



CRDB BANK PLC

The Bank that Listens

Investor Briefing 4th Quarter 2016





Tanzania: Key Statistics

- ❖ **Location** - East Africa
- ❖ **Boundaries** - Burundi, Democratic Republic of Congo, Kenya, Malawi, Mozambique, Rwanda, Uganda and Zambia
- ❖ **Area** - 947,300 sq km (includes the Islands of Mafia, Pemba and Unguja)
- ❖ **Geography Note**
 - Mt. Kilimanjaro is the highest point in Africa and has glaciers
 - Indian Ocean in the East with vastly Coastal line
 - Bordered by 3 largest lakes on the continent- L. Victoria, L. Tanganyika and L. Nyasa
 - Blessed with abundant National Parks - Serengeti, Ngorongoro Crater, Selous, Mikumi, Ruaha, Katavi, Manyara and 10 others.
 - Zanzibar Island with massive historical attraction.
 - Olduvai George-first skull of human beings in Arusha.
- ❖ **Population** - 50,000,000
- ❖ **Economy**
 - Depends on agriculture, mining (gold, diamonds, tanzanite etc.) and tourism. Other sectors are construction, transport and oil & gas.
 - One of the fastest growing economy with GDP 7.2% by December 2016.
 - Annual Headline Inflation Rate for the month of December, 2016 increased from 4.8% to 5.0 % in the previous month.



About Us

- CRDB Bank Plc is a leading, wholly-owned private commercial bank in Tanzania offering a comprehensive range of corporate, retail, treasury, premier and microfinance services.
- The Bank was established in 1996 and has grown and prospered over the years to become the most innovative, first choice, and trusted bank in the country.
- CRDB Bank was listed on the Dar es Salaam Stock Exchange on 17th June, 2009.

Vision and Mission

Vision:

To be the leading Bank, which is customer need driven with competitive returns to shareholders.

Mission

To provide competitive and innovative financial products and services leveraging technology to achieve distinctive customer experience. We strive to create value for stakeholders and the society.

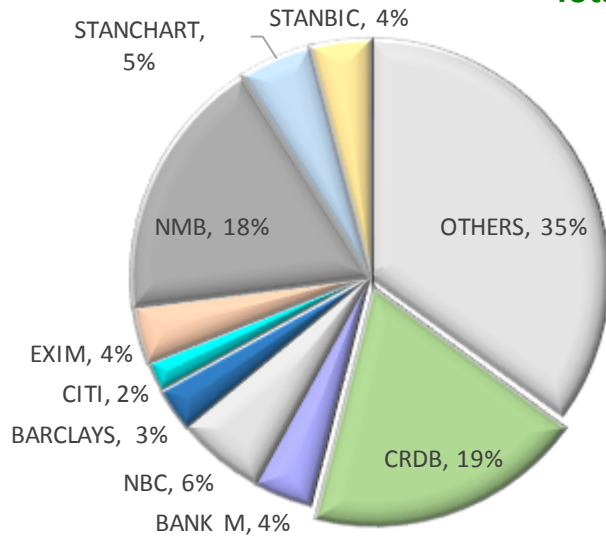




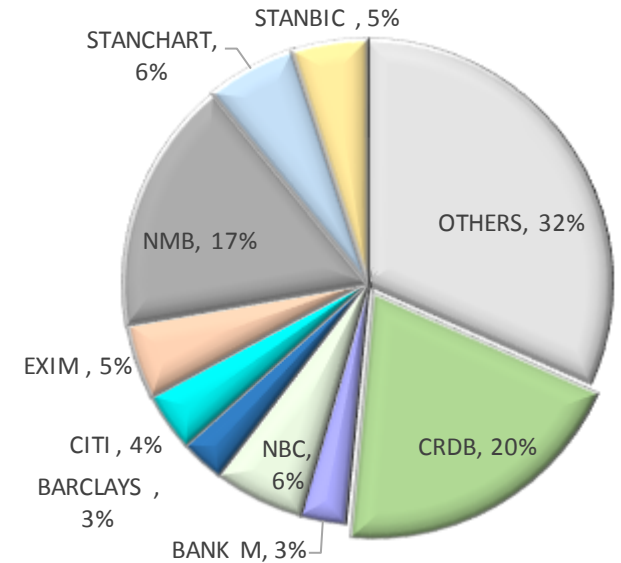
Market Share- Total Assets & Total Deposits

December 2016

Total Assets

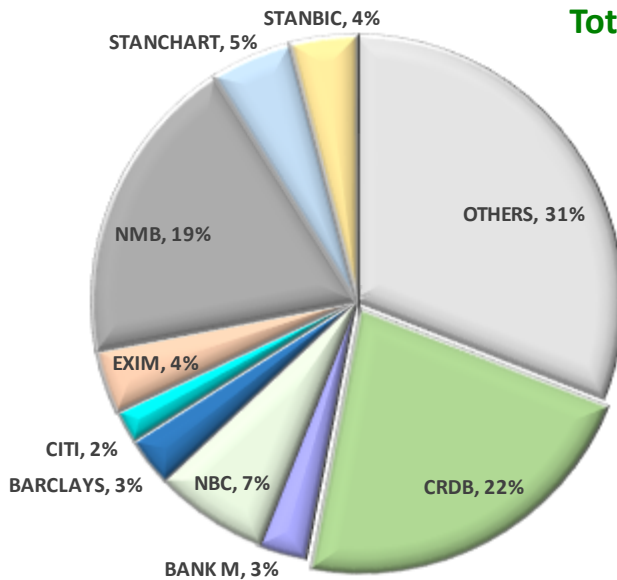


December 2015

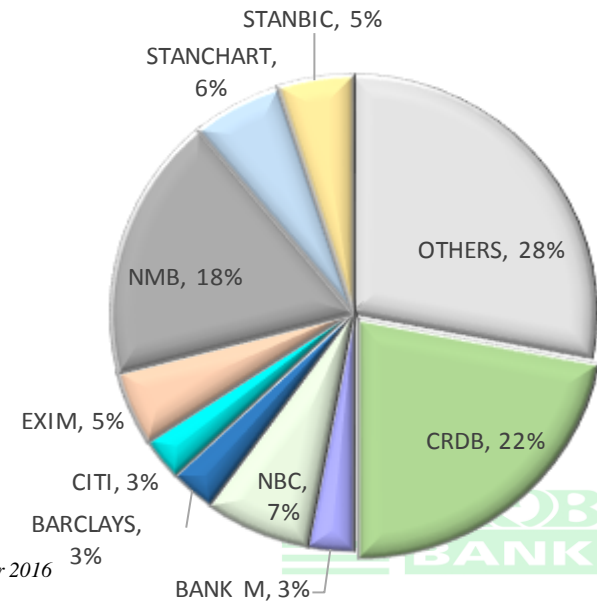


December 2016

Total Deposits



December 2015



Source: Published Financials, December 2016



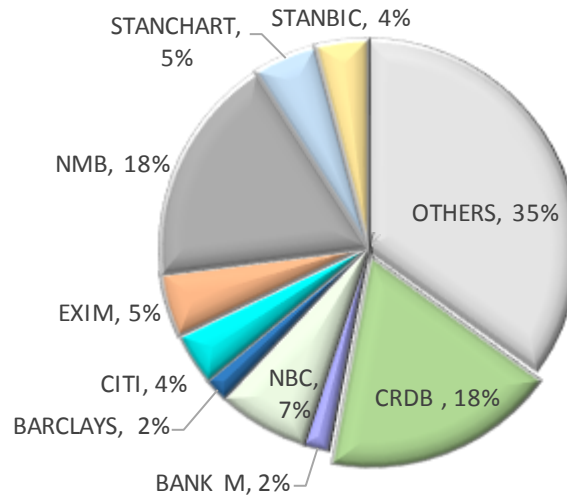
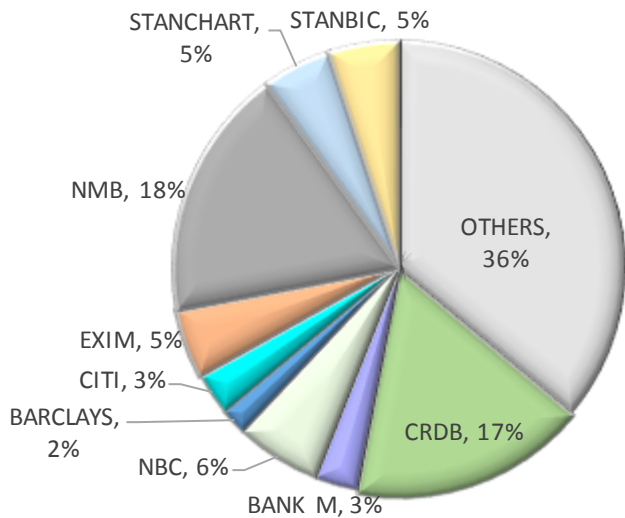


Market Share – Shareholder’s Funds and Loans & Advances

December 2016

Capital

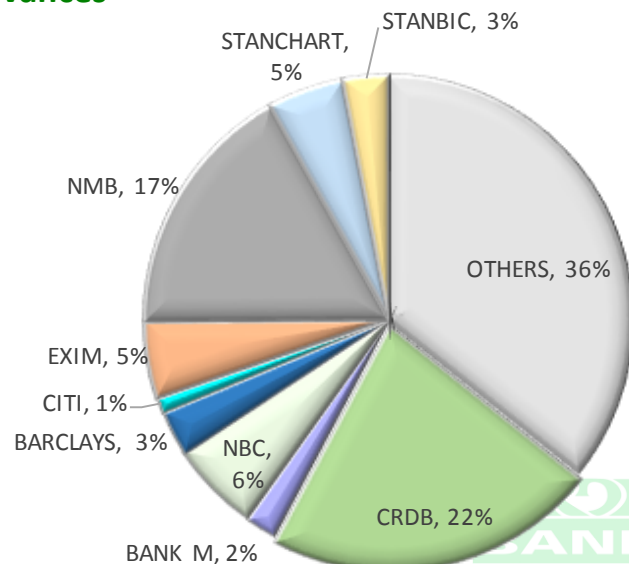
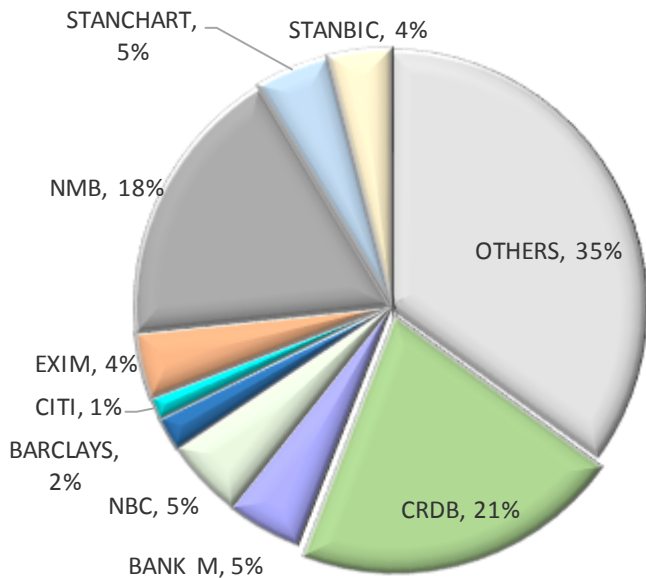
December 2015



December 2016

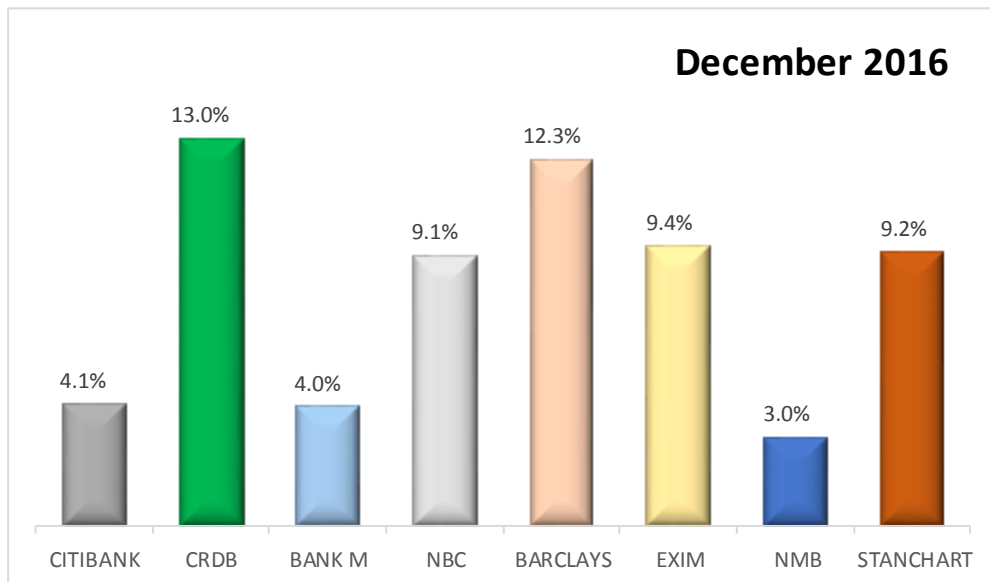
Loans & Advances

December 2015



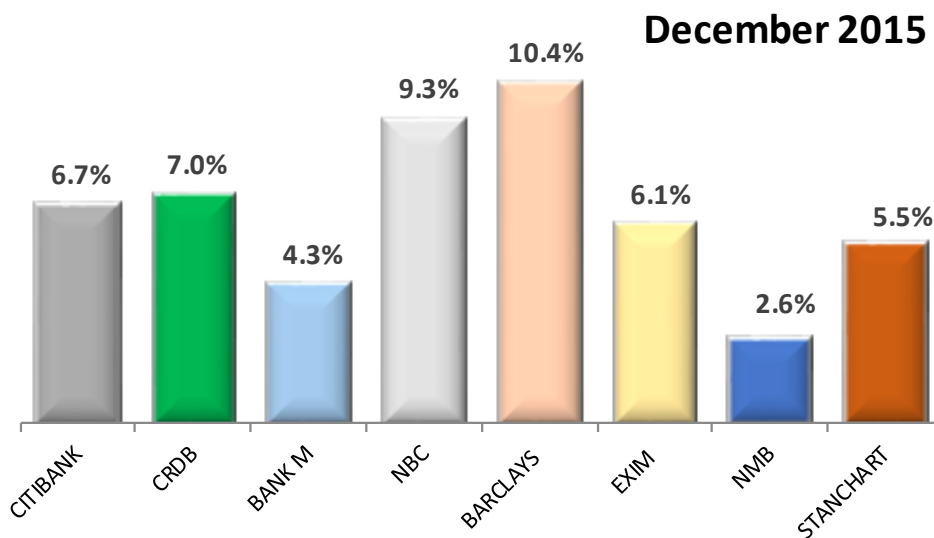


Top Banks - NPL to Gross Loans as at 31st Dec. 2016



Many banks in the market recorded NPLs above Bank of Tanzania's benchmark of 5% as at 31st December, 2016, indicating a decline in the asset quality for the sector.

According to the Bank of Tanzania monthly economic review, from September 2016 credit to the private sector by banks grew at an annual rate of 13.8% which was lower than 24.1% in 2015. The slower growth was attributed to a more cautious lending approach adopted by banks as part of risk mitigation measures.



The growth of loans to individuals and trade increased while growth was lower in agriculture, transport and communication. Declines were also registered in manufacturing, building and construction.

Source: BOT Report – Monthly Economic Review, September and December 2016

Source: Published Financials, December 2016





Banking Industry

- The Banking Industry continued to be competitive with 56 banks operating in the market, but the market is controlled by 5 Banks led by CRDB.
- Banks continued to introduce innovative products and services such as internet banking, mobile banking and payment cards.
 - Expansion through additional physical and e-banking outlets – ATM's, mobile banking, internet banking.
 - Increased competition in payment systems – debit cards, prepaid cards, money transfer and payment system by telecoms.
- As of September 2016, 13 banks were licensed to operate Agent Banking which is expected to improve accessibility to banking services and convenience for customers.
- Increased demand for qualified staff.
- Potential for growth in – mortgage finance, investment banking, agent banking, microfinance and insurance.



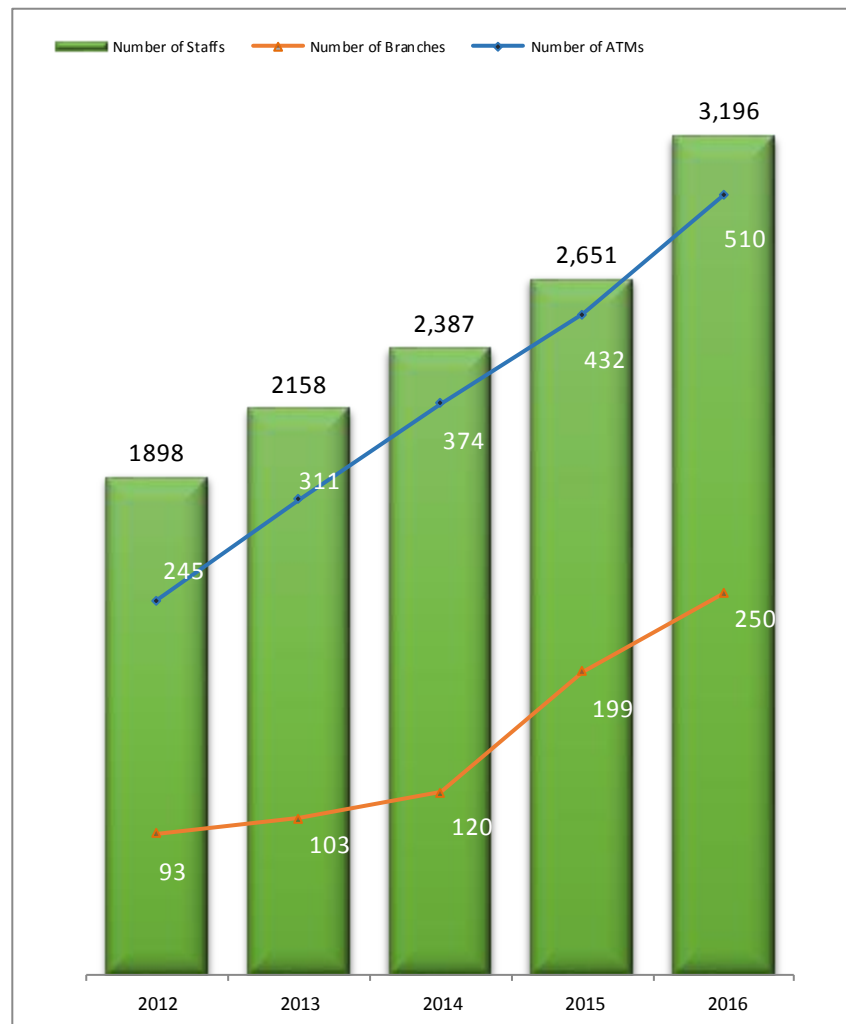
Financial Performance as at 31st December, 2016





CRDB Profile end of December, 2016

- CRDB Bank PLC offers a comprehensive range of corporate, retail, treasury, premier, agent banking and microfinance services.
- Network footprint of:
 - 250 branches including mobile branches and service centers.
 - 510 ATMs including 12 Depository ATMs
 - 806 POS Merchants
 - 2,626 Agents (*Fahari Huduma*).
 - 455 Microfinance partner institutions.
 - CHINA Desk
 - INDIA Desk
 - Microfinance Subsidiary
 - Burundi Subsidiary
 - Insurance Broker Subsidiary.





Shareholding Structure	30.09.2016		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	106,706,104	4.1	106,706,104	4.1
General Partners IV Ltd-TZ	68,104,802	2.6	63,957,790	2.4
LAPF Pension Fund	58,077,549	2.2	58,077,549	2.2
Blakeney General Partners III Ltd	52,953,203	2.0	56,614,203	2.2
Kimberlite Frontier Master Africa Fund LP RCKM	47,292,695	1.8	55,152,958	2.1
Duet Africa Opportunities Master Fund IC	40,583,840	1.6	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
Sub Total	628,546,145	24.0	632,920,396	24.2
Less than 1%				
More than 28,000 shareholders	1,174,342,696	45.0	1,169,968,445	44.8
Grand Total	2,611,838,584	100.0	2,611,838,584	100.0





Investment Ratios

Share Performance	As at 31st Dec. 2015	As at 31st Dec. 2016
Market Price Closing	TZS 405	TZS 250
Earning Per Share (EPS)	TZS 53.87	TZS 30.17
Price Earning Ratio (P/E)	7.50	8.28
Book Value (BV)	263.19	276.80
Price Book Value ratio (P/B)	1.50	0.90
Dividend Yield	-	-
Market Capitalisation (TZS billions)	1,057.80	652.90
Foreign Holding (%)	22.00	23.00



CRDB BANK Plc. – Group Financials as at 31st December, 2017 Performance Summary

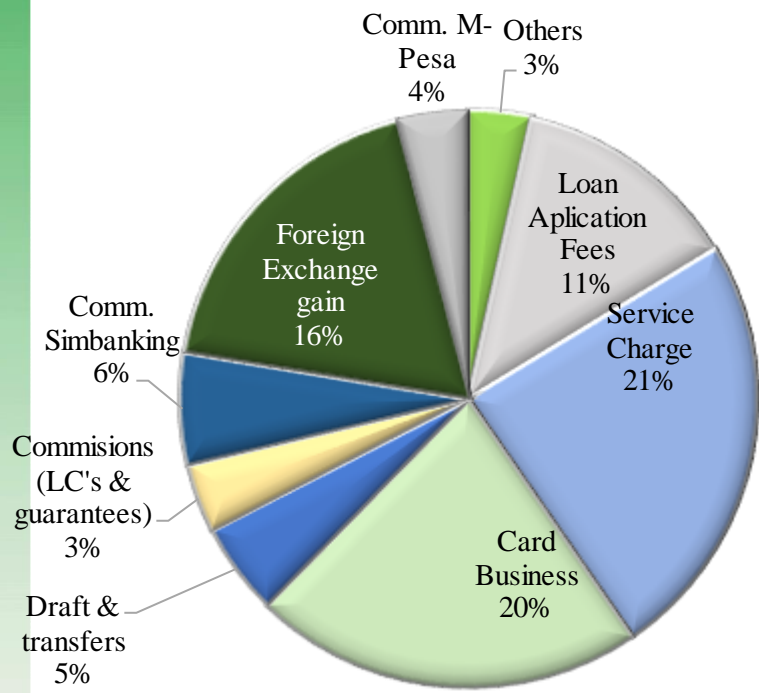
(TZS Billion)	Dec. 2015	Dec. 2016	% change	
Interest Income	497.4	573.5	15.2	↑
Interest Expense	106.8	138.9	29.9	↑
Net Interest Income	390.6	434.6	11.2	↑
Net Fees and Commissions	156.4	140.5	(3.0)	↓
Net Foreign Exchange Income	34.8	34.8	0	
Operating Expenses	187.6	376.7	14.2	↑
Profit Before Tax	187.6	125.5	(33.1)	↓
Loans and Advances to Customers	3,260.5	3,272.9	0.4	↑
Customer Deposits	4,246.1	4,063.9	(4.2)	↓
Shareholder Equity	687.3	722.9	5.1	↑
Total Assets	5,407.8	5,435.8	0.5	↑
Return on Avg. Assets	3.0%	2.3%	(23.3)	↓
Return on Avg. Equity	23%	11.2%	(51.3)	↓
NPL/Total Loans	8.0%	13%	62.5	↑



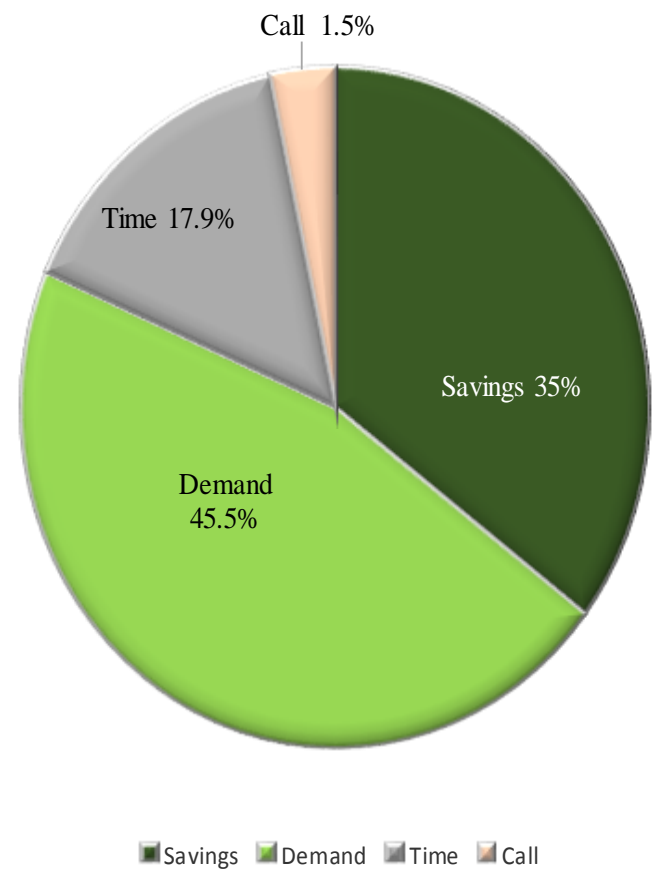


- Fee Income Composition

Fee Income



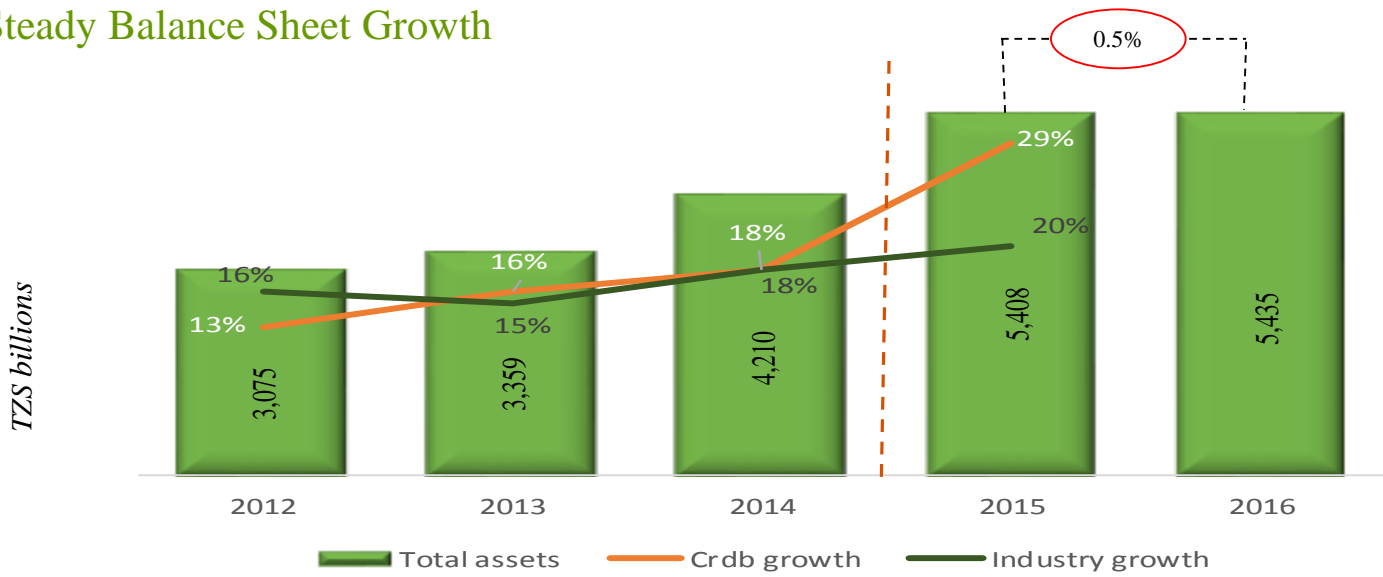
- Deposits Composition



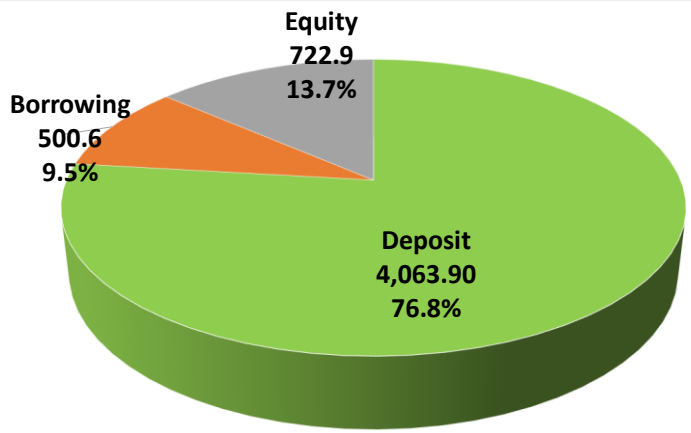


Financial Position

Steady Balance Sheet Growth



Key sources of funding – TZS billions

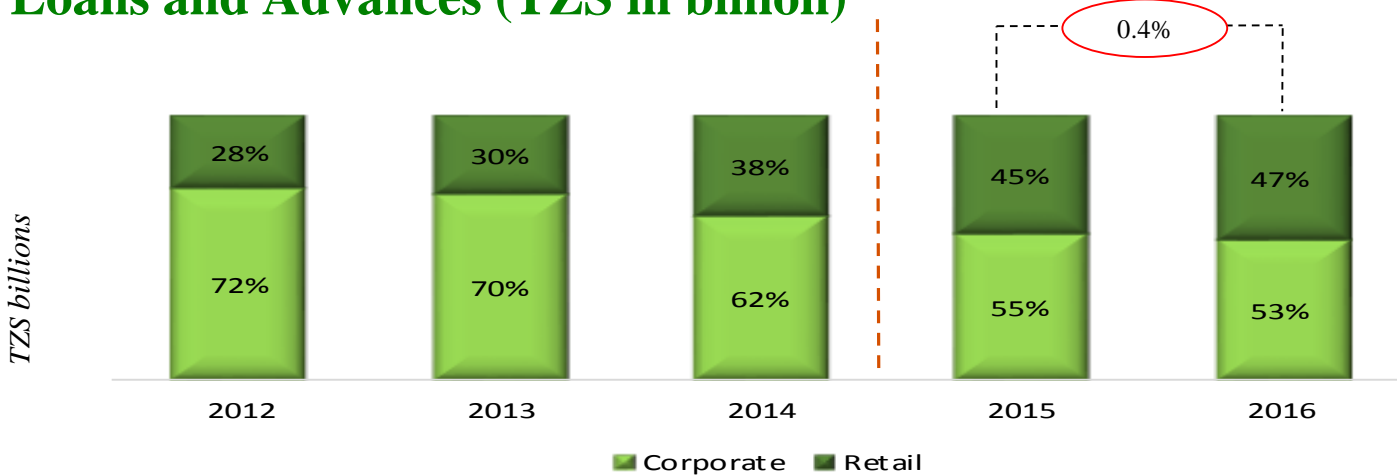


- Customer deposits account for 76.8% of total funding in the Balance Sheet.
- Borrowing includes subordinated debt of TZS 84.5 bn, other borrowings of TZS 416.1 bn.

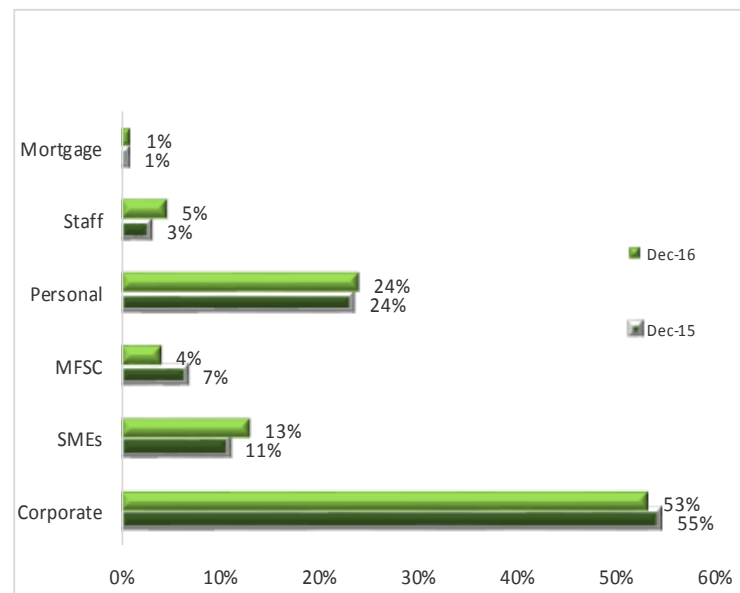
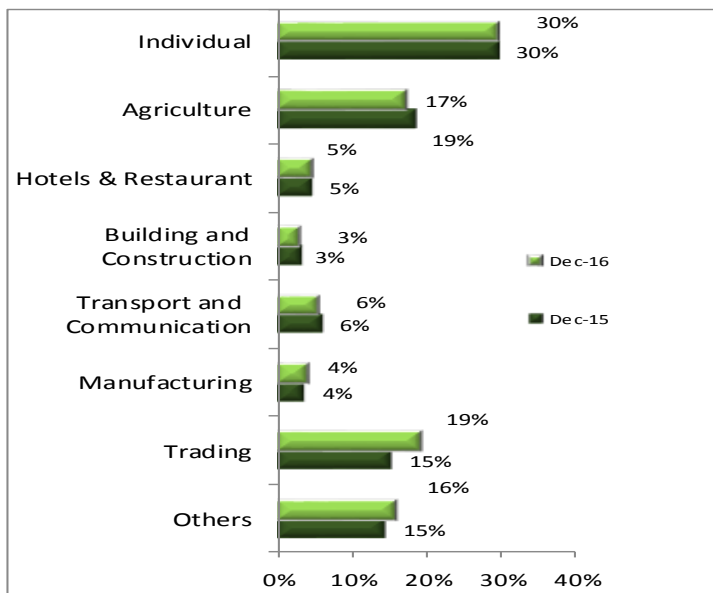




Loans and Advances (TZS in billion)

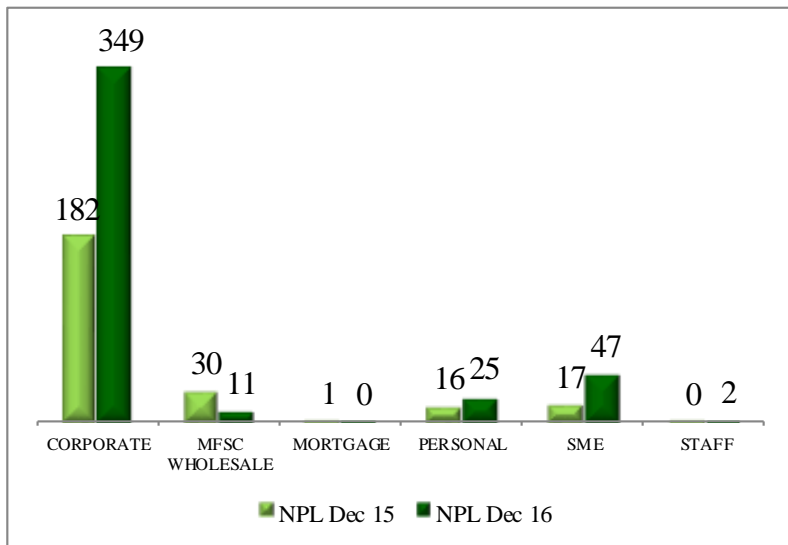


Diversified Portfolio among key sectors and segments (Dec. 2016)



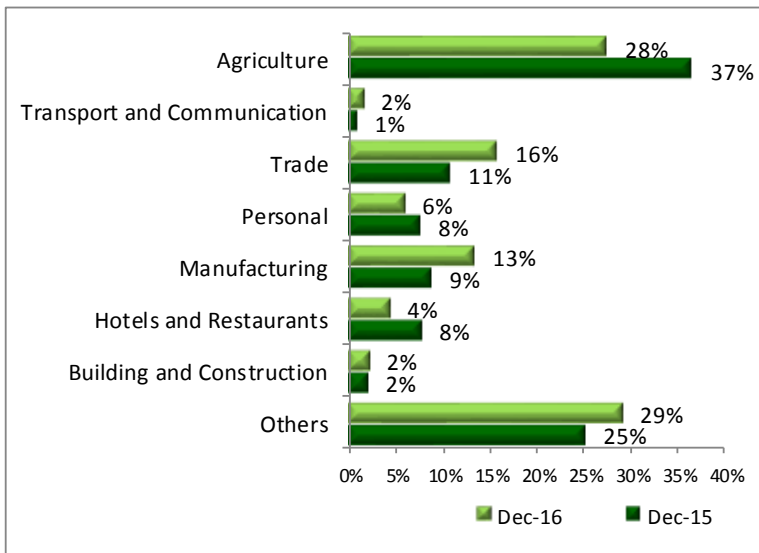


NPL by Business Segment – Dec 2016

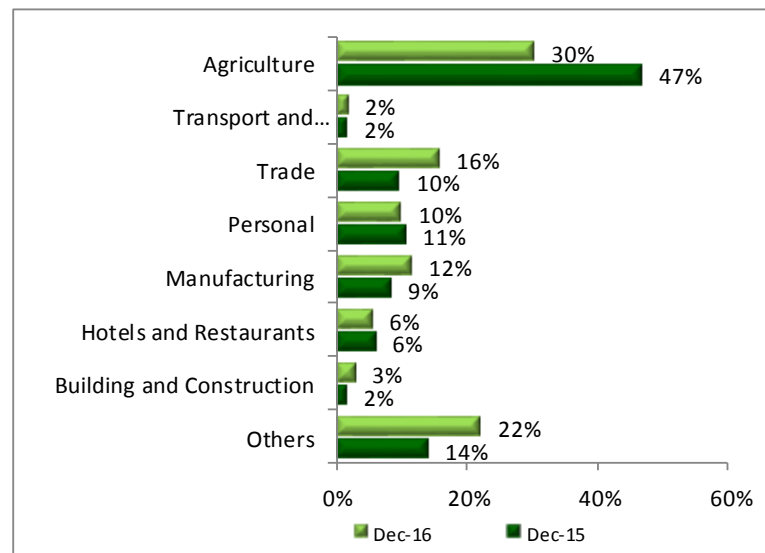


- The Bank's NPL was TZS 270.8 bn. at Dec. 2015 compared to TZS 438.3 bn. at Dec. 2016.
- Contributed mainly by corporate segment by 79.9% caused by delays in payment by some big corporate customer and Tobacco customers.
- There is a turn around process for affected corporate customer.
- The Bank continues to reduce exposure in Tobacco sector.

Sector NPL as at Dec 2016



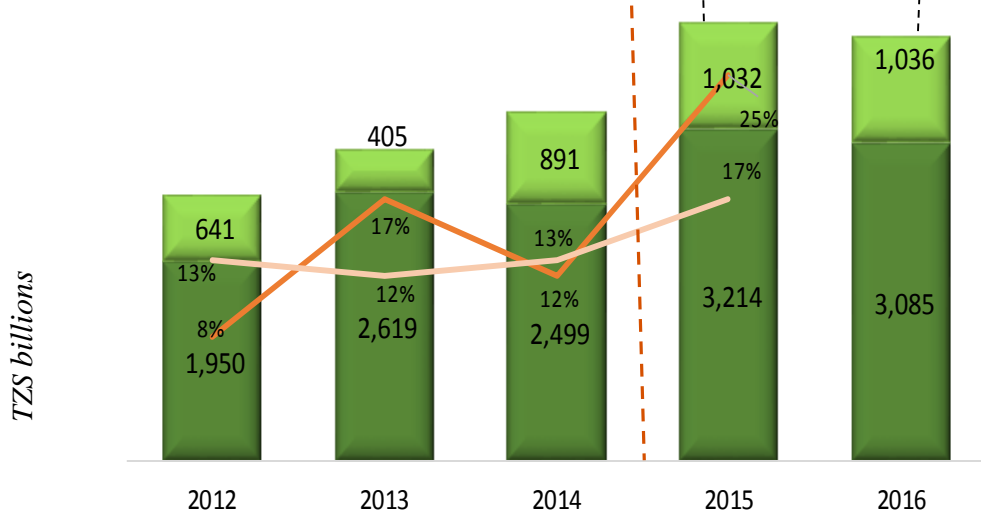
Sector Provision as at Dec 2016



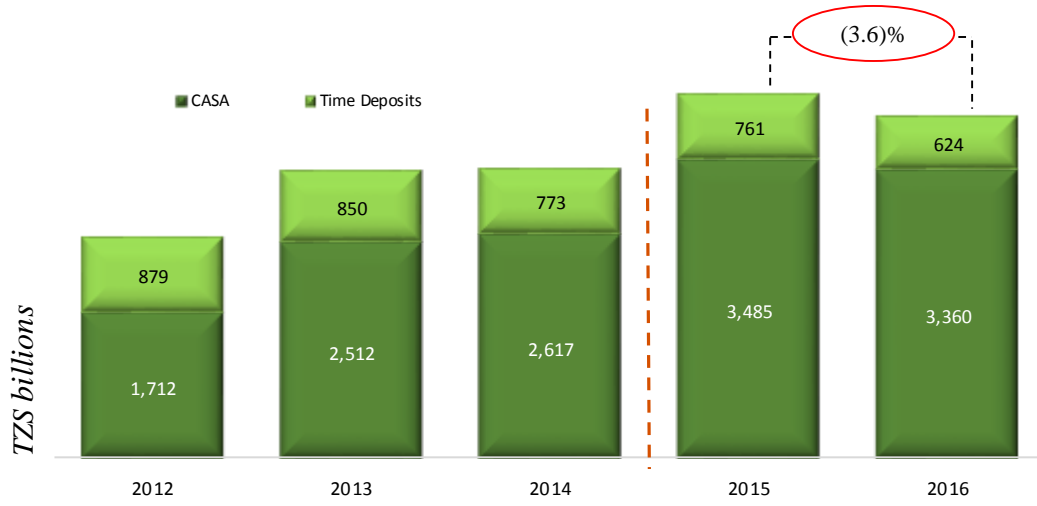


Customer Deposits Funding Growth Through Deposit Mobilization

Deposit Growth



- Deposits decreased by 4.2% year on year.
- 25.1% of total deposits are held in foreign currency.
- Foreign currency deposits increased by 0.4% mainly resulting from decrease in volume of forex transaction in the market. Appetite to invest in TZS increased compared to USD (USD rate has been stable through out the year.)

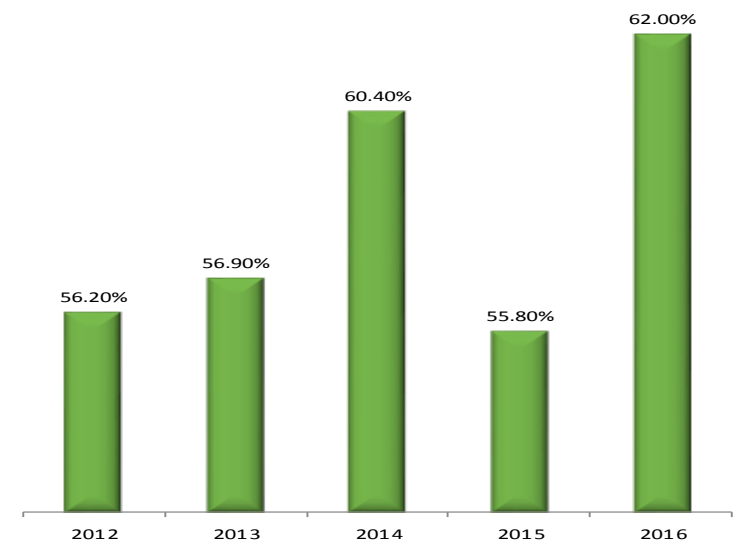


- 81.5% of deposits is contributed by CASA.
- CASA decreased by 3.6% compared to Dec. 2015.

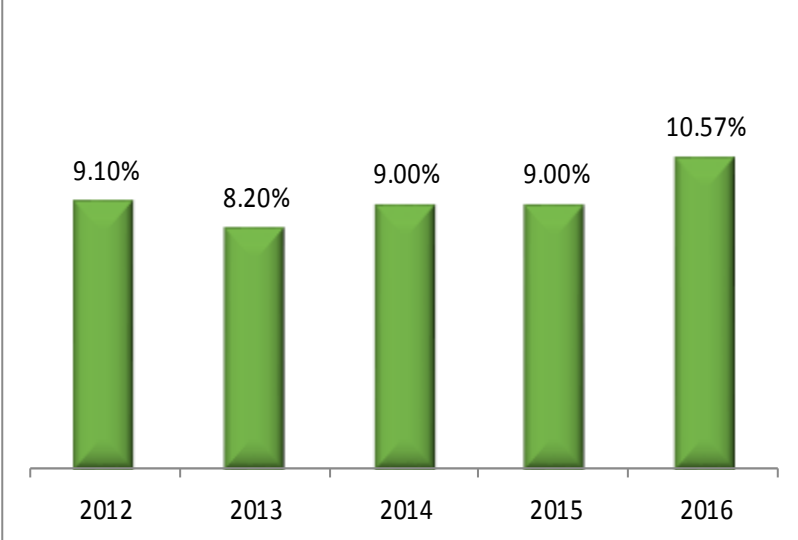




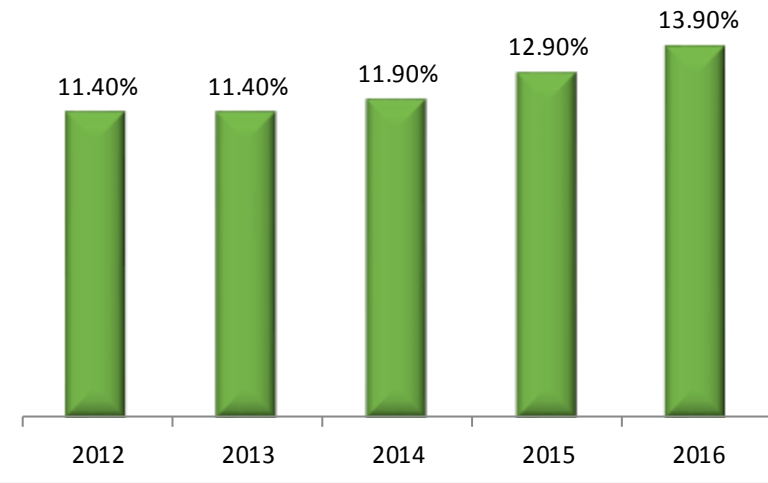
Cost to Income Ratio



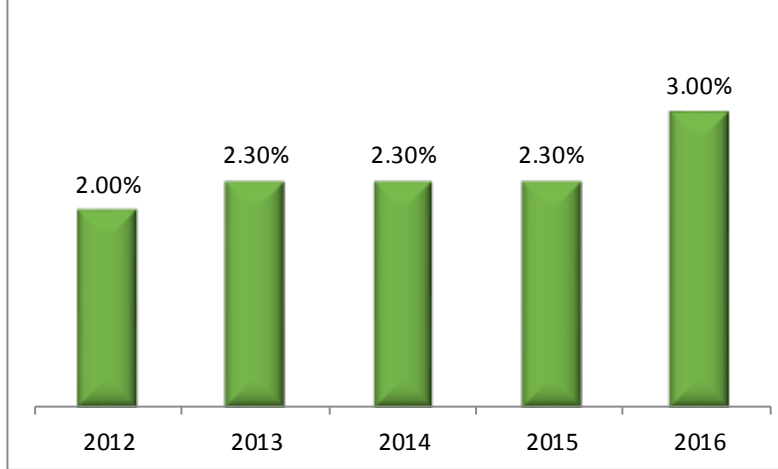
Net Interest Margin



Yield on Investments

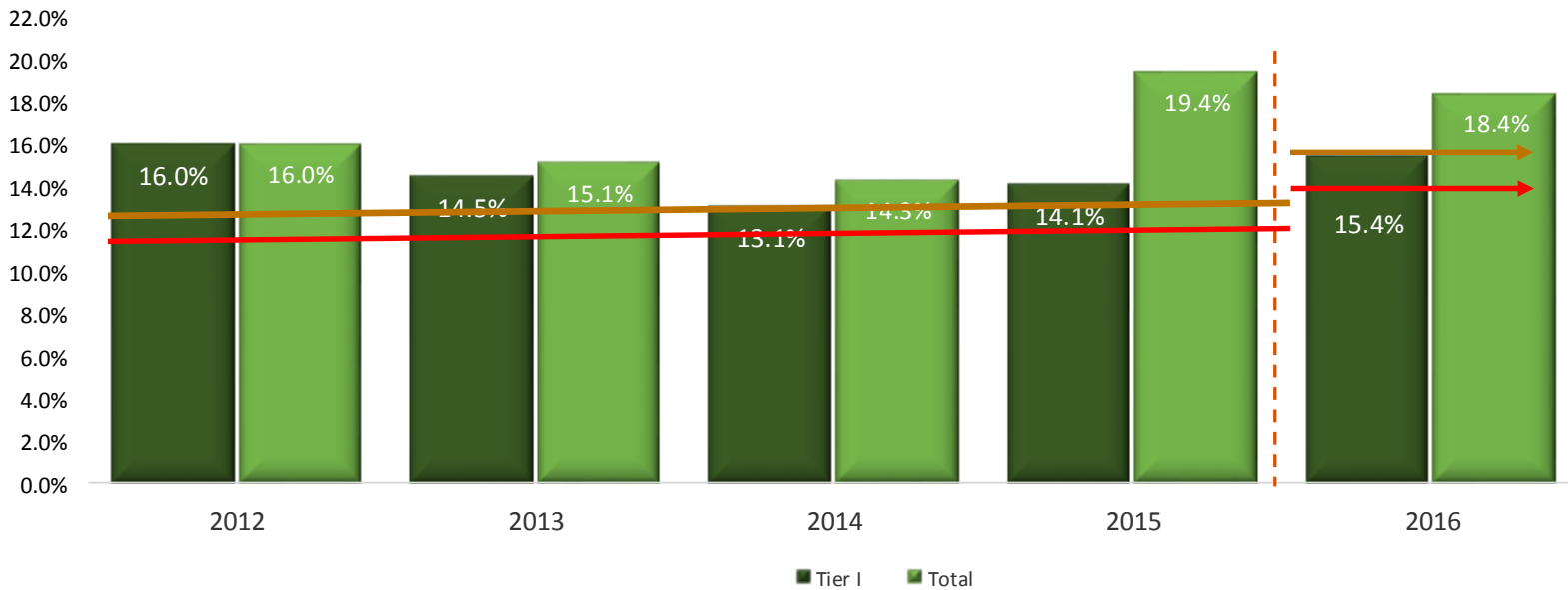


Cost of Funds

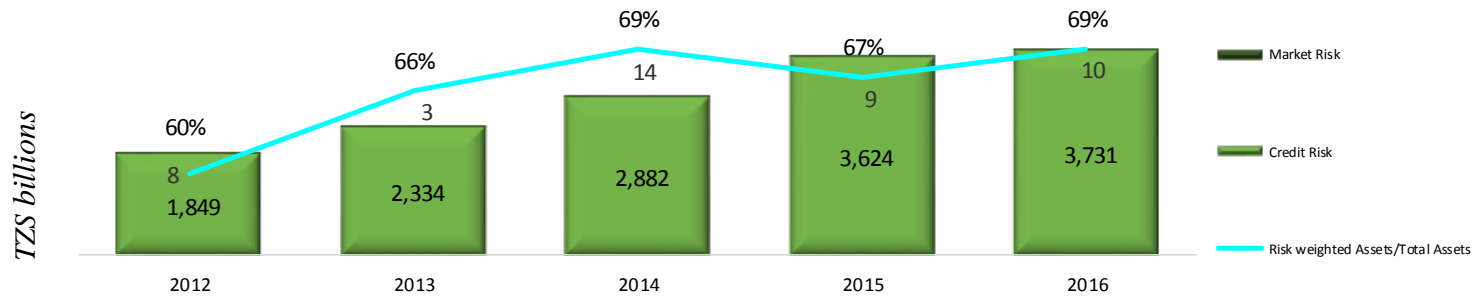




Capital adequacy ratio



Risk weighted assets





Subsidiaries of CRDB Bank Plc

1. 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, insurance products and services, information and communication technology solutions and business support.
- There were 455 partner MFIs at 31st December 2016.
- Total loans extended by the Bank to these institutions at the end of December 2016 stood at TZS 140.1 billion.
- The subsidiary made a profit of TZS 2.5 billion as at 31st December, 2016.

S/N	Item	Quantity
1.	Service Centres	17
2.	Mini Service Centres	63
3.	Mobile Branches	8
4.	Retail Clients	123,512



CRDB Bank Plc Subsidiaries cont.

2. 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 2,385 million as at 31st Dec. 2016 compared to TZS 1,064 million recorded in the 4th quarter of year 2015.
- Total assets decreased from TZS 154 billion in Dec. 2015 to TZS 140.1 billion in Dec. 2016.
- Total deposits grew from TZS 60.4 billion in Dec. 2015 to TZS 67.2 billion in Dec. 2016.

• Burundi Economic Review

- The country went into recession during year 2015 and GDP growth was estimated at negative 3.9%. However, the outlook for 2017 projects a slight improvement in the medium term due to strong performance in the agricultural sector driven by a rebound in the coffee production and in the construction sector, especially the implementation of major hydro-electric projects funded by the World Bank.
- Prospects for Burundi remain uncertain as the country remains vulnerable to external shocks from commodity prices combined with the persisting socio-political tensions. The Country's main economic objectives focused on policy reforms, to improve the business climate, infrastructure projects and improving domestic revenues as the country is facing a decline in grants from donors.

Performance trend	2014	2015	2016
Total Assets TZS mn.	104,137	146,685	141,066
Total Deposits TZS mn.	28,894	60,427	62,827
Net Profit (Loss) TZS mn.	(3,578)	870.06	2,385



CRDB Bank Plc Subsidiaries cont.

- Burundi Economic Review Cont....**

Macroeconomic indicators	2014	2015	2016 (projected)
Real GDP growth %	4.7	-3.9	0.7
GDP per capita (Nominal USD)	315	306	278
Real GDP per capita growth	1.5	-6.3	6.8
CPI inflation (2013 as basis = 100)	103.7	111.1	118.1
Budget % GDP	-2.5	-5.5	-5.8
Current account balance % GDP	-17.6	-6.03	-9.7

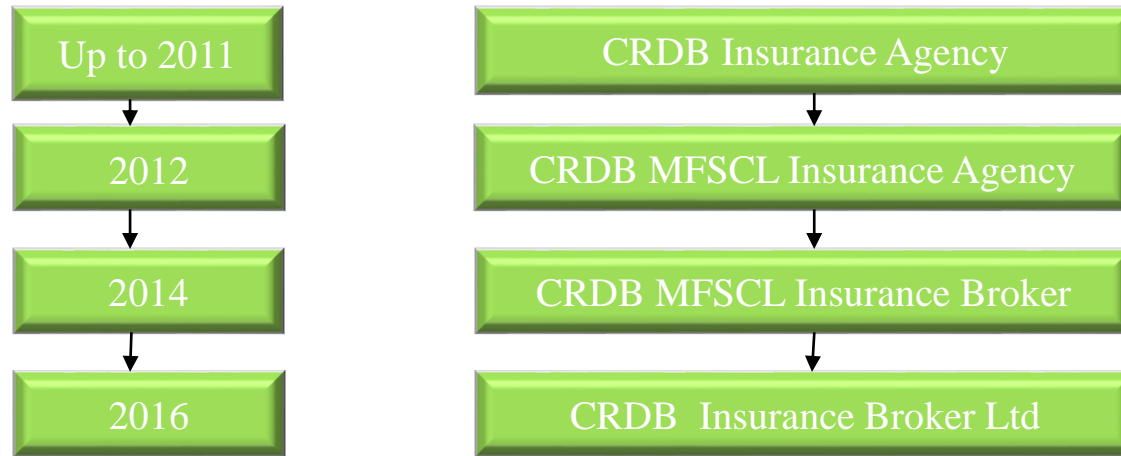
- Source: Data from IMF- World Economic Outlook, BRB quarterly release of June 2016 and Ministry of Finance.*



CRDB Bank Plc Subsidiaries cont.

3. CRDB Insurance Broker Company

Background of the CRDB Insurance Broker Company



Gross Premium in Billions				
Details	2013	2014	2015	2016
Premium Sales	8,244	12,094	17,333	25,647





Focus for 2016 and Milestones

- The year 2016 marked the Bank's 20th Anniversary.
- The overriding theme for the year was 'Consolidation to Achieve Operational Excellence' which implied smarter delivery for accelerated profitability.
 - The Bank reinforced 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:
 - Core Banking system upgrade was successfully implemented in May, 2016.
 - SME credit rating model was implemented and corporate rating and mortgage scoring are in use.
 - 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.



CRDB Target Position by 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

CRDB Bank received 8 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.

CEO – CRDB Bank PLC

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

GM – CRDB Burundi S.A.

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



Thank You

