



CRDB BANK PLC

The Bank that Listens

Investor Briefing 3rd 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 & 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 and Manyara
 - Zanzibar Island with massive historical attraction Olduvai George-first skull of human beings
- ❖ **Population** - 50,000,000
- ❖ **Economy**
 - Depends on Agriculture, Mining (Gold, Diamonds etc.) and Tourism. Others are construction, transport and oil & gas.
 - One of fastest growing economy with GDP 7.2% by September 2016.
 - Annual Headline Inflation Rate for the month of September, 2016 has declined to 4.5 % from 4.9% in previous month.

Source: International Monetary Fund (IMF)



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.

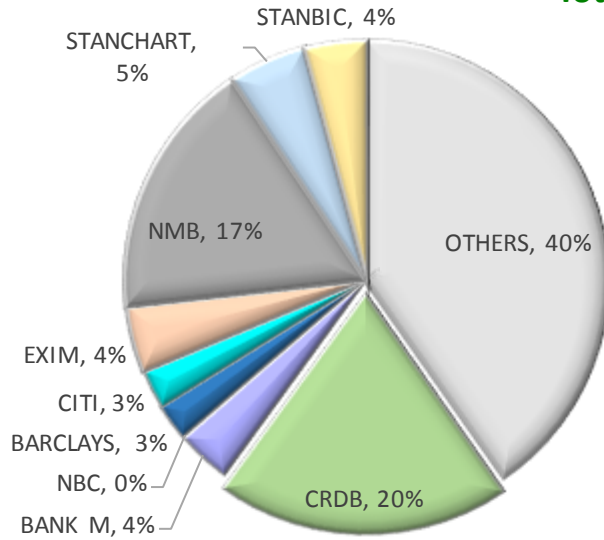




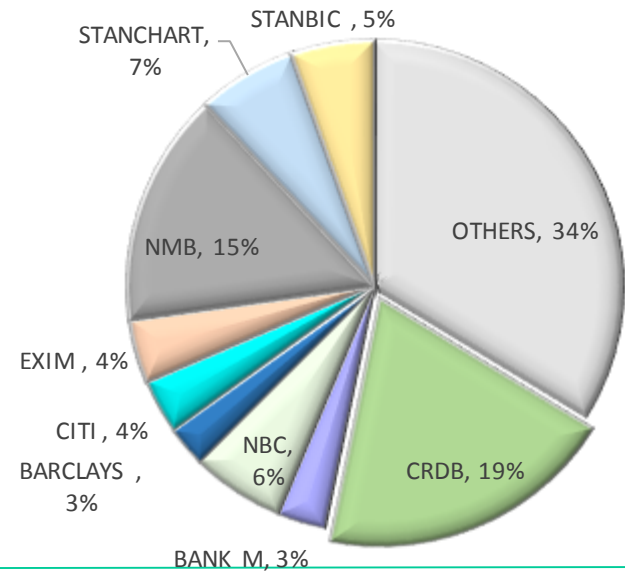
Market Share- Total Assets & Total Deposits

September 2016

Total Assets

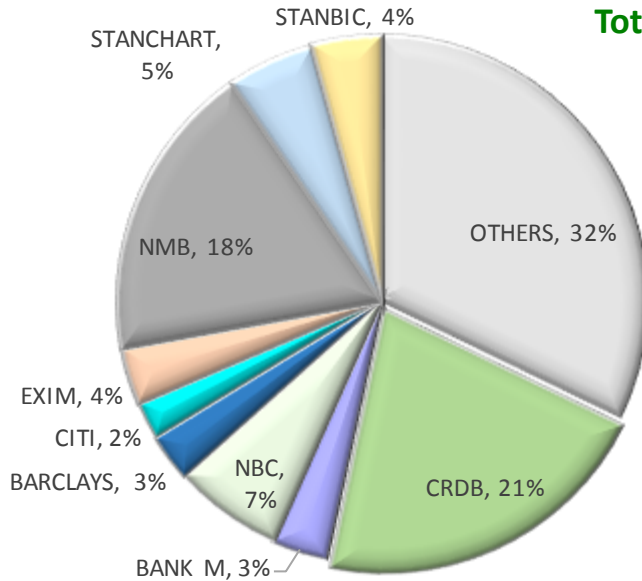


September 2015

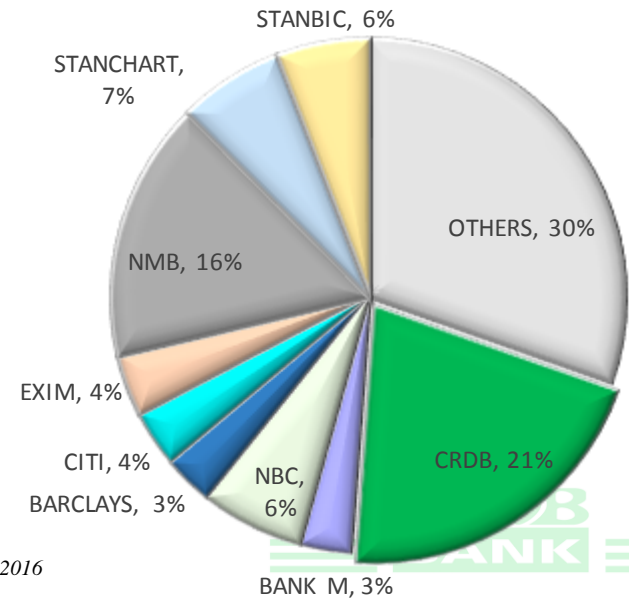


September 2016

Total Deposits



September 2015



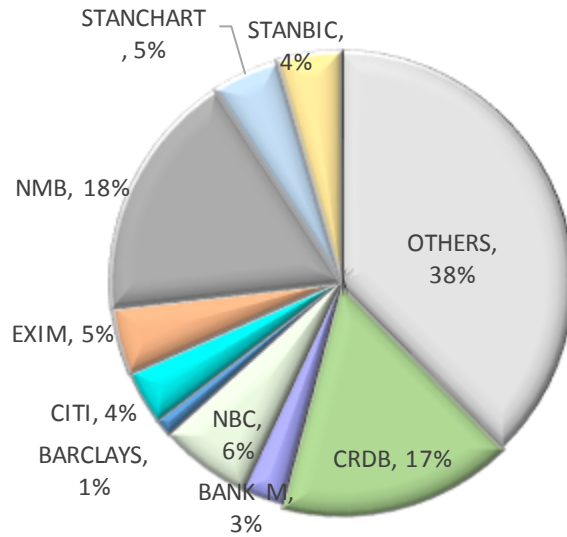
Source: Published Financials, September 2016





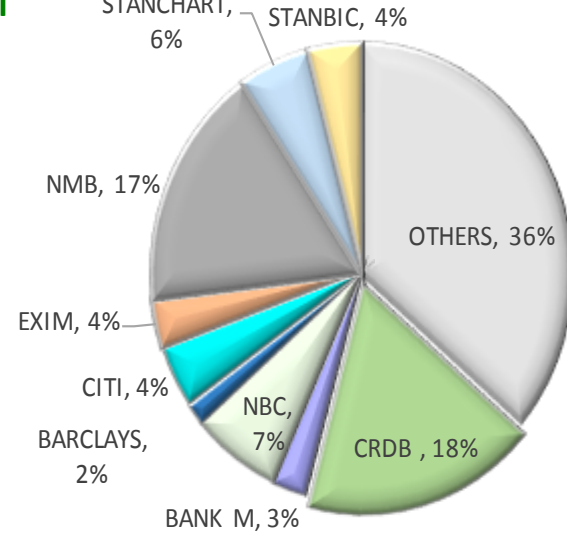
Market Share – Shareholder’s Funds and Loans & Advances

September 2016

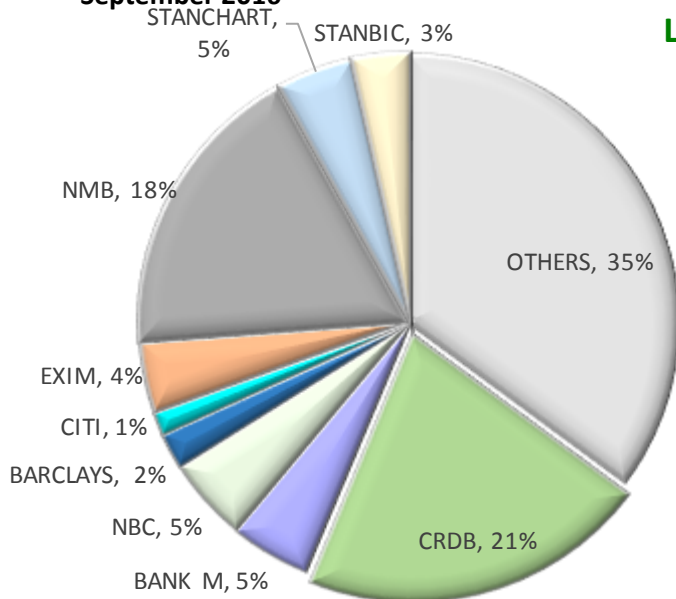


Capital

September 2015

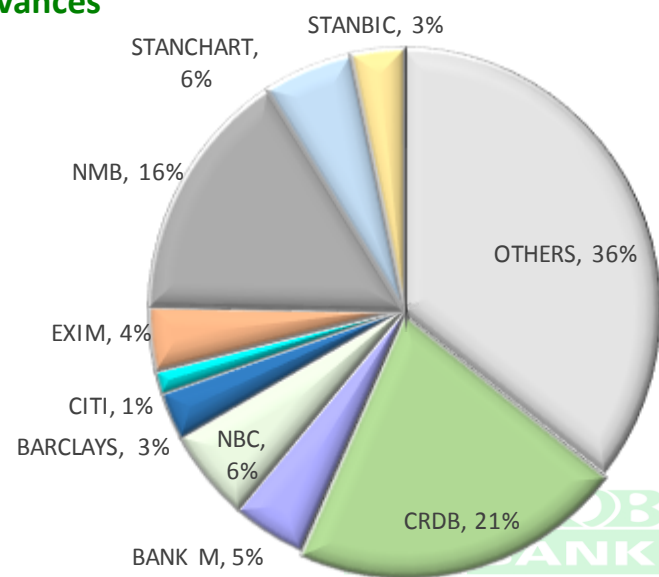


September 2016



Loans & Advances

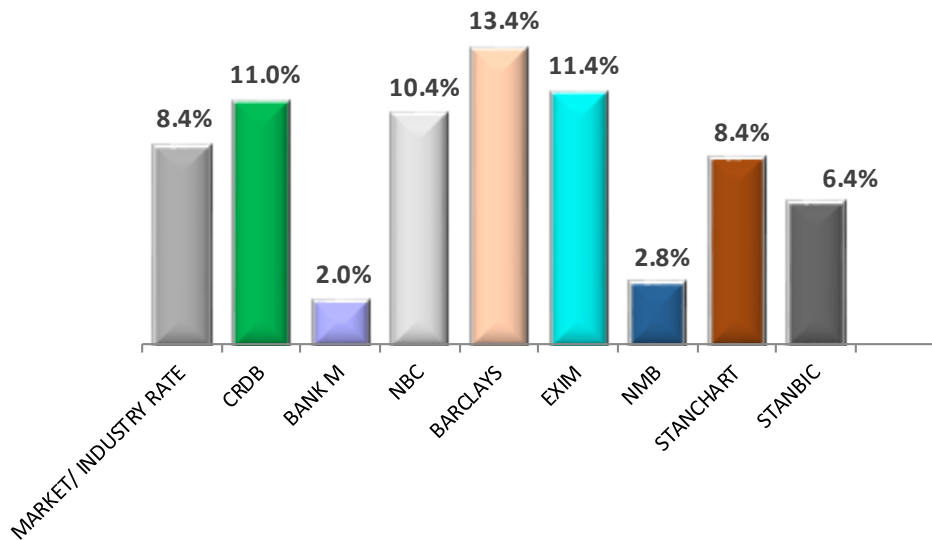
September 2015





Market Share- NPL to Gross Loans as at 30th Sept. 2016

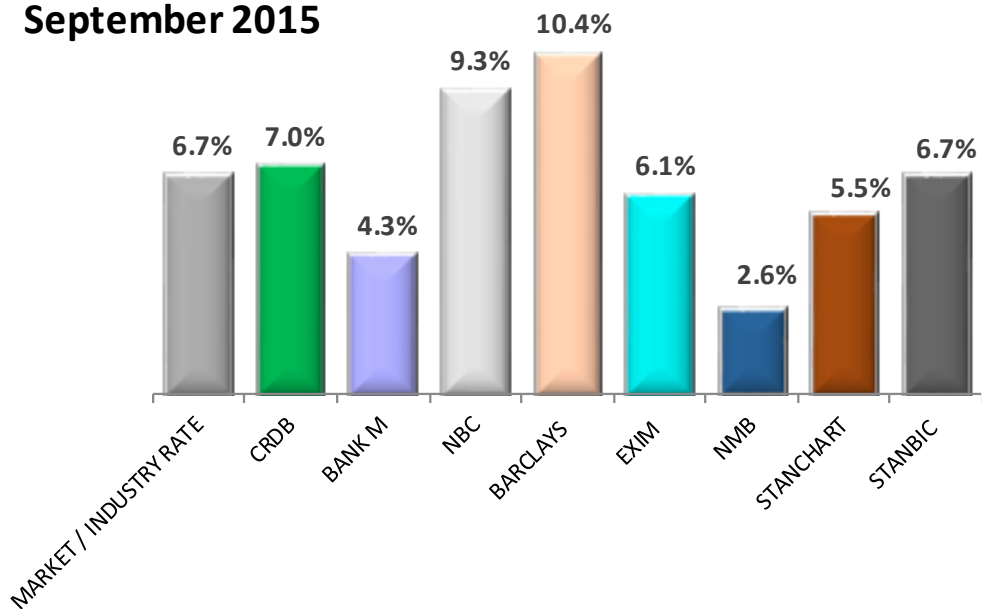
September 2016



Industry ratio of Non –Performing Loans (NPL) to Gross Loans increased to 8.4% in September 2016 from 6.7% in September 2015 which is above Bank of Tanzania’s industry benchmark of 5%, thus indicating a decline in the sector’s asset quality.

According to the Bank of Tanzania monthly economic review, credit to private sector by banks grew at an annual rate of 13.8% 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.

September 2015



Most major economic activities recorded a slower growth of bank credit. The growth of loans to individuals and trade increased while growth was lower in agriculture, transport and Communication. Declines also were registered in manufacturing, building and construction.

Source: BOT Report – Monthly Economic Review, September 2016

Source: Published Financials, September 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 continue to introduce innovative products and services such as Internet banking, Mobile banking and cards
 - Expanding with additional physical and e-banking outlets – ATM's, mobile banking, internet banking.
 - Competition for payment system – Debit Cards, prepaid cards, Money transfer and payment system by telecoms i.e. M-Pesa
- 5 banks including CRDB Bank PLC licensed to start Agency banking
 - Agent Banking is expected to enhance accessibility and convenience of banking services to customers.
- Increasing competition for qualified staff.
- Potential for growth expected in – Mortgage finance, Investment Banking, Agent Banking and micro-finance and insurance.



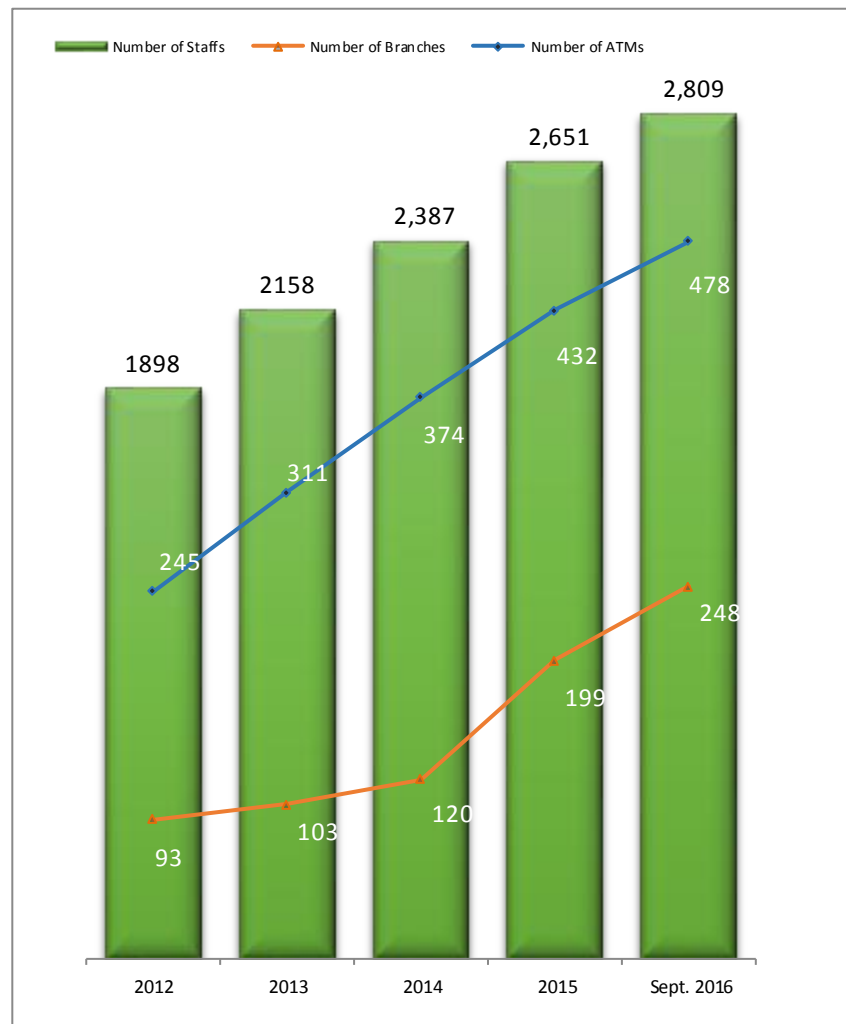
Bank Financial Performance as at 30th September, 2016





CRDB Profile end of September, 2016

- CRDB Bank PLC offers a comprehensive range of Corporate, Retail, Treasury, Premier, Agent banking and microfinance services.
- Network footprint of;
 - 248 branches including mobile branches and service centers.
 - 478 ATMs including 18 Depository ATMs,
 - 795 Merchants Network
 - 2,321 Agents (Fahari Huduma).
 - 453 Microfinance partner institutions.
 - CHINA DESK
 - INDIA DESK
 - Microfinance Subsidiary
 - Burundi Subsidiary
 - CRDB Insurance Broker Company.





Shareholding Structure	30.06.2016		30.09.2016	
	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 / Re: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	68,104,802	2.6
LAPF Pension Fund	58,077,549	2.2	58,077,549	2.2
Blakeney General Partners III Ltd	52,953,203	2.0	52,953,203	2.0
Kimberlite Frontier Master Africa Fund LP RCKM	41,990,927	1.6	47,292,695	1.8
Duet Africa Opportunities Master Fund IC	40,583,840	1.6	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	1.1	32,040,040	1.1
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	623,244,377	23.8	628,546,145	24.0
Less than 1%				
More than 28,000 shareholders	1,179,644,464	45.2	1,174,342,696	45.0
Grand Total	2,611,838,584	100.0	2,611,838,584	100.0





Investment Ratios

Share Performance	As at 30th Sept. 2015	As at 30th Sept. 2016
Market Price Closing	TZS 365	TZS 250
Earning per share (EPS)	TZS 40	TZS 26
Price Earning Ratio (P/E)	9.1	9.6
Book Value (BV)	220.9	273.3
Price book value ratio (P/B)	1.8	0.9
Dividend Yield	-	-
Market Capitalisation (TZS billions)	953.3	666.0
Foreign Holding (%)	22.0	23.0



CRDB BANK Plc. – Group Financials as at 30th September, 2016

Performance Summary

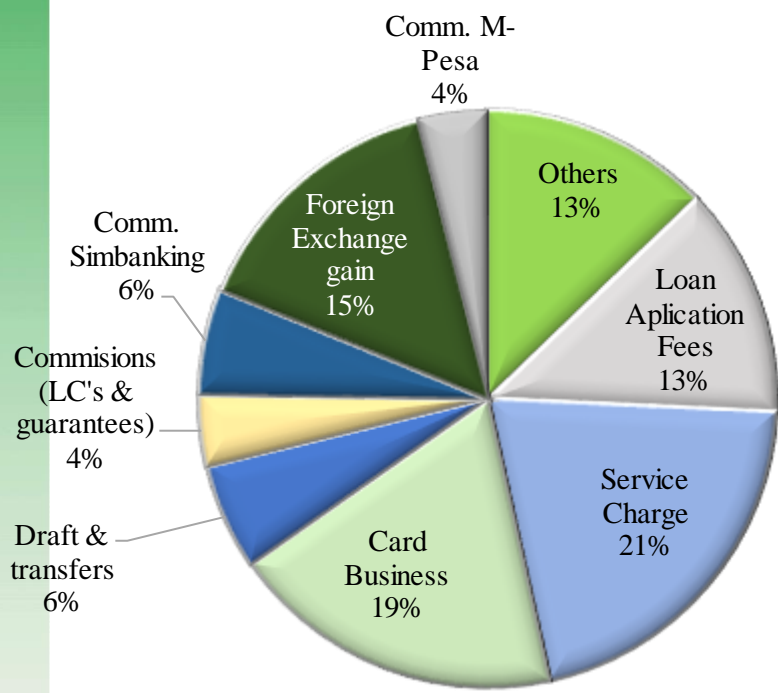
(TZS Billion)	Sept. 2015	Sept. 2016	% change	
Interest Income	351.4	441.1	25.5	↑
Interest Expense	75.8	104.7	38.1	↑
Net Interest Income	275.5	336.4	22.1	↑
Net Fees and Commissions	106.4	108.9	2.3	↑
Net Foreign Exchange Income	24.5	21.8	11.0	↓
Operating Expenses	109.5	136.0	24.2	↑
Profit Before Tax	147.9	113.0	23.6	↓
Loans and Advances to Customers	3,068.4	3,361.2	9.5	↑
Customer Deposits	4,022.3	4,051.5	0.7	↑
Shareholder Equity	666.8	713.7	7.0	↑
Total Assets	5,273.3	5,433.4	3.0	↑
Return on Avg. Assets	4.2%	2.8%	(33.3)	↓
Return on Avg. Equity	25%	13.3%	(46.8)	↓
NPL/Total Loans	6.9%	11%	59.4	↑



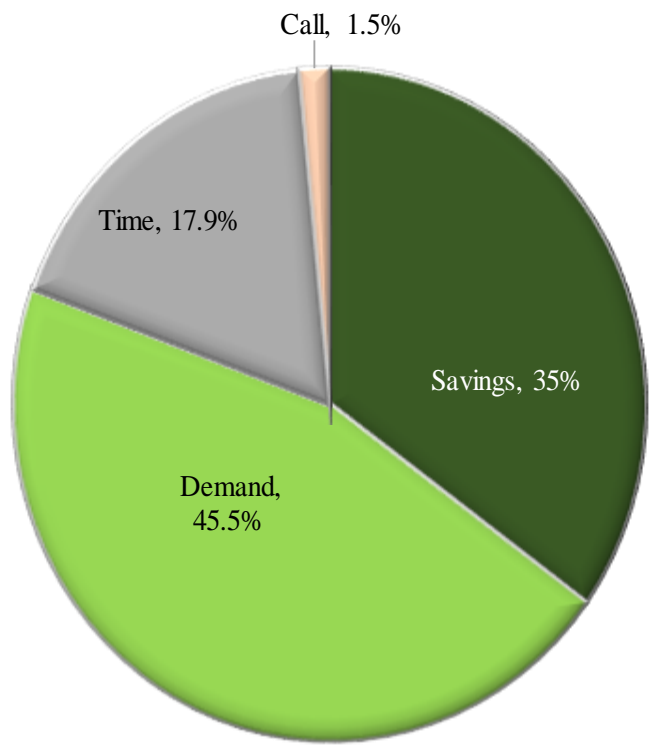


- Fee Income Composition

Fee Income



- Deposit Composition



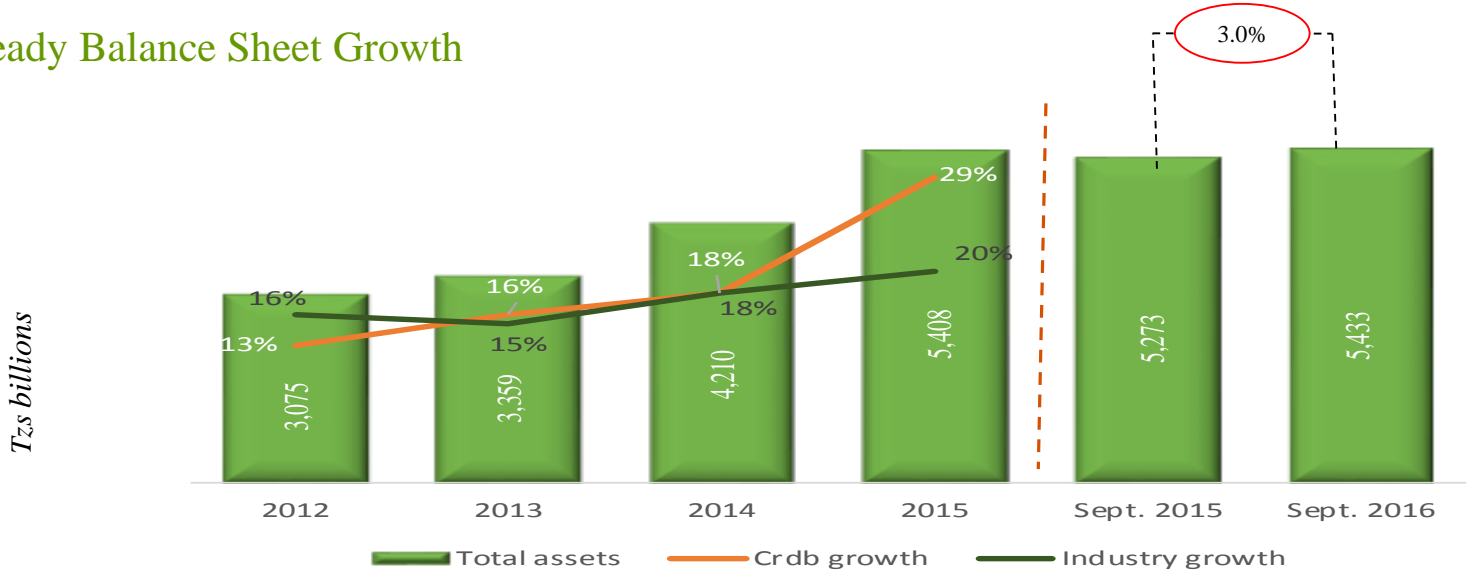
■ Savings ■ Demand ■ Time ■ Call



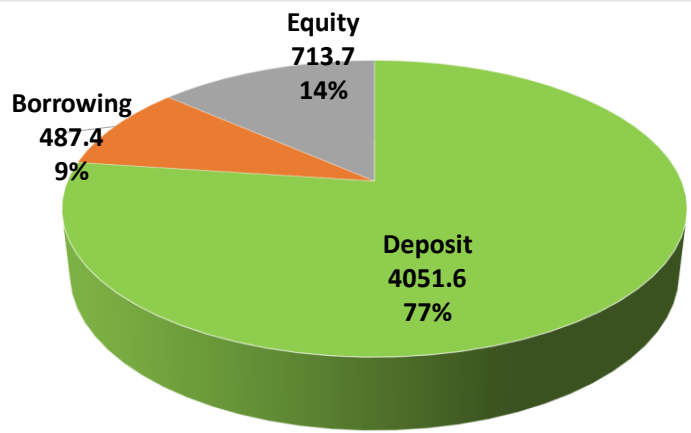


Financial Position

Steady Balance Sheet Growth



Key sources of funding – Tzs billions

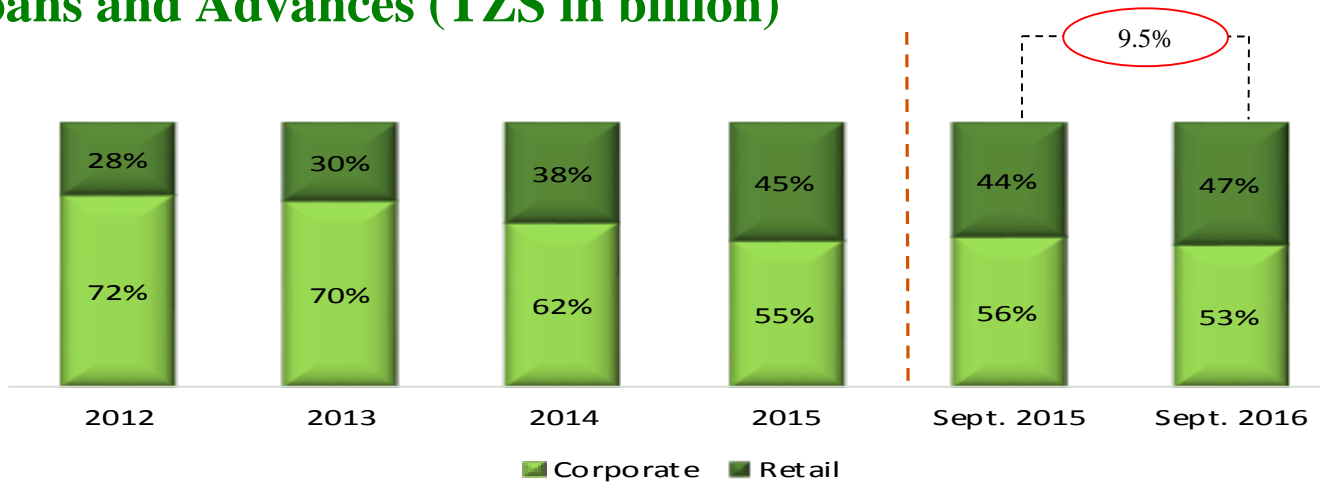


- Customer Deposits Accounts for 77% of total Funding in the Balance Sheet.
- The borrowing includes subordinated debt 84.5 bn, other borrowings 403.3 bn.

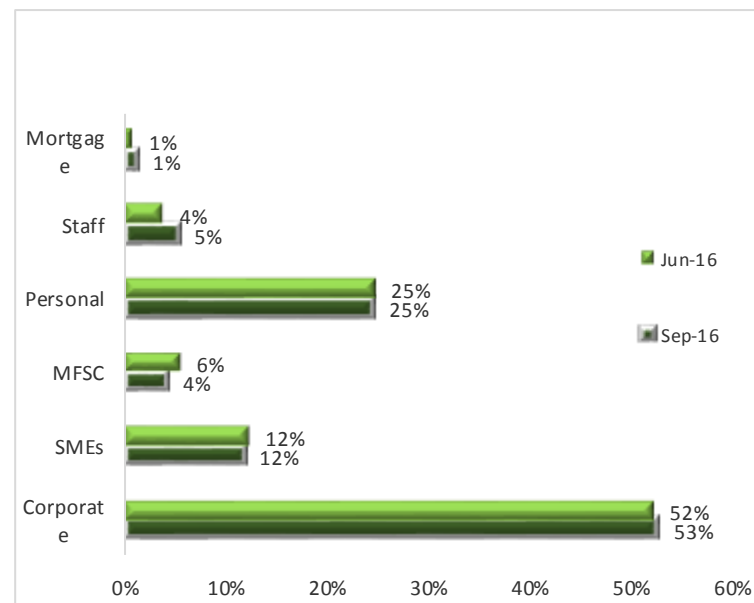
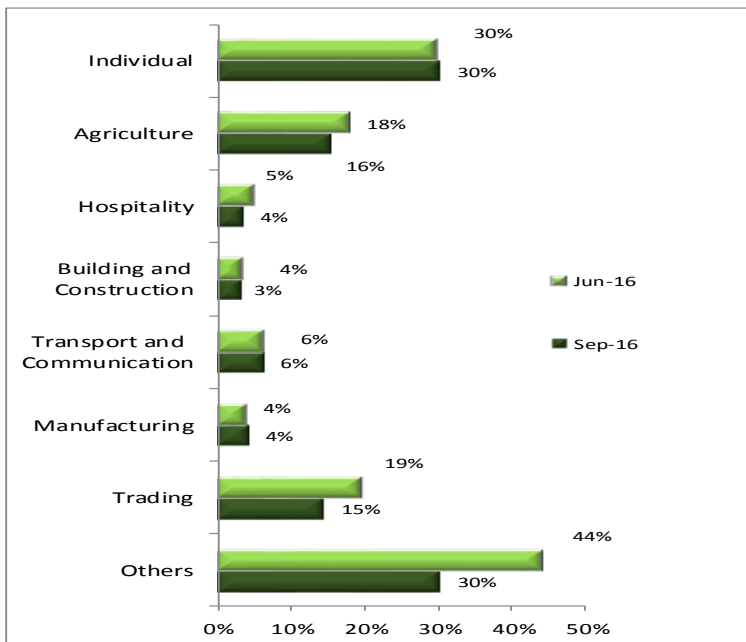




Loans and Advances (TZS in billion)

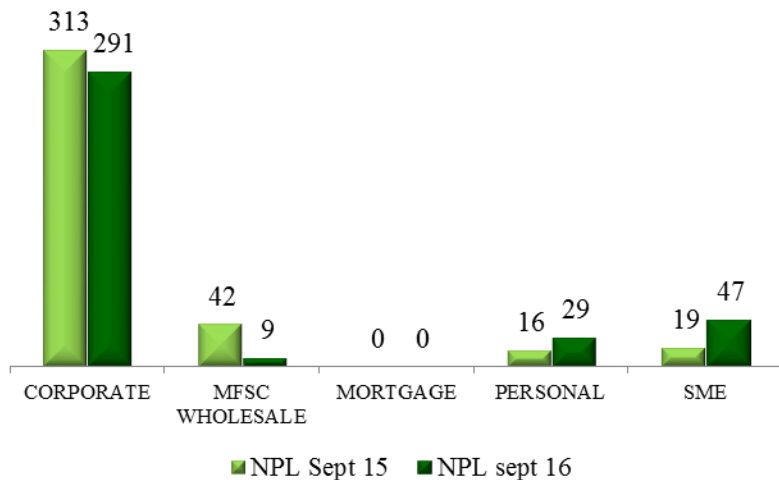


Diversified Portfolio among key sectors and segments (Sept. 2016)



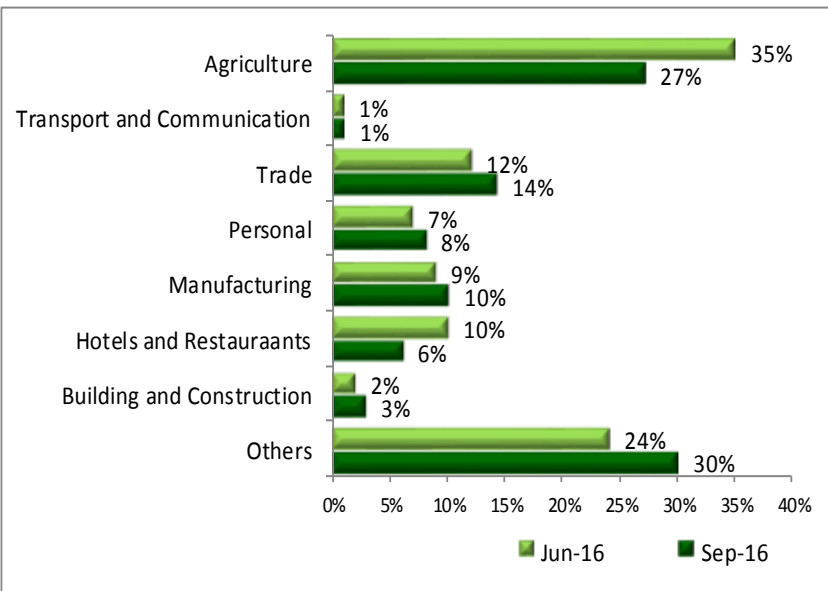


NPL by Business Segment – Sept 2016

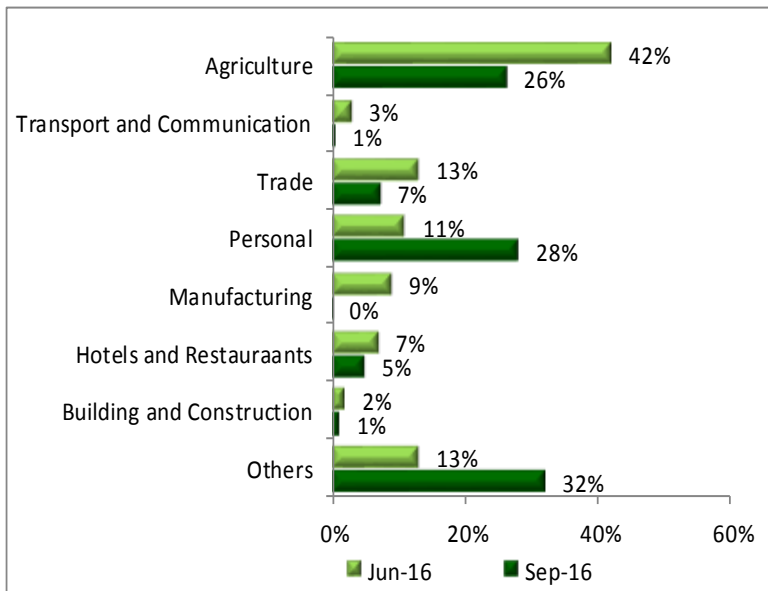


- The Bank NPL Sept 2016 was TZS 378.3 bn. Compared to June 2016 – TZS 405.9 bn.
- Mainly contributed by corporate segment by 77% caused by some big corporate customer delays in payment and Tobacco customers.
- Affected corporate customer continue to turn around.
- The Bank continues to reduce exposure in Tobacco sector.

Sector NPL as at Sept 2016



Sector Provision as at Sept 2016

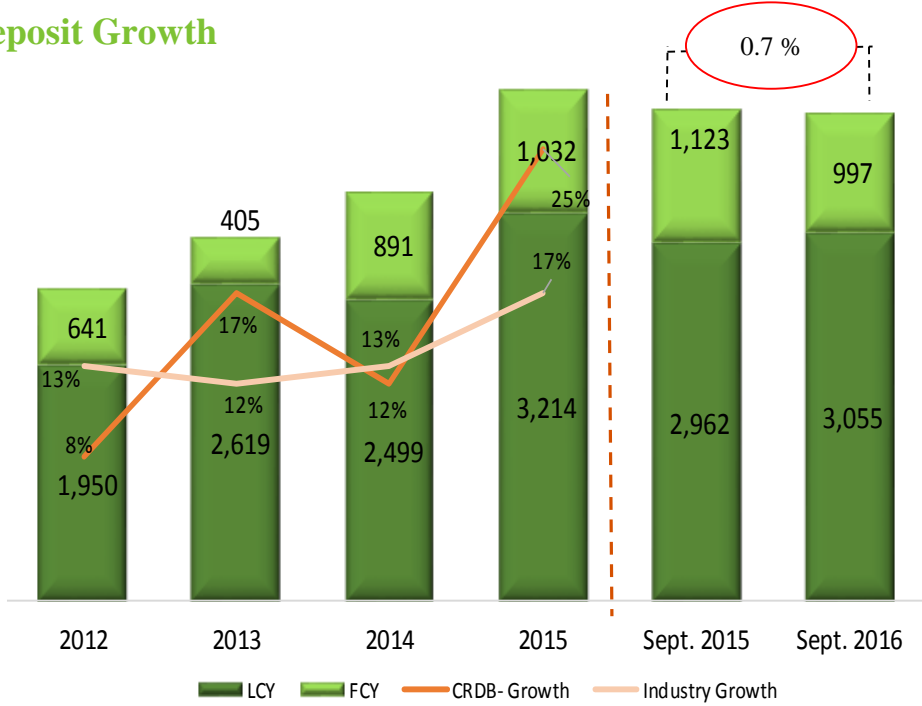




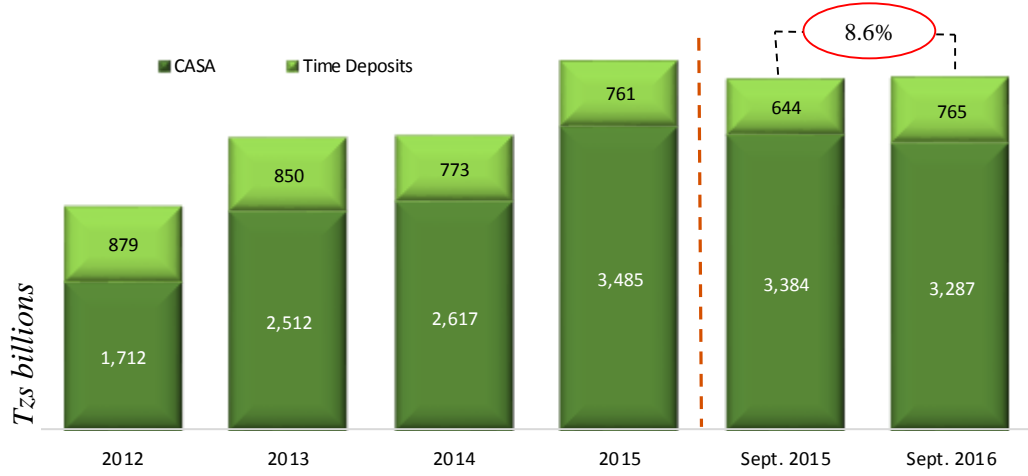
Customer Deposits

Funding Growth Through Deposit Mobilization

Deposit Growth



- Quarterly deposit decrease by 0.7%
- Growth in deposits has decreased compared to Sept. 2015 financials.
- 32% of the total deposits are held in Foreign Currency.
- Foreign Currency deposits decrease by 11% mainly resulting from decrease in volume of forex transaction in the market. Appetite to invest in TZS increase compared to USD (USD rate has been stable through out the year.)

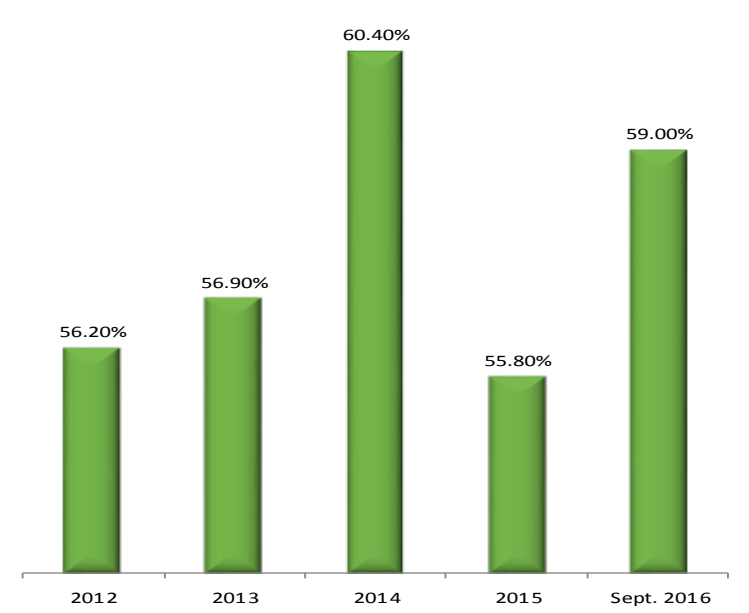


- 80.6% of deposits is contributed by CASA.
- Increase in CASA by 8.6% compared to Sept. 2015

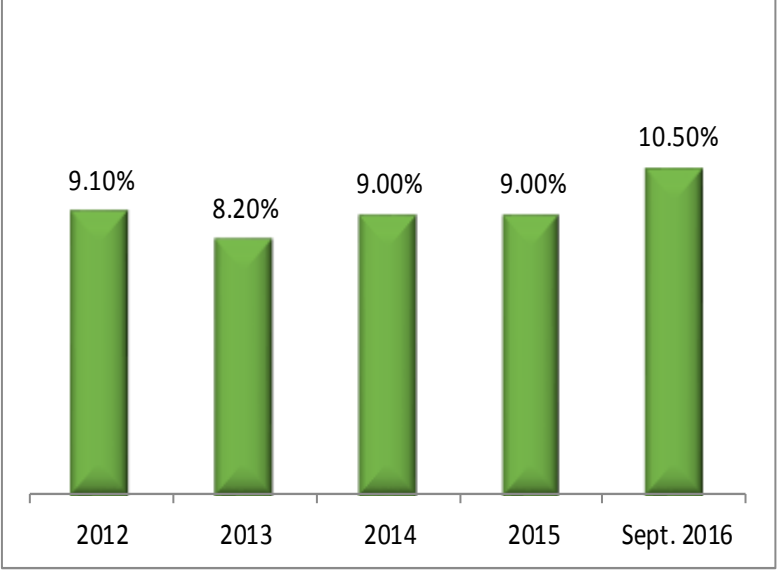




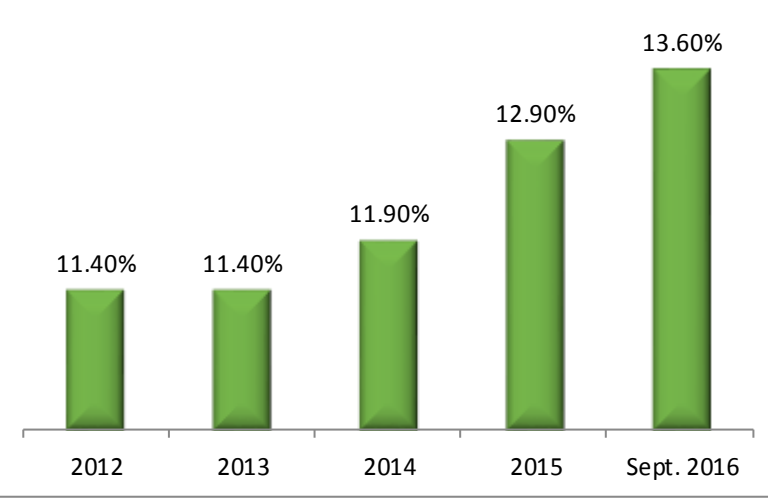
Cost to Income Ratio



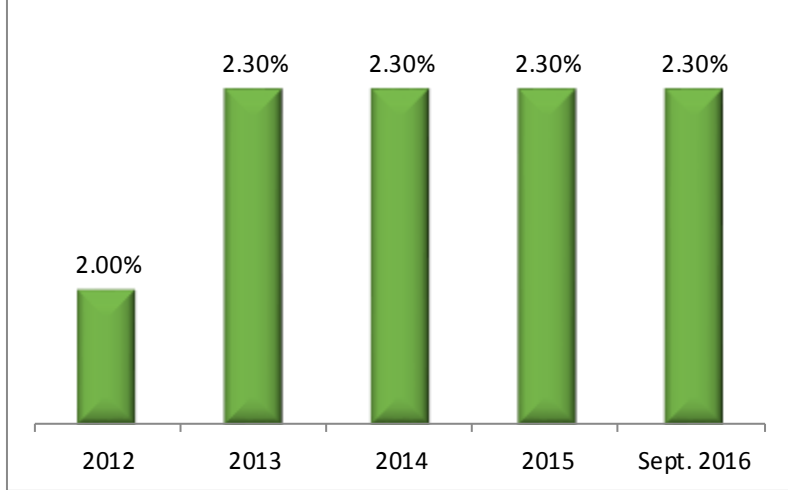
Net Interest Margin



Yield on Investment

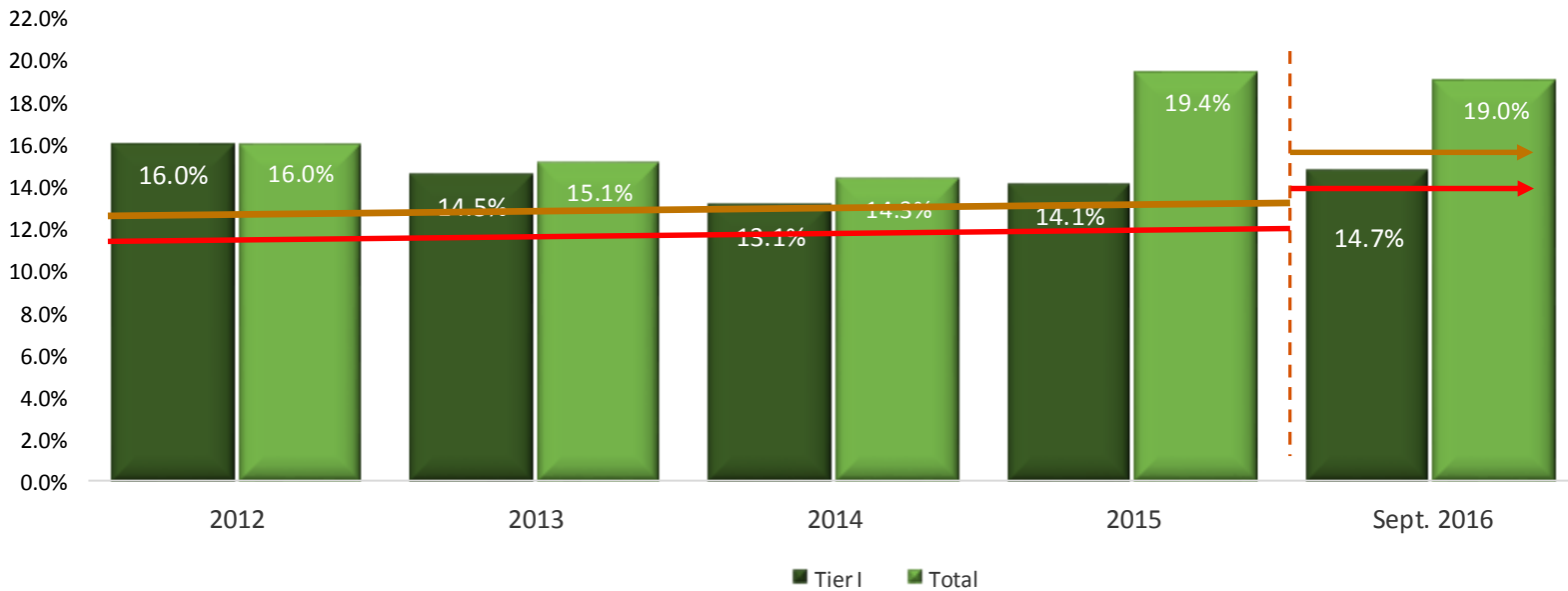


Cost of Fund

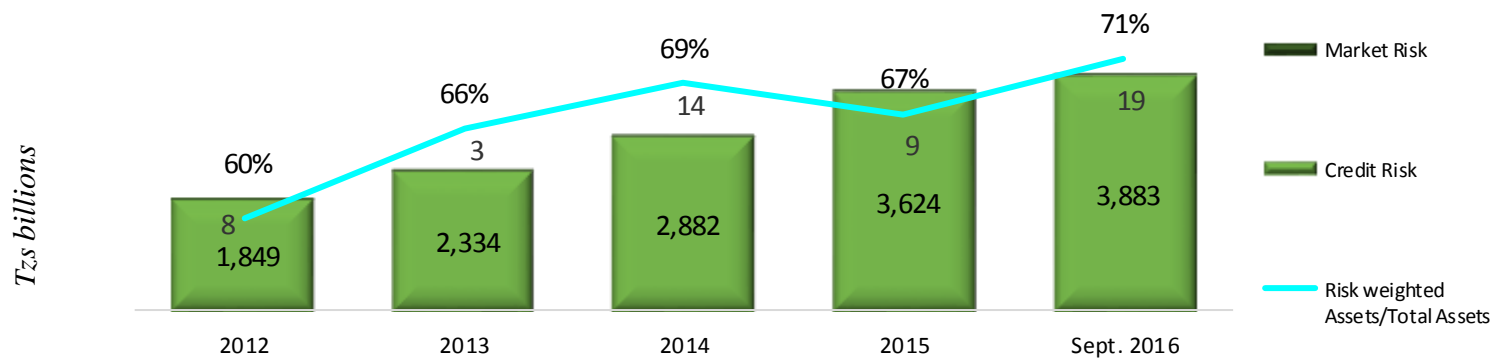




Capital adequacy ratio



Risk weighted assets





CRDB Bank Plc Subsidiaries

1. CRDB Microfinance Services Company Limited (MFSCCL)

- Offers Microfinance products through its subsidiary by partnering Microfinance institutions (MFIs) which are mainly SACCOS. Products offered are - microfinance loans, mobilise deposits from partner MFIs on behalf of the parent company, insurance products and services, information and communication technology solutions and support.
- The number of partner MFIs were 453 in September 2016.
- Total loans extended by the Bank to these institutions at the end of September 2016 stood at TZS 143.6 billion (wholesale 8.7 and retail 134.9).
- The subsidiary made a profit of TZS 9.1 billion as at 30th September, 2016.
- Number of service Centres-15
- Number of mini-service centres-60
- Number of mobile branches-8
- Number of retail clients 113,448



CRDB Bank Plc Subsidiaries cont.

2. CRDB Bank Burundi S.A.

- The Bank has a subsidiary in Burundi, “*CRDB Bank Burundi S.A*” which has three branches in Bujumbura.
- The subsidiary recorded a profit of TZS 852 million as at 30th Sept. 2016 compared to TZS 69.7 million profit recorded in the 3rd quarter of year 2015.
- The subsidiary total assets as at 30th Sept. 2016 grew to TZS 151.41 billion from TZS 131.8 billion in Sept. 2015.
- Total deposits grew to TZS 66.1 billion compared to TZS 49.1 billion in Sept. 2015.

• Burundi Economic Review

- The country went into recession during the year 2015 with a GDP growth estimated at negative 3.9%. However, the outlook for 2016 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 and infrastructure projects to improve the business climate and consequently improve domestic revenues as the country is facing a decline in grants from donors.

Performance trend	Sept. 2014	Sept. 2015	Sept. 2016
Total Asset TZS mn.	62,545	131,885	151,416
Total Deposits TZS mn.	28,067	49,145	66,119
Net Profit (Loss) TZS mn.	(2,909)	69	852



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 US)	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 balance % 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

Up to 2011

CRDB Insurance Agency

2012

CRDB MFSCCL Insurance Agency

2014

CRDB MFSCCL Insurance Broker

2016

CRDB Insurance Broker Ltd

Gross Premium in Billions			
Particulars	2013	2014	2015
Business written	8,244	12,094	17,333





Strategic Focus for 2016

- 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;
 - Core Banking upgrade was successfully implemented in May, 2016.
 - Development of SME credit rating model has been implemented now having corporate rating and mortgage scoring 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 share of banking industry assets of 20% - 25%

Financial results

- After tax profits increasing 2 fold vs. 2012
- Cost – income ratio decreased from 62% to 50 – 55%
- ROE: 22% - 25%
- Headcount of 3,000 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 5% or more in Burundi by 2017.
- Prepare for consolidation regionally.



CRDB Bank Awards and Recognition

CRDB Bank got 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. Voted as the 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

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





Thank You

