



INVESTOR BRIEFING

CRDB BANK PLC

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Operating Environment - 2015

- During the year, the global economy faced numerous challenges with decline in commodity prices, appreciation of the US dollar against major currencies and slow investment growth.
- Overall economic performance in Tanzania continued to be strong with GDP growing at an estimated rate of 7.3%, inflation rate stabilizing at around 6.8% and extended broad money supply growing at least 16.6%.
 - During the year, business conditions were impacted by the uncertainties resulting from the conduct of general elections with government taking measures to reduce various expenditure items in order to accommodate the elections bill.

Banking Sector Landscape

- Banking sector with fifty six (56) institutions with 728 Branches/outlets.
- For the banking sector in particular, the operating environment was enhanced in 2015 by introduction of additional regulatory controls on asset portfolio management and increase in capital regulatory requirements.

Key strategy themes for CRDB

1 Customer focus

- Maximizing revenue from each customer
- Developing Mobile/Internet banking
- Agency Banking - sub-branch network
- Quality and depth of customer relationships and quality of sales and service skills as a key source of competitive advantage

2 Systems and processes

- Maximum leverage of Bank's economies of scale
- Consolidation of functions to improve quality, control and efficiency

3 Management

- Building a bank-wide capability for continuous improvement & development
- Succession planning and depth of management team

4 Investing in people & IT

- Employee Growth in line with growth opportunities
- Upgraded training and talent management
- SIM Banking, MPESA service, Card-less ATM

5 Growth beyond Tanzania

- First Subsidiary in Burundi Breaks Even and others expected over next five years.
- Capture opportunities of business development in East African and regional countries.

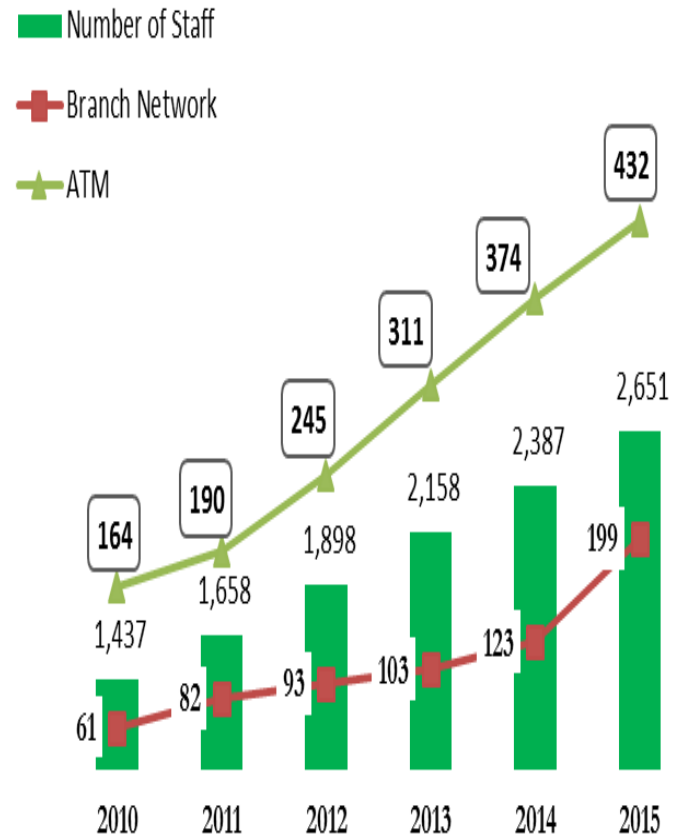
Key Milestones in 2015

- Successfully raised capital amounting to TZS 150.4 billion through a Rights issue using a unique underwriting scheme. The Underwriters of the issue were IFC, AfCap, and CDC who paid a premium to purchase the unexercised rights.
- 2015 was the Year of Sales' and strategic consolidation with the Bank focusing on achieving operational effectiveness to realize enhanced productivity of our investments in outlets, and product lines.
 - With this orientation, marketing activities were geared at promoting the use of alternative banking channels with special attention to Simbanking, FahariHuduma Wakala (banking agents) and internet banking.
- Bank invested heavily in expansion of its network - 76 new branches/service centers and other outlets were opened and 58 additional ATMs installed together with 679 new FahariHuduma agents.
- Creation of the Department of Centralized Operations to improve work processes, productivity and ultimately customer service.

CRDB Profile at year end 2015

.....Consistent Growth in Customer service points

- CRDB Bank PLC offers a comprehensive range of Corporate, Retail, Treasury, Premier, Agent banking and microfinance services
- **Network footprint of;**
 - 199 static and mobile branches – **76 outlets added in the year,**
 - 432 ATMs including 18 Depository ATMs,
 - 1,000 Point of Sales (POS) terminals and E-commerce Merchants.
 - 1,746 Agents (Fahari Huduma)
 - 441 Microfinance partner institutions.



Digital Banking – Strong Growth in Alternative Banking Channels

Number of cards



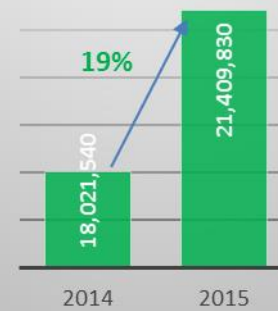
Number of cards transactions



Value of card transactions in TZS Billions



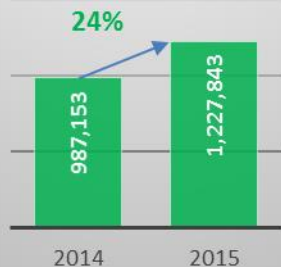
Number of ATM transactions



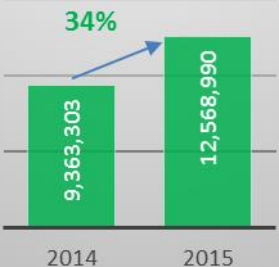
Value of ATM transactions in Billions



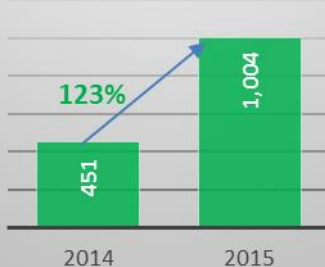
Number of SIM BANKING Customers



Number of SIM BANKING transactions



Value of SIMBANKING transactions in Billions



Number of INTERNET BANKING Customers



Number of INTERNET BANKING transactions





2015 FINANCIAL YEAR RESULTS

Third year of CRDB Bank PLC 2013-17 Strategy

CRDB Bank Plc. – 2015 Performance Summary

The Group has experienced strong operating and financial performance in 2015 with high return on assets and shareholder equity.

(TZS Billion)

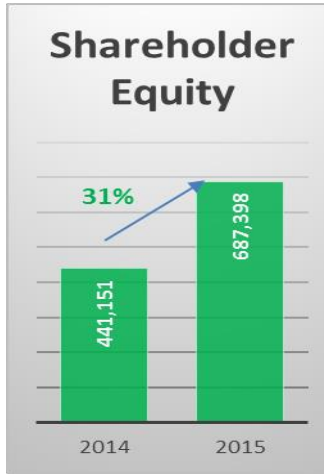
	2015	2014	% Change	
Net Interest Income	391	276	41%	↑
Fees and commissions	156	121	29%	↑
Foreign Exchange Income	35	29	19%	↑
Operating Expenses	321	255	26%	↑
Profit Before Tax	188	132	42%	↑
Profit After Tax	129	96	35%	↑
Gross Loans & Advances to Customers	3,342	2,576	30%	↑
Customer Deposits	4,246	3,391	25%	↑
Shareholder Equity	687	441	56%	↑
Total Assets	5,408	4,210	28%	↑
Return on Avg. Assets	4.2%	3.6%		↑
Return on Avg. Equity	24.3%	25.2%		↓
NPL/Total Loans	8.1%	5.0%		↑

CRDB KPI Performance- 2015

Total Assets



Total capital



Customer Deposits



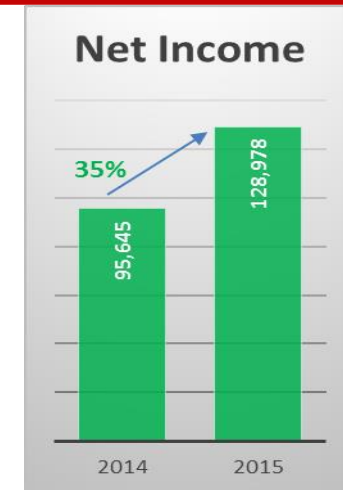
Loans & Advances



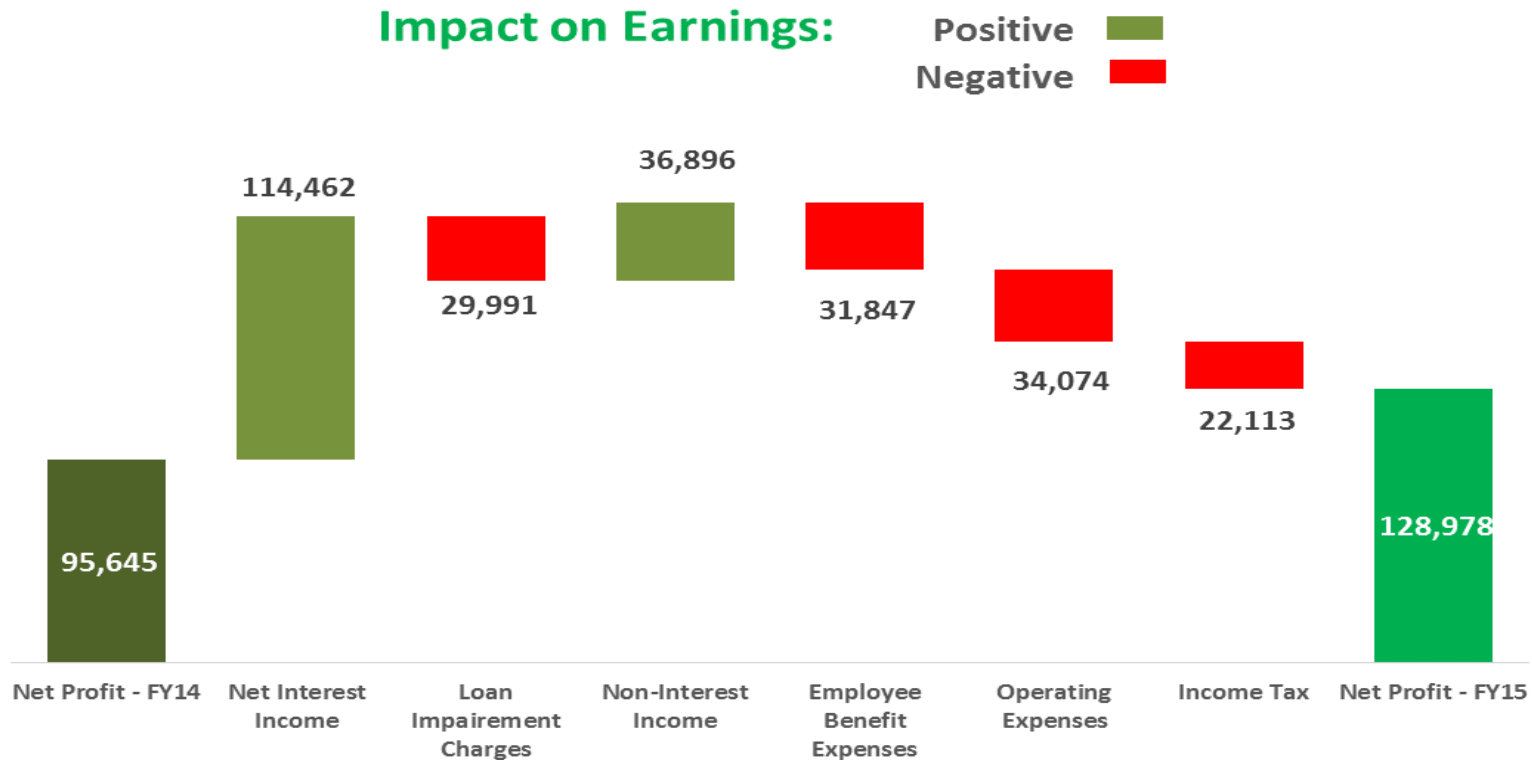
Net Interest Income



Net Income



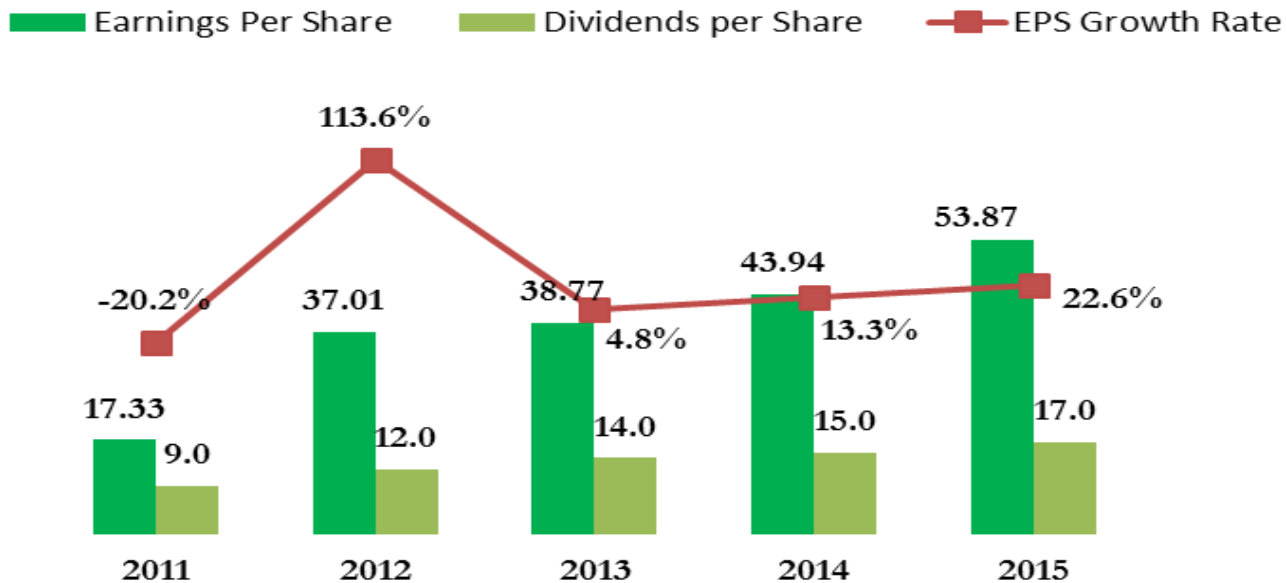
Record full year earnings from strong Top line Revenue growth



- During 2015, CRDB Bank continued to register robust growth in key performance indicators, experiencing double digit broad based income growth.
- High Expenses growth were due to continued investment to support higher business volumes and build capacity for future growth in line with strategy.

Investor Pay-out – EPS & DPS Growing in 2015

- EPS increased by 22.6% due to the Rights issue dilution to reach TZS 53.87, while PAT was up 35%.
- The Board has recommend a dividend of Tshs 17 per share. Total amount of dividend recommended is TZS 44.4 billion, as compared to TZS 32.6 billion paid out for 2014.
 - *This is 34.4% of Net profits for the year and 13.3% increase over the prior year.*





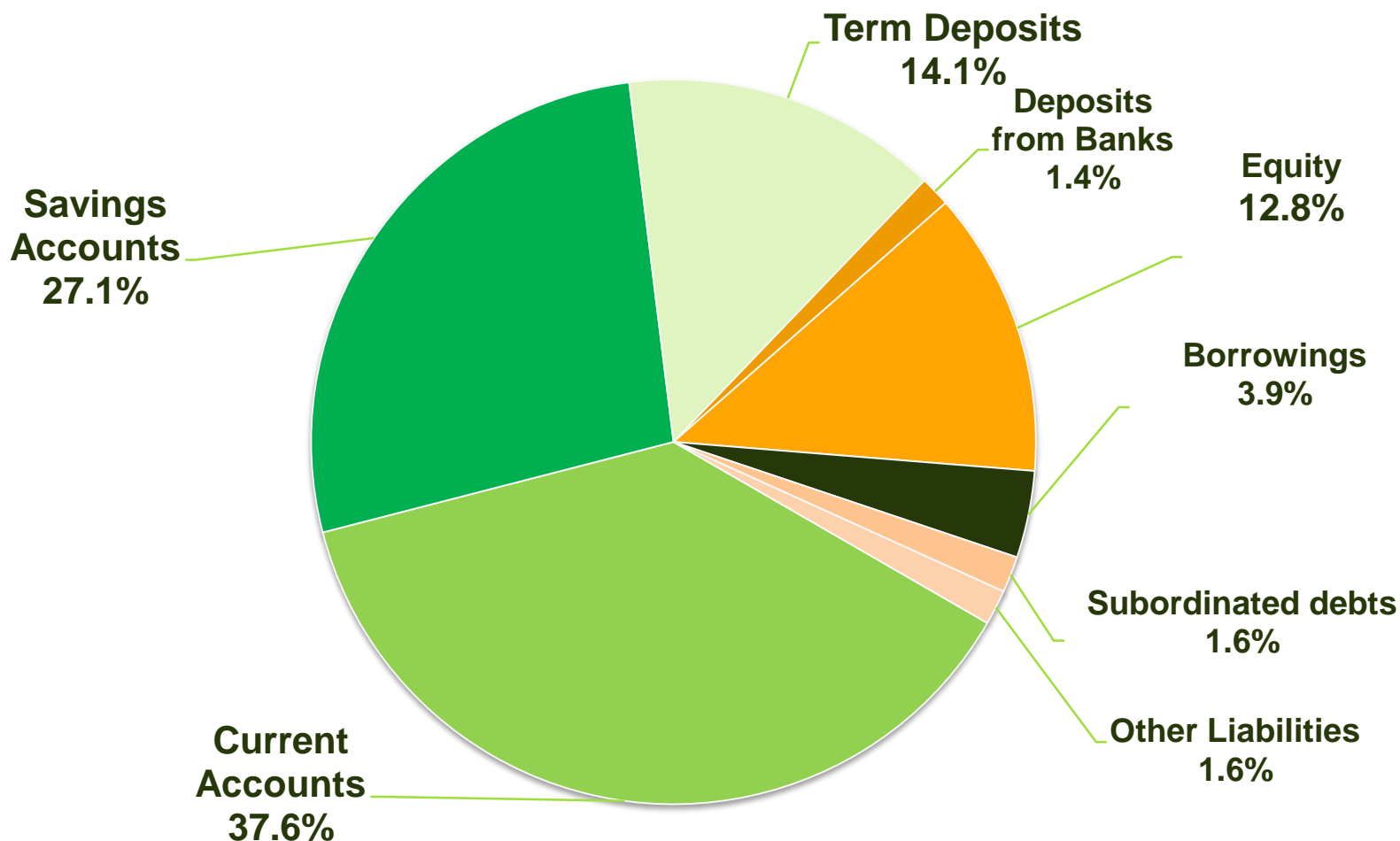
OPERATIONAL REVIEW

Investing for the Future....

Funding mix – stable & Diversified

..... funding dominated by stable CASA Accounts

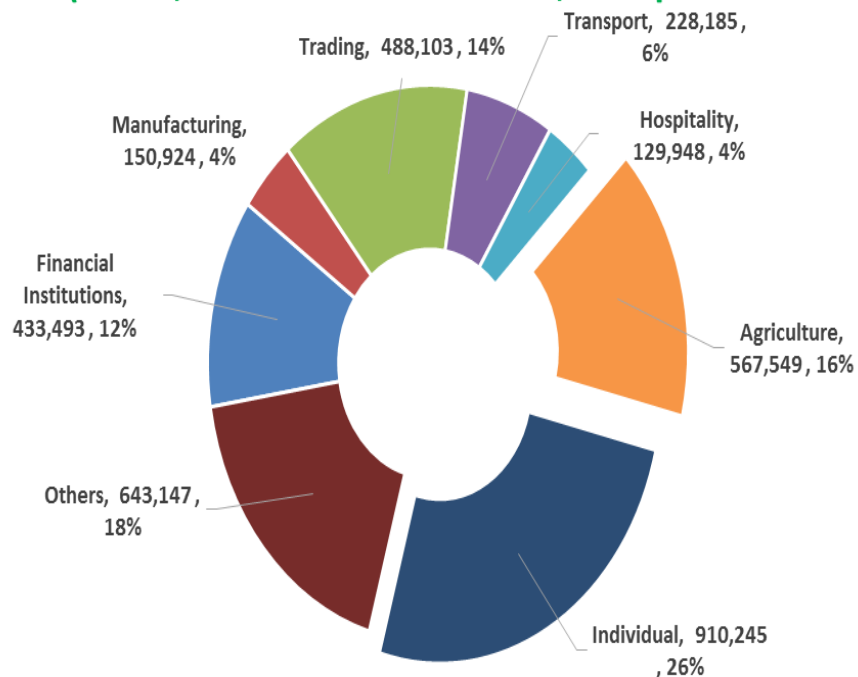
Ample liquidity even as loans grew faster than deposits



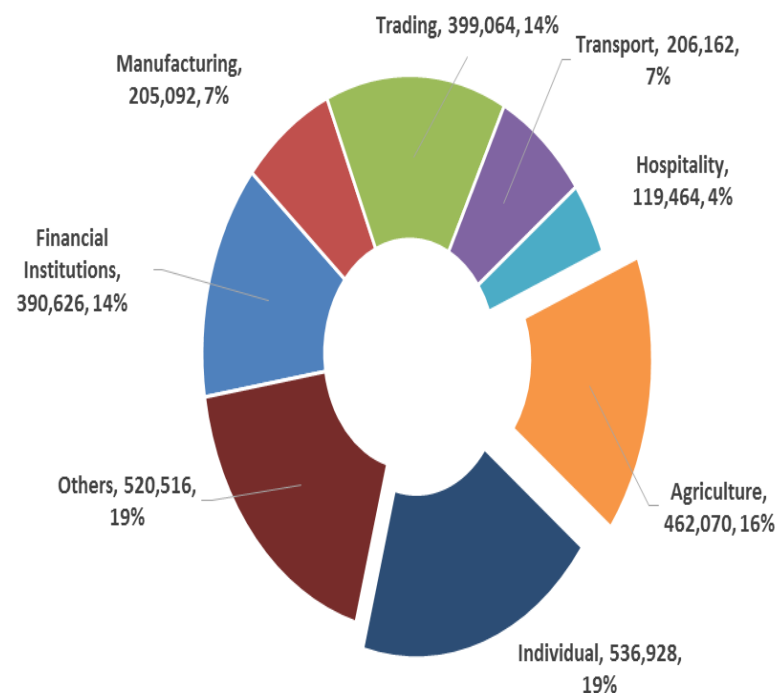
Loan Portfolio Distribution – 2015 Vs 2014

..... Retail Individual loans grew from 19% to 26% of Portfolio

Loans and advances to customers 2015
(sector, Amount in TZS millions, % of portfolio)

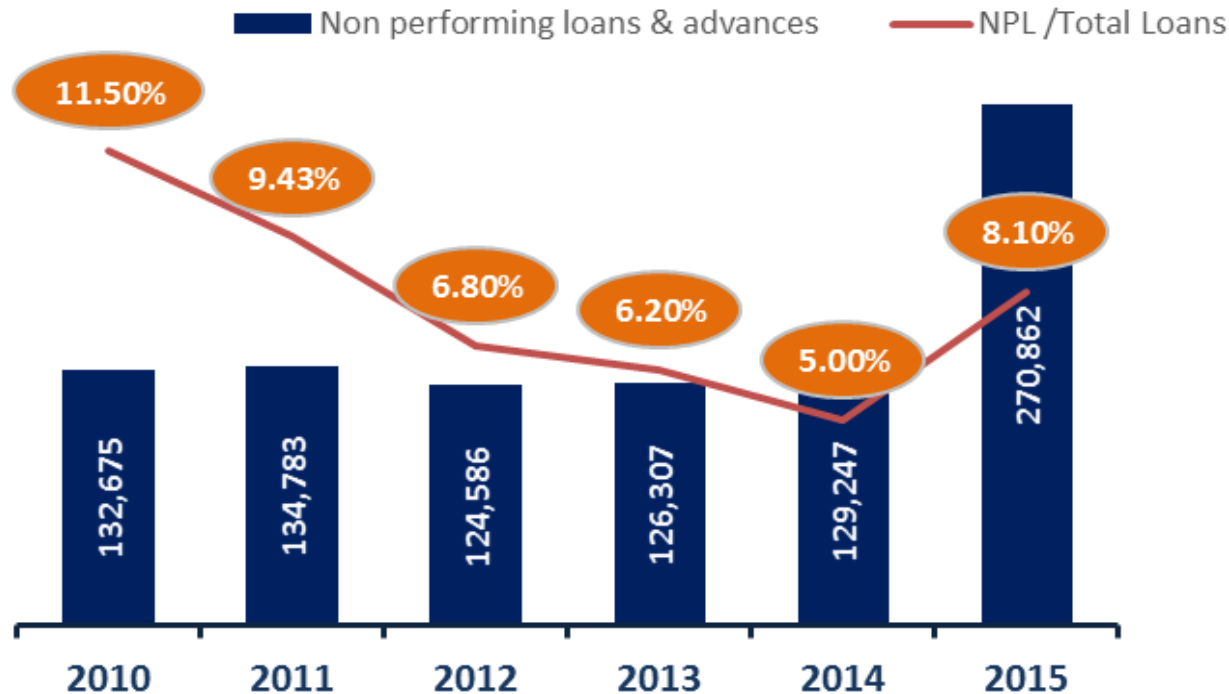


Loans and advances to customers 2014
(sector, Amount in TZS millions, % of portfolio)



Challenging year as NPL trended upBut improvements expected over the Business plan period to 2017.

NPL/Loans ratio

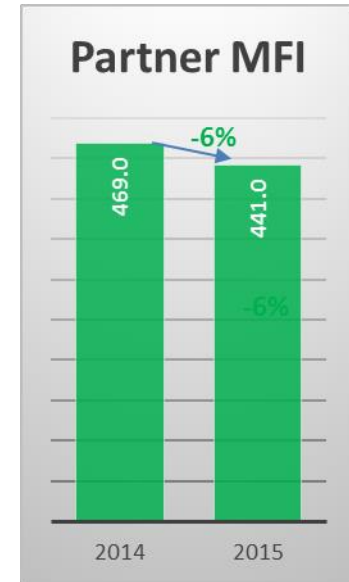
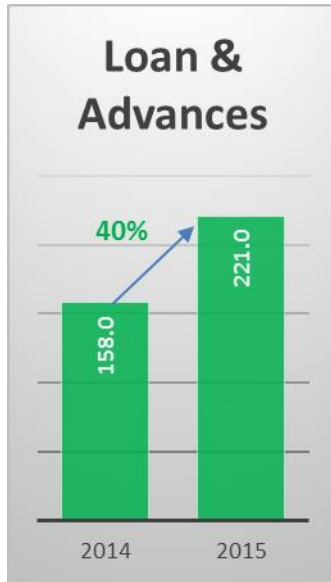
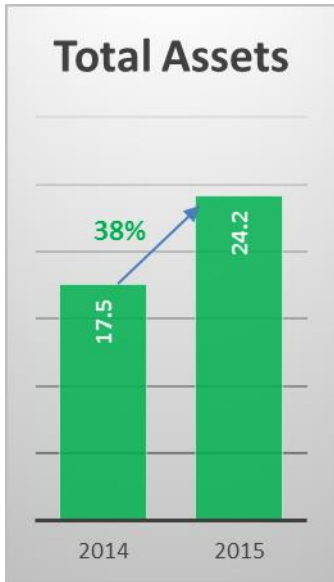


- Major effort was devoted to reduction in the non-performing loans (NPL) with the creation of the Stressed Asset Management Unit with a responsibility to ensure that Bank loans are effectively monitored and collected on timely basis. .
- Gradually repositioning of the portfolio towards retail loans that have low NPL ratios and away from Corporate lending.



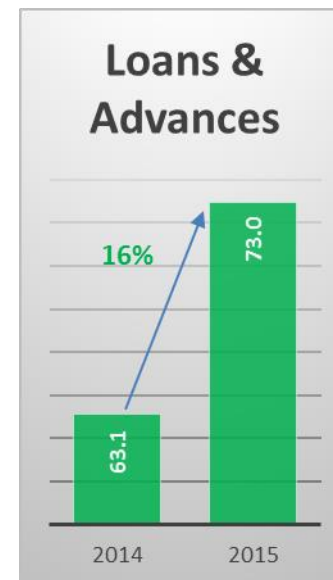
SUBSIDIARIES PERFORMANCE

Microfinance Services Company Limited (MFSCCL)



CRDB Bank Burundi S.A.

- During the year, CRDB Bank Burundi S.A finally broke even in line with the business plan/strategy. During the year the Bank successfully recorded a profit of TZS 656 million compared to a loss of TZS 4,951 million recorded in 2014.
- Though CRDB Burundi operated under very difficult circumstances, it achieved the following milestones;
 - three branches operating.
 - with a customer base of over 7,000 customers.
 - Eleven (11) ATMs.





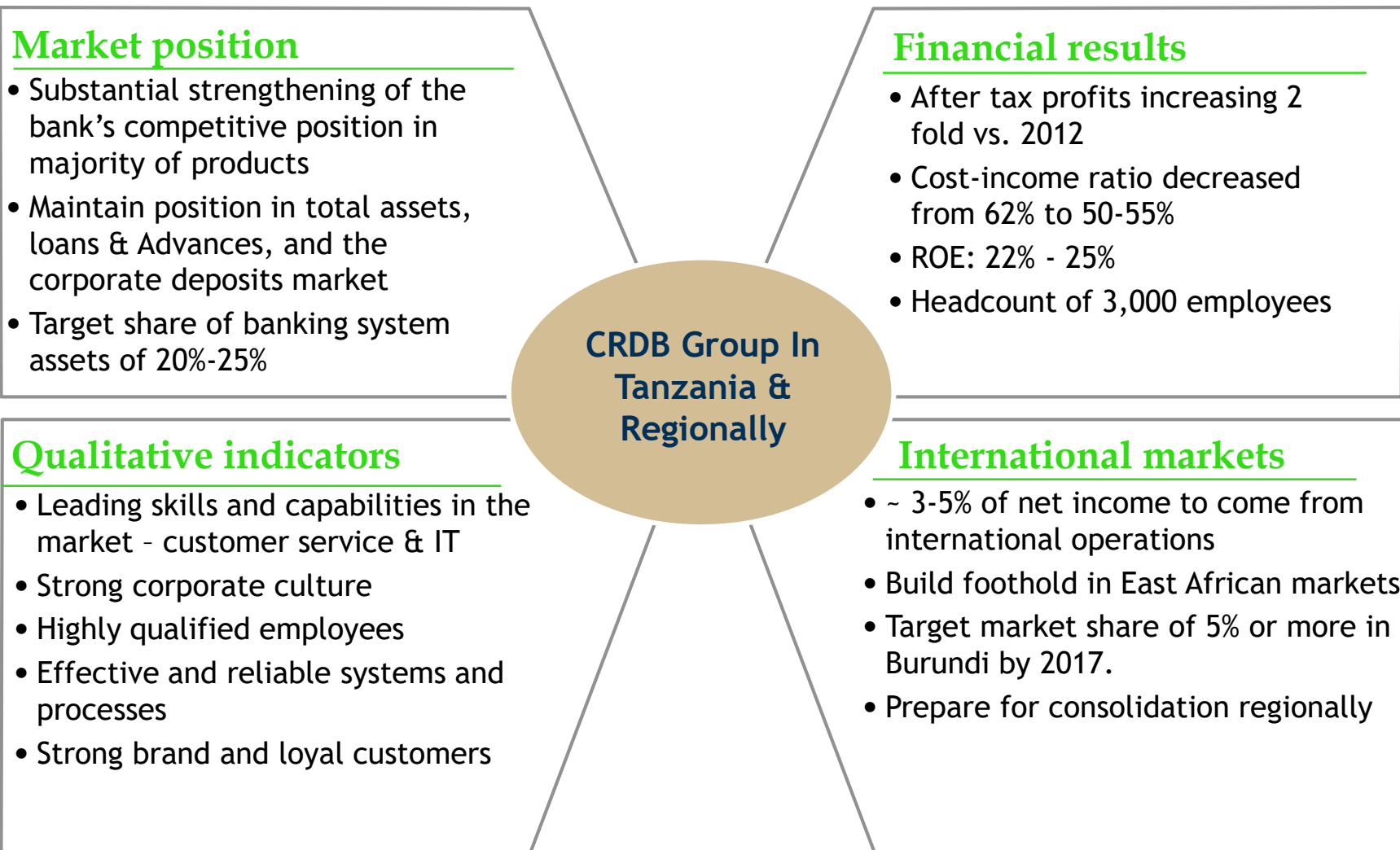
FUTURE PROSPECTS & STRATEGIC FOCUS

Strategic Focus for 2016 – Operational Excellence

- The year 2016 marks the Bank's 20th Anniversary.
- The overriding theme for the year is 'Consolidation to Achieve Operational Excellence' which implies smarter delivery for accelerated profitability.
 - The Bank will reinforce expansion of the network and sales optimization
 - Transformation of the Microfinance subsidiary into a fully fledged Microfinance Bank
 - Establishing an autonomous Insurance Brokerage Company
- Key focus areas will be;
 - Core Banking upgrade which is expected to go live this year.
 - Development of an internal rating model for loans which is at the final stages expected to go live second quarter of 2016.
 - Development of M-Wallet (mobile money Wallet) to extend banking services through mobile phones to the unbanked population.
 - Expansion of FahariHuduma agent network by adding 850 agents (to reach 2,596 Agents)
 - Full operationalization of the Department of Centralized operations started in 2015.

CRDB Target Position by the year 2017

Bank's Business Strategy for 2013-2017.





QUESTIONS

Appendices

Strong Loans and Advances Growth

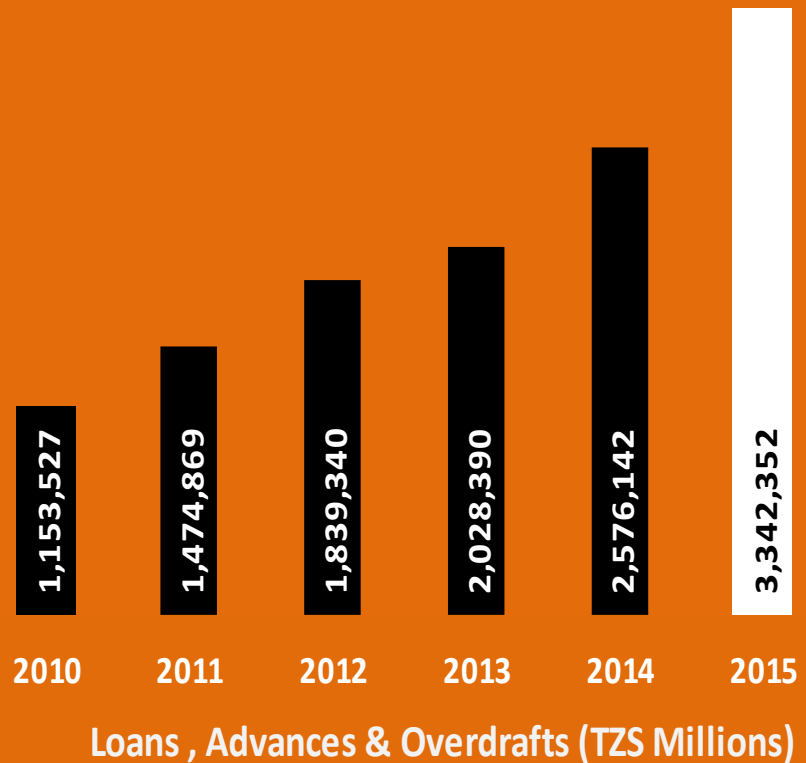
LOANS

+ 29.7%

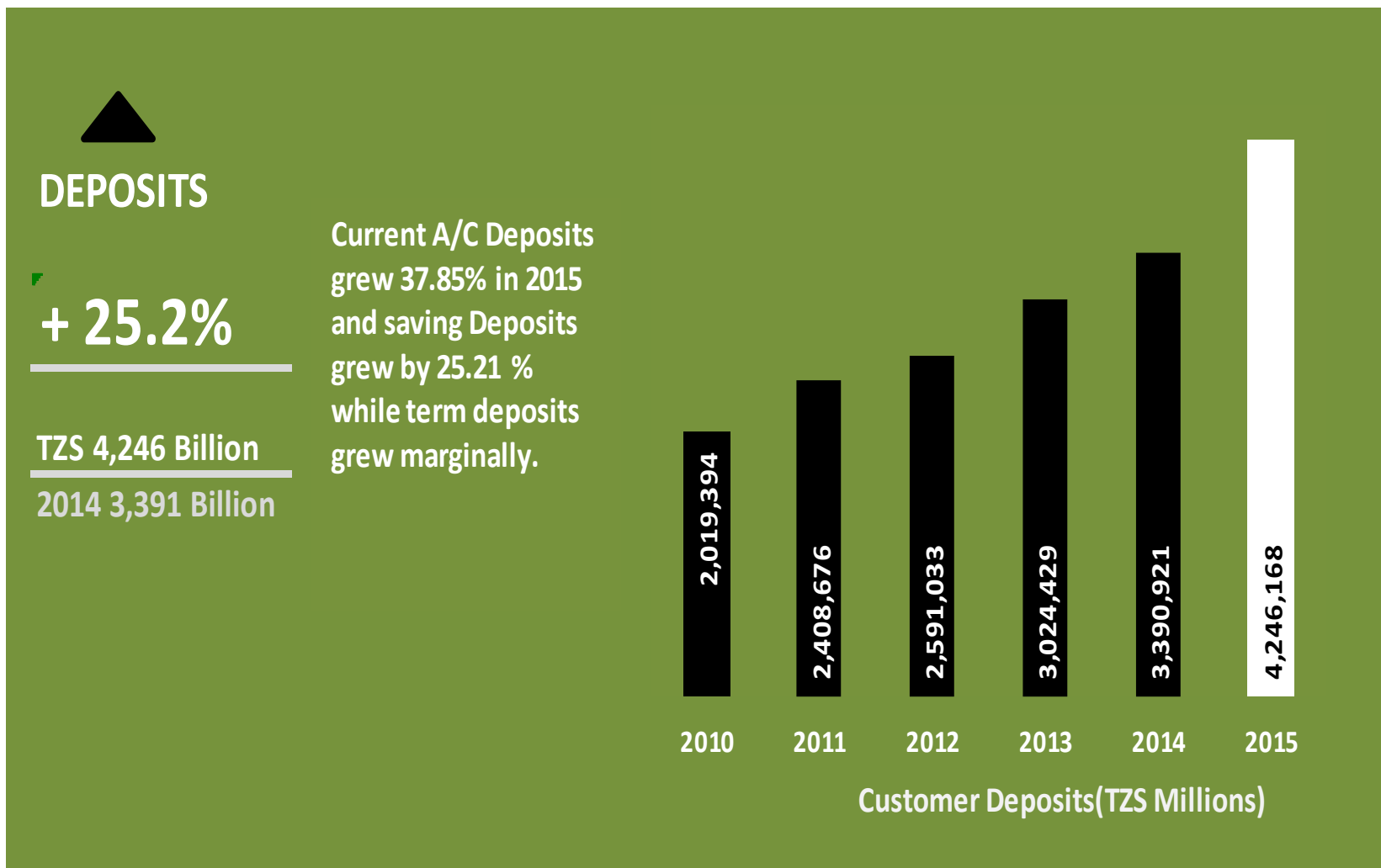
TZS 3,342 Billion

2014 2,576 Billion

Gross Loans and advances grew by 29.7% in 2015 driven by retail, SME and mortgage loan growth.



CASA Deposits growing strongly



Strong Capital Position with steady Return

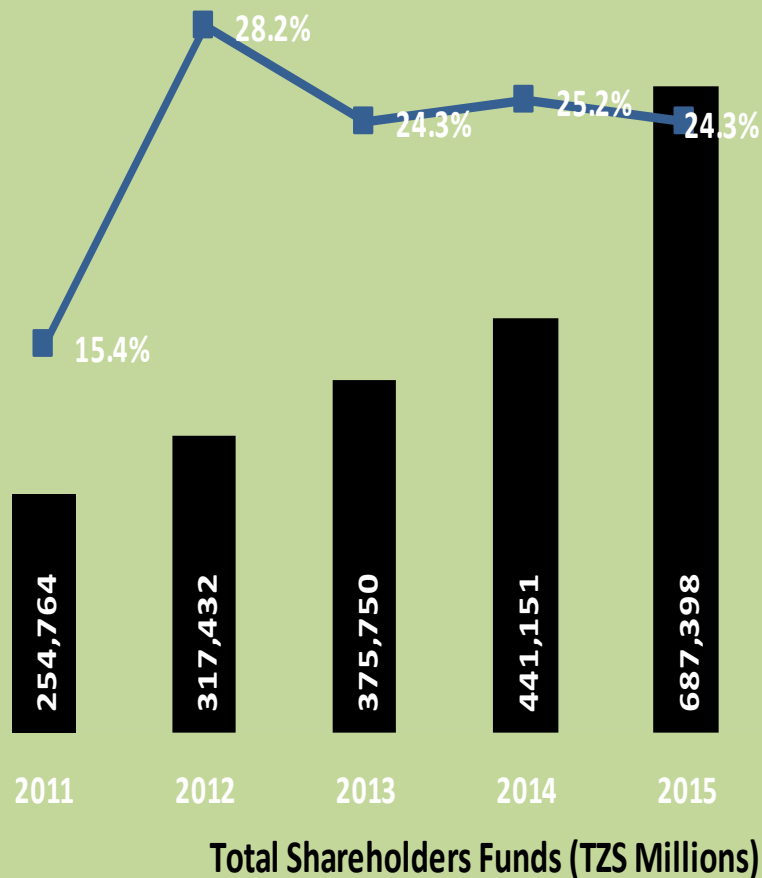
▲ CAPITAL & ROE %

+ 55.8%

TZS 687 Billion

2014 441 Billion

The Group carried out a successful Rights issue and has a strong Capital position with Total Shareholder funds reaching TZS 687 Billion and Average Return on Equity remained strong at 24.3%.



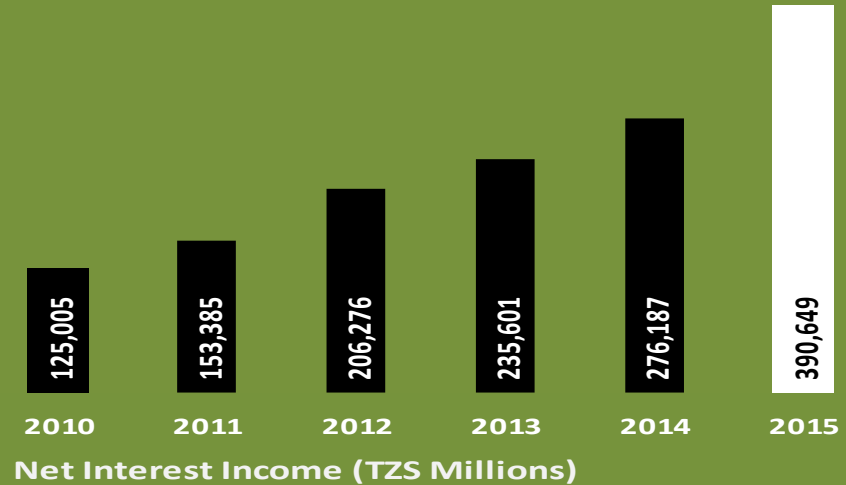
Broad Based Income Growth – Interest & Fees Income

Net Interest Income

+ 41.4%

TZS 391 Billion
2014 276 Billion

Net Interest Income grew by 41.4% due to loans growth of 29.7% and portfolio composition changes in the lending portfolio .

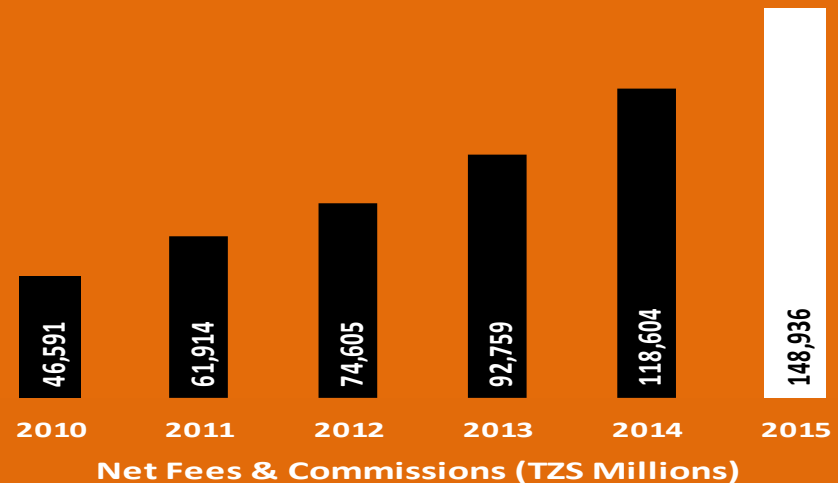


NET FEES & COMMISSIONS

+ 25.6%

TZS 149 Billion
2014 119 Billion

Net Fees & Commissions grew by TZS 30 Billion due to general increase in transaction volumes, growth in outlets & ATM network and other alternative banking channels.



Record Profitability and steady ROE

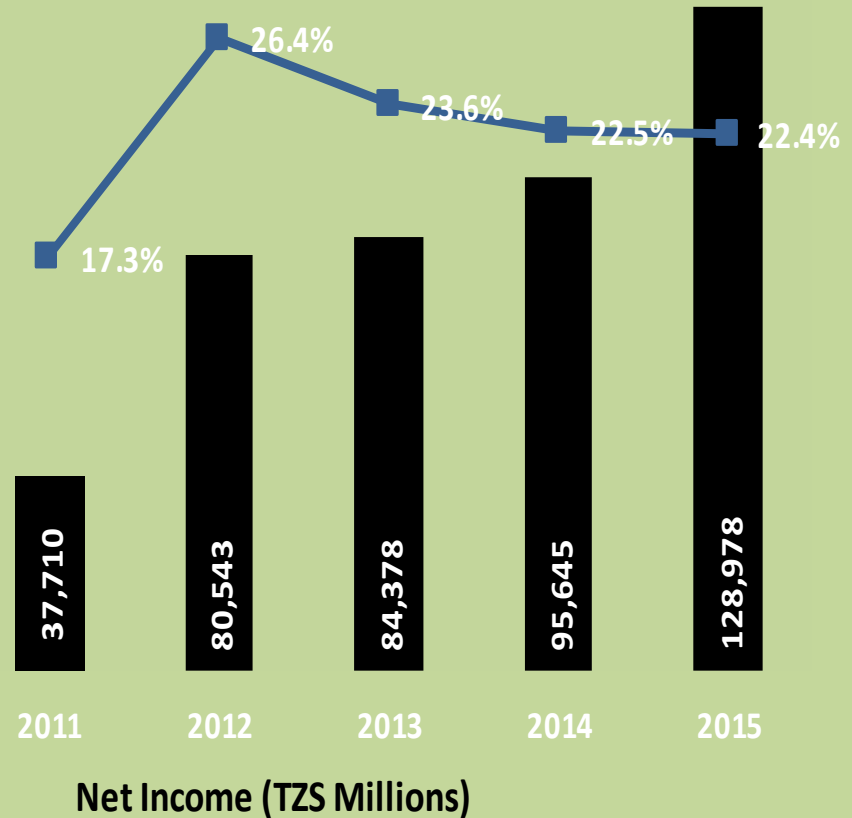
Net Income & Margins %

+ 34.9%

TZS 129 Billion

2014 96 Billion

The Group Net Income is the highest achieved at TZS 129 Billion with Net Income margin remaining steady.



Strong Retail Banking

- Personal loans grew by 55.54% where a total of 31,262 new borrowers. This increase was caused by recruitment of government employees who took personal loans and enrolment of 25 new employers.
- The bank approved and disbursed a total of TZS 425 billion in retail loans, a 95% growth in retail loans.
- The total number of branches with Premier services increased to 31 in the year. The number of Premier customers recruited grew by 133 % to over 6,500. Openings of new Premier Lounges and the increase of customers accessing premier services led to doubling of fees income over the past year.
- The Diaspora Banking Unit was newly formed in 2015, 15,358 accounts were active in 2015 with a closing balance of TZS 11.9 billion.



Corporate Banking

- The main focus was to improve quality of the loan portfolio. The corporate loan portfolio grew by 20% to TZS 1,881 billion accounting for 57% of the Bank's loan portfolio.
- Syndication Desk registering loan balance of TZS 120 billion and USD 258 Million.
- China Desk reached 174 accounts from Chinese business entities in 2015, a 12.9% increase with borrowing portfolio under the desk of TZS 117.2 billion.
- Trade Finance Unit registered a commendable achievement in 2015 experiencing an increase of 18% in letters of credit and bank guarantees processed in 2015 compared to 2014.

Treasury Operations

- During the year, treasury income increased by 14% to TZS 130 billion.
- Despite the challenges experienced in the market, Net Foreign exchange income reached TZS 34.9 billion.
- Department continued to be an active player growing the Bank's bond trading book by 70 percent where income of TZS 13.0 billion was generated from TZS 7.0 billion recorded in 2014 .
- Building long-term and sustainable business relationships with both local and international counterparties namely DFI's, IFC, EIB, DEG and TMRC where more than five (5) new correspondent banks were added.
- Secured Long term finances of about USD 45 Million and TZS 49 billion from DFI's.

IT and Communication Technology

- During the year 2015, the ICT department continued to implement various projects and activities in line with the Bank's overall strategic plan.
- Enriched Simbanking and FahariHuduma systems integrated with BRELA, TPA e-payment systems, SUA.
- Successful migration of our ATM Switch (Sparrow) with revamped version (BankWorld) which went into live operation in July 2015.
- Automation of cheque processing and clearing (straight through cheque processing) through Cheque Truncation System;
- Integrated call centre system, Government POS to serve Government Business, Simbanking Mobile App that uses Android OS.