

CRDB BANK PLC

The Bank that Listens

Investors Briefing 2nd Quarter 2017

Operating Environment - 2017

- During the half 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 5.7%, inflation rate slowed down to 5.4% down from 6.1% recorded in previous months.
- However, extended broad money supply (M3) grew by 5.2% in May showing low Liquidity in the economy/ as a result of a rise in transferable deposits.

Banking Sector Landscape

- Banking sector with Sixty (60) institutions and 732 Branches/outlets.
- For the banking sector in particular, the operating environment as at June 2017 continued to be competitive with tight liquidity following government implementation of Treasury Single Account (TSA) and slow down in government spending affecting market deposit, lending growth and growing defaults by Business.

Strategic theme for year 2017 'YEAR OF CONSOLIDATION'

1

Sales

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

2

Operational Excellence

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

3

Network Expansion

FahariHuduma, alternative channels and service centers including M-Wallet

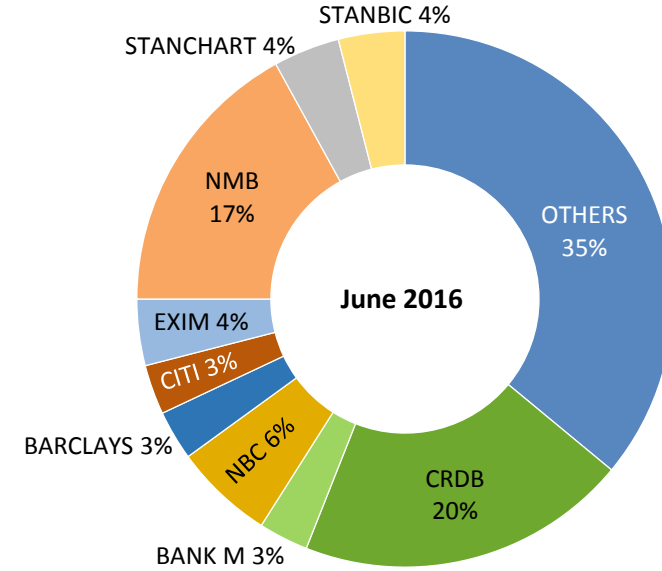
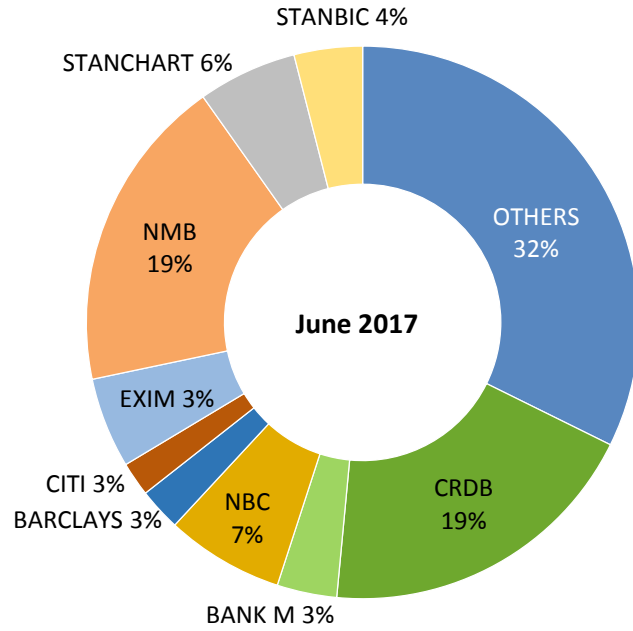
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MFSC transformation and new Subsidiaries

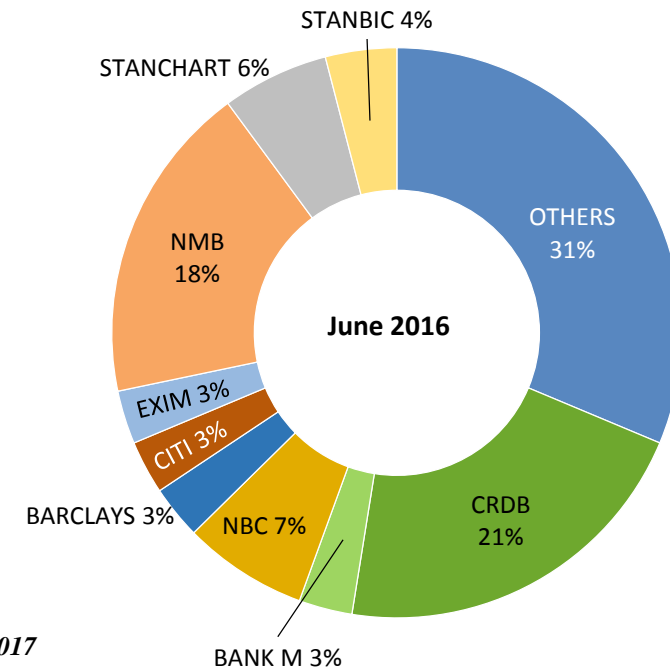
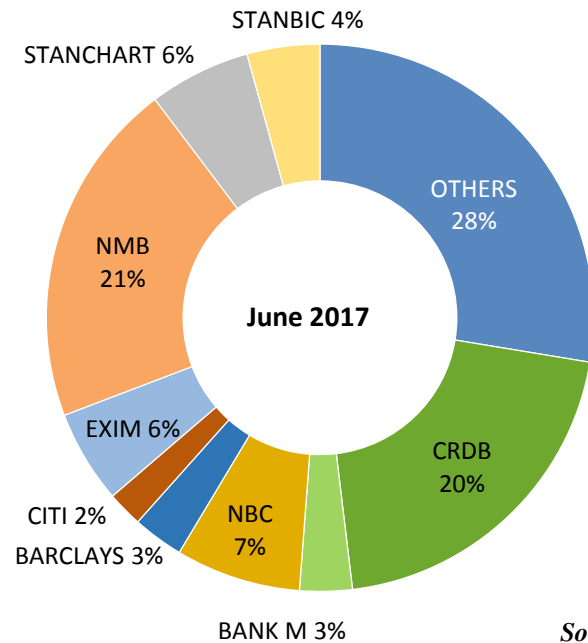
Transforming MFSC to a Bank, new subsidiaries, Market survey - for a new cross border subsidiary.

Market Share- Total Assets & Total Deposits

Total Assets



Total Deposits

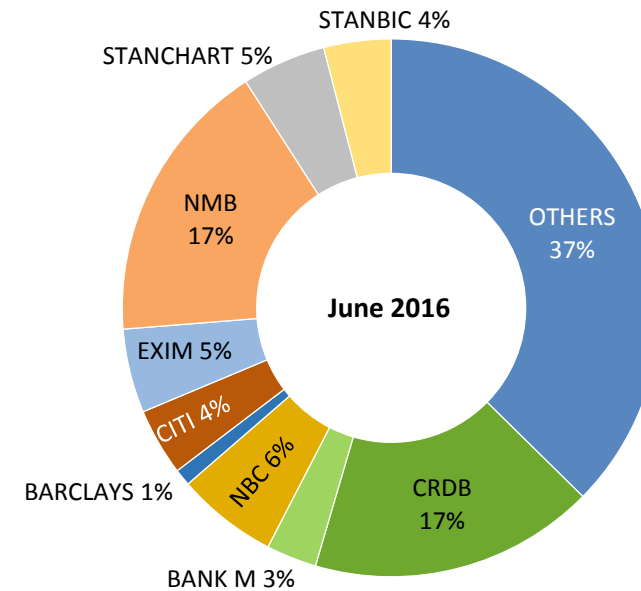
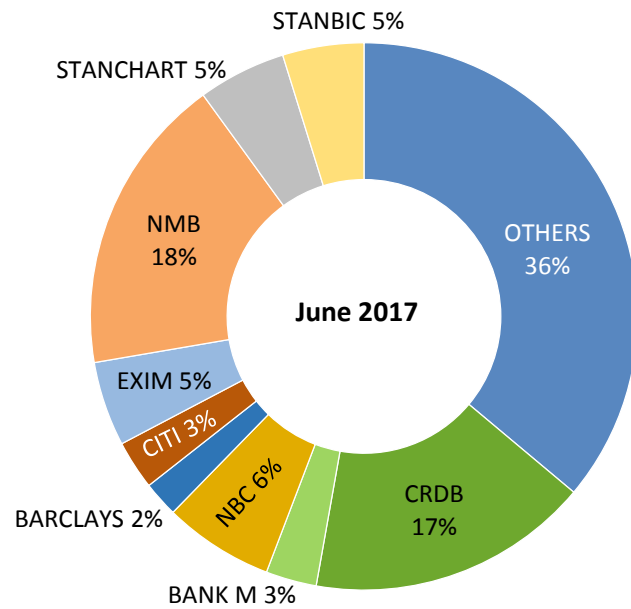


Source: Published Financials, June 2017

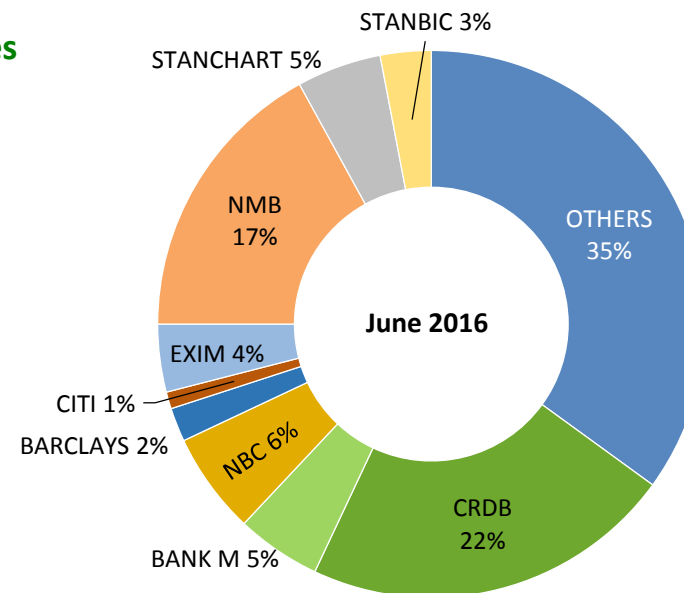
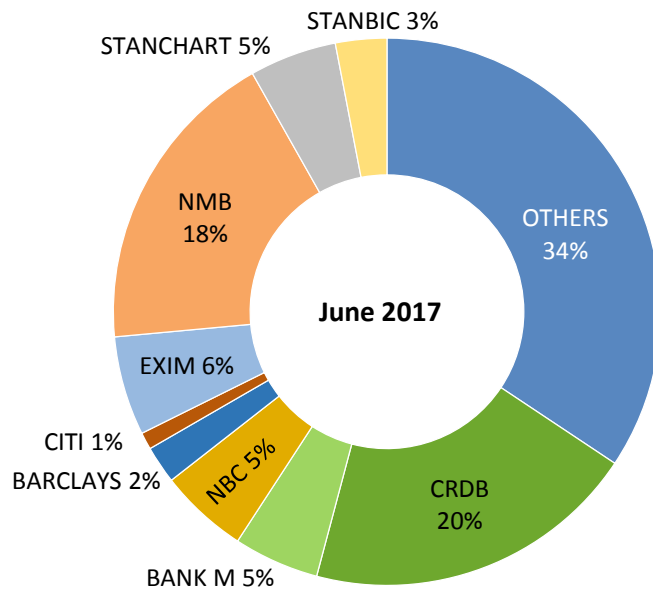


Market Share – Shareholder's Funds and Loans & Advances

Capital



Loans & Advances

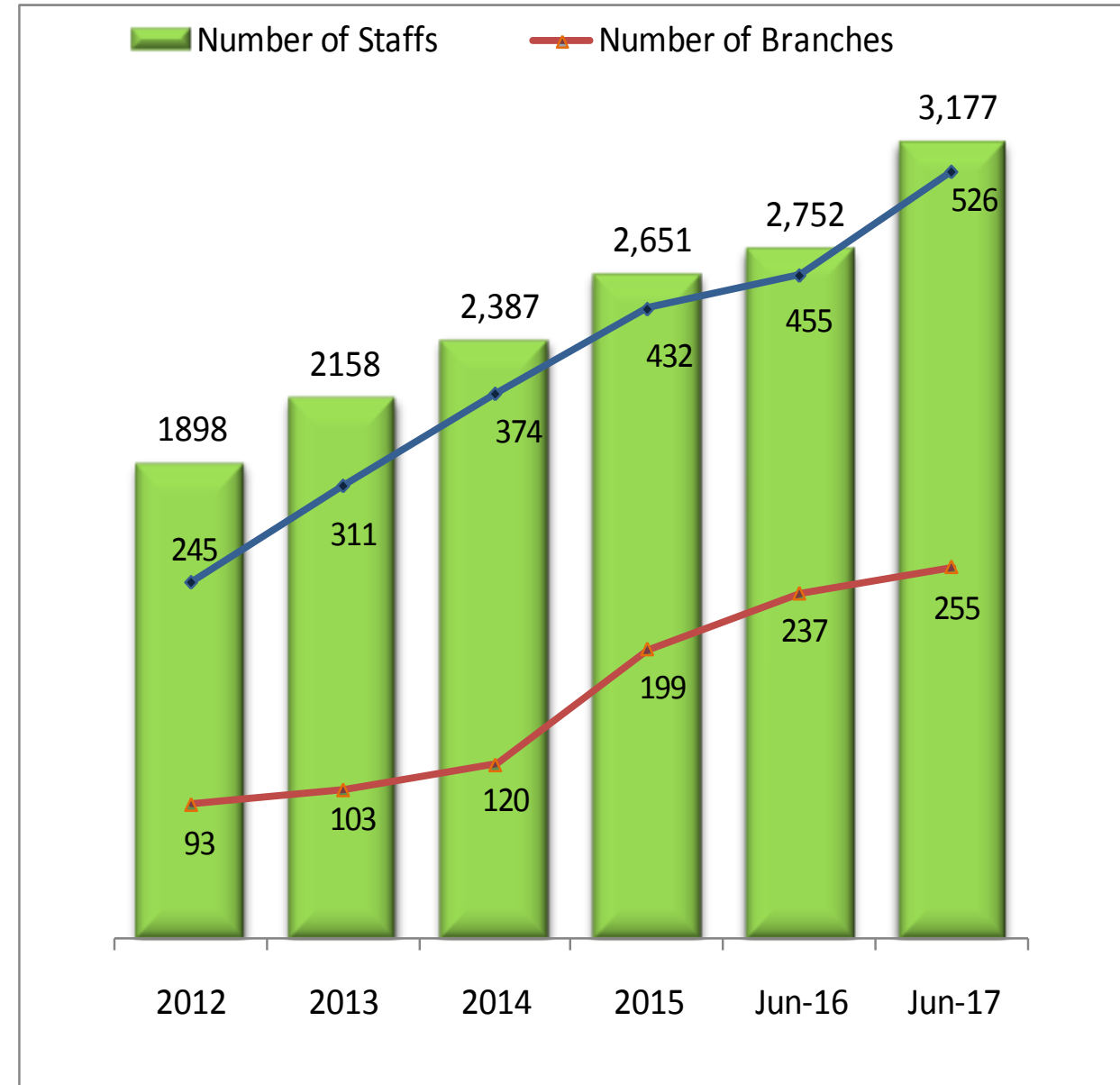


Source: Published Financials, June 2017



CRDB Profile end of June, 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.
 - 526 ATMs including 18 Depository ATMs
 - 773 Merchants Network
 - 2,926 Agents (FahariHuduma).
 - 460 Microfinance partner institutions.
 - CHINA Desk
 - INDIA Desk



Shareholding Structure	30.06.2017		30.06.2016	
	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	63,957,790	2.4	68,104,802	2.6
Kimberlite Frontier Master Africa Fund LP RCKM	59,426,907	2.3	41,990,927	1.6
LAPF Pension Fund	58,077,549	2.2	58,077,549	2.2
Blakeney General Partners III Ltd	56,614,203	2.2	52,953,203	2.0
Duet Africa Opportunities Master Fund IC	37,583,840	1.4	40,583,840	1.6
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	637,194,345	24.4	697,563,492	23.8
Less than 1%				
More than 28,000 shareholders	1,165,694,496	44.6	1,179,644,464	45.2
Grand Total	2,611,838,584	100.0	2,611,838,584	100.0

Investment Ratios

Share Performance	June 2016	June 2017
Market Price Closing	TZS 310	TZS 175
Earning Per Share (EPS) - Annualized	TZS 50.5	TZS 30.7
Price Earning Ratio (P/E)	6.2	5.7
Book Value (BV)	272.5	285.6
Price Book Value ratio (P/B)	1.1	0.6
Market Capitalisation (TZS billions)	809.7	457.1
Foreign Holding (%)	22.8	22.9

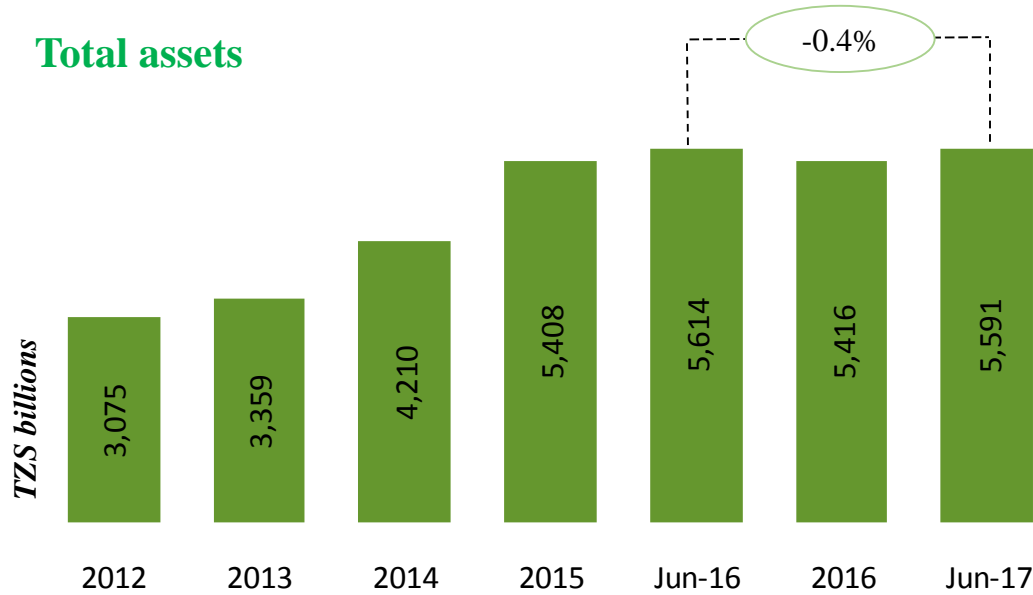
Bank Financial Performance as at 30th June 2017

CRDB Bank Plc. – Performance Summary

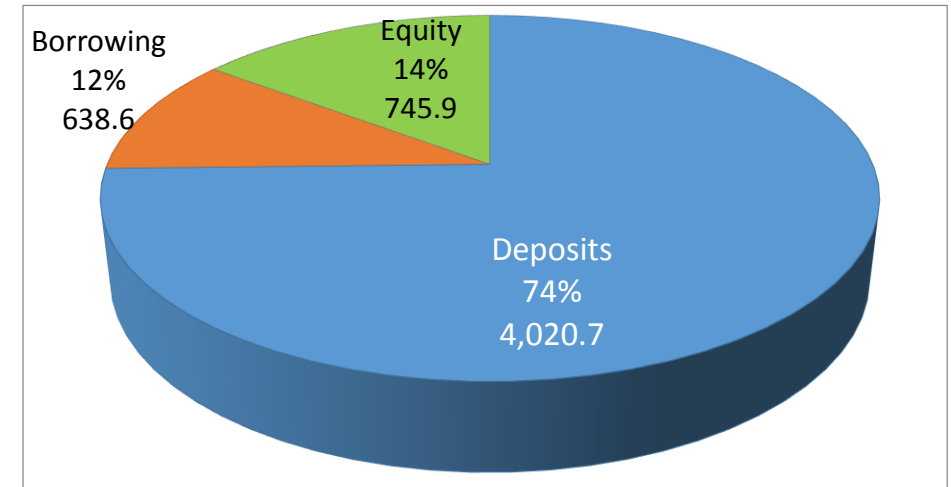
(TZS Billion)	Jun. 2017	Jun. 2016		% Change
Interest Income	271.8	292.1	↓	-7%
Interest Expenses	72.5	67.8	↑	7%
Net Interest Income	199.3	224.3	↓	-11%
Net Fees and commissions	72.5	73.7	↓	-1.6%
Net Foreign Exchange Income	17.8	14.7	↑	22%
Operating Expenses	185.6	170.2	↑	9%
Profit Before Tax	57.4	104.0	↓	-45%
<hr/>				
Net Loans & Advances to Customers	3,047.4	3,500.0	↓	-12.9%
Customer Deposits	4,020.7	4,038.6	↓	-0.4%
Shareholder Equity	745.9	711.6	↑	4.8%
Total Assets	5,590.7	5,614.1	↓	-0.4%
Return on Avg. Assets	2.0%	3.9%	↓	
Return on Avg. Equity	11%	22%	↓	
NPL/Total Loans	13%	11%	↑	

Financial Position - Balance Sheet

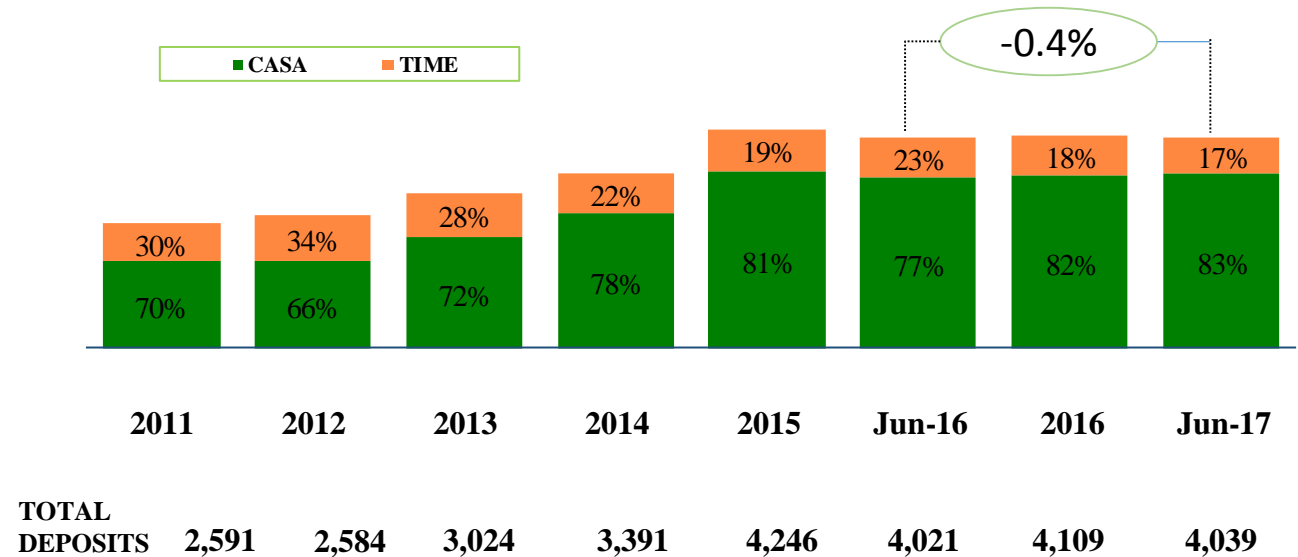
Total assets



Strong sources of funding – TZS billions



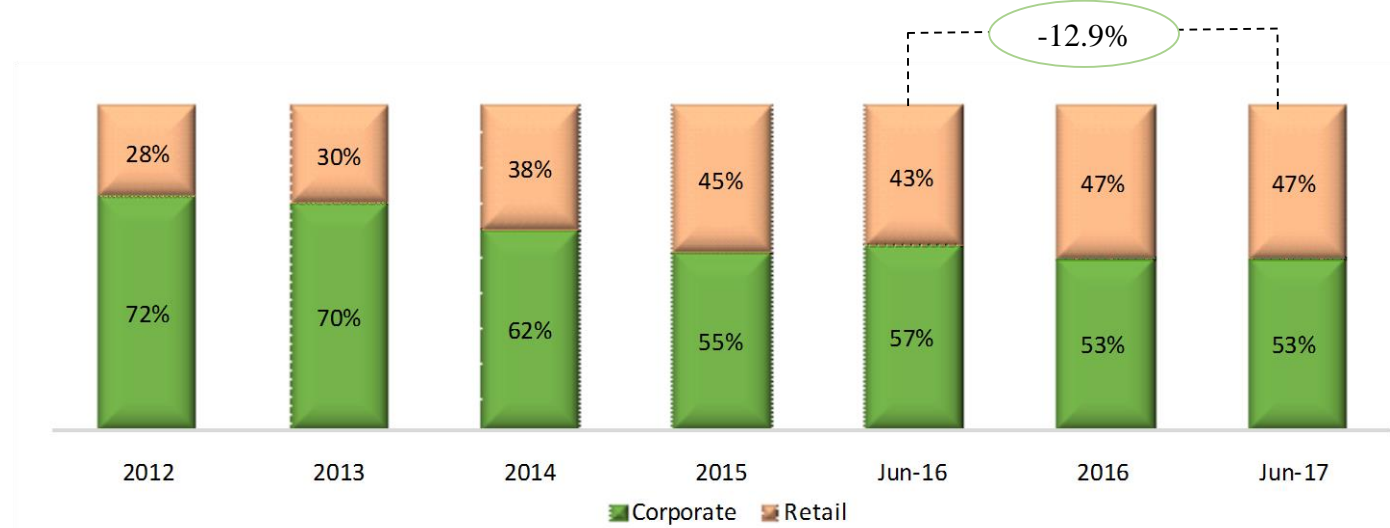
Funding Growth Through Deposit Mobilization



- Customer deposits account for 74% of total funding in the Balance Sheet.
- Borrowing includes subordinated debt of TZS 88.3 bn, other borrowings of TZS 550.3 bn.
- Low cost CASA base increased to 83% in June 2017 (June 2016: 77%) of total deposits with YoY decrease of -0.4% mainly due to transfer of Government deposit to BOT.



Diversified Loans Portfolio (TZS in billion)

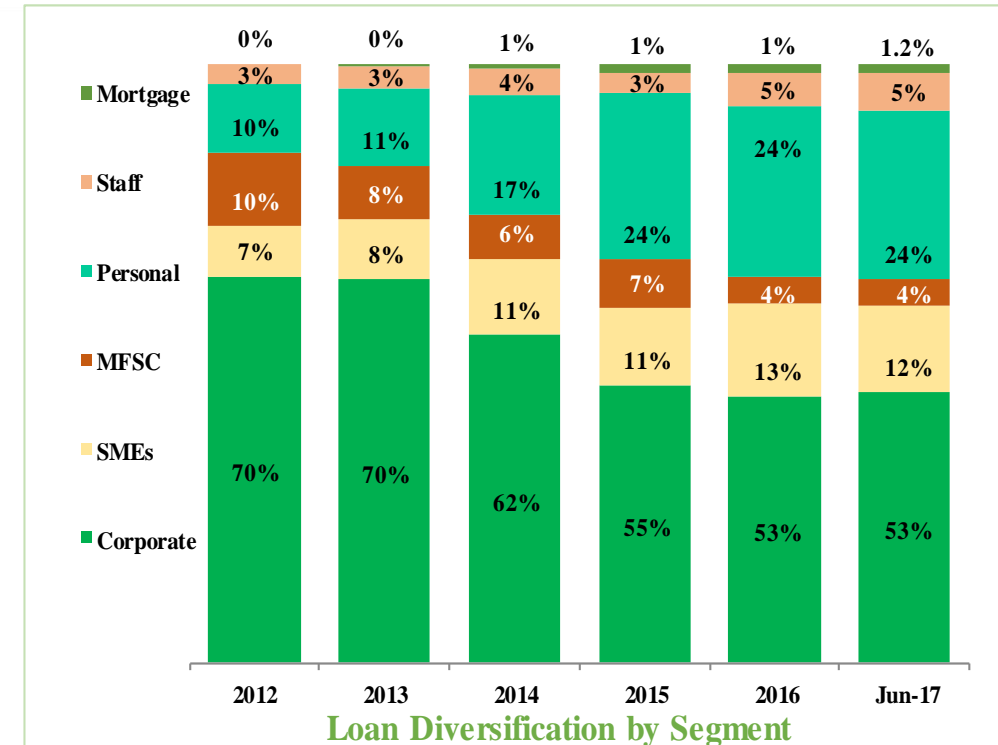
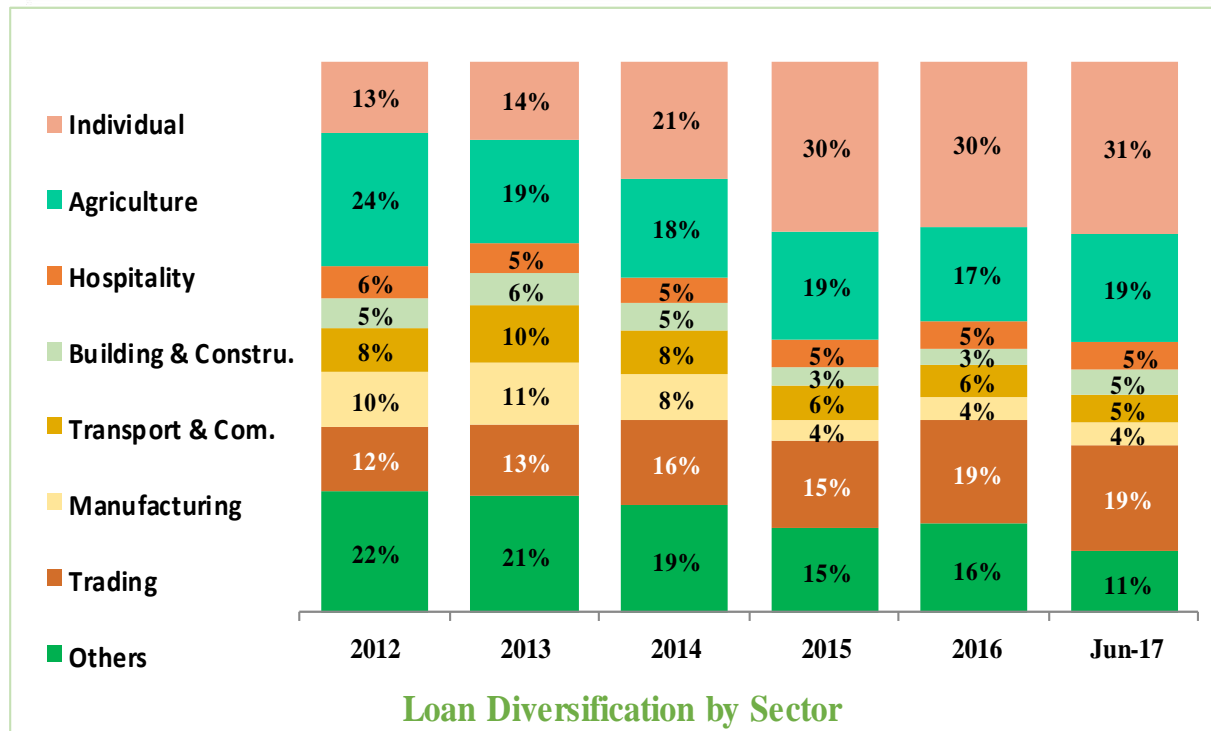


The Bank continued to maintain a strongly diversified portfolio

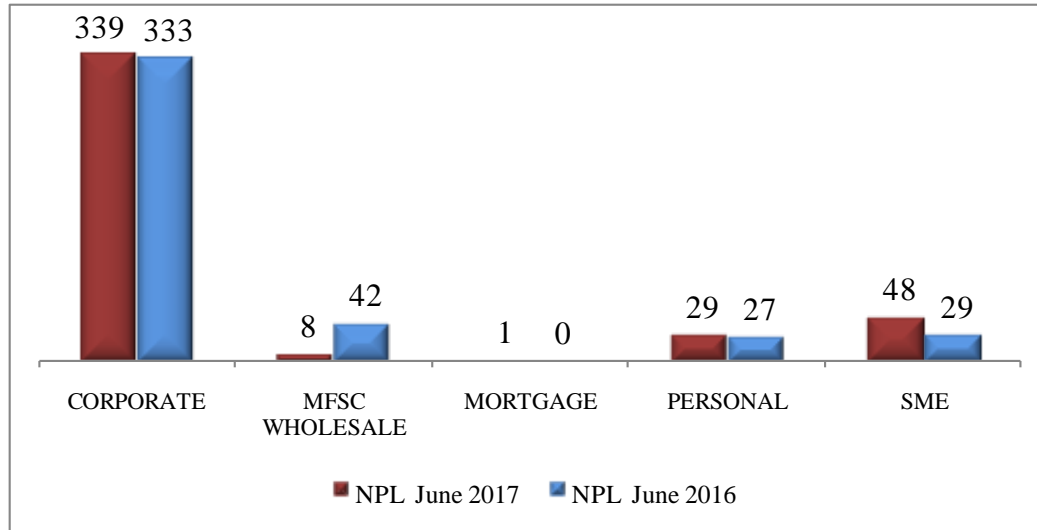
The Bank continued with its strategy to grow retail loan segment and slow down corporate segment.

Corporate Segment has decreased by 4% from 2,021 mil in June 2016 to 1,939 in June 2017.

The Diversified portfolio has decreased by 12.9% from 3,500 mil in June 2016 to 3,047 in June 2017.



NPL by Business Segment



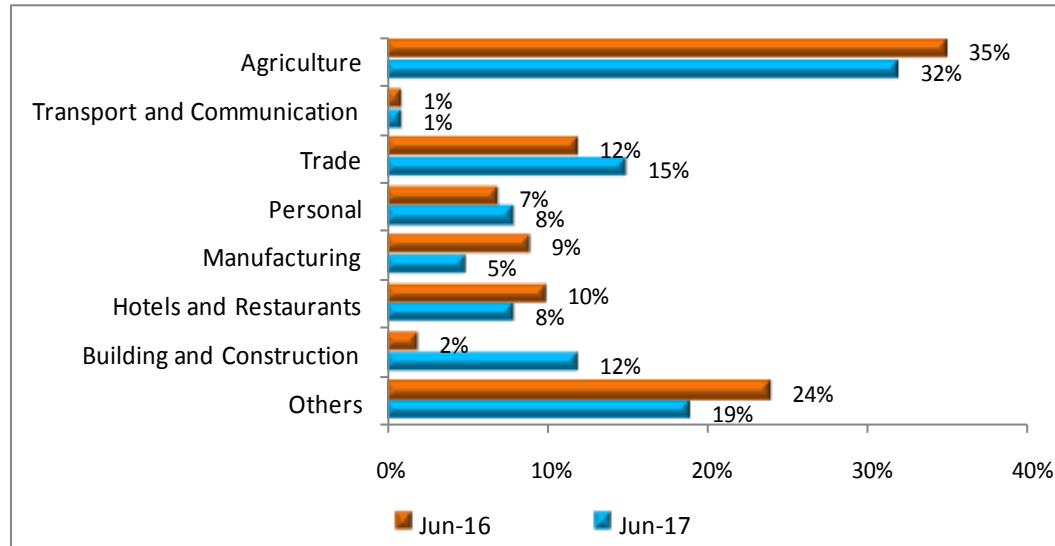
- The Bank's NPL was TZS 430.7bn in June 2017 compared to TZS 405.9 bn. in June 2016.

- Contributed mainly by corporate and SME affected by delayed payments and slow down in some sectors and Tobacco customers.

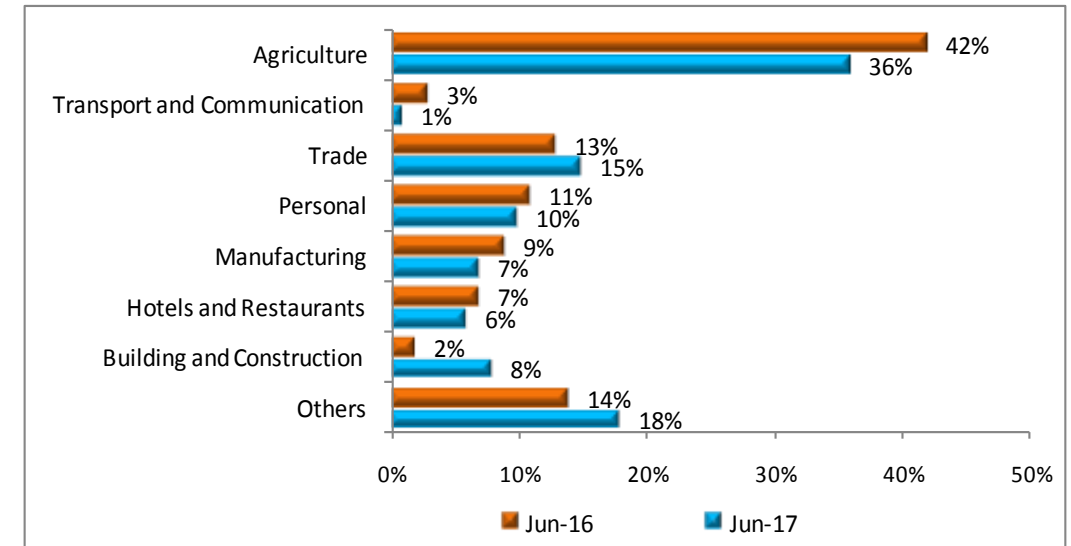
- There is a turn around process for affected corporate customer.

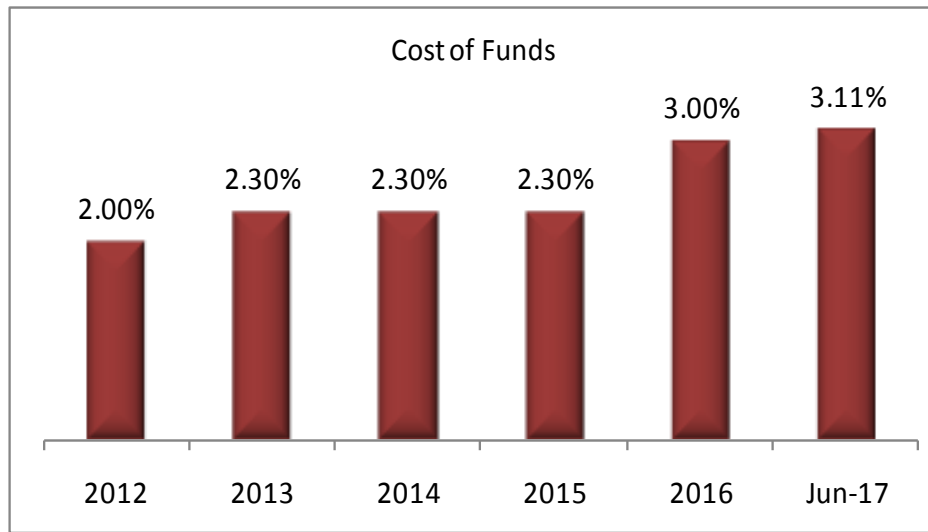
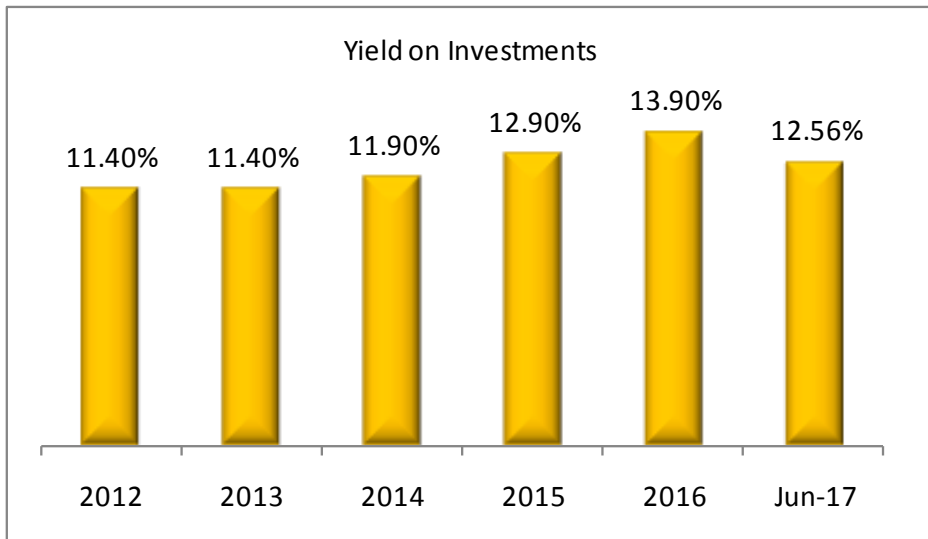
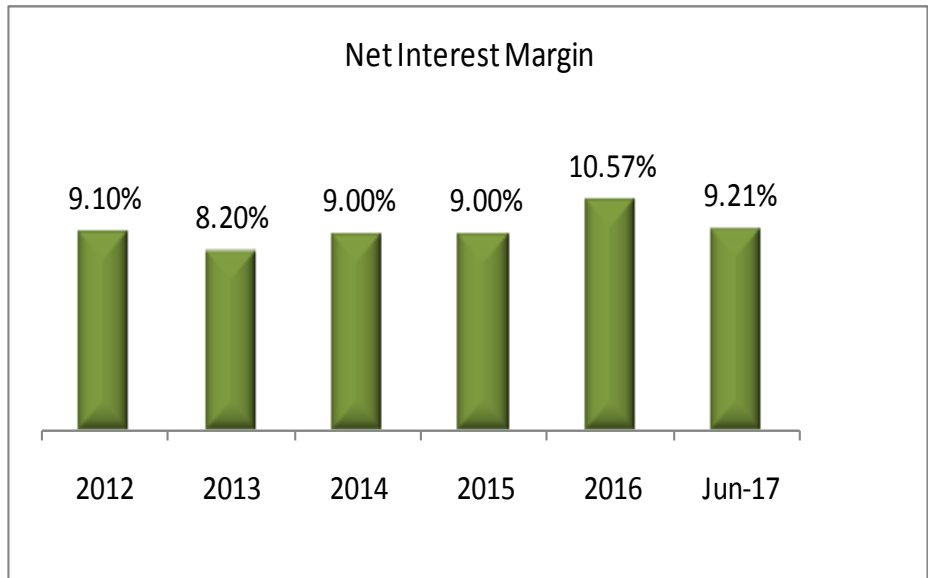
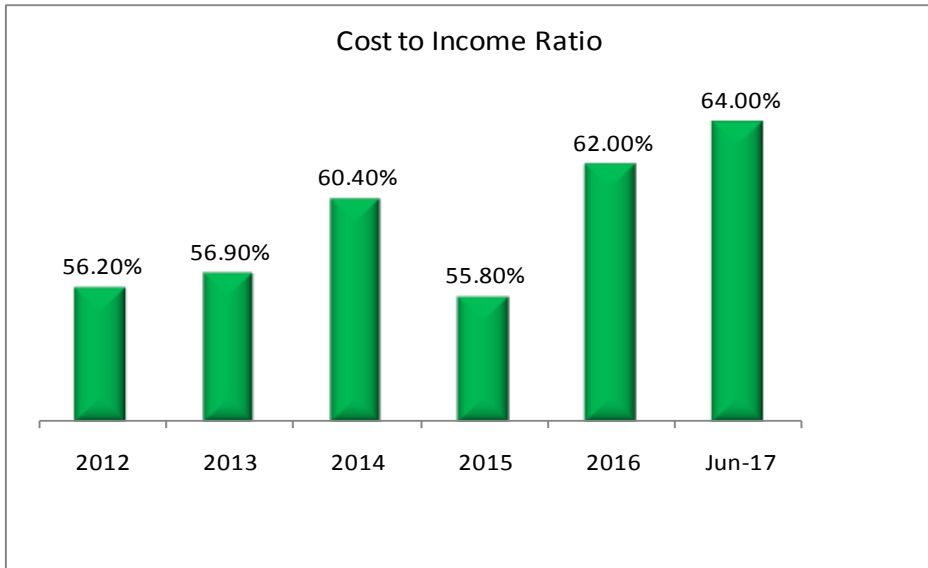
- The Bank continues to reduce exposure in Tobacco sector.

NPL by Sector

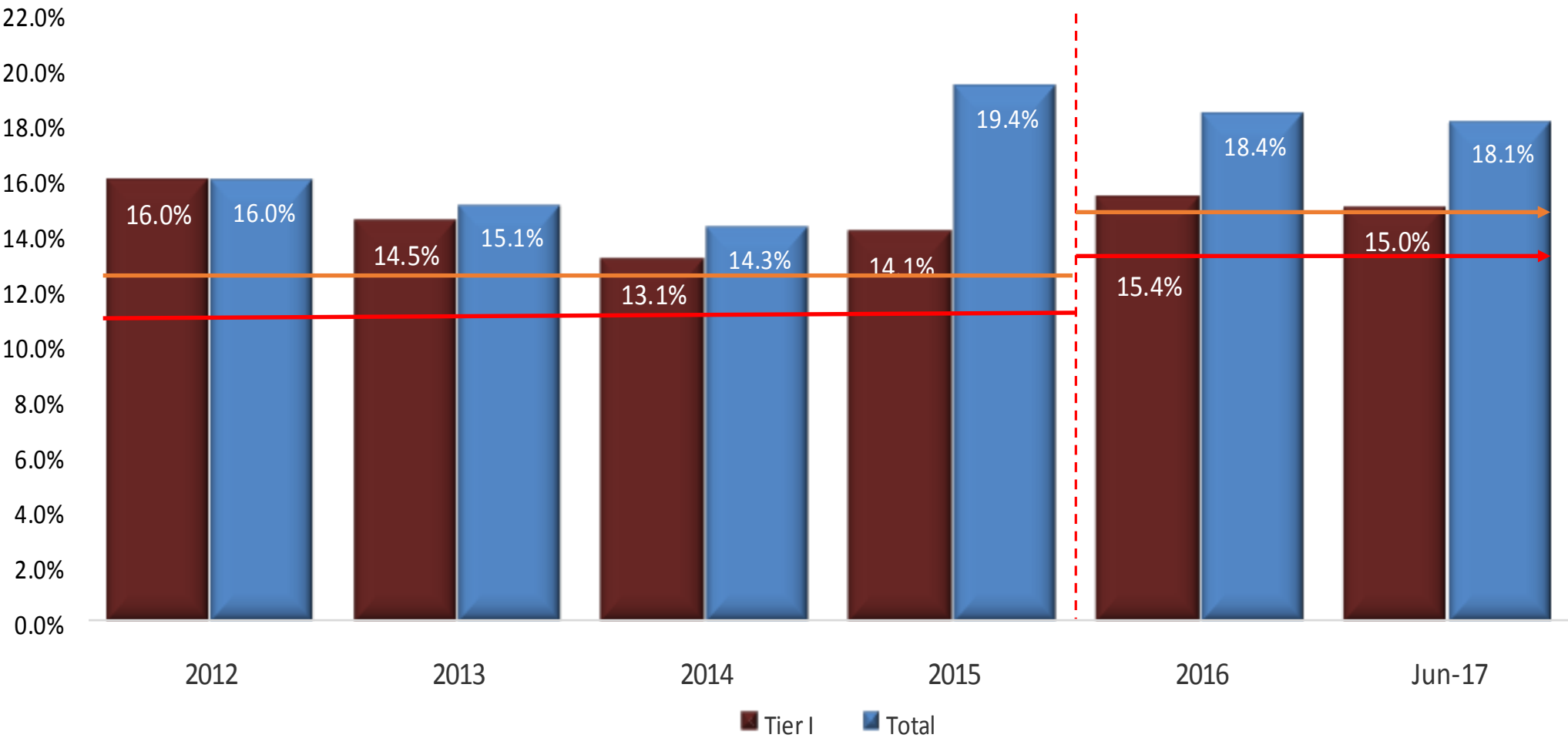


Provision by Sector





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 0.407 billion as at 30th June 2017.
- There were 460 partner MFIs at 30th June 2017 (2016: 453).
- Total loans extended by the Bank to these institutions at the end of June 2017 stood at TZS 110.74 billion.
- Total loans extended by the Bank to Retail clients stood at TZS 7.77 billion.

S/N	Item	Quantity
1.	Service Centres	19
2.	Mini Service Centres	63
3.	Mobile Branches	8
4.	Retail Clients	152,257

CRDB Bank Burundi S.A.

- The Bank has a subsidiary in Burundi, which operates three branches in Bujumbura.
- The subsidiary recorded a loss of TZS -246.76 million as at 30th June 2017 compared to TZS 590.93 million profit recorded in the 2nd quarter of year 2016.
- Total assets increased from TZS 150.72 billion in June 2016 to TZS 154.84 billion in June 2017.
- Total deposits grew from TZS 62.03 billion in June 2016 to TZS 73.8 billion in June 2017.

Performance trend	2014	2015	Jun-16	Jun-17
Total Assets TZS mn.	104,137	146,685	150,720	154,841
Total Deposits TZS mn.	28,894	60,427	62,038	73,817
Net Profit (Loss) TZS mn.	-3,578	870.06	591	-246.8



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 first year the company made a profit after tax of TZS 421 million.

Gross Premium in Millions					
Details	2013	2014	2015	2016	June 2017
Premium Sales	8,244	12,094	17,333	25,647	20,261

CRDB Target 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

