

CRDB BANK PLC

The Bank that Listens

BANK 2016 RESULTS

Press Conference 13th April 2017



Operating Environment - 2016

- During the 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 7%, inflation rate stabilizing at around 5%.
- However, extended broad money supply (M3) grew by 2.9% showing low Liquidity in the economy.

Banking Sector Landscape

- Banking sector with Sixty (60) institutions and 732 Branches/outlets.
- For the banking sector in particular, the operating environment for 2016 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.
- VAT on Financial services – fees and commission was also introduced during the year.

The strategic theme for year 2016 '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

Fahari Huduma, alternative channels and Service centres 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 in 2016

The year 2016 marked the Bank's 20th Anniversary.

The overriding theme for the year was 'Consolidation to Achieve Operational Excellence' which implied smarter growth for accelerated profitability.

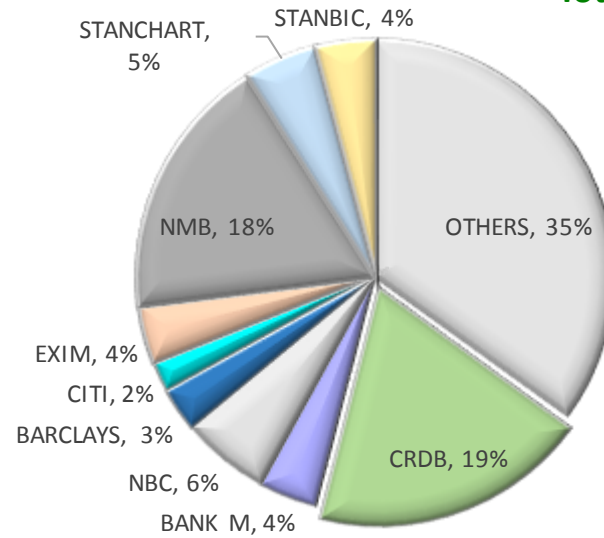
Key areas:

- Core Banking system upgrade was successfully implemented in May, 2016.
- Establishment of Insurance Brokerage Company Ltd.
- Implemented SME credit rating model.
- Development of M-Wallet (mobile money Wallet) to extend banking services through mobile phones to the unbanked population.
- Bank invested heavily in expansion of its network - 51 new branches/service centers and other outlets were opened and 78 additional ATMs installed and 812 new FahariHuduma agents (to reach 2,558 agents).
- Automation of loan origination workflow to improve quality of credit appraisal process
- The Bank completed rating by Moody's and for the first time an entity in Tanzania is rated B1
- Upgrade of Centralised back office workflow system

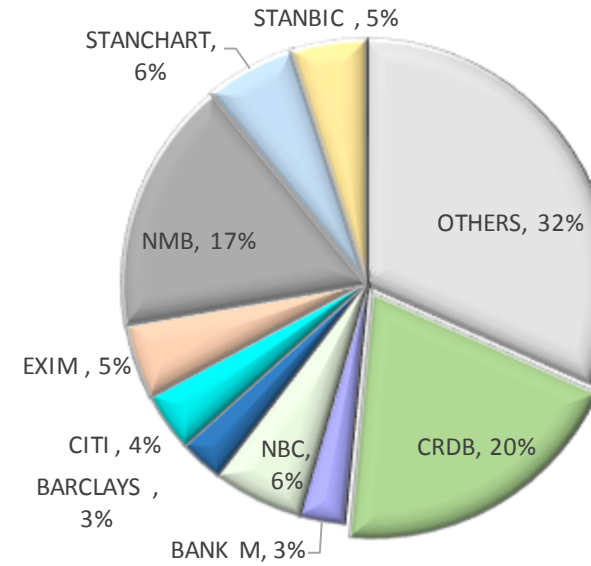
Market Share- Total Assets & Total Deposits

December 2016

Total Assets

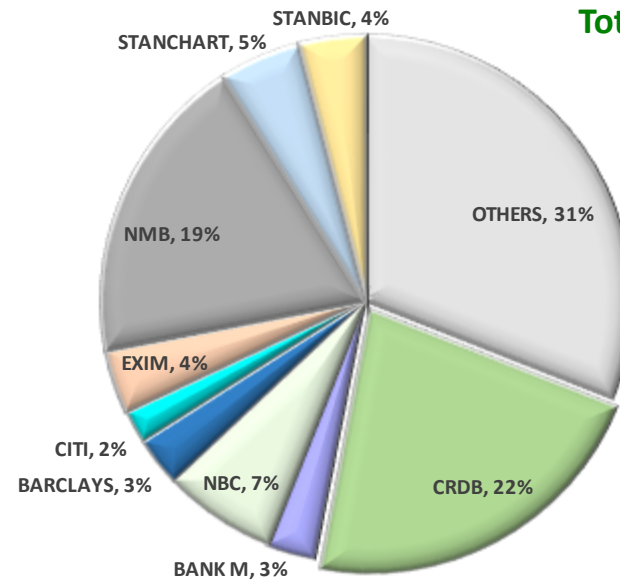


December 2015

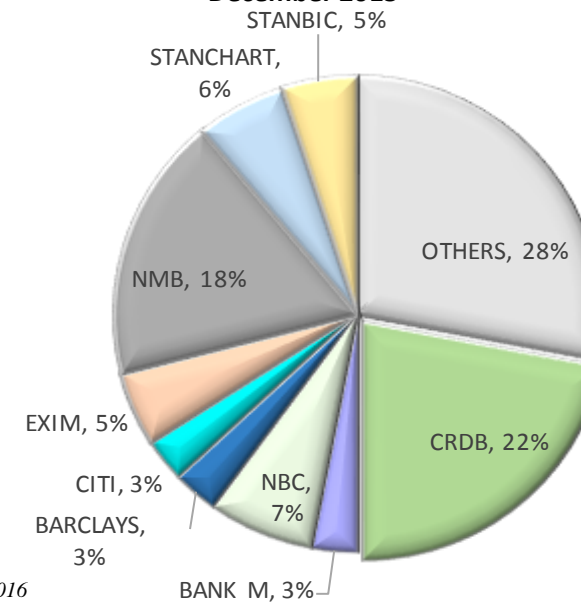


December 2016

Total Deposits



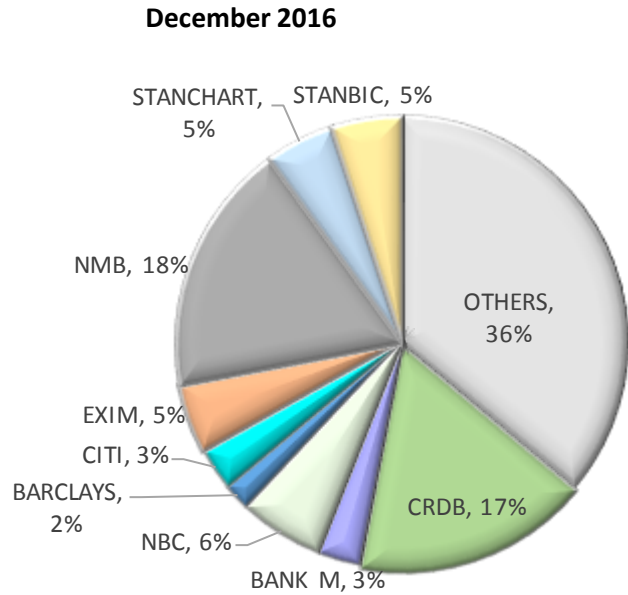
December 2015



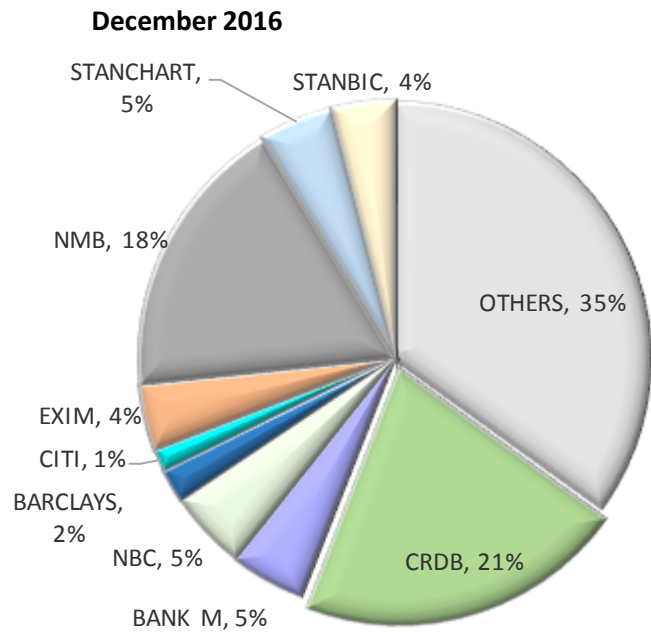
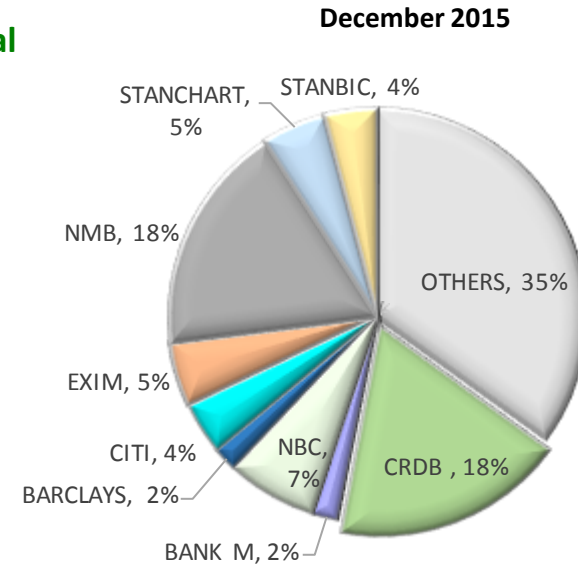
Source: Published Financials, December 2016



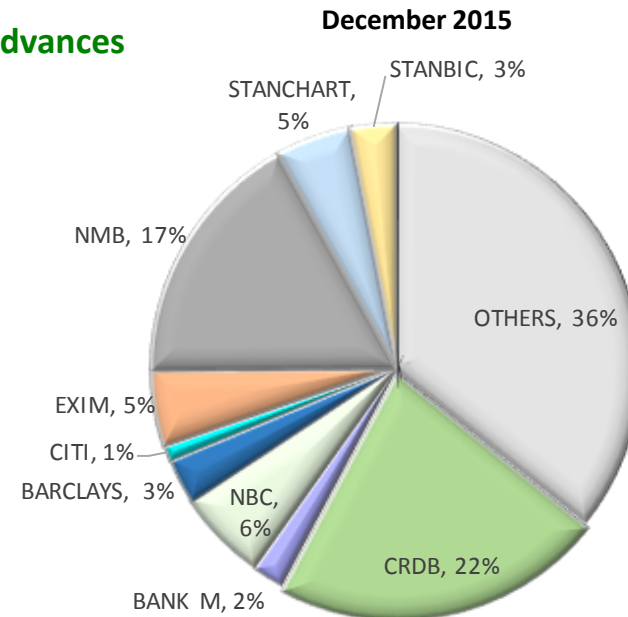
Market Share – Shareholder’s Funds and Loans & Advances



Capital



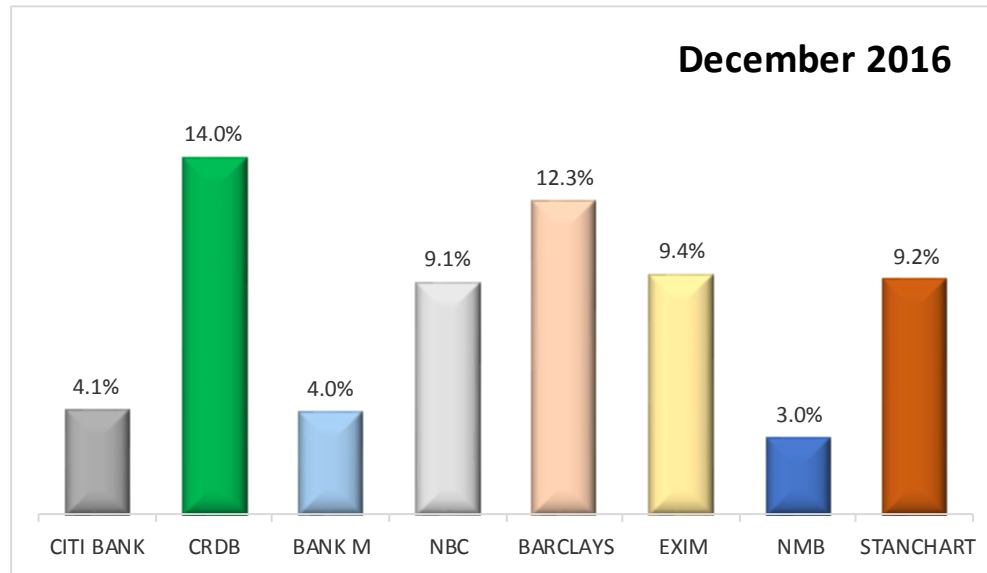
Loans & Advances



Source: Published Financials, December 2016

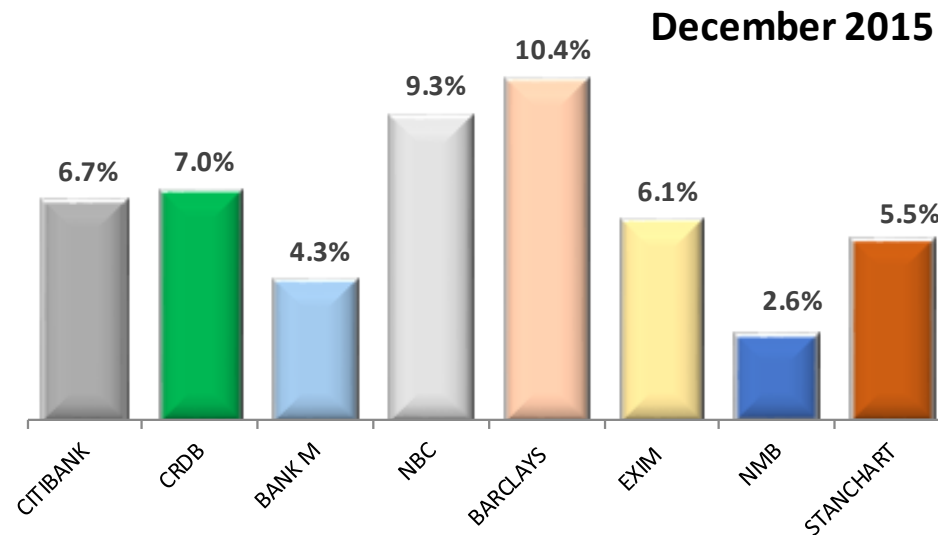


Top Banks - NPL to Gross Loans as at 31st Dec. 2016



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.

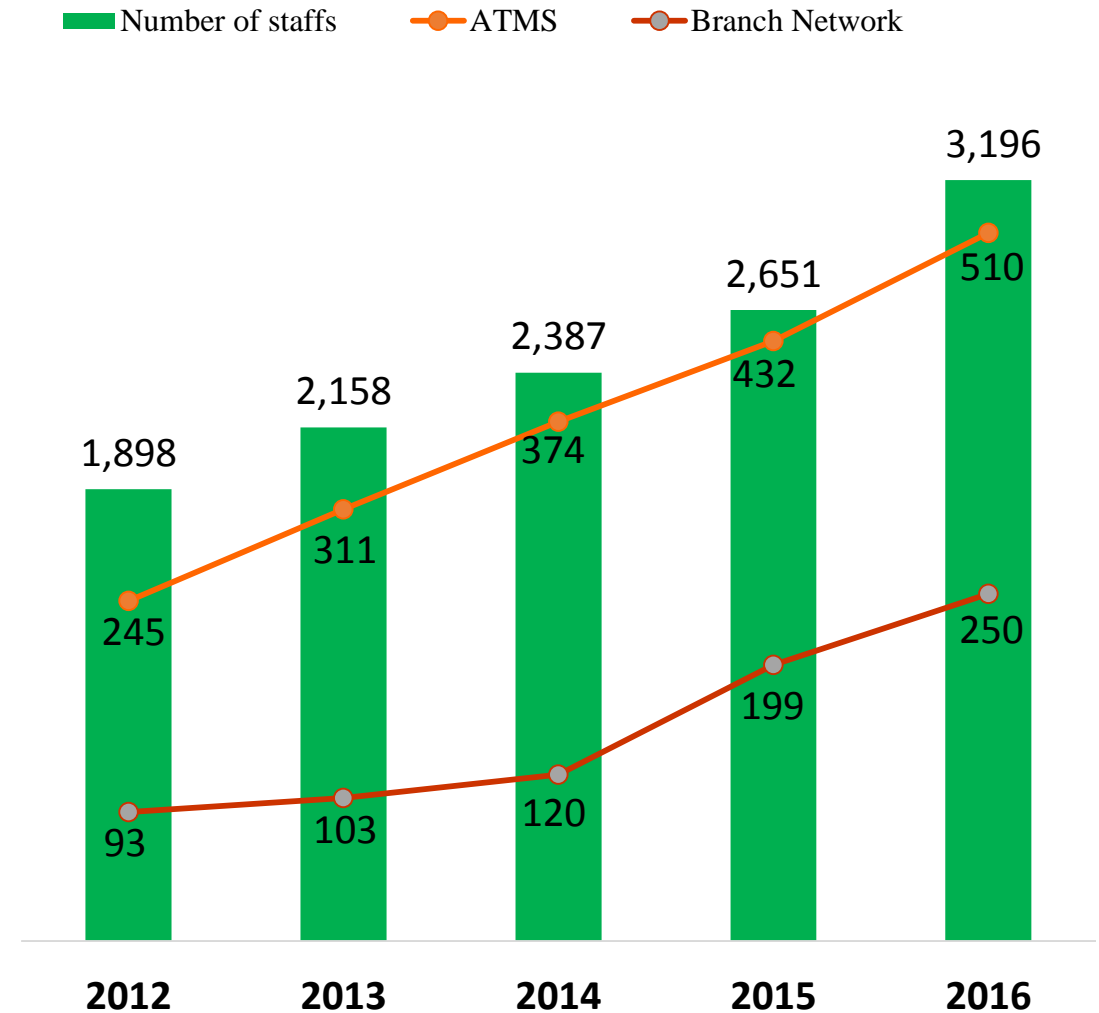


The growth of loans to individuals and trade increased while growth was lower in agriculture, transport and communication. Declines were also registered in manufacturing, building and construction.

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

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 18 Depository ATMs,
 - 1,526 Merchants Network
 - 2,558 Agents (Fahari Huduma)
 - 455 Microfinance partner institutions.
 - CHINA DESK
 - INDIA DESK



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	Dec. 2015	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	4.2	4.0
Market Capitalisation (TZS billions)	1,057.80	652.90
Foreign Holding (%)	22.00	23.00

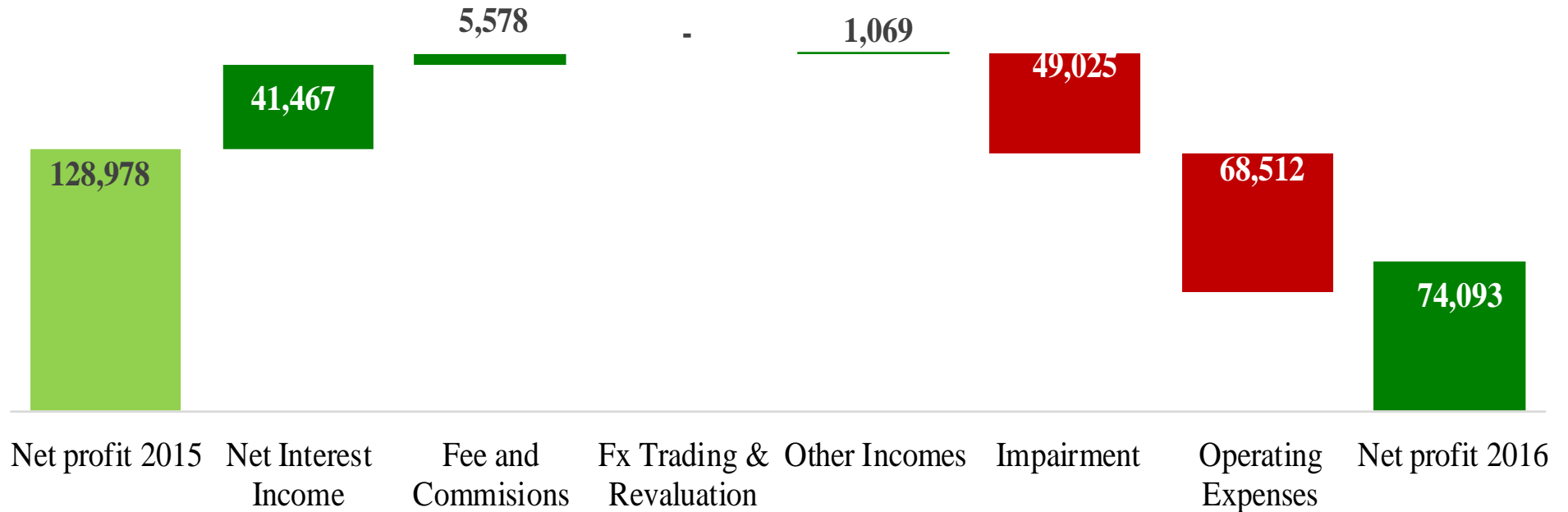
2016 Audited Financial Results

CRDB Bank Plc. – Performance Summary

(TZS Billion)	Dec. 2016	Dec. 2015	% Change	Industry% Change
Interest Income	568.2	497.4	14.2% ↑	21.8%
Interest Expenses	136.1	106.8	27.4% ↑	31.0%
Net Interest Income	432.1	390.6	10.6% ↑	
Net Fees and commissions	154.5	148.9	3.8% ↑	
Net Foreign Exchange Income	34.8	34.8	0% ↔	
Operating Expenses	347.6	287.4	20.9% ↑	13%
Profit before provisions	234.1	254.6	-8.0% ↓	
Provision for loss	115.9	66.9	73.3% ↑	
Profit Before Tax	118.2	187.7	-37.0% ↓	-2.9%
<hr/>				
Gross Loans & Advances to Customers	3,397.7	3,342.4	1.7% ↑	5.6%
Customer Deposits	4,109.9	4,246.2	-3.2% ↓	-2.9%
Shareholder Equity	718.2	687.4	4.5% ↑	14.9%
Total Assets	5,415.7	5,407.8	0.1% ↑	4.0%
Return on Avg. Assets	2.2%	3.4%	↓	
Return on Avg. Equity	10.3%	18.8%	↓	
NPL/Total Loans	14.0%	8.4%	↑	9.6%



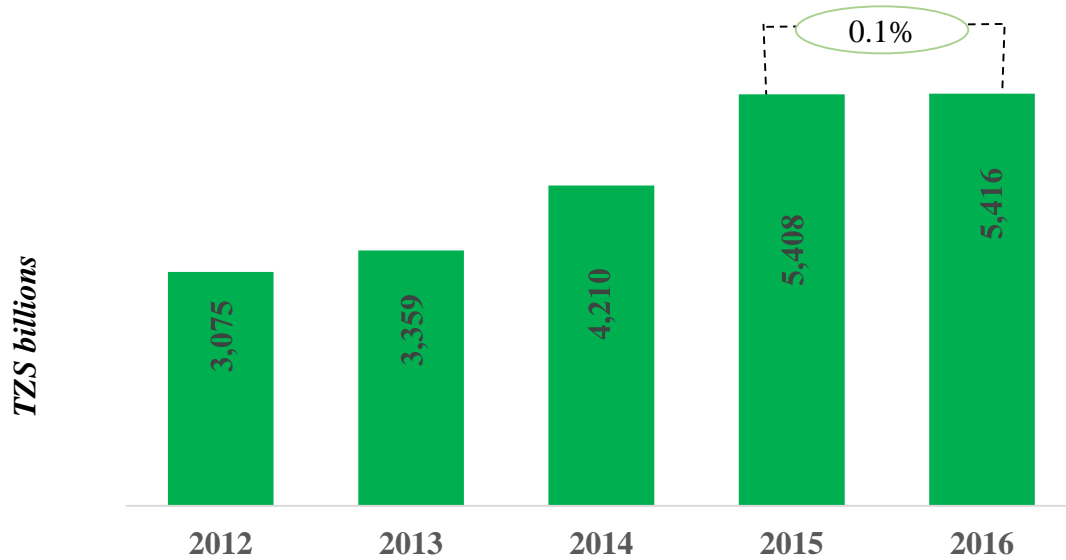
Record full year earnings from strong Top line Revenue growth



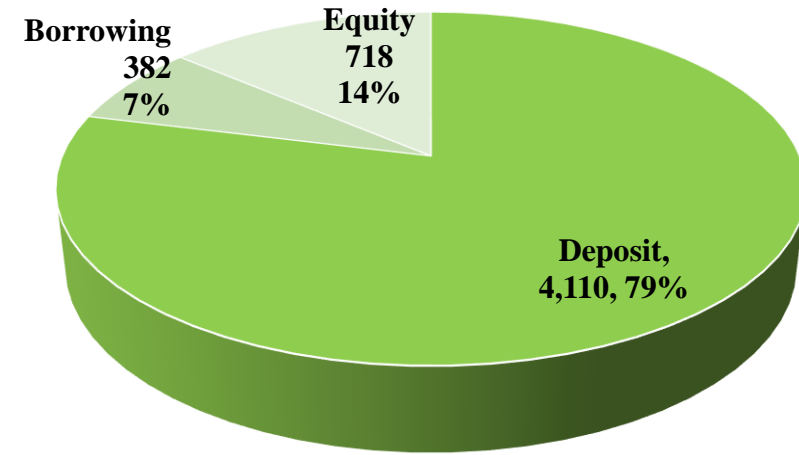
- During 2016, CRDB Bank recorded a strong top line –net interest income growth despite slow down in lending
- Growing volumes from network expansion and digital banking supported growth in fees and commissions amid slowing economic activities.
- High impairment growth was mainly from Corporate and SME affected by delayed payments and slow down in some sectors.
- High operating expenses growth were due to continued investment to support higher business volumes and build capacity for future growth in line with strategy.

Financial Position - Strong Balance Sheet Growth

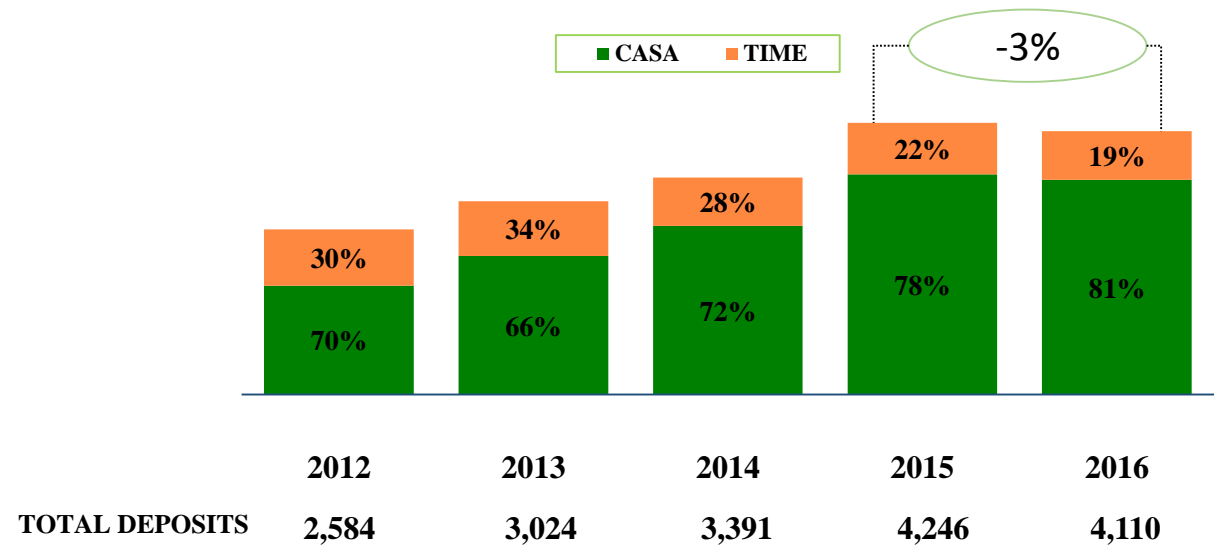
Total assets



Strong sources of funding – TZS billions



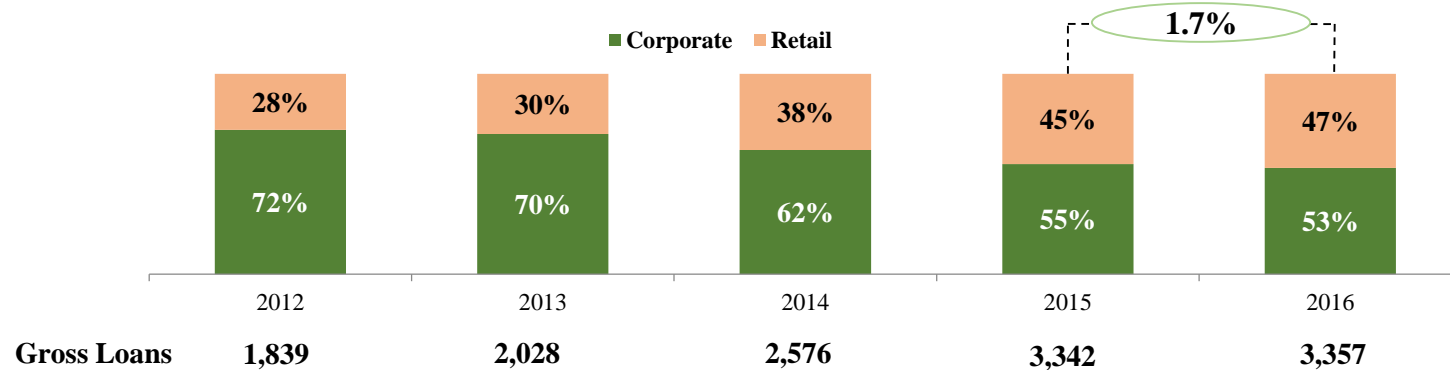
Funding Growth Through Deposit Mobilization



- Customer deposits account for 79% of total funding in the Balance Sheet.
- Borrowing includes subordinated debt of TZS 87.9 bn, other borrowings of TZS 294.3 bn.
- Low cost CASA base increased to 82% in Dec. 2016 (Dec. 2015: 81%) of total deposits with YoY decrease of 3% mainly due to transfer of Government deposit to BOT.



Diversified Loans Portfolio (TZS in billion)



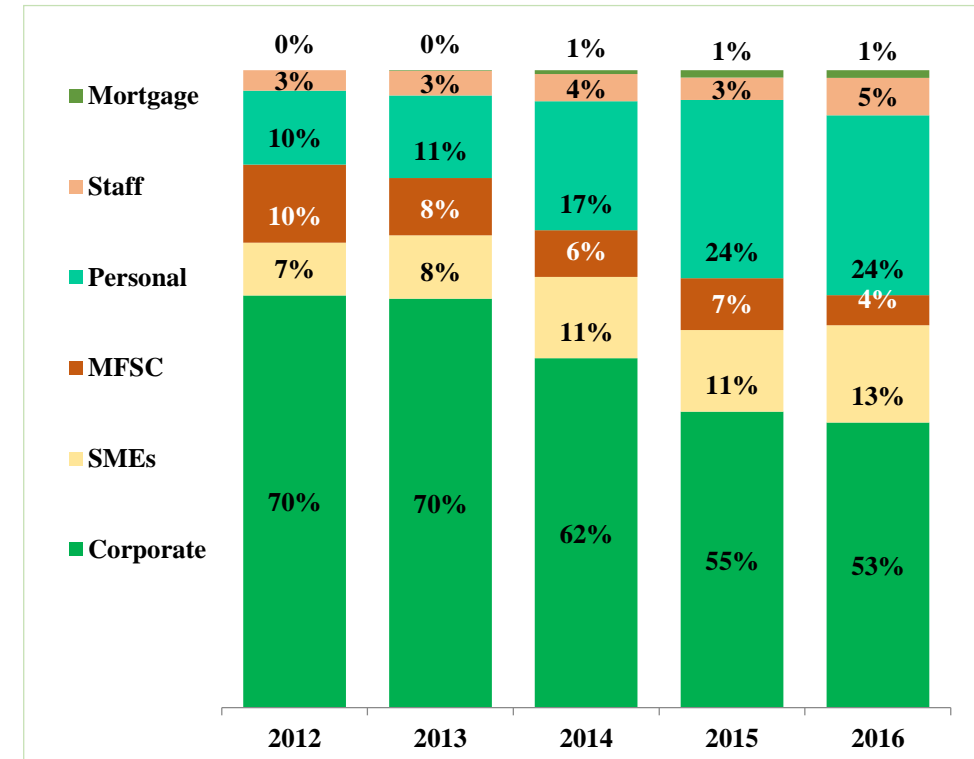
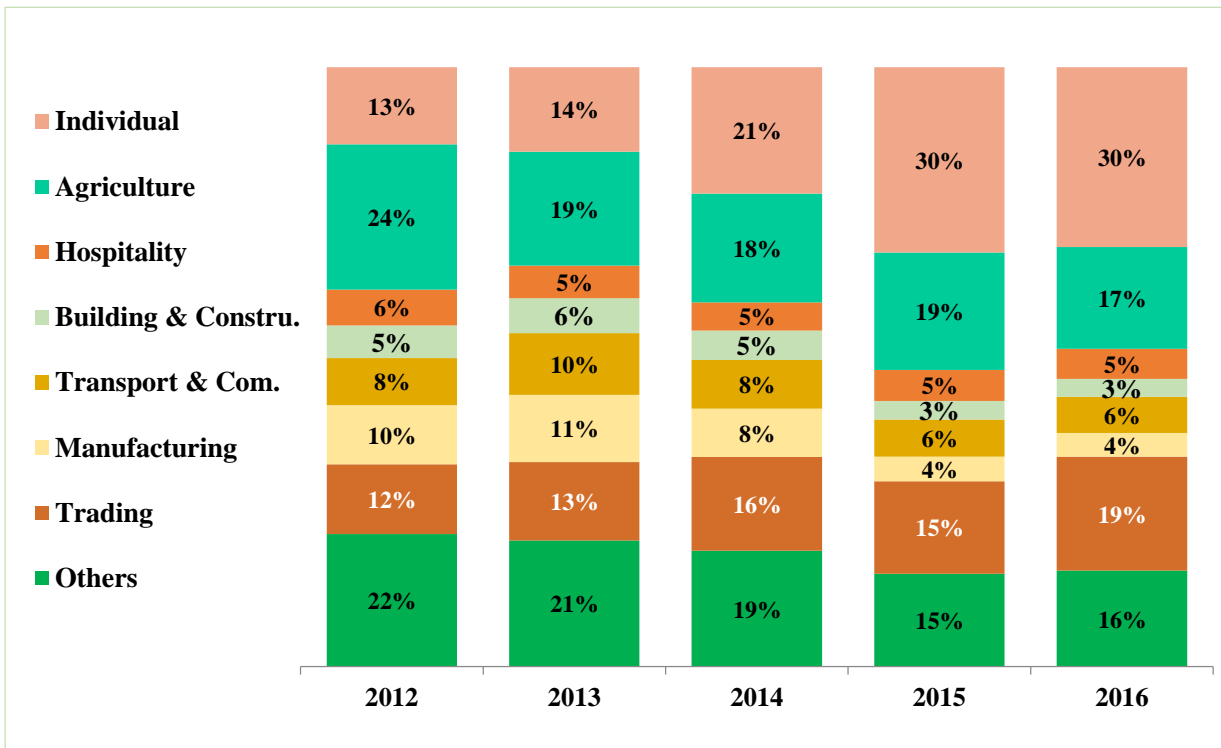
The Bank continued to maintain a strongly diversified portfolio

The Bank continued with its strategy to grow retail loan segment.

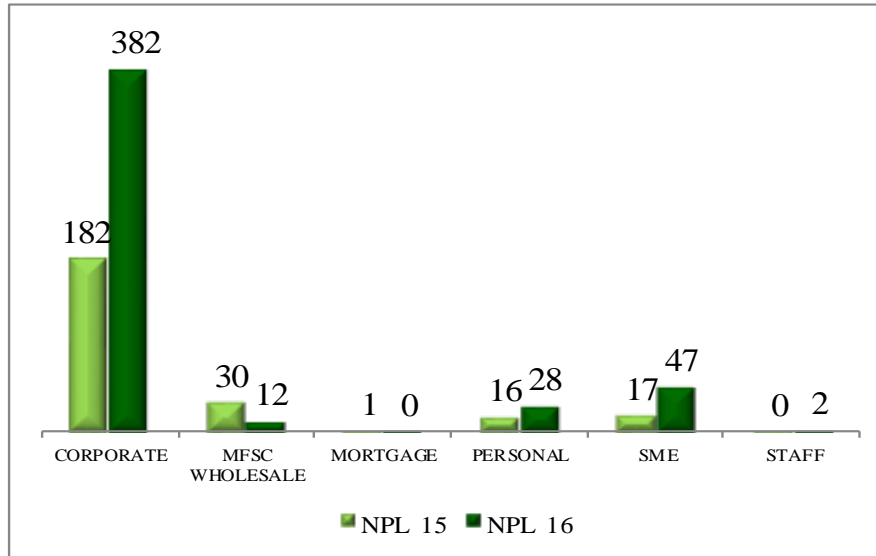
Retails segment portfolio by Dec 2016 was 47% compared 45% in Dec 2015 mainly driven by growth in personal loans and SMEs.

Corporate segment portfolio decreased to 53% Dec 2016 compared to 55% in Dec 2015.

Diversified Portfolio among key sectors and segments

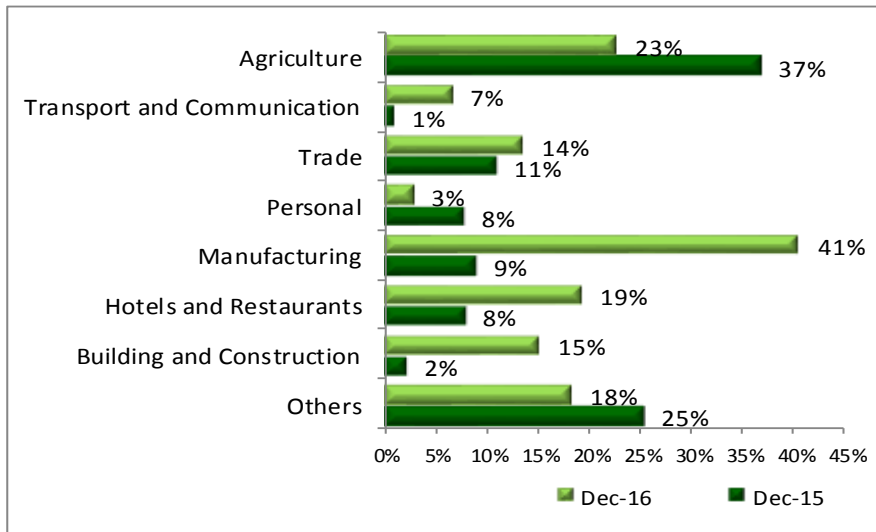


NPL by Business Segment

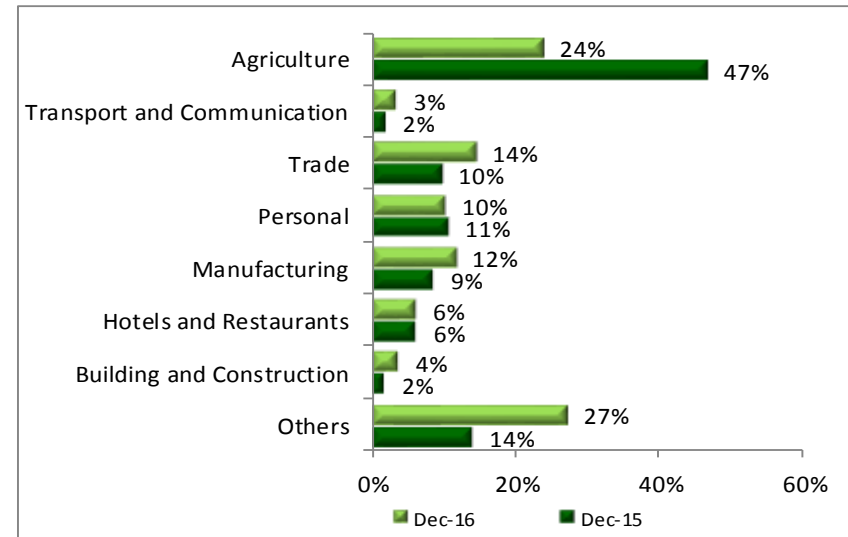


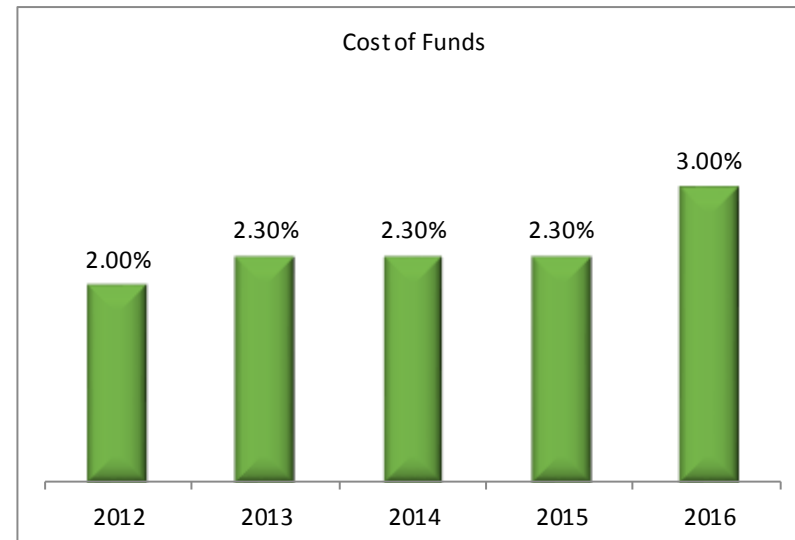
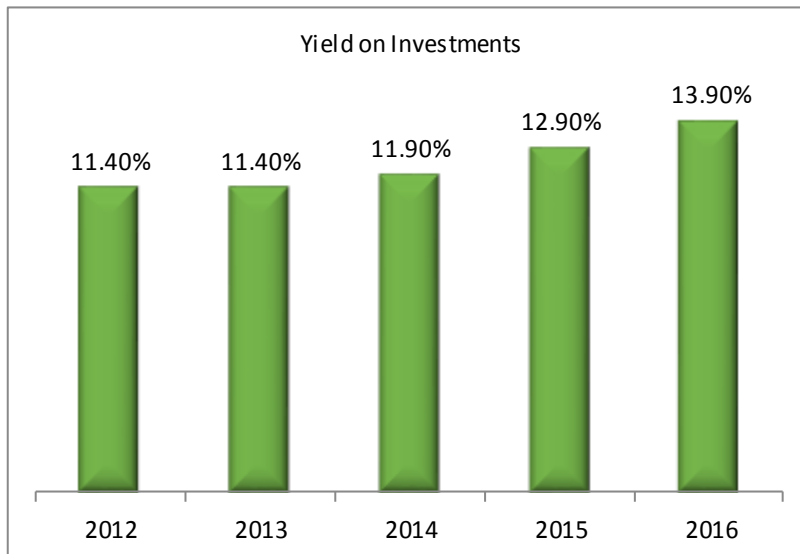
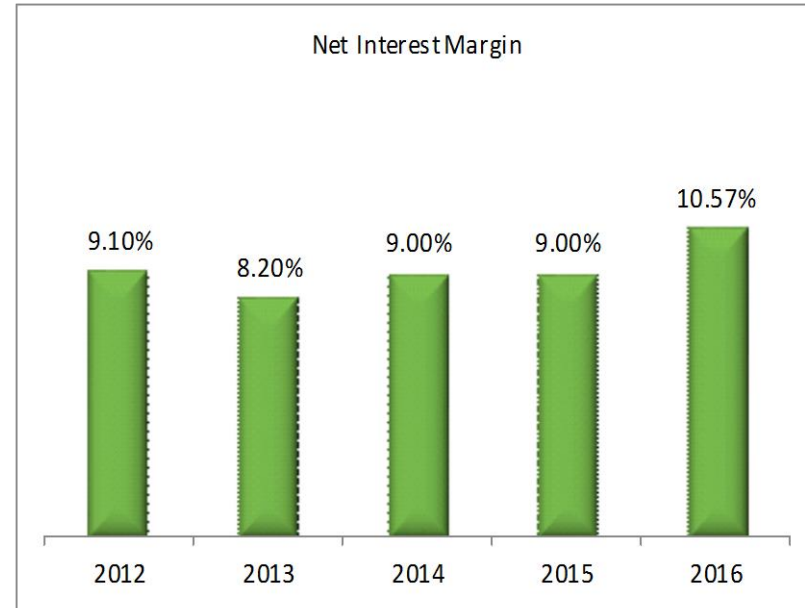
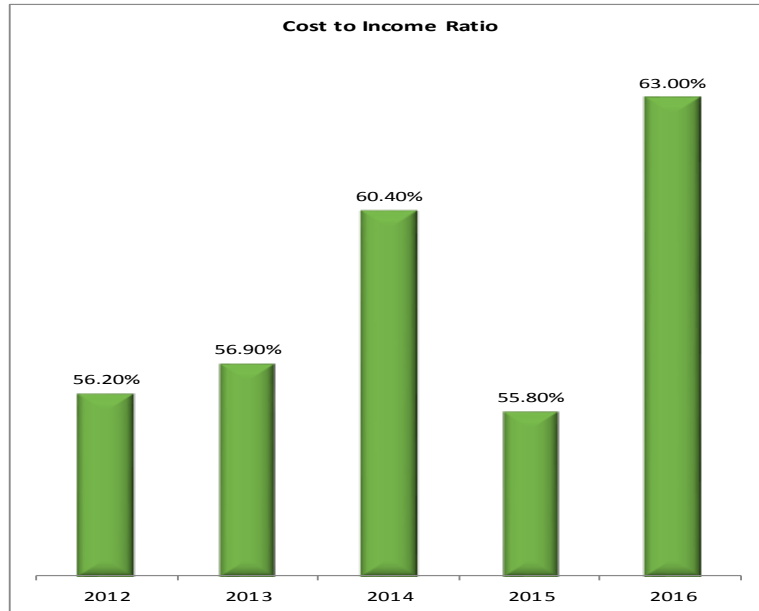
- The Bank's NPL was TZS 351.5 bn. In year 2015 compared to TZS 474.9 bn. in year 2016.
- Contributed mainly by corporate and SME affected by delayed payments and slow down in some sectors and Tobacco customers.
- There is a turn around process for affected corporate customer.
- The Bank continues to reduce exposure in Tobacco sector.

NPL by Sector

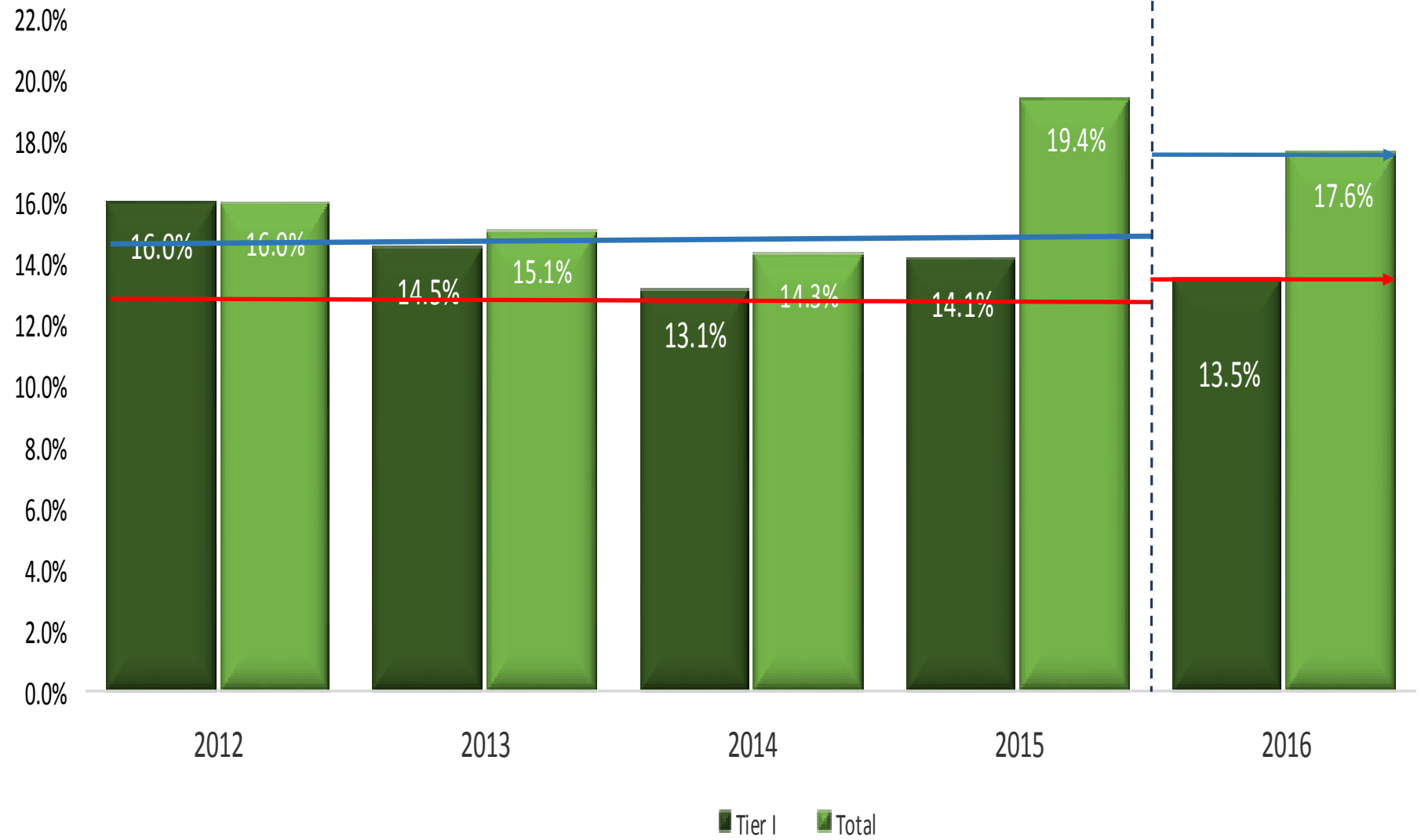


NPL by Provision





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 2.5 billion as at 31st December, 2016.
- There were 455 partner MFIs at 31st December 2016 (2015: 441).
- Total loans extended by the Bank to these institutions at the end of December 2016 stood at TZS 140.1 billion.

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

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

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.

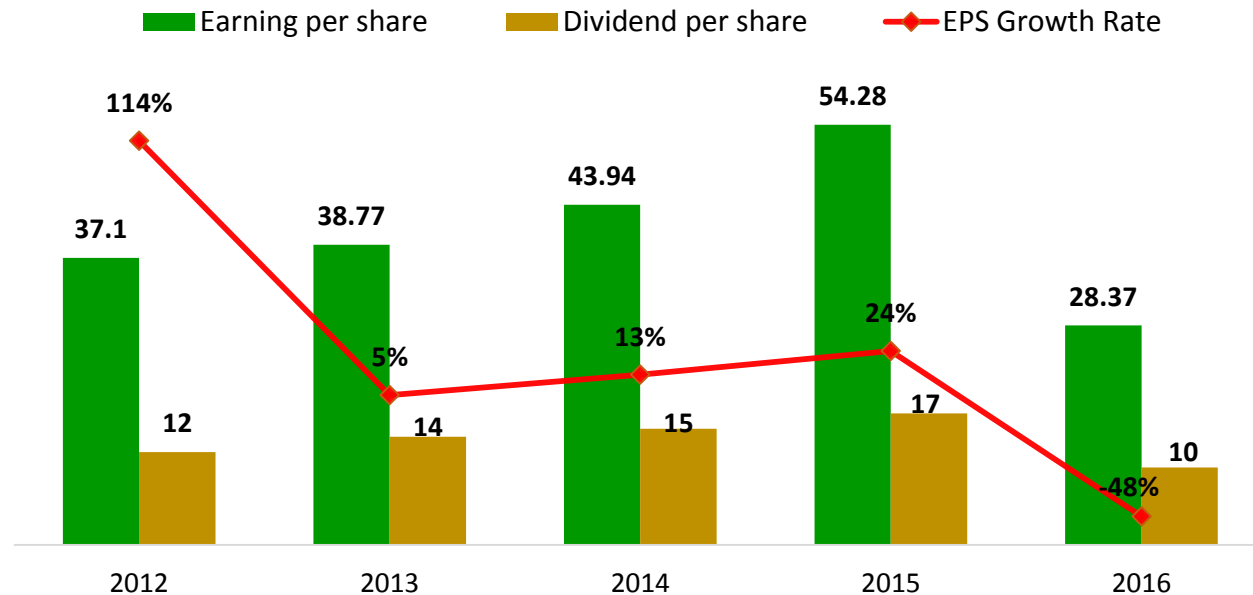
CRDB Insurance Broker Company

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

Investor Pay-out – EPS & DPS - 2016

- The Board has recommend a dividend of Tshs 10 per share. Total amount of dividend recommended is TZS 26.1 billion, as compared to TZS 44.4 billion paid out for 2015.
 - *This is 35.6% of Net profits for the year and 41.2% decrease from the prior year.*



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

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

