

CRDB BANK PLC

The Bank that Listens

Investors Briefing 3rd Quarter 2017



Operating Environment - 2017

- During the nine month of the year 2017, 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 increased to 5.3% in September from 5% recorded in previous month.
- However, extended broad money supply (M3) grew by 5.8% in July showing low Liquidity in the economy/ as a result of slow growth of domestic credit.

Banking Sector Landscape

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

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

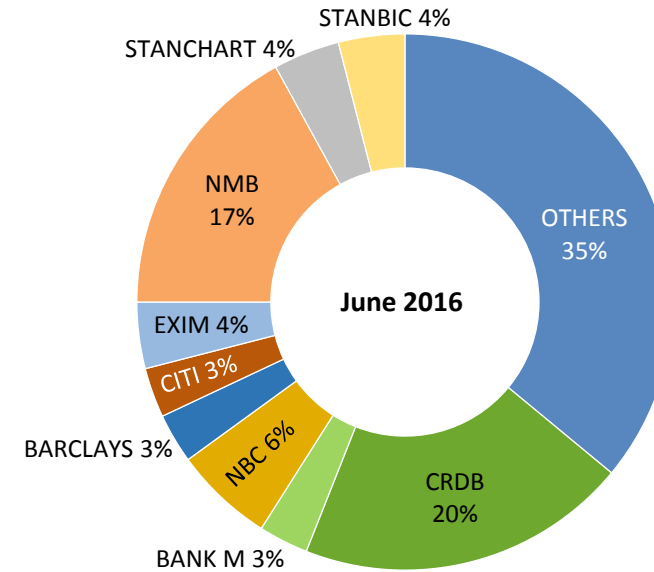
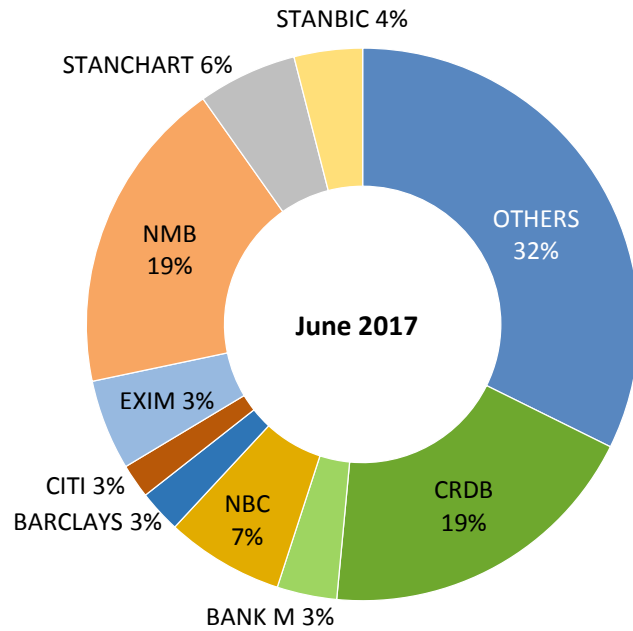
Transforming MFSC to a Bank, Insurance business new subsidiaries, Market survey - for a new cross border subsidiary.

Major Milestones up to September 2017

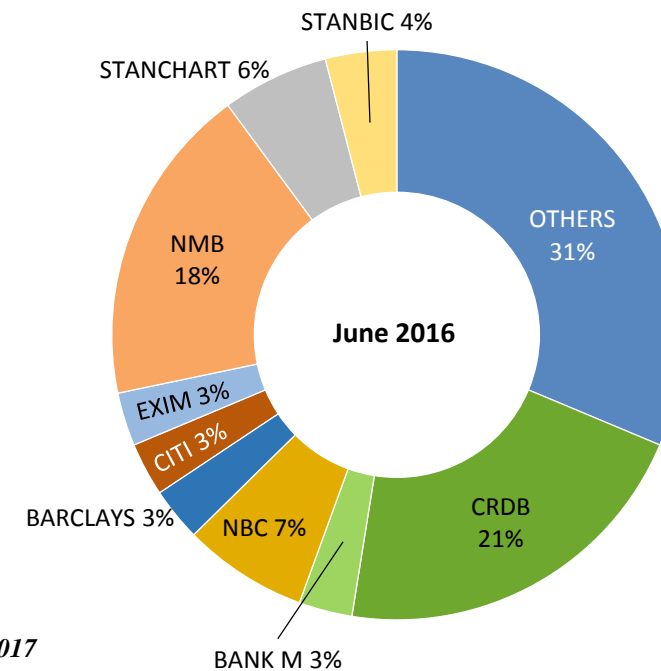
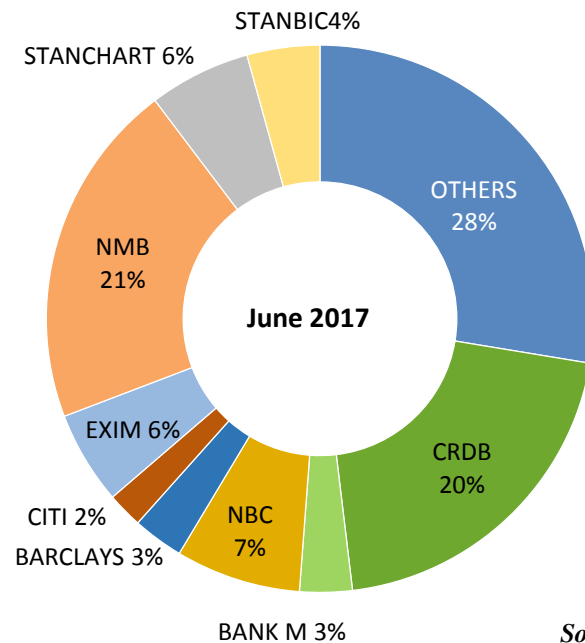
- Among the key activities the bank has achieved so far from January to September 2017 are:
 - SIMAccount product was launched to capture the unbanked population and increase customers and low cost deposits.
 - Moody's issued an update on the rating of the Bank in August, which indicated that the Bank 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 564 new FahariHuduma agents (to reach 3,122 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.

Market Share- Total Assets & Total Deposits

Total Assets



Total Deposits

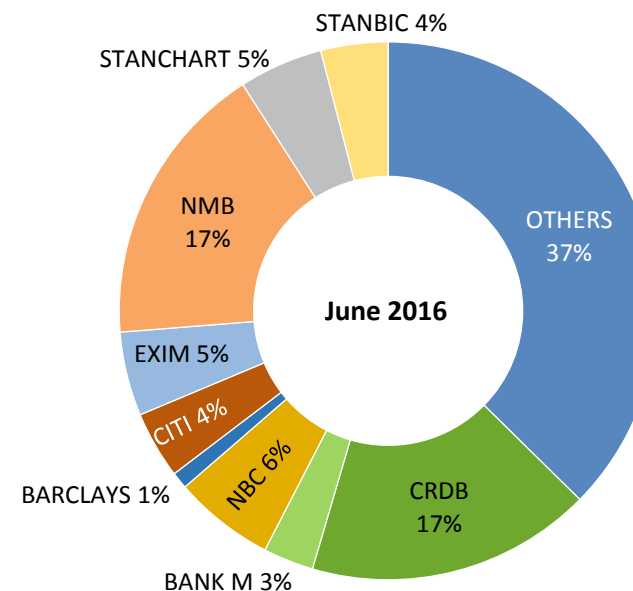
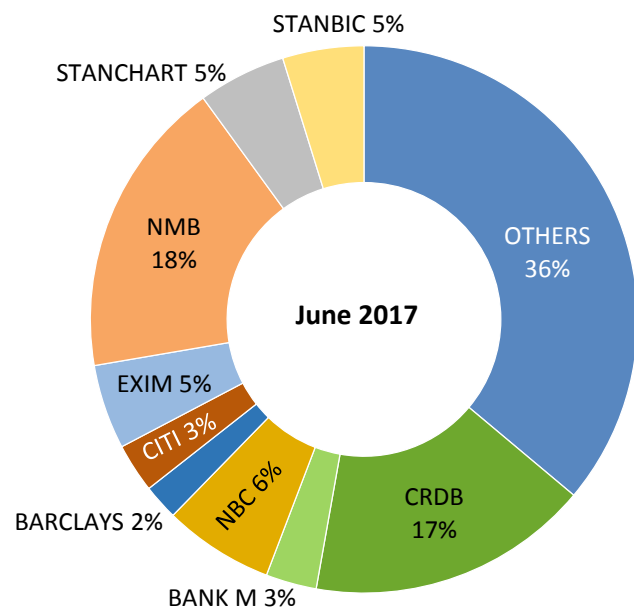


Source: Published Financials, June 2017

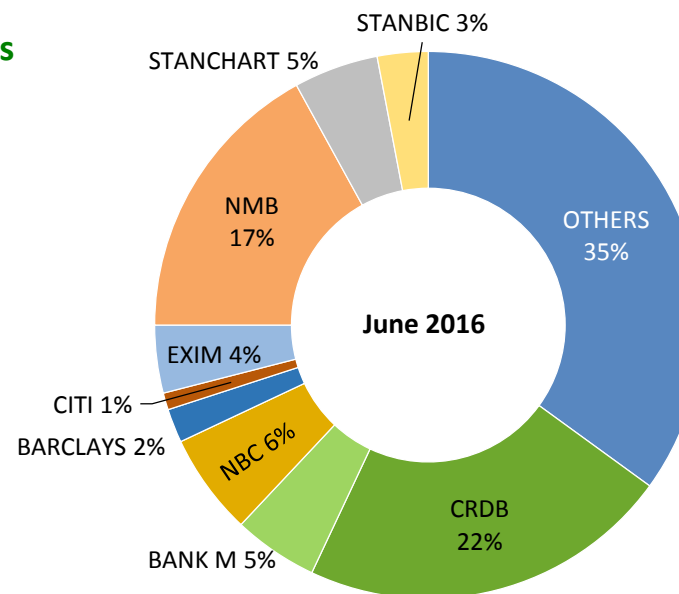
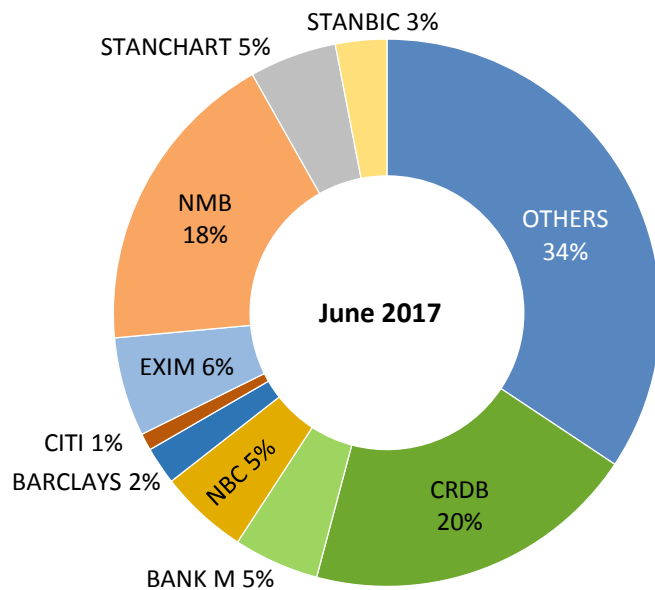


Market Share – Shareholder's Funds and Loans & Advances

Capital



Loans & Advances

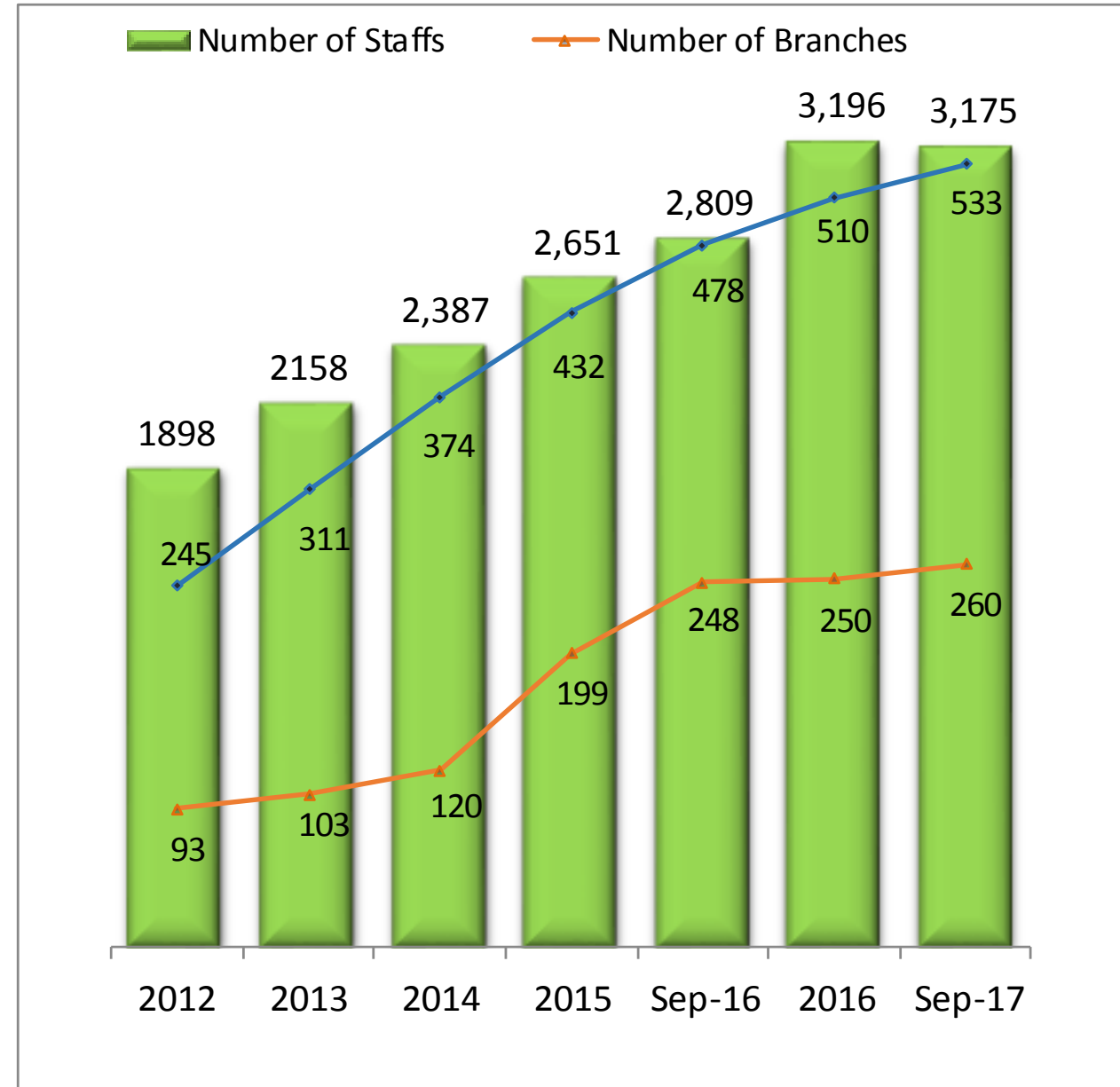


Source: Published Financials, June 2017



CRDB Profile end of September, 2017

- CRDB Bank PLC offers a comprehensive range of Corporate, Retail, Treasury, Premier, Agent Banking and Microfinance Services.
- Network footprint of:
 - 260 branches including mobile branches and service centers.
 - 533 ATMs including 18 Depository ATMs
 - 936 Merchants Network
 - 3,122 Agents (FahariHuduma).
 - 460 Microfinance partner institutions.
 - CHINA Desk
 - INDIA Desk



Shareholding Structure	30.09.2017		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 / 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
National Social Security Fund - Uganda	104,700,000	4.0	-	-
Kimberlite Frontier Master Africa Fund LP RCKM	86,405,937	3.3	47,292,695	1.8
LAPF Pension Fund	58,077,549	2.2	58,077,549	2.2
Duet Africa Opportunities Master Fund IC	37,583,840	1.4	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	649,250,840	24.8	628,546,145	24.0
Less than 1%				
More than 28,000 shareholders	1,153,638,001	44.2	1,174,342,696	45.2
Grand Total	2,611,838,584	100.0	2,611,838,584	100.0

Investment Ratios

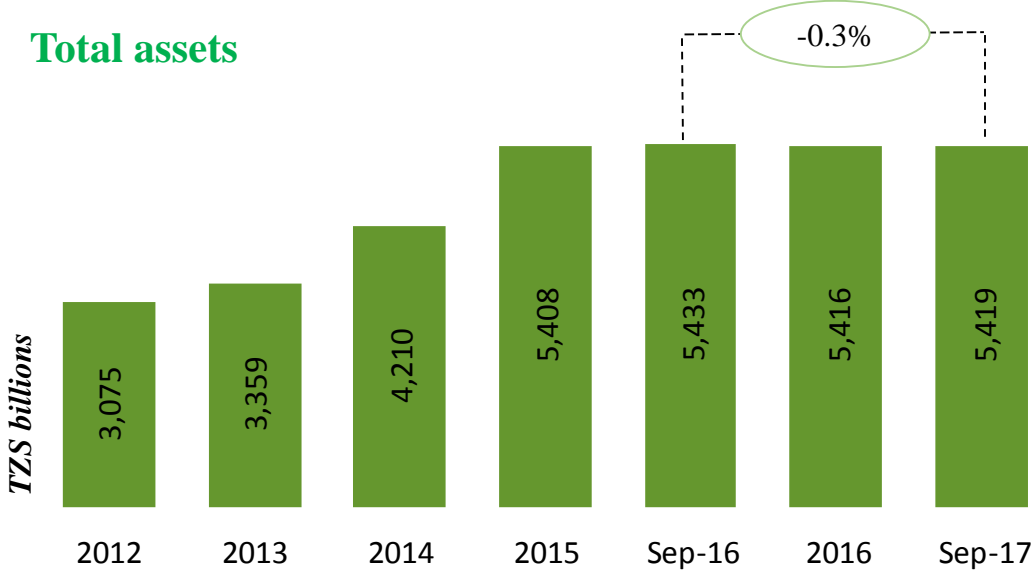
Share Performance	Sept 2016	Sept 2017
Market Price Closing	TZS 250	TZS 175
Earning Per Share (EPS)	TZS 26.0	TZS 26.3
Price Earning Ratio (P/E)	9.6	6.7
Book Value (BV)	273.3	293.1
Price Book Value ratio (P/B)	0.9	0.6
Market Capitalisation (TZS billions)	666.0	457.1
Foreign Holding (%)	23.0	23.0

Bank Financial Performance as at 30th September 2017

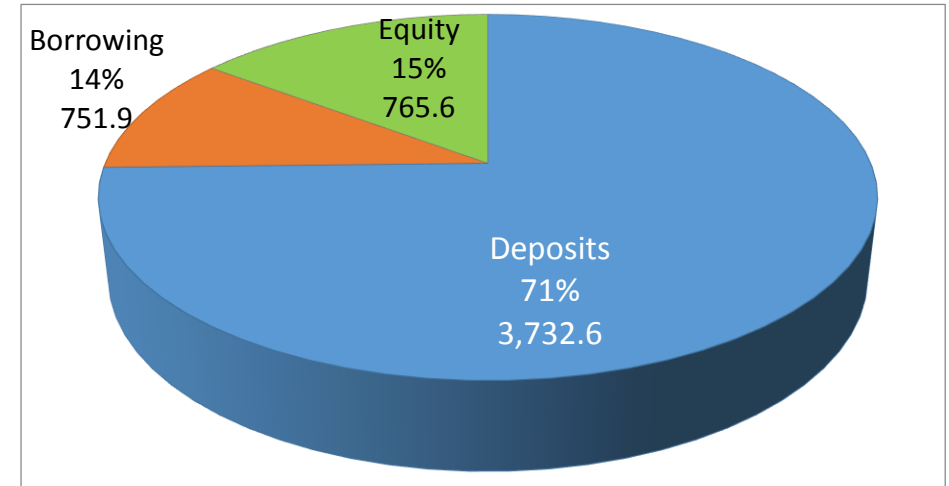
CRDB Bank Plc. – Performance Summary

(TZS Billion)	Sept. 2017	Sept. 2016	% Change
Interest Income	414.2	441.1	(6.1%)
Interest Expenses	113.5	104.7	8.4%
Net Interest Income	300.7	336.4	(10.6%)
Net Fees and commissions	123.6	108.9	13.5%
Net Foreign Exchange Income	27.7	21.8	27.1%
Operating Expenses	143.2	136.0	5.3%
Profit Before Tax	77.4	113.0	(31.5%)
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Net Loans & Advances to Customers	2,969.9	3,361.2	(11.6%)
Customer Deposits	3,732.6	4,051.5	(7.9%)
Shareholder Equity	765.6	713.7	7.3%
Total Assets	5,418.6	5,433.4	(0.3%)
Return on Avg. Assets	1.9%	2.8%	
Return on Avg. Equity	9.7%	13.3%	
NPL/Total Loans	14.4%	11.0%	

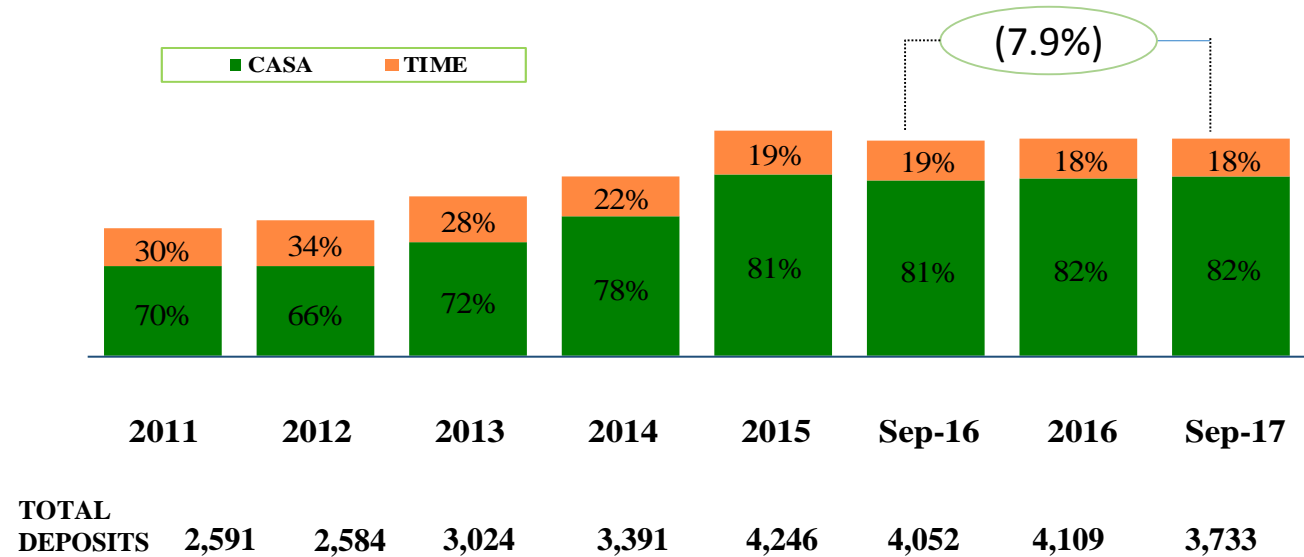
Financial Position - Balance Sheet



Strong sources of funding – TZS billions



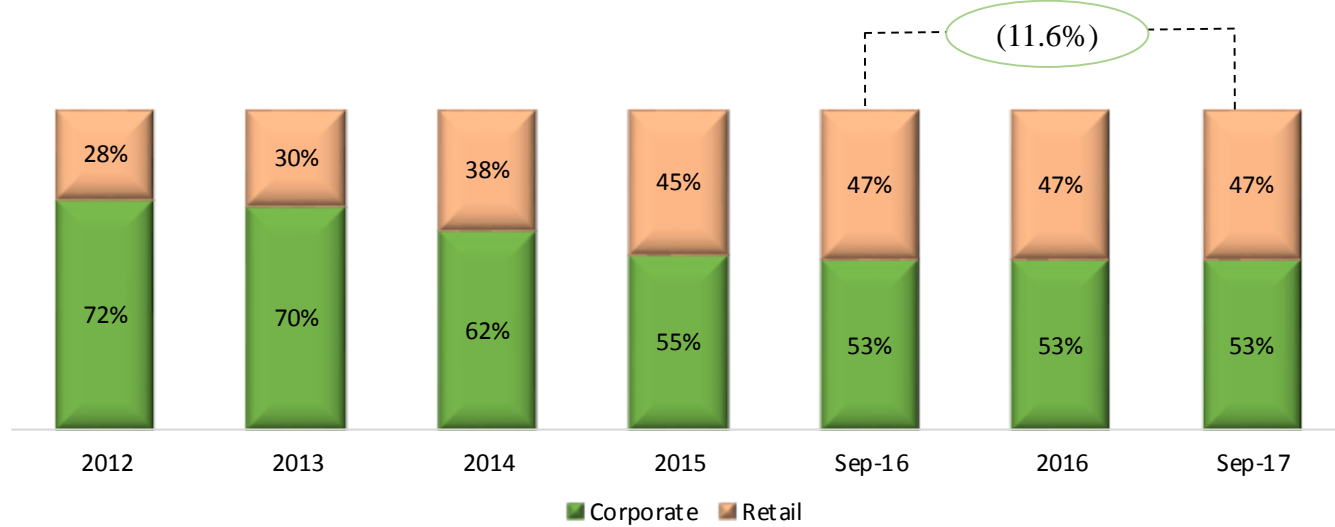
Funding Growth Through Deposit Mobilization



- Customer deposits account for 71% of total funding in the Balance Sheet.
- Borrowing includes subordinated debt of TZS 88.3 bn and other borrowings of TZS 663.7 bn.
- Low cost CASA base increased to 82% in September 2017 (September 2016: 81%) of total deposits. Total deposits has decreased by 7.9% in September 2017 compared to September 2016.

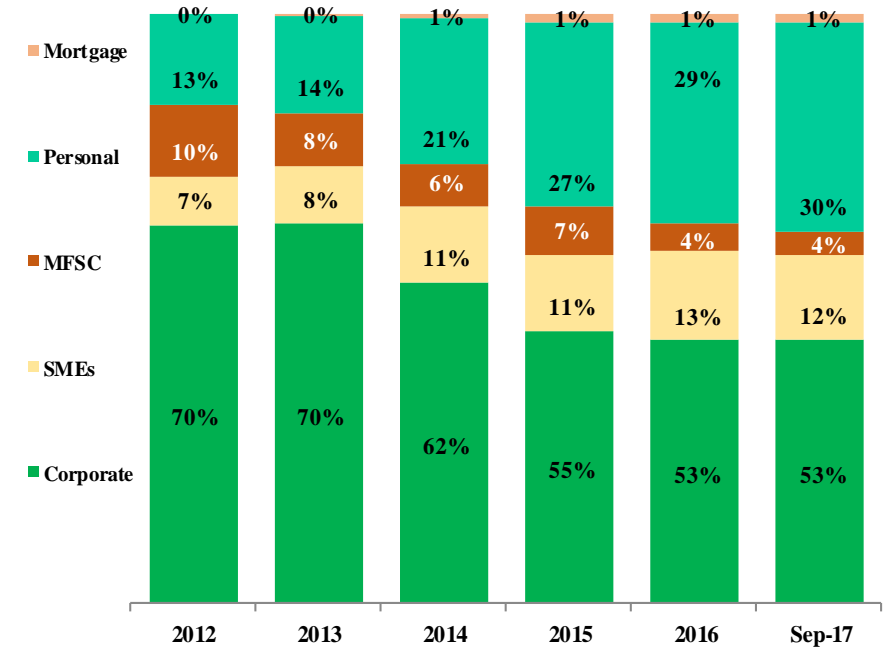
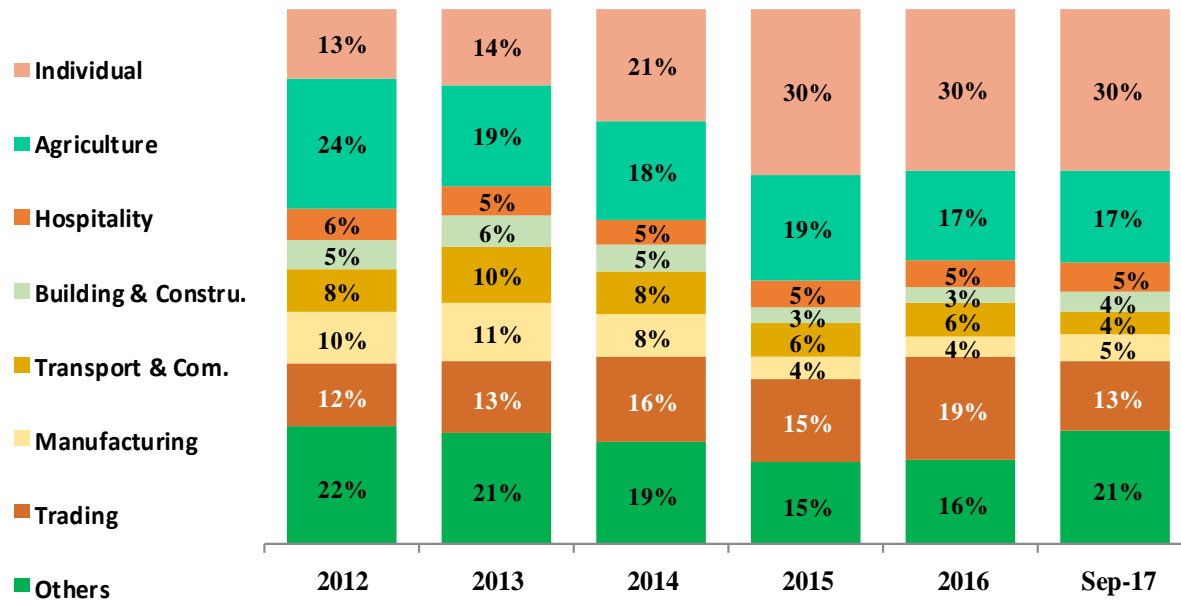


Diversified Loans Portfolio (TZS in billion)

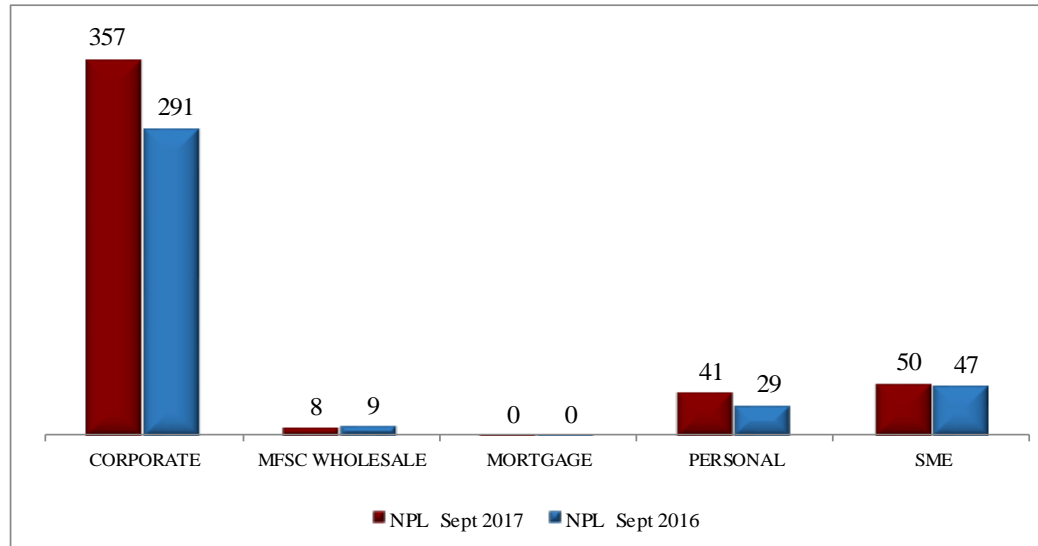


The Bank continued to maintain a strongly diversified portfolio

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



NPL by Business Segment

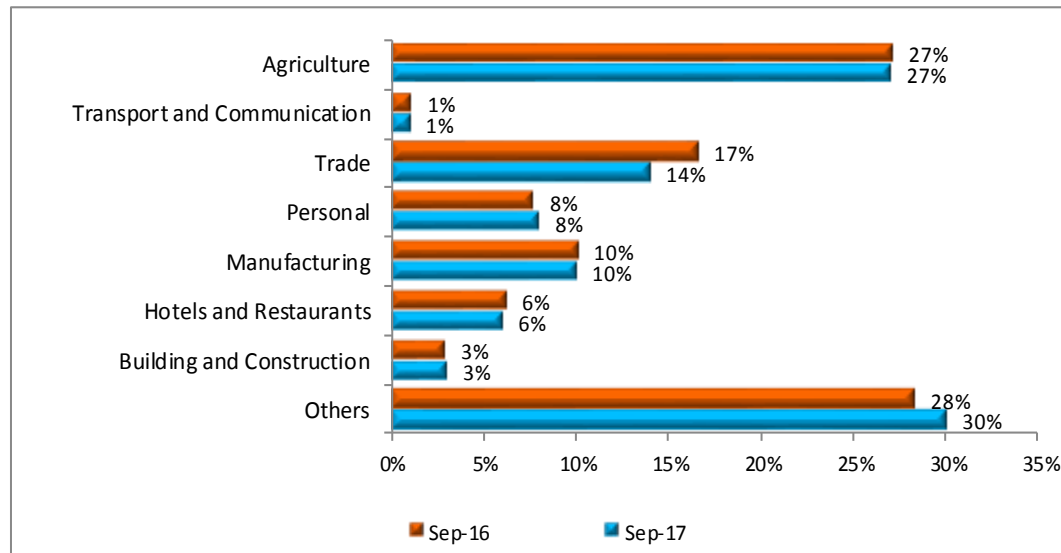


- Bank NPL was TZS 461.9 bn in September 2017 compared to TZS 378.4 bn in September 2016.

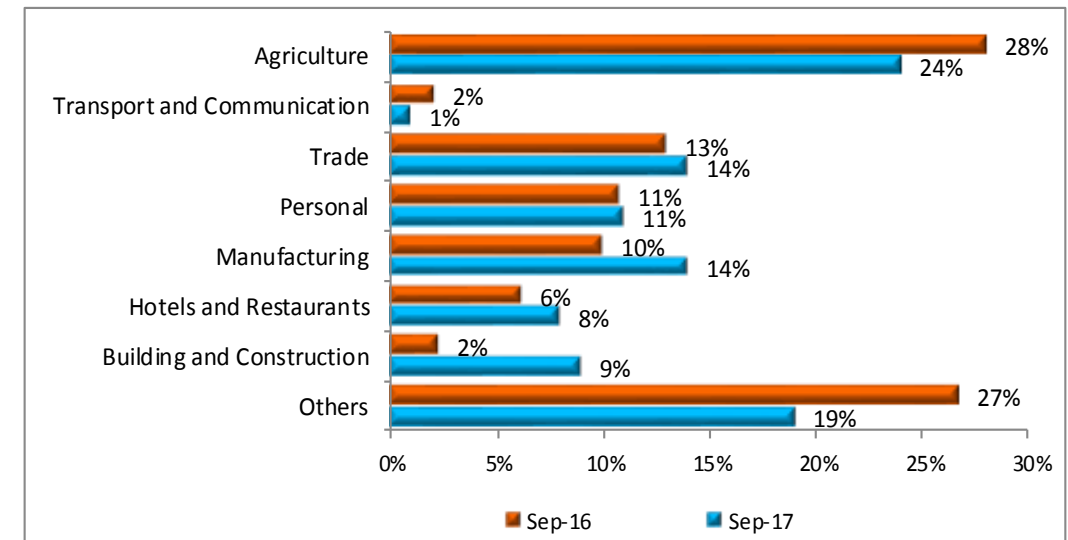
- The increase was contributed mainly by Corporate and SME affected by delayed payments and slow down in some sectors, personal loans affected by government related employees, fake certifications and ghost workers.

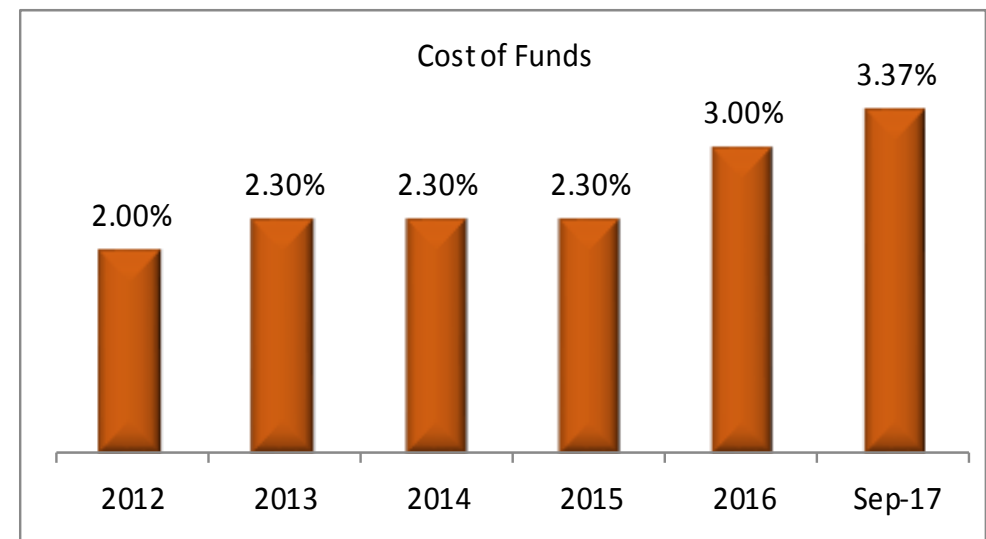
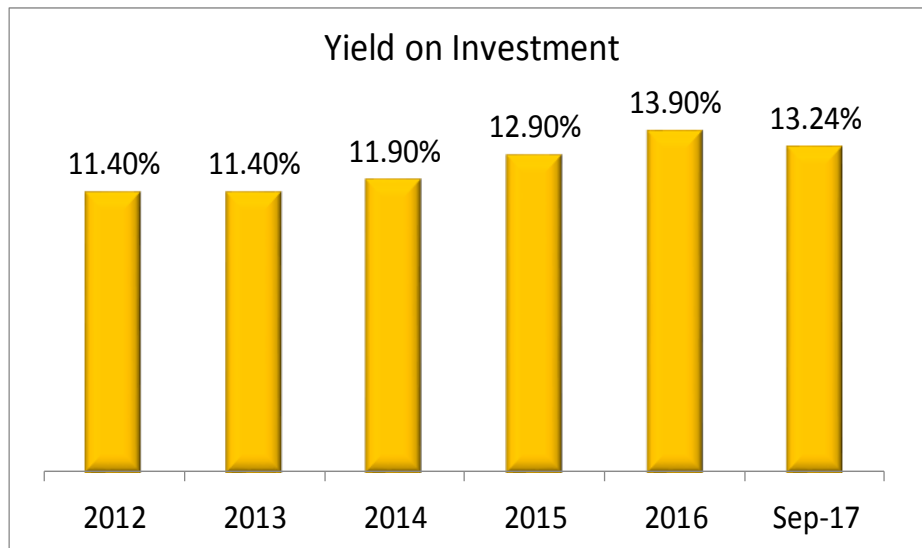
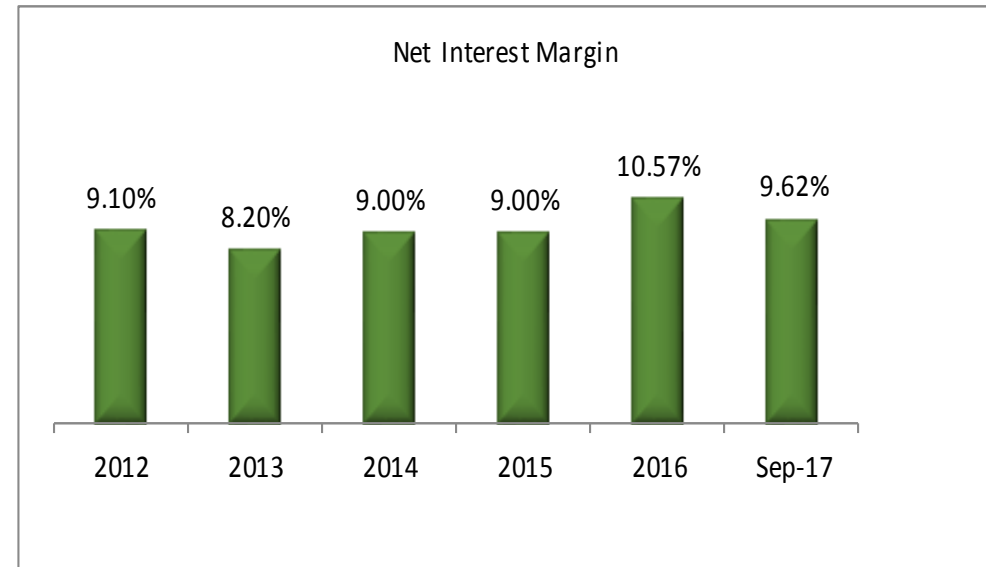
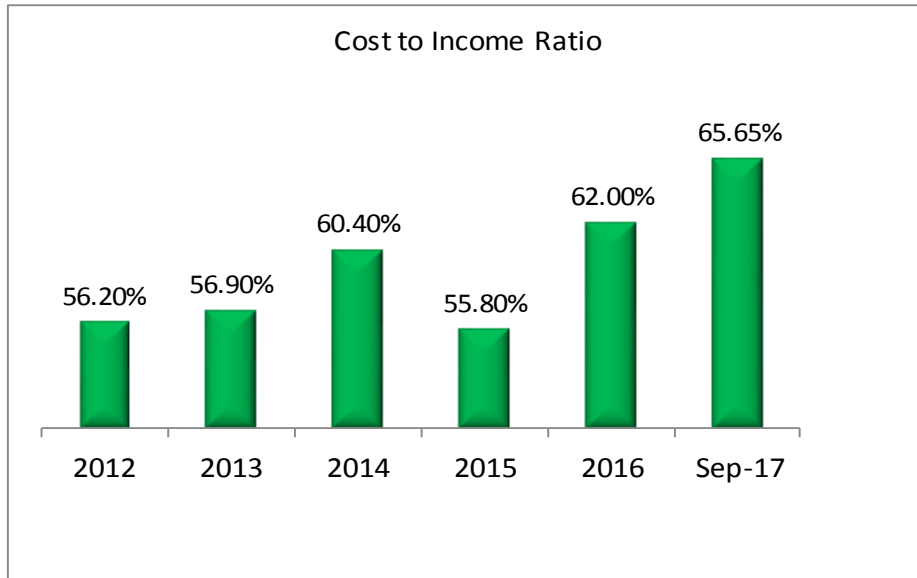
- The continues to work on turn around affected customers.

NPL by Sector

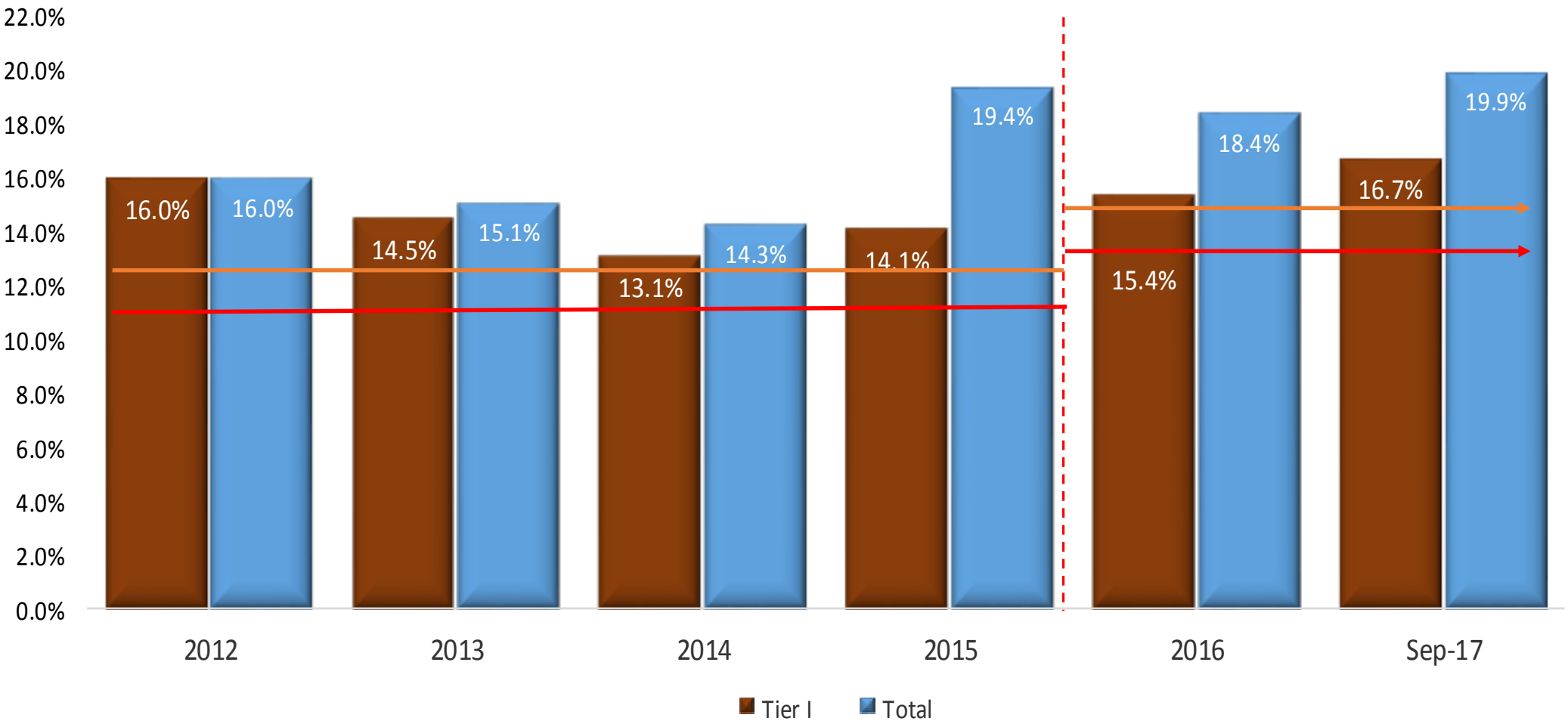


Provision by Sector





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 0.5 billion as at September 2017.
- There were 460 partner MFIs as at 30th September, 2017.
- Total loans extended by the Bank to these institutions at the end of September 2017 stood at TZS 113.8 billion.
- Total loans extended by the Bank to Retail clients stood at TZS 8.1 billion.

S/N	Item	Quantity
1.	Service Centres	20
2.	Mini Service Centres	63
3.	Mobile Branches	8
4.	Retail Clients	176,781

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 1.6 billion as at 30th September 2017 compared to TZS 575.3 million profit recorded in the 3rd quarter of year 2016.
- Total assets decreased from TZS 155.1 billion in September 2016 to TZS 145.52 billion in September 2017.
- Total deposits grew from TZS 67.7 billion in September 2016 to TZS 71.6 billion in September 2017.

Performance trend	2014	2015	Sep-16	Sep-17
Total Assets TZS mn.	104,137	146,685	155,097	145,522
Total Deposits TZS mn.	28,894	60,427	67,726	71,614
Net Profit (Loss) TZS mn.	-3,578	870.06	573.31	1,564



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 September 2017, the company made a profit after tax of TZS 1.6 billion.

Gross Premium in Millions					
Details	2013	2014	2015	2016	September 2017
Premium Sales	8,244	12,094	17,333	25,647	26,563

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

