

CRDB BANK PLC

The Bank that Listens

Investors Briefing 4th Quarter 2017



Operating Environment - 2017

- In year 2017, Tanzania's economic performance continued to record a strong growth with the real Gross Domestic Product (GDP) expected 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 2017 'THE YEAR OF CONSOLIDATION'

1

Sales

- Alternative channels optimization to grow volume and value of transactions
- Retail loans growth
- Retail Deposits growth
- Diaspora and Premier Services

2

Operational Excellence

- Transactions processing Automation
- Enhance processing speed, reliability and uptime
- Process optimization, simplification and standardization
- Change management to increase productivity
- Products and Services review for improvements
- Centralized processing optimization

3

Network Expansion

FahariHuduma, alternative channels and Service centers including M-Wallet

4

MFSC transformation and new Subsidiaries

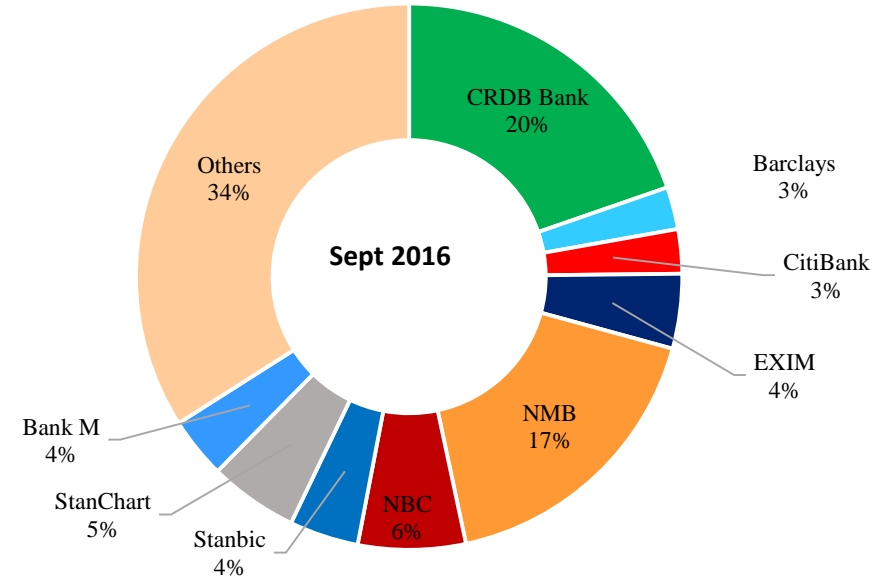
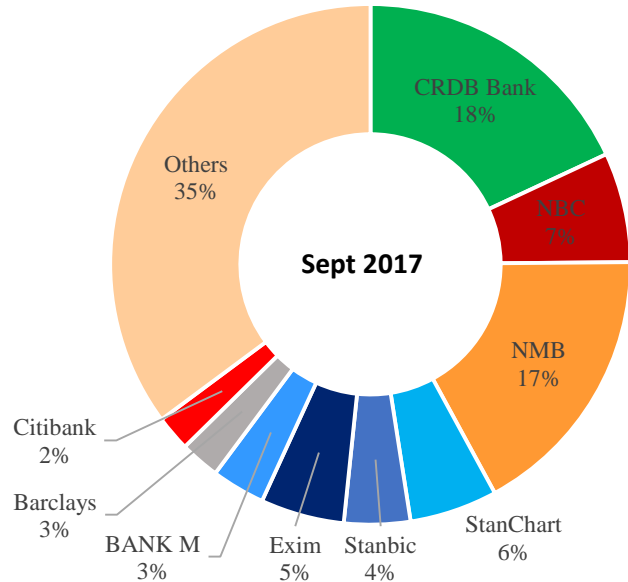
Transforming MFSC to a Bank, Insurance business new subsidiaries, Market survey - for a new cross border subsidiary.

Major Milestones up to December 2017

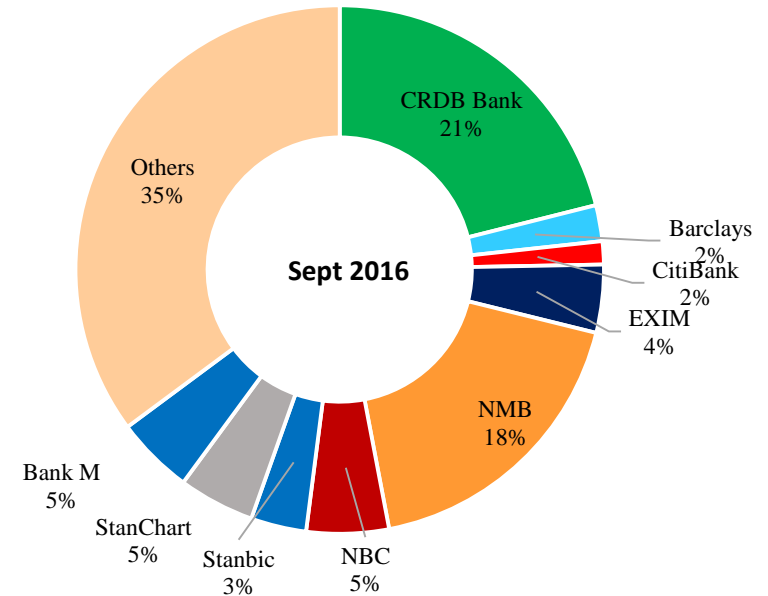
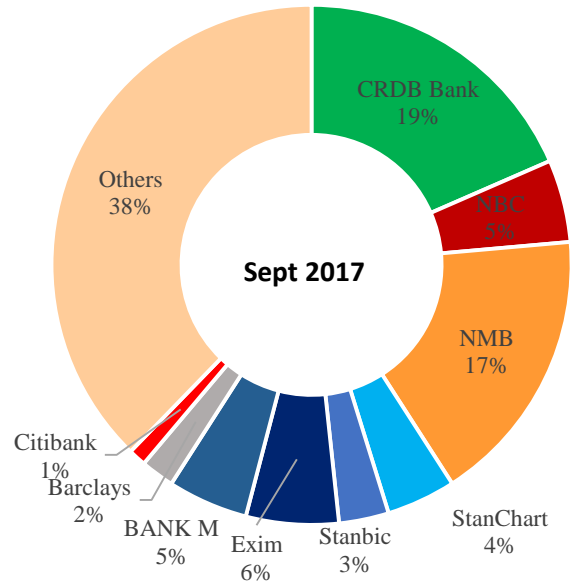
- Among the key activities the bank has achieved so far from January to December 2017 are:
 - SIM-Account product was launched to capture the unbanked population and increase customers and low cost deposits.
 - Moody's issued an update on the rating of the Bank in August, which indicated that the Bank is still on the stable outlook (B1 and B2).
 - Bank continues to invest in expansion of its network - 10 new branches/service centers were opened and 125 new FahariHuduma agents (to reach 3,247 agents).
 - Account opening through FAO/MOBILE is now done within a space of 5 minutes as per service level targets
 - Development of shareholders voting system was completed and was used in the last CRDB Bank Annual General Meeting both for shareholders registration and voting.
 - Stabilization of our Core Banking System (FBE)
 - Introduction of new products – Salary advance, Infinite Visa card and Platinum MasterCard for Premium customers.
 - Communication Spectrum 3.5 HZ from TCRA.

Top 9 Banks - Total Assets & Loans and Advances

Total Assets



Loans & Advances

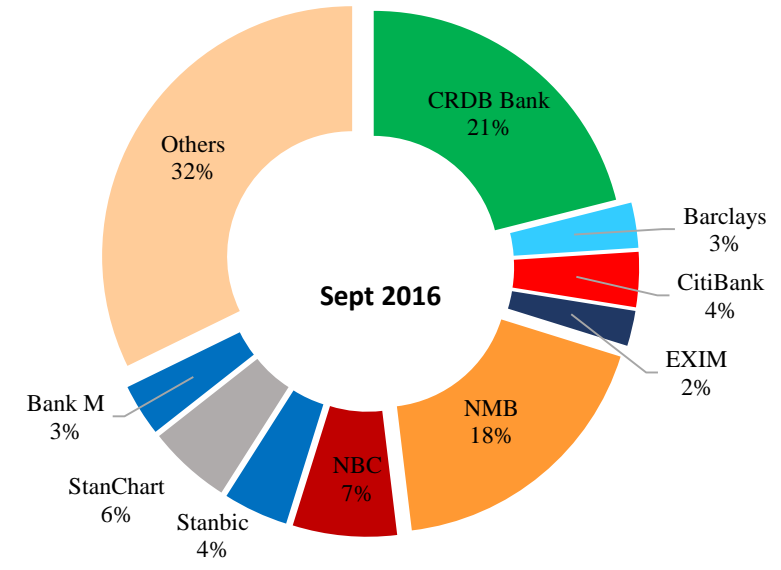
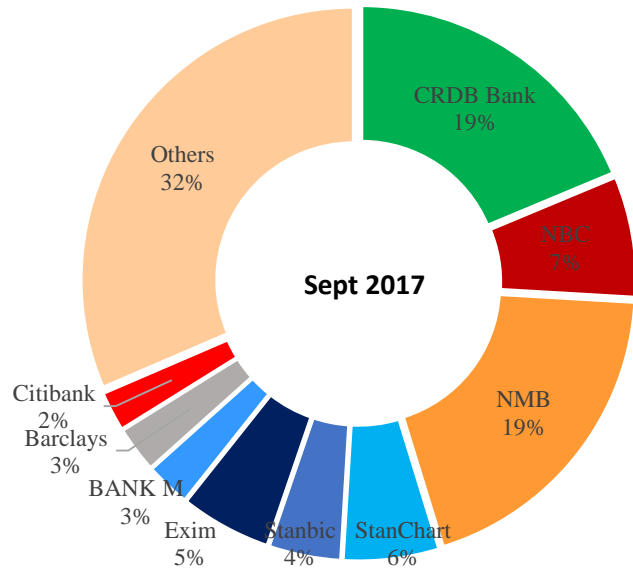


The details are as at 30th September, 2017, 31st December, 2017 data will be shared upon receipt.
Source: Published Financials, Sept. 2017

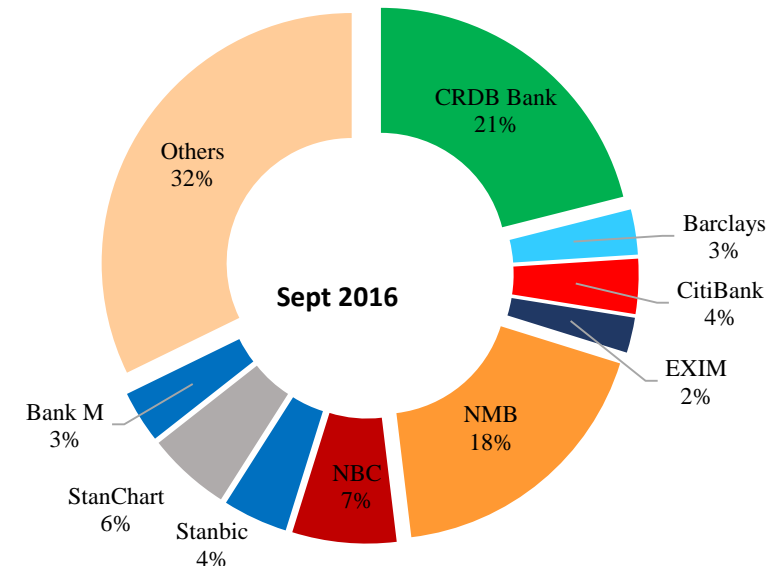
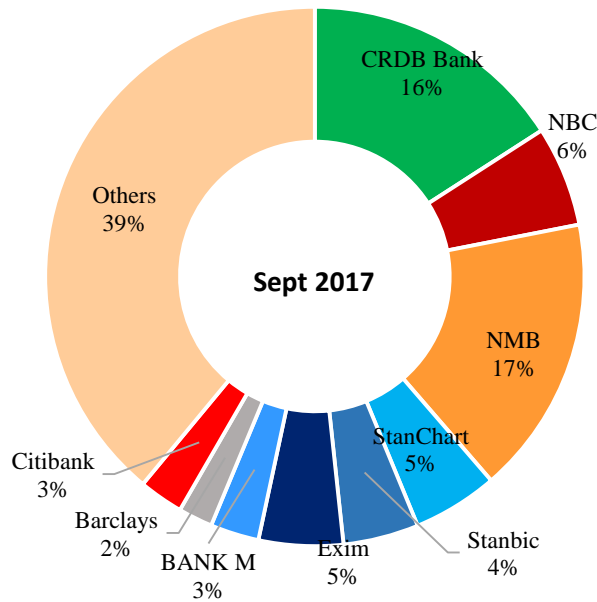


Top 9 Banks – Total Deposits and Shareholder’s Capital

Total Deposits



Capital

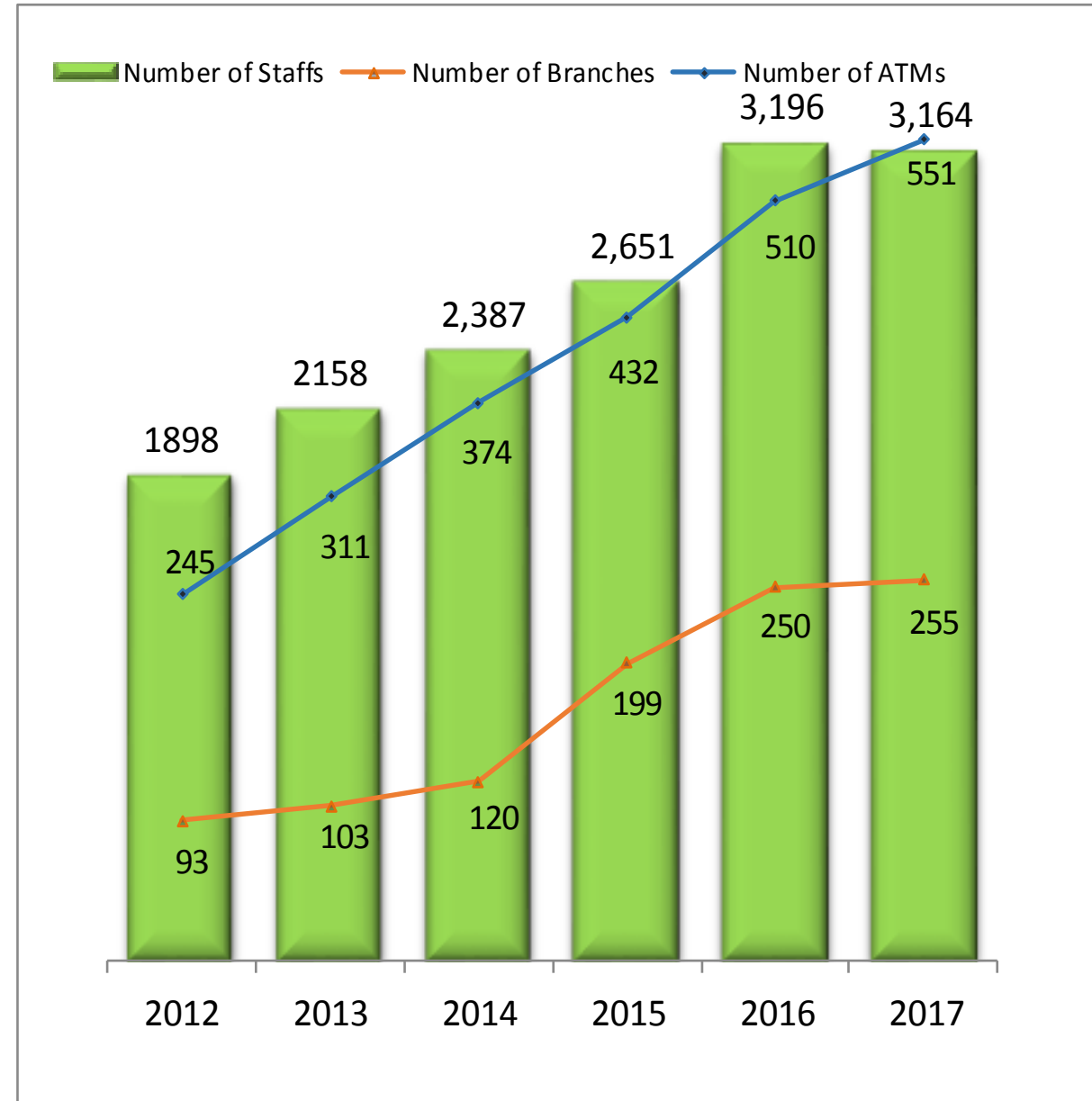


The details are as at 30th September, 2017, 31st December, 2017 data will be shared upon receipt.
Source: Published Financials, Sept. 2017



CRDB Profile end of 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
 - 3,247 Agents (FahariHuduma).
 - 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 Virdi	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	2016	2017
Market Price Closing	TZS 250	TZS 160
Earning Per Share (EPS)	TZS 30.2	TZS 26.5
Price Earning Ratio (P/E)	8.3	6.0
Book Value (BV)	276.8	299.9
Price Book Value ratio (P/B)	0.9	0.5
Market Capitalisation (TZS billions)	652.9	417.9
Foreign Holding (%)	23.0	23.0

Bank Financial Performance as at 31st December 2017

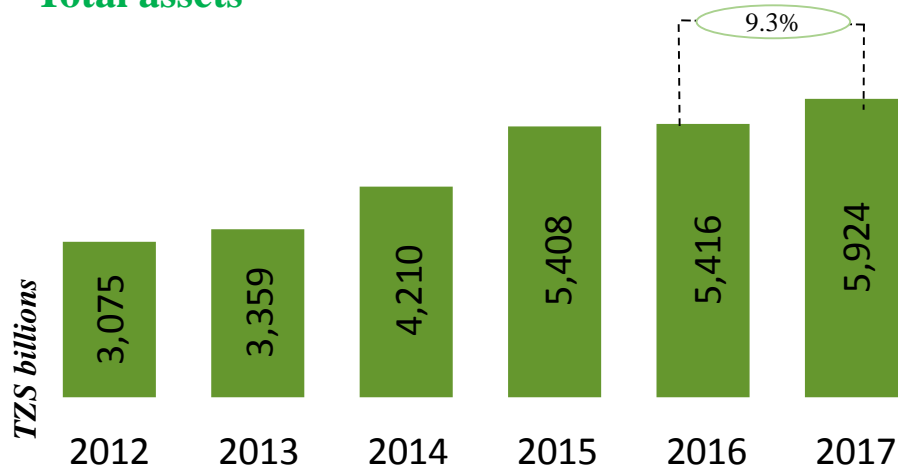
CRDB Bank Plc. – Performance Summary

(TZS Billion)	2017	2016	% Change
Interest Income	556.9	568.2	(1.9%)
Interest Expenses	151.1	136.1	11.0%
Net Interest Income	405.8	432.1	(6.0%)
Fees and commissions	164.9	165.9	(0.6)%
Net Foreign Exchange Income	37.3	34.8	7.1%
Operating Expenses	399.2	389.7	2.4%
Profit Before Tax	97.7	118.2	(17.3%)
Net Loans & Advances to Customers	2,951.5	3,262.3	(9.5%)
Customer Deposits	4,235.6	4,109.9	3.0%
Shareholder Equity	783.2	718.1	9.0%
Total Assets	5,924.1	5,415.7	9.3%
Return on Avg. Assets	1.8%	2.0%	
Return on Avg. Equity	9.2%	11.0%	
NPL/Total Loans	13.4%	14.0%	

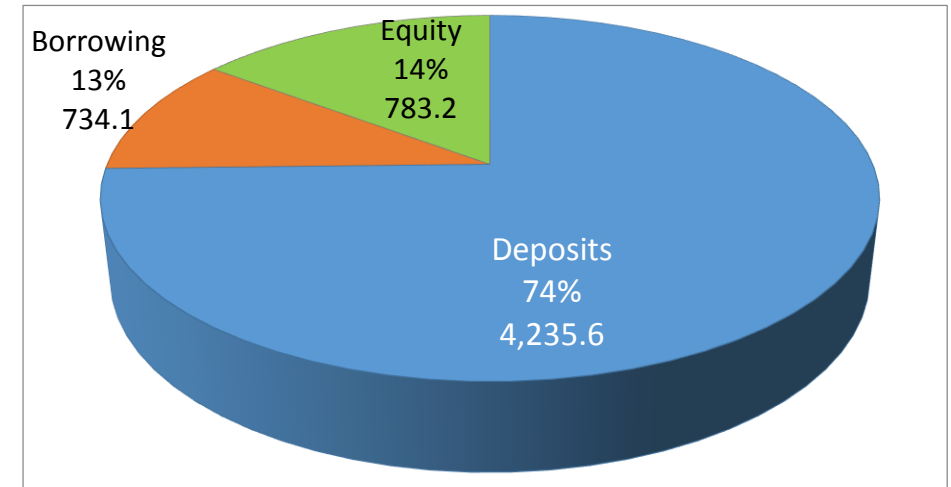


Financial Position - Balance Sheet

Total assets

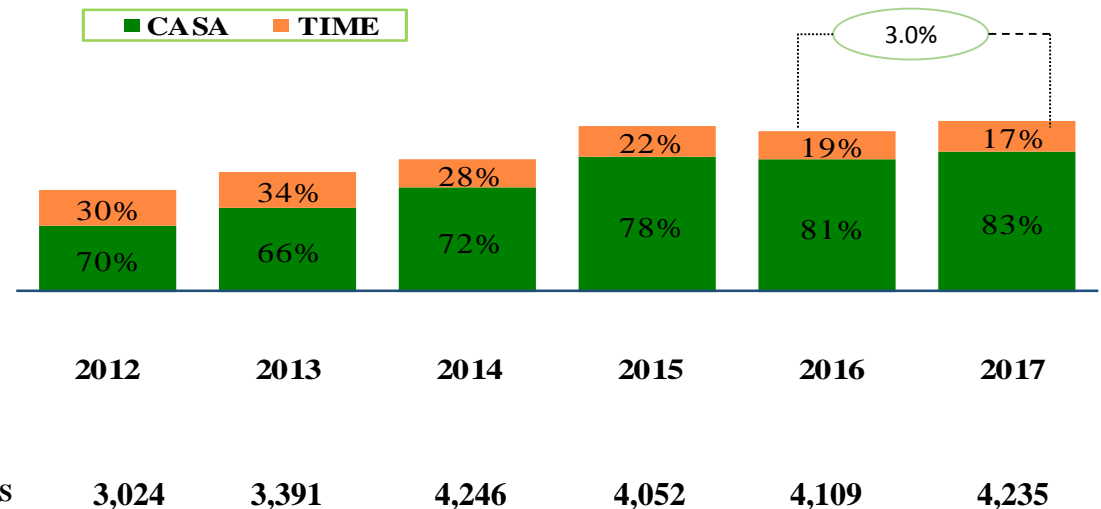


Strong sources of funding – TZS billions



- Customer deposits account for 74% of total funding in the Balance Sheet.
- Borrowing includes subordinated debt of TZS 89.7 bn and other borrowings of TZS 644.4 bn.
- Low cost CASA base increased to 83% in December 2017 (December 2016: 81%) of total deposits with YoY increase of 3%.

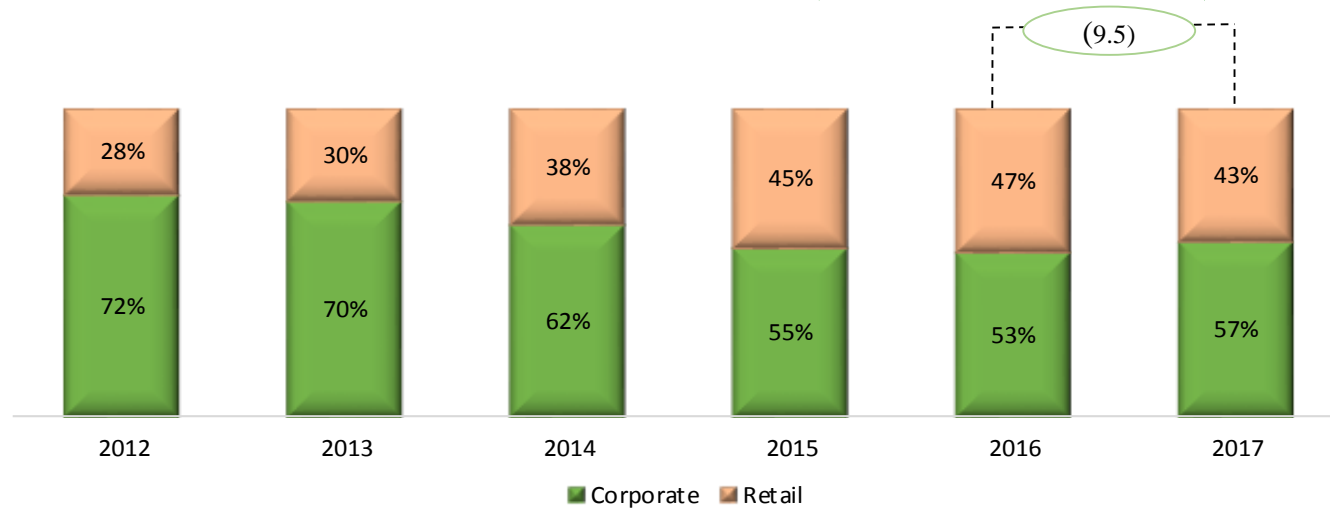
Funding Growth Through Deposit Mobilization



TOTAL DEPOSITS

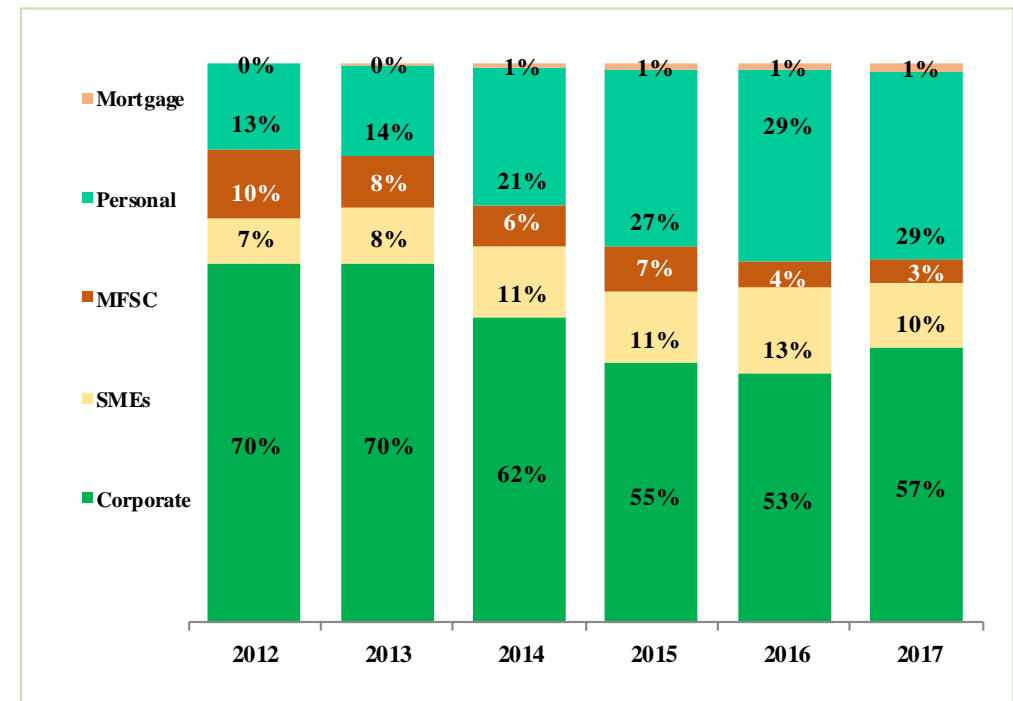
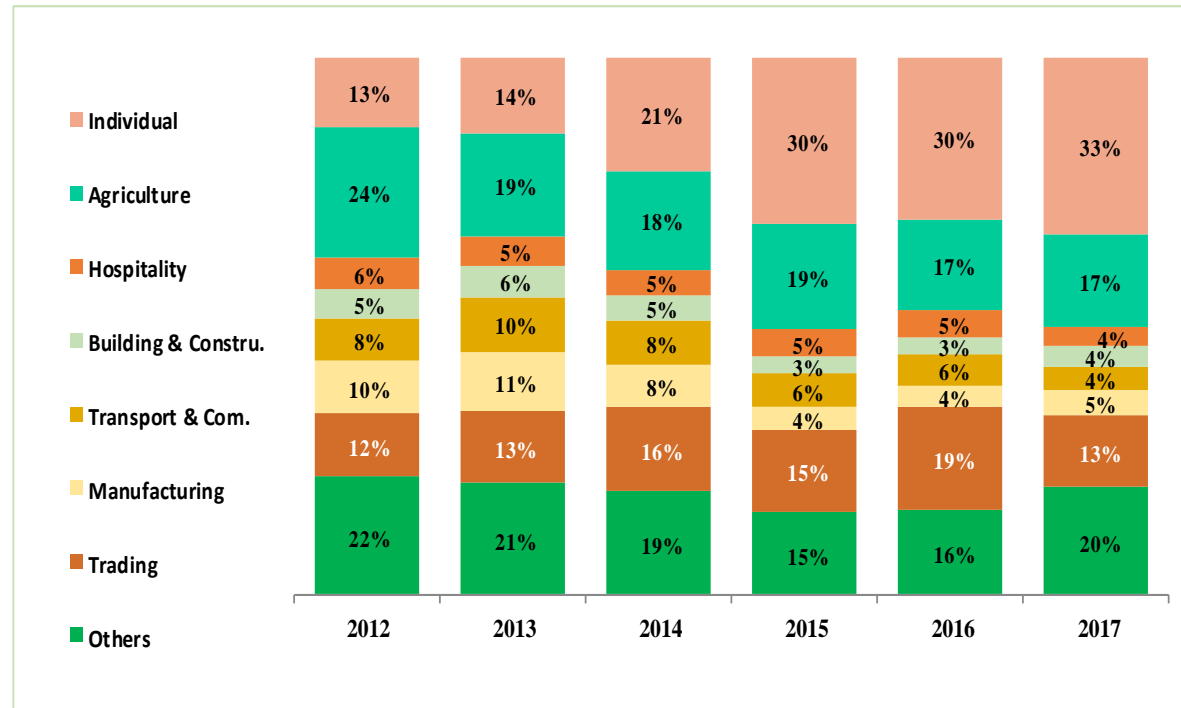
3,024 3,391 4,246 4,052 4,109 4,235

Diversified Loans Portfolio (TZS in billion)

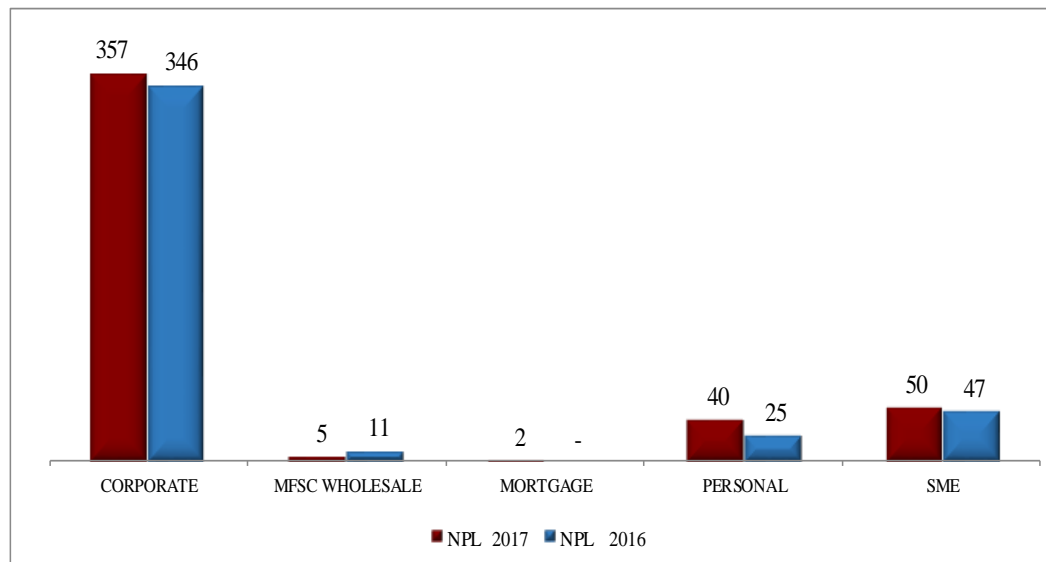


The Bank continued to maintain a strongly diversified portfolio in key economic segment and sectors.

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.



NPL by Business Segment



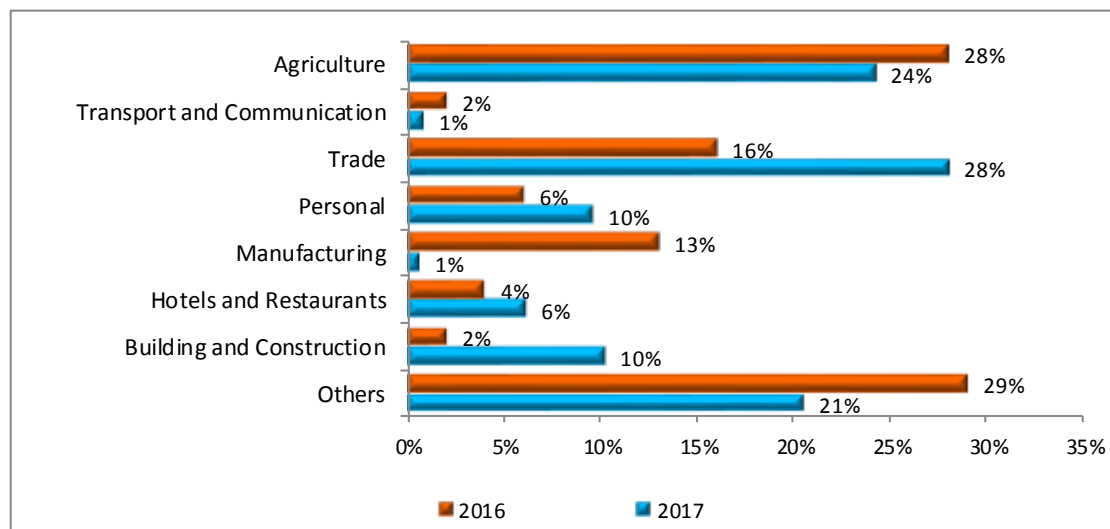
- Bank NPL was TZS 430.7 bn in December 2017 compared to TZS 474.9 bn in December 2016.

- Much effort has been put in lowering NPL figure as a result it was of 13% in Dec. 2017 compared to 14% as at Dec. 2016.

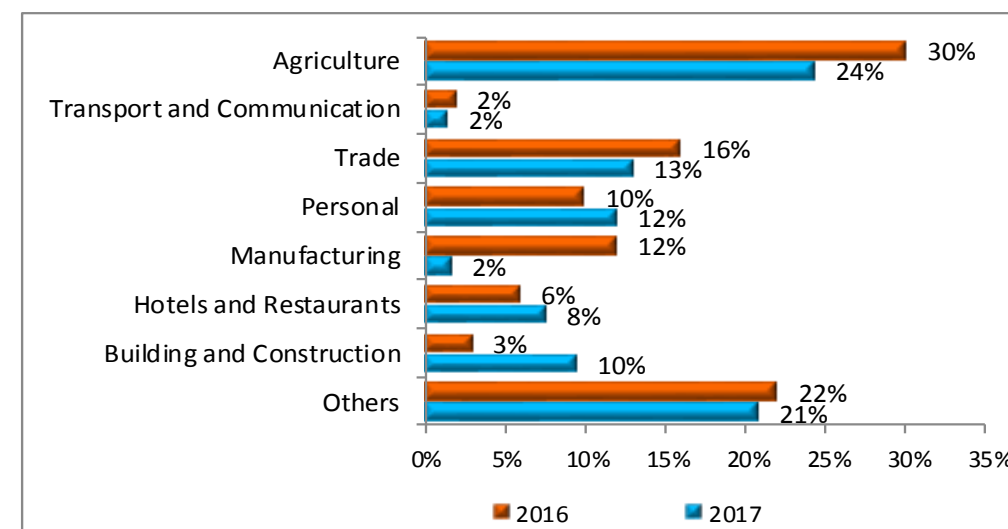
- NPL levels were mainly contributed by Corporate and SME affected by delayed payments and slow down in some sectors, personal loans affected by government related employees, fake certificates and ghost workers.

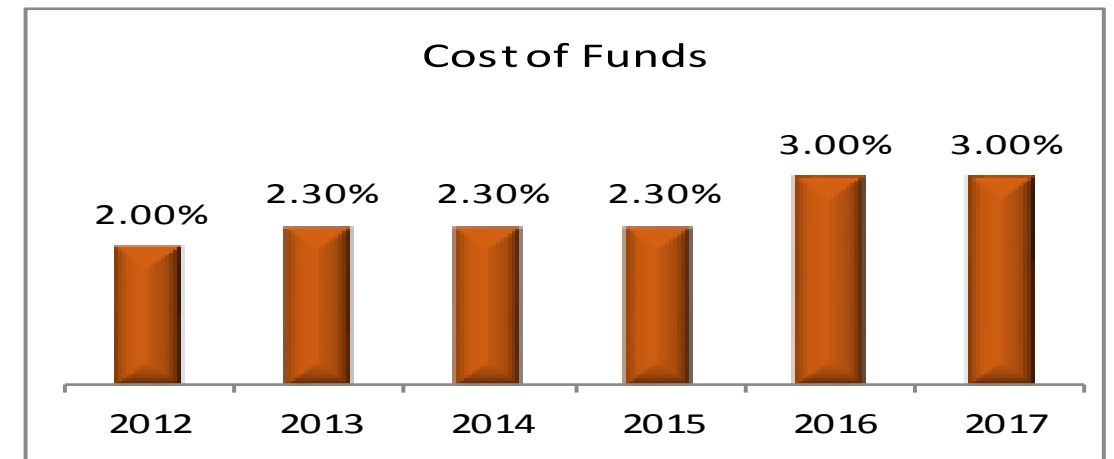
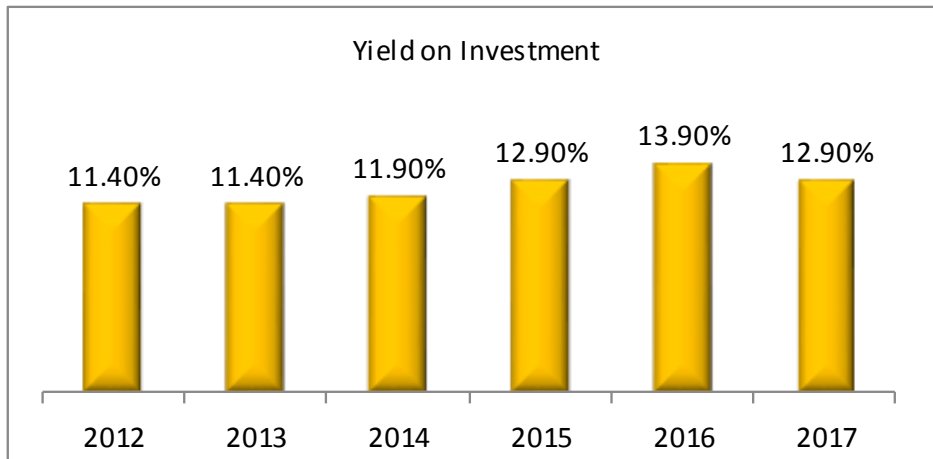
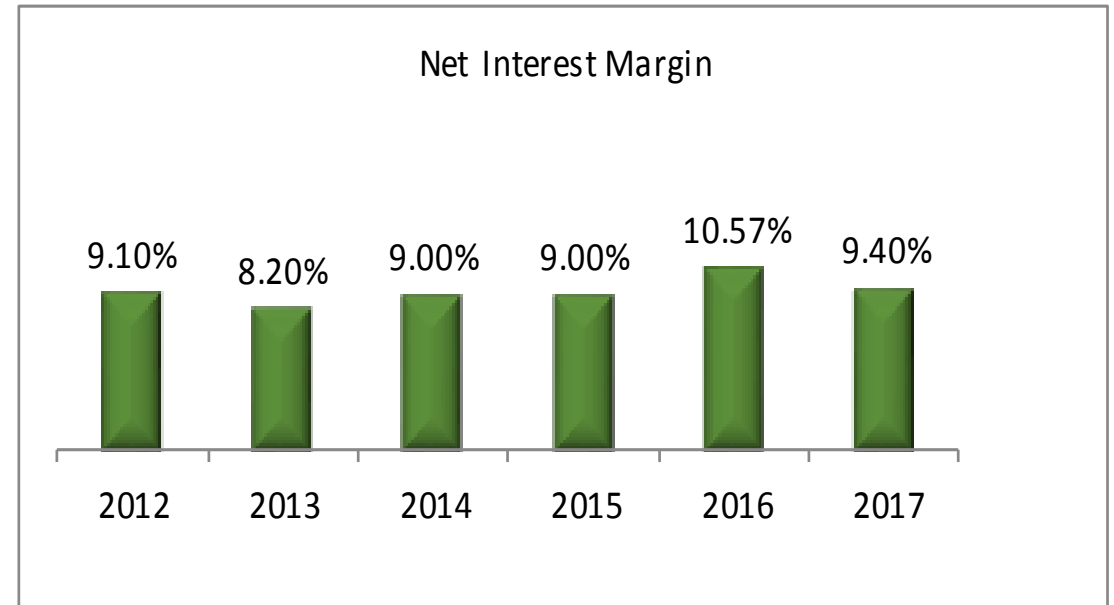
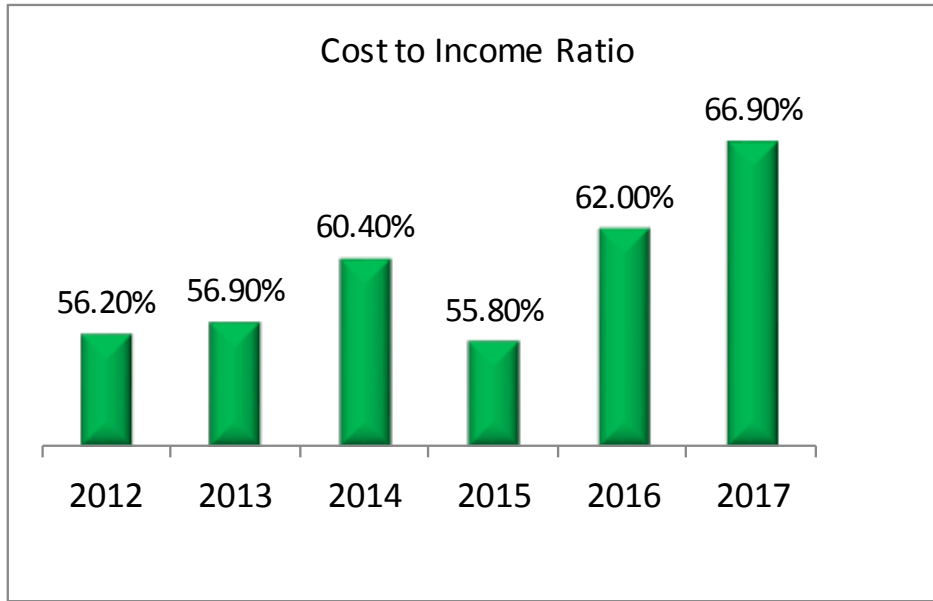
- Bank continues to work on turn around of affected customers.

NPL by Sector

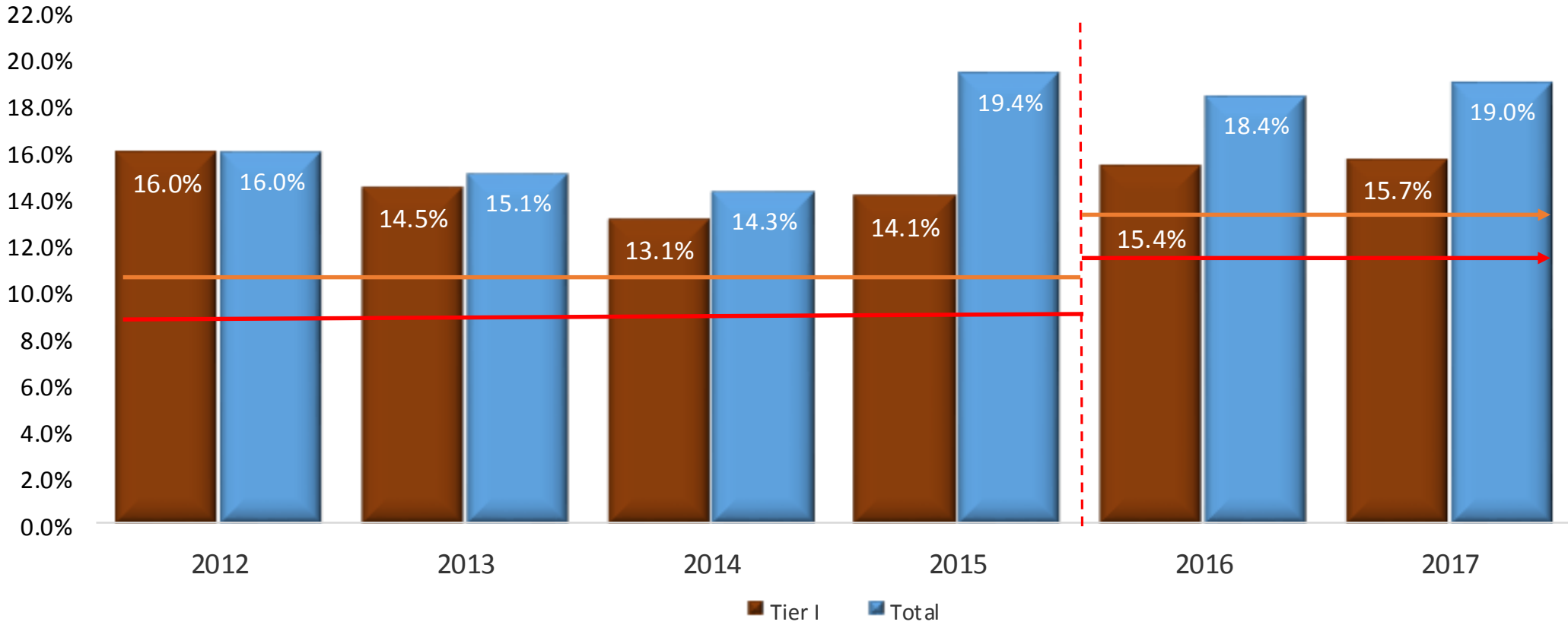


Provision by Sector





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 105.9 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 2017

Market position

- Substantial strengthening of the bank's competitive position in majority of products.
- Maintain position in total assets, loans & advances, and the corporate deposits market.
- Target market share of banking industry assets of 20% - 25%

Financial results

- After tax profits increasing to TZS 135 bn.
- Cost to income ratio reduced from 62% to 61%
- ROE: 15%
- Headcount of 3,256 employees

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 by 2017.
- Prepare for consolidation regionally.

CRDB Bank Awards and Recognition in 2016 and 2017

CRDB Bank received 11 awards in different categories.

1. Africa Business Leadership Excellency Awards - African Leadership Awards, New York 2016. (Courtesy: African Leadership Magazine).
2. Best Retail Bank Tanzania – Banker Africa – East Africa Awards 2016.
3. The Best East African Bank of the year – African Banker Awards (AfDB Awards 2016).
4. Best Commercial Bank Tanzania – International Banker Awards 2016.
5. Best Innovation in Retail Banking Tanzania – International Banker Awards 2016.
6. Best Local Trade Finance in Tanzania – Global Trade Review (GTR).
7. Certificate of Appreciation on financial contribution – Women’s Economic Empowerment Forum (WEEF) – The United Republic of Tanzania, Vice President’s Office.
8. Most Social Responsible Bank in Tanzania – East African Bankers Awards 2017.
9. Best SME Bank in Tanzania 2017 – East African Bankers Awards 2017.
10. Best Presented Financial Statements in the Banking Category – National Board of Accountants and Auditors Tanzania - 2017
11. Best Presented Financial Statements in the Banking Category – Financial Reporting (FiRe) Awards – 2017
12. Most Innovative Bank in East Africa – Business Year Magazine - 2017

CEO – CRDB Bank PLC

13. Top Individual Award ‘East African Banker Lifetime Achievement’ – Banker Africa – East Africa Awards 2016.

GM – CRDB Burundi S.A.

14. Best Enterprise in Banking in Burundi - Manager of the Year – European Business Assembly UK 2016.



Thank You

