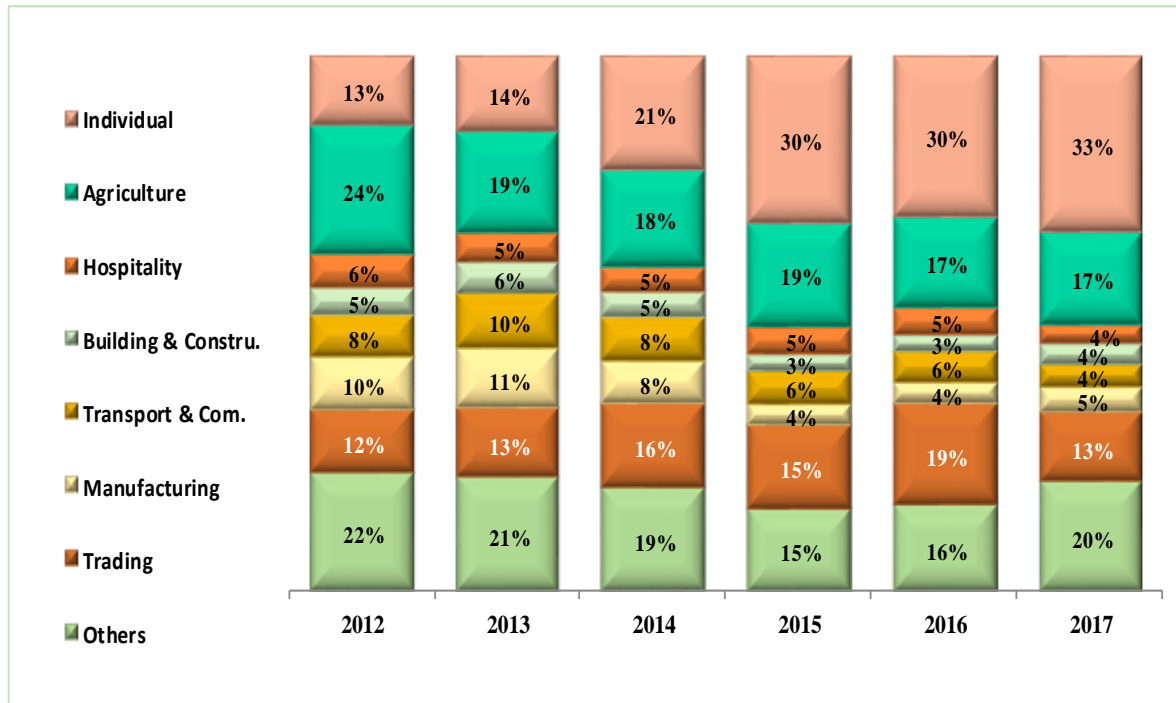
Diversified Corporate and Retail Loans



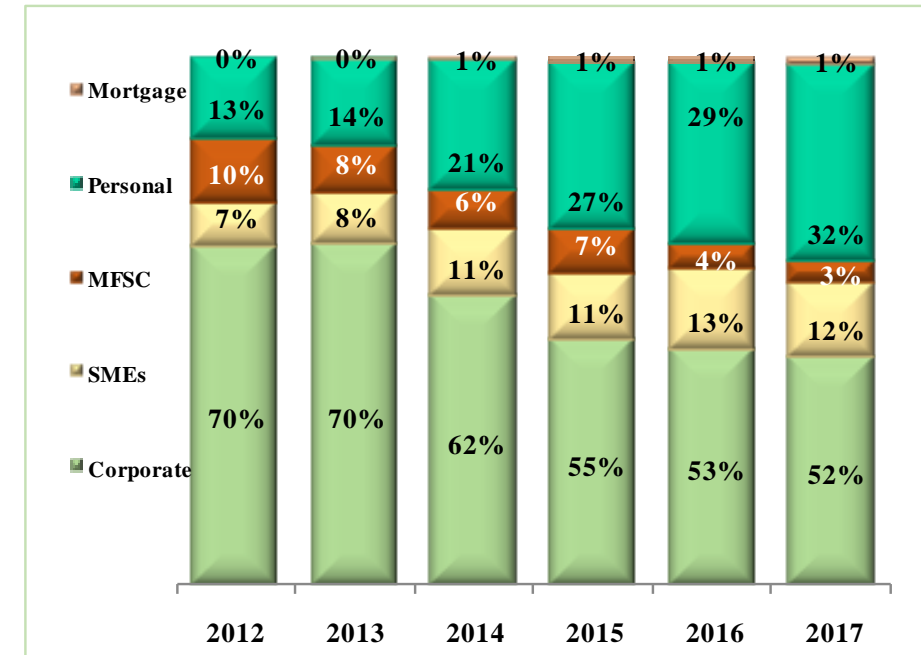
The Bank continued to maintain a strongly diversified portfolio in key economic segment and sectors.

During the year the bank loan portfolio growth slowed down in line with industry slowing down of credit to private sector as a result of tightening liquidity which started at the beginning of the year and increase in NPLs.

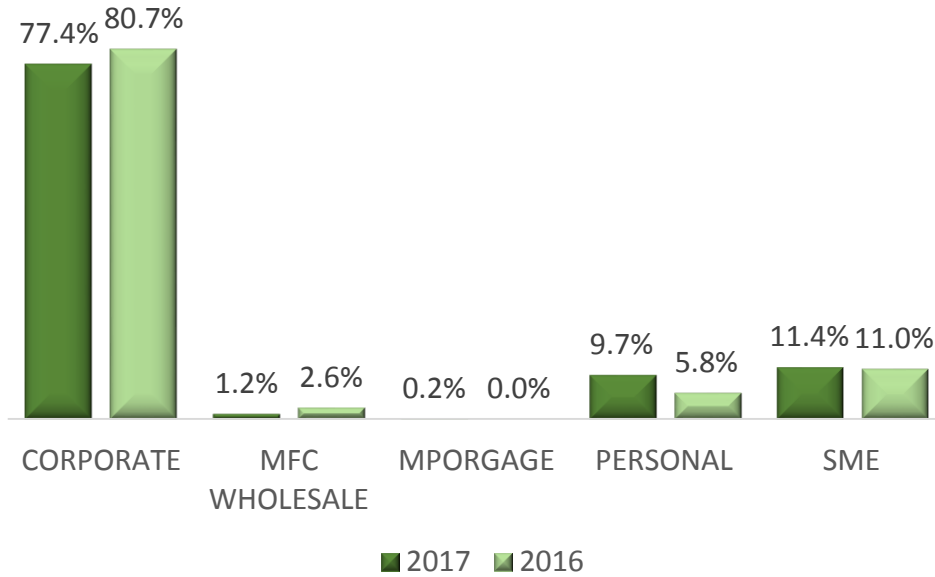
Loan Portfolio among key sectors



Loan Portfolio among key Segments



NPL by Business Segment



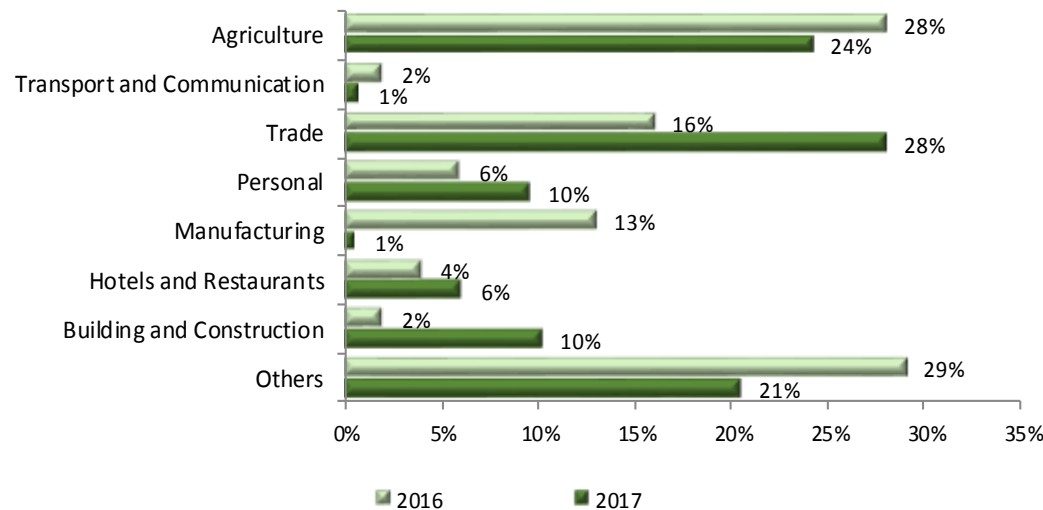
- Bank NPL was TZS 393.4 bn in December 2017 compared to TZS 474.9 bn in December 2016.

- Much effort has been put in lowering NPL figure as a result it reached 12.5% in Dec. 2017 compared to 14.0% as at Dec. 2016.

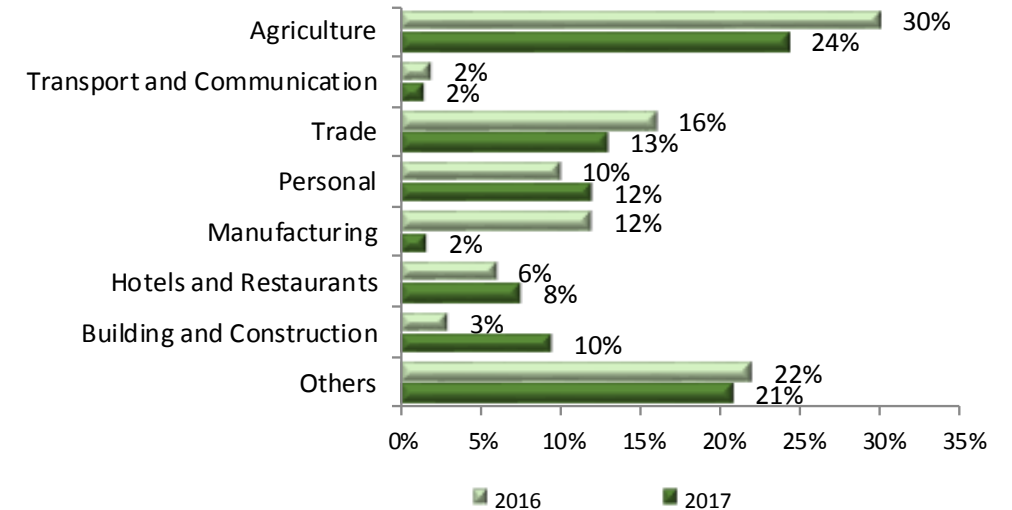
- NPL levels were mainly contributed by Corporate and SME affected by delayed payments and slow down in some sectors, personal loans affected by government related employees, fake certificates and ghost workers.

- Bank continues to work on turn around of affected customers.

NPL by Sector

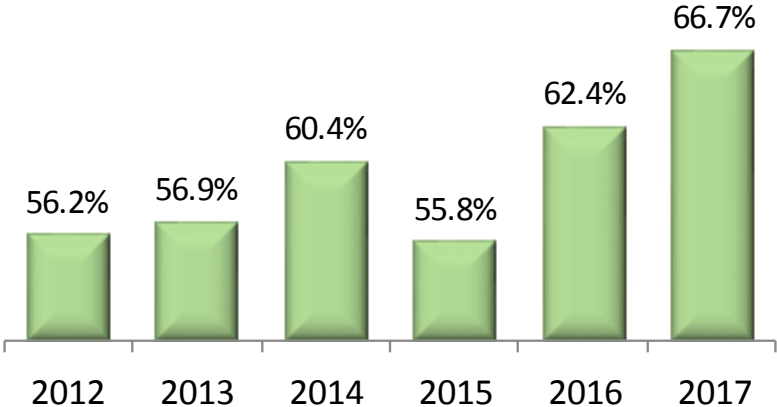


Provision by Sector

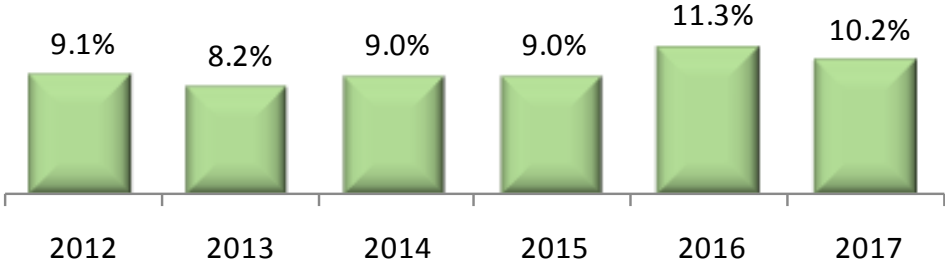


Financial Ratios

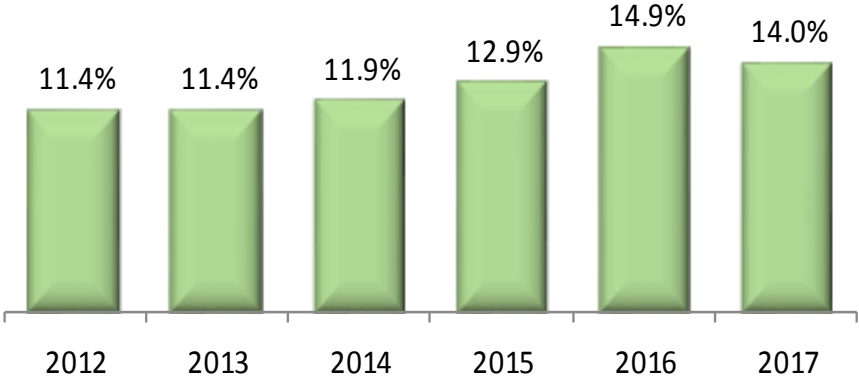
Cost to Income Ratio



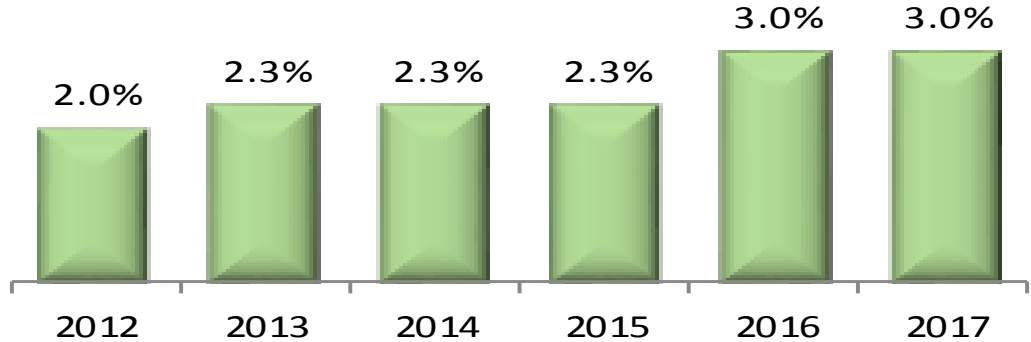
Net Interest Margin



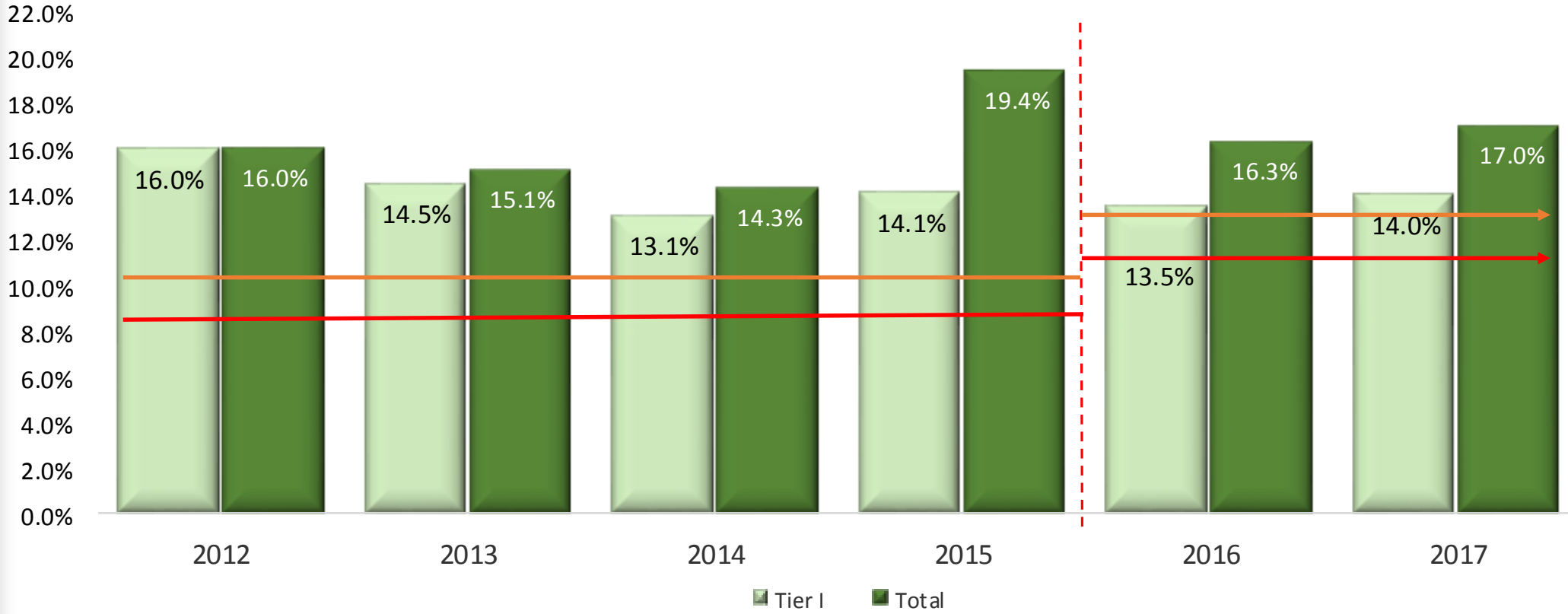
Yield on Investment



Cost of Funds



Capital adequacy ratio



Subsidiaries of CRDB Bank Plc

CRDB Microfinance Services Company Limited

- Offers Microfinance products through its subsidiary by partnering with Microfinance institutions (MFIs) which are mainly SACCOS. Products offered include - microfinance loans and deposits on behalf of the parent company, information and communication technology solutions and business support.
- The subsidiary made a profit of TZS 0.8 billion as at December 2017.
- There were 398 partner MFIs as at 31st December, 2017.
- Total loans extended by the Bank to these institutions at the end of December 2017 stood at TZS 106 billion while total deposits mobilized by the subsidiary grew to TZS 120.2 billion.
- The new outlets opened in 2015 – 2016 from grants extended to this subsidiary were transferred to the parent company in order to comply with regulatory requirements.
- This significantly contributed to the fall in profitability of the subsidiary.

CRDB Bank Burundi S.A.

- The Bank has a subsidiary in Burundi, which operates three branches in Bujumbura.
- The subsidiary recorded a profit of TZS 3.2 billion as at 31st December 2017 compared to TZS 2.3 billion profit recorded at the end of year 2016.
- Total assets increased from TZS 141 billion in year 2016 to TZS 149 billion in December, 2017.
- Total deposits grew from TZS 62.4 billion in December 2016 to TZS 84.0 billion in December 2017.

CRDB Bank Plc Subsidiaries cont.

CRDB Insurance Broker Company

- CRDB Insurance Broker Company is CRDB Bank Plc 100% owned subsidiary company.
- The insurance business has been operated under Microfinance Service Company as Insurance Agency since 2011 and Insurance Broker from 2014. In June 2016 CRDB MFSC Insurance was transformed to CRDB Insurance Broker Ltd.
- The company is engaged in provision of insurance brokerage services including underwriting all types of insurance e.g. life and general insurance business.
- During the period to December 2017, the company made a profit after tax of TZS 1.0 billion.

Gross Premium in Millions					
Details	2013	2014	2015	2016	2017
Premium Sales	8,244	12,094	17,333	25,647	32,467

CRDB Targeted Position for the Year 2018

Market position

- Substantial strengthening of the bank's competitive position in all key products.
- Maintain leading market position in total assets, loans & advances, and public deposits.
- Target market share of banking industry assets of at least 20%.

Financial results

- After tax profits increasing to TZS 86.2 billion
- Cost to Income Ratio reduced from 66.7% to 61%
- Return on Equity $\geq 10\%$
- Non Performing Loans $\leq 10\%$

CRDB Group in Tanzania & Regionally

Qualitative indicators

- Leading skills and capabilities in the market – customer service & IT
- Strong corporate culture
- Highly qualified employees
- Effective and reliable system and processes
- Strong brand and loyal customers

International markets

- 3-5% of net income to come from international operations.
- Build foothold in East African markets.
- Target market share of at least 5% in Burundi.

CRDB Bank Awards and Recognition in 2017

CRDB Bank received 7 awards in different categories.

1. Best Local Trade Finance in Tanzania – Global Trade Review (GTR).
2. Certificate of Appreciation on financial contribution – Women’s Economic Empowerment Forum (WEEF) – The United Republic of Tanzania, Vice President’s Office.
3. Most Social Responsible Bank in Tanzania – East African Bankers Awards 2017.
4. Best SME Bank in Tanzania 2017 – East African Bankers Awards 2017.
5. Best Presented Financial Statements – National Board of Accountants and Auditors Tanzania Awards – 2017.
6. Best Presented Financial Statements – Financial Reporting (FiRe) Awards – 2017.
7. Most Innovative Bank in East Africa – Business Year Magazine – 2017.



Thank You