

# CRDB BANK PLC

*The Bank that Listens*

**Investor Briefing 1<sup>st</sup> Quarter 2017**



## Operating Environment - 2017

- 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 6.2%, inflation rate stabilizing at around 6.4%.
- However, extended broad money supply (M3) grew by 1.2% 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 as at March 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.

# 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

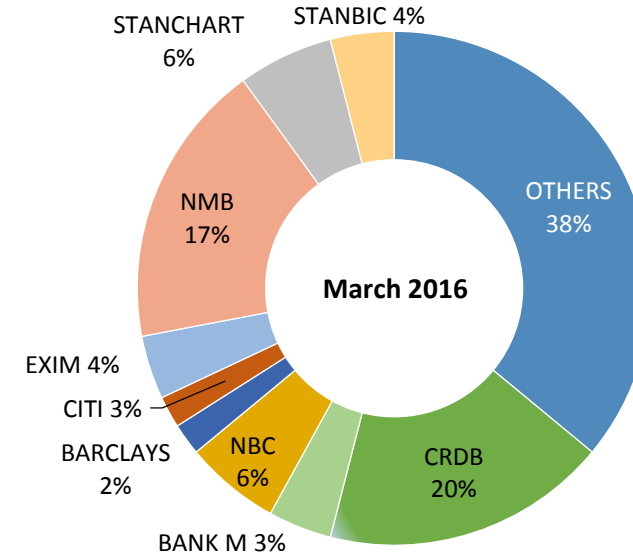
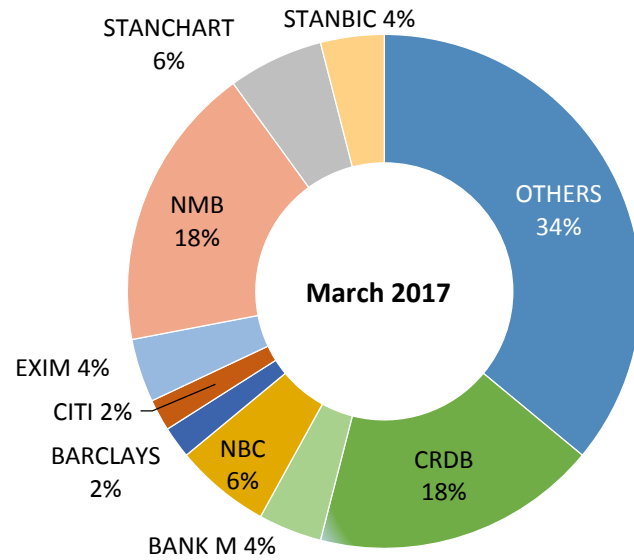
Transforming MFSC to a Bank, Insurance business new subsidiaries, Market survey - for a new cross border subsidiary.

# Major Milestones in 2016

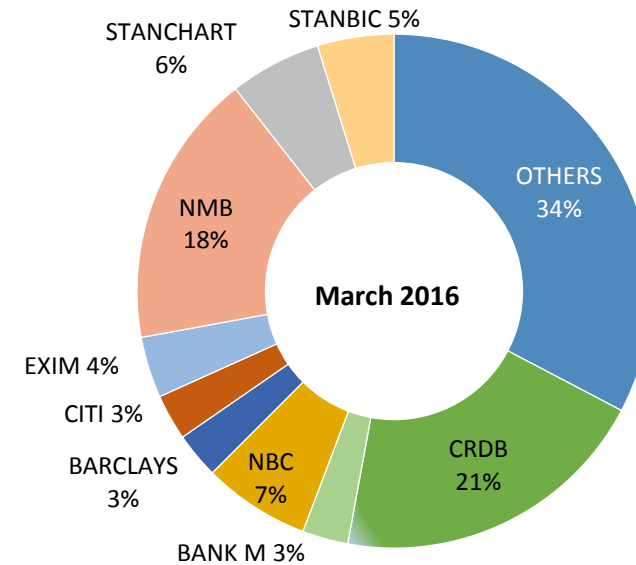
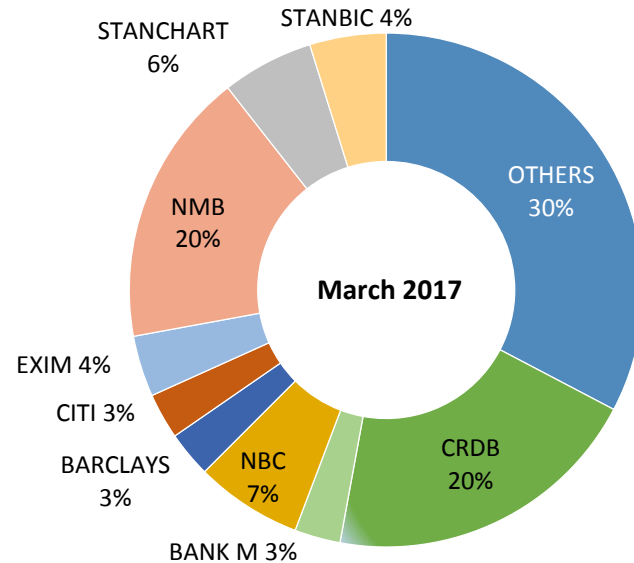
- The year 2016 marked the Bank's 20th Anniversary.
- The overriding theme for the year was 'Consolidation to Achieve Operational Excellence' which implied smarter growth for accelerated profitability.
- **Key areas:**
  - Core Banking system upgrade was successfully implemented in May, 2016.
  - Establishment 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 continues to invest in expansion of its network - 2 new branches/service centers were opened and 167 new FahariHuduma agents (to reach 2,725 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

## Total Assets



## Total Deposits

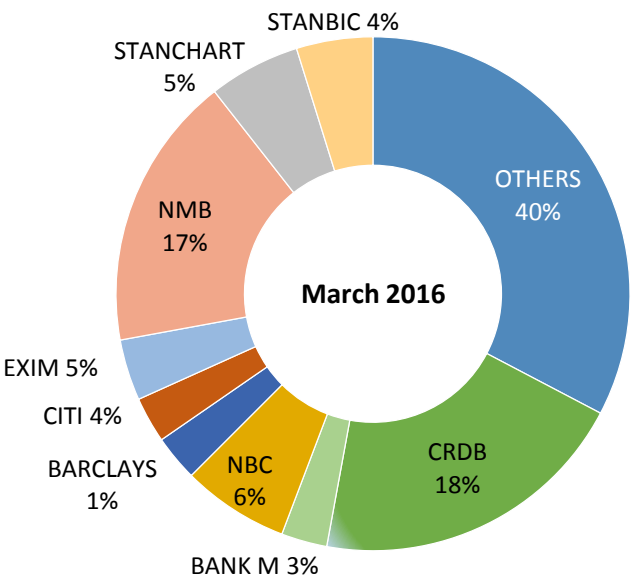
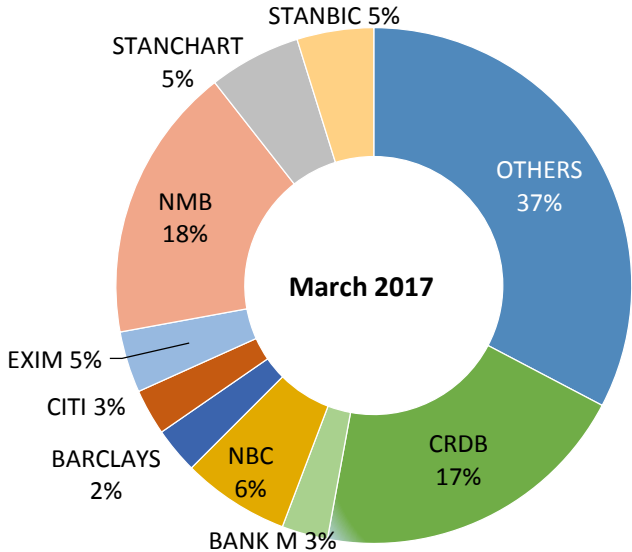


Source: Published Financials, March 2017

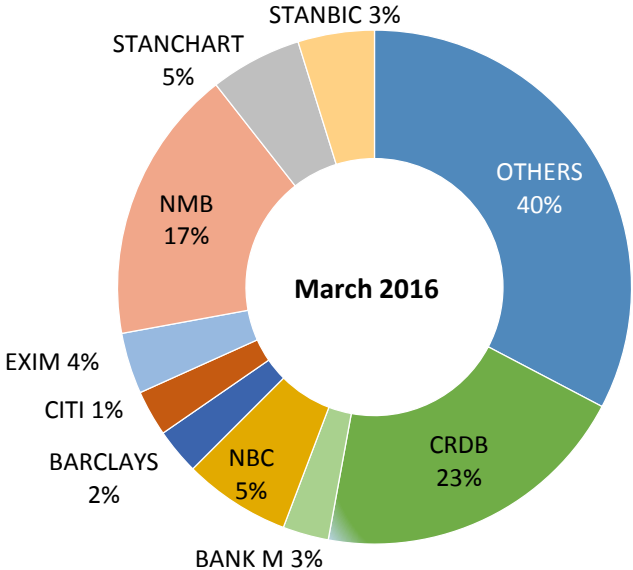
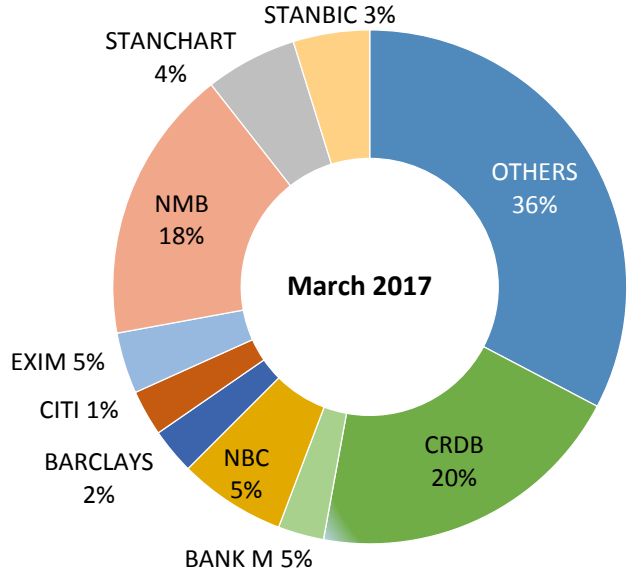


# Market Share – Shareholder’s Funds and Loans & Advances

## Capital



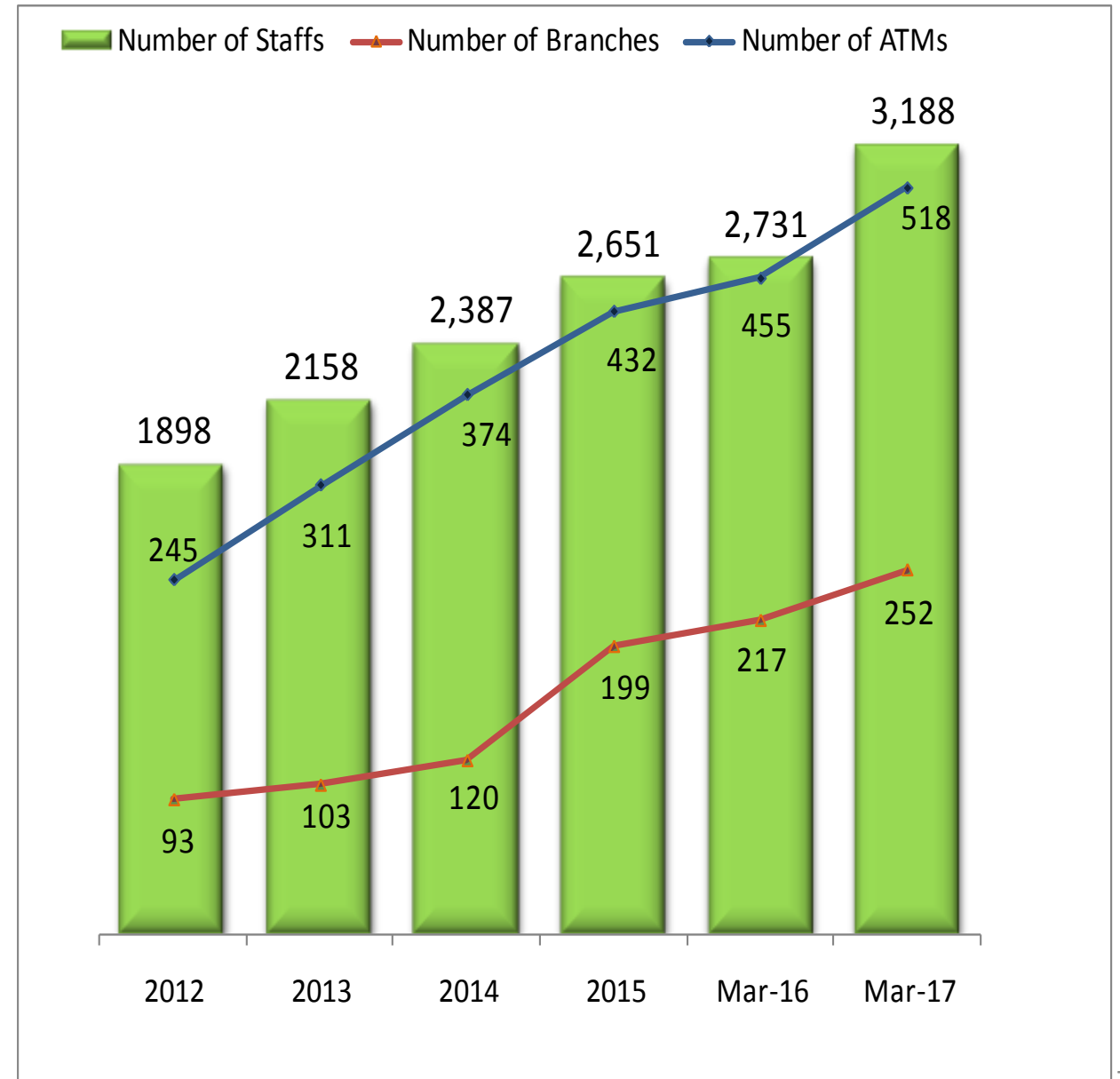
## Loans & Advances



Source: Published Financials, March 2017

# CRDB Profile end of March, 2017

- CRDB Bank PLC offers a comprehensive range of Corporate, Retail, Treasury, Premier, Agent Banking and Microfinance Services.
- Network footprint of:
  - 252 branches including mobile branches and service centers.
  - 515 ATMs including 18 Depository ATMs
  - 773 Merchants Network
  - 2,725 Agents (FahariHuduma).
  - 455 Microfinance partner institutions.
  - CHINA Desk
  - INDIA Desk



Shareholding Structure	31.03.2017		31.03.2016	
	SHARES	%	SHARES	%
<b>Above 10%</b>				
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
<b>Sub Total</b>	<b>808,949,743</b>	<b>31.0</b>	<b>808,949,743</b>	<b>31.0</b>
<b>Above 1% and less than 10%</b>				
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	105,506,404	4.0
Pinebridge	-	-	79,273,880	3.0
General Partners IV Ltd-TZ	63,957,790	2.4	68,104,802	2.6
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
Kimberlite Frontier Master Africa Fund LP RCKM	55,152,958	2.1	38,235,8628	1.5
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
<b>Sub Total</b>	<b>632,920,396</b>	<b>24.2</b>	<b>697,563,492</b>	<b>26.6</b>
<b>Less than 1%</b>				
More than 28,000 shareholders	1,169,968,445	44.8	1,105,325,349	42.4
<b>Grand Total</b>	<b>2,611,838,584</b>	<b>100.0</b>	<b>2,611,838,584</b>	<b>100.0</b>



## Investment Ratios

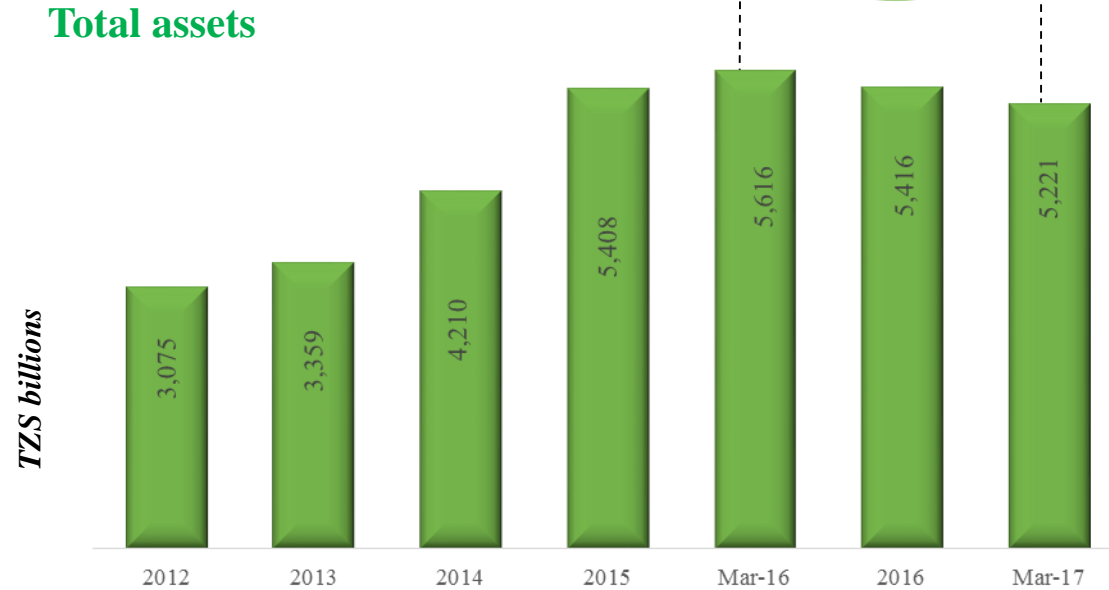
<b>Share Performance</b>	<b>March 2016</b>	<b>March 2017</b>
Market Price Closing	TZS 390	TZS 185
Earning Per Share (EPS) - Annualized	TZS 63	TZS 40.3
Price Earning Ratio (P/E)	6.9	4.6
Book Value (BV)	277.4	285.0
Price Book Value ratio (P/B)	1.4	0.7
Market Capitalisation (TZS billions)	1,018.6	483.2
Foreign Holding (%)	22.90	23

# **Bank Financial Performance as at 31<sup>st</sup> March 2017**

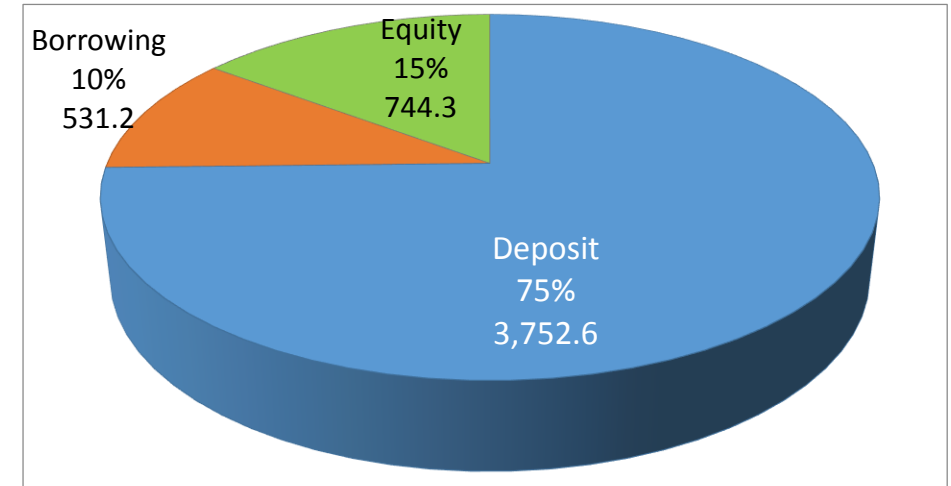
## CRDB Bank Plc. – Performance Summary

(TZS Billion)	March. 2017	March. 2016		% Change
Interest Income	137.0	143.0	↓	-4.2%
Interest Expenses	33.1	32.3	↑	2.5%
Net Interest Income	104.0	110.8	↓	-6.1%
Net Fees and commissions	36.8	39.9	↓	-7.8%
Net Foreign Exchange Income	10.6	8.7	↑	21.8%
Operating Expenses	92.4	81.9	↑	12.8%
Profit Before Tax	<b>37.9</b>	<b>58.4</b>	↓	<b>-35.1%</b>
<hr/>				
Net Loans & Advances to Customers	3,147.9	3,512.6	↓	-10.4%
Customer Deposits	3,752.7	4,052.7	↓	-7.4%
Shareholder Equity	744.4	724.6	↑	2.7%
<b>Total Assets</b>	<b>5,221.8</b>	<b>5,616.4</b>	↓	<b>-7.0%</b>
Return on Avg. Assets	2.8%	4.7%	↓	
Return on Avg. Equity	14%	25%	↓	
NPL/Total Loans	14%	10.9%	↑	

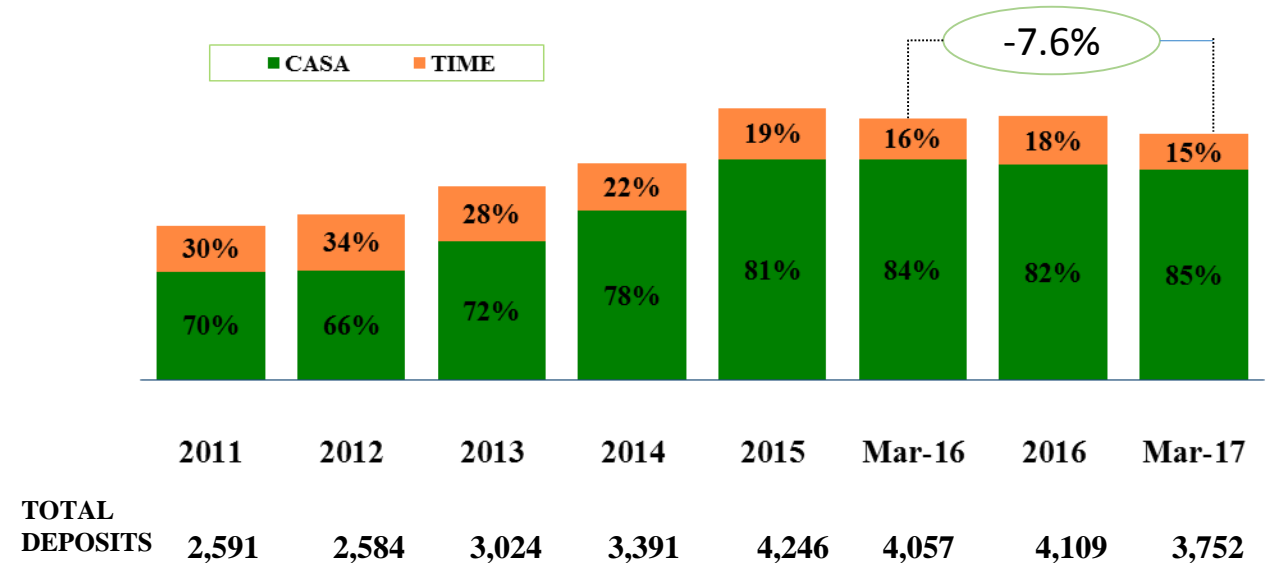
# Financial Position -Strong Balance Sheet Growth



## Strong sources of funding – TZS billions



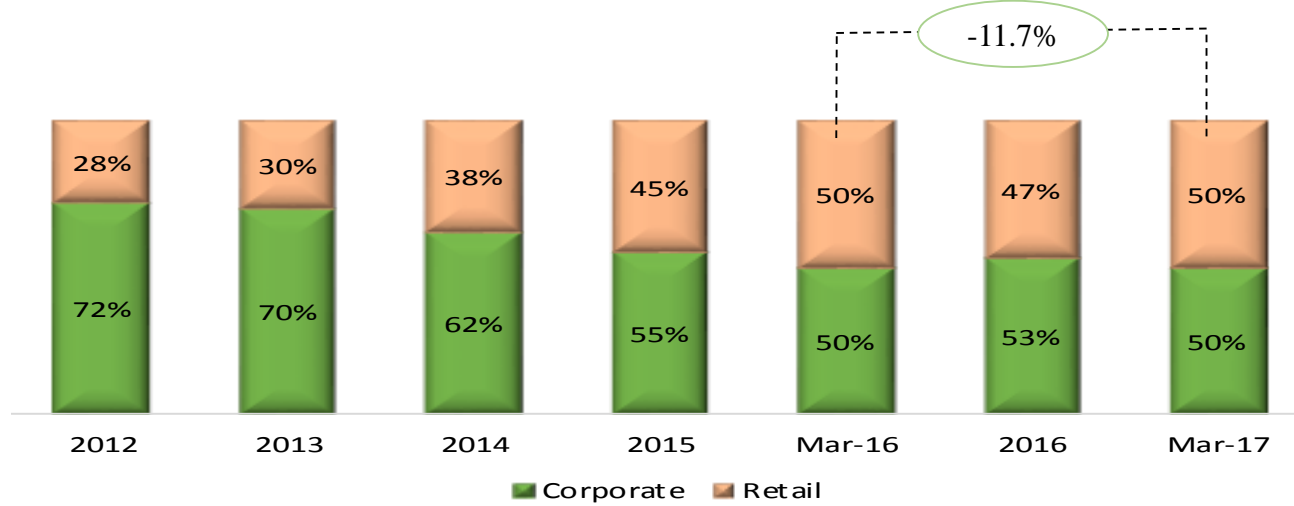
## Funding Growth Through Deposit Mobilization



- Customer deposits account for 75% of total funding in the Balance Sheet.
- Borrowing includes subordinated debt of TZS 84.5 bn, other borrowings of TZS 446.7 bn.
- Low cost CASA base increased to 85% in March 2017 (March 2016: 84%) of total deposits with YoY decrease of 7.6% mainly due to transfer of Government deposit to BOT.



# Diversified Loans Portfolio (TZS in billion)



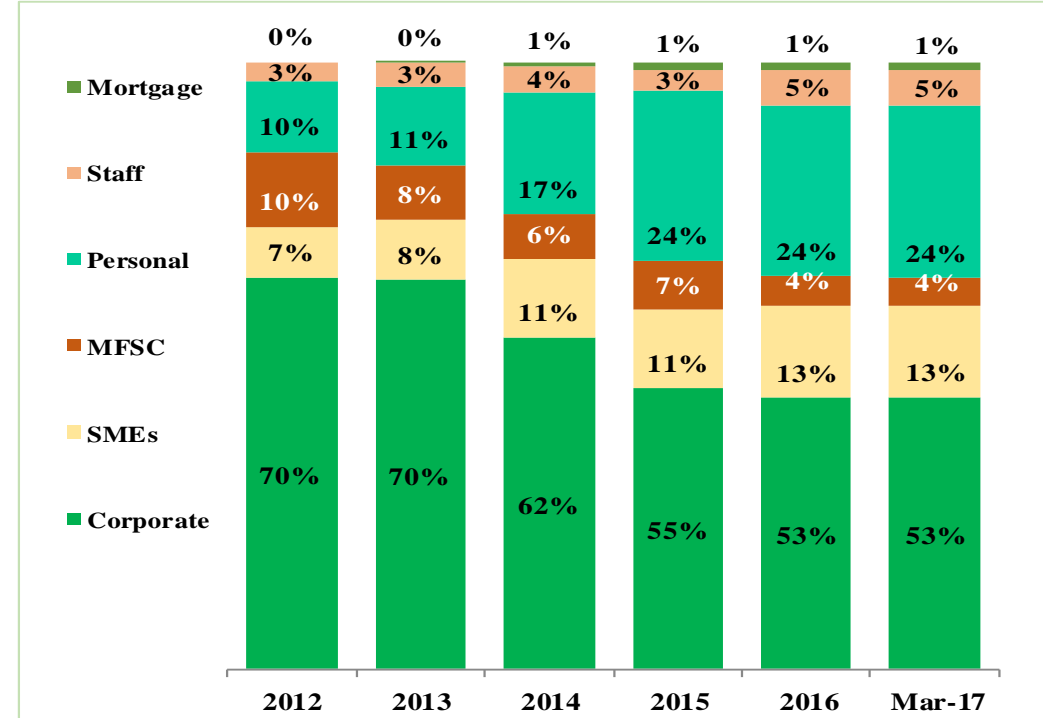
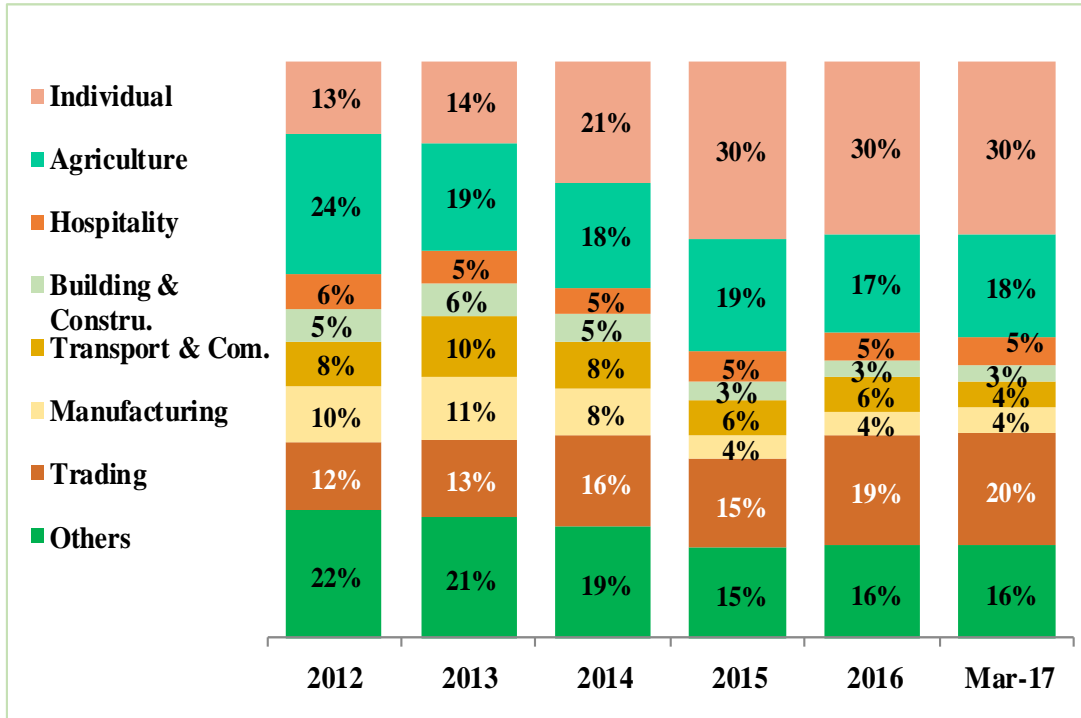
The Bank continued to maintain a strongly diversified portfolio

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

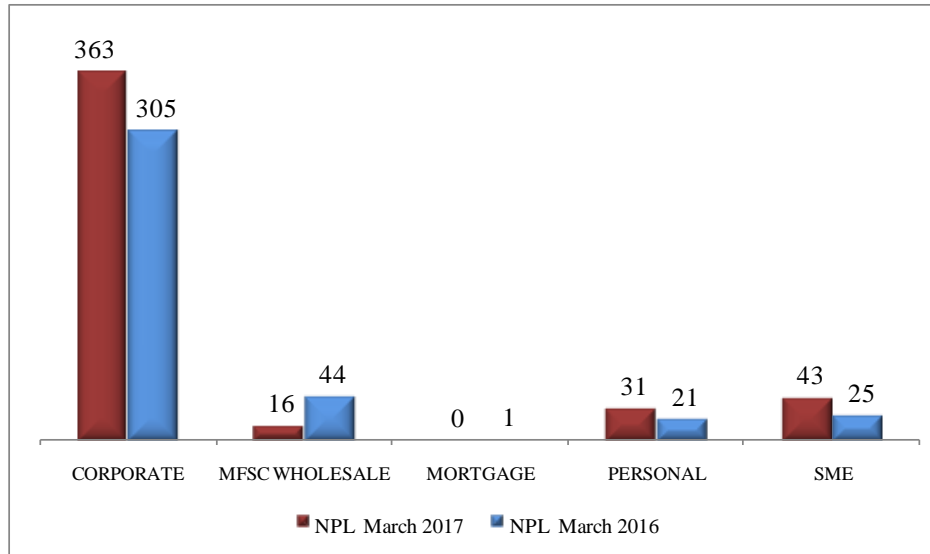
Retail Segment has decreased by 10.7% from 1,340 mil in March 2016 to 1,197 in March 2017.

Corporate Segment has decreased by 12.7% from 1,363 mil in March 2016 to 1,190 in March 2017.

The Diversified portfolio has decreased by 11.7% from 2,703 mil in March 2016 to 2,388 in March 2017.



## NPL by Business Segment



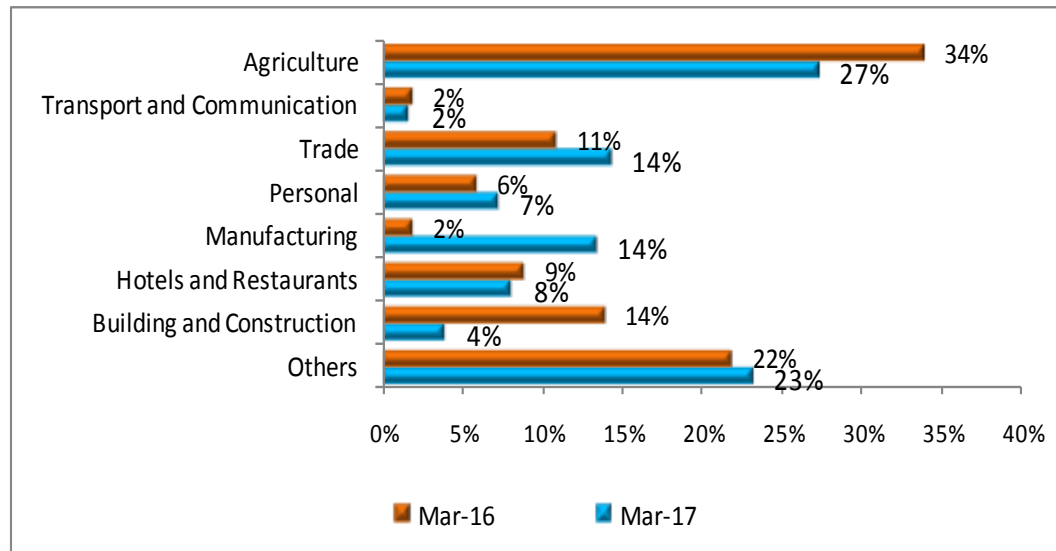
- The Bank's NPL was TZS 462.1 bn. in March 2017 compared to TZS 396.6 bn. in March 2016.

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

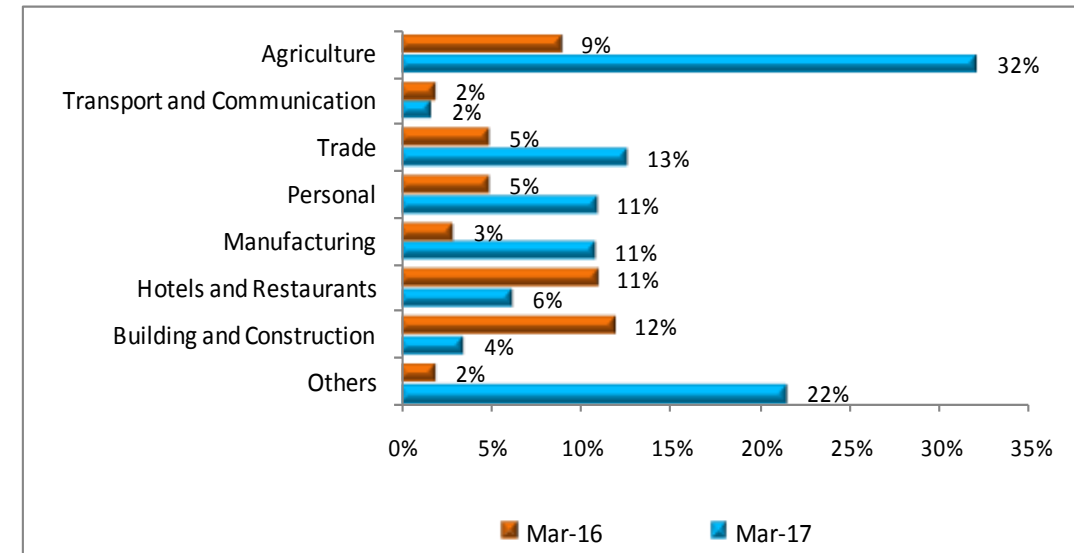
- There is a turn around process for affected corporate customer.

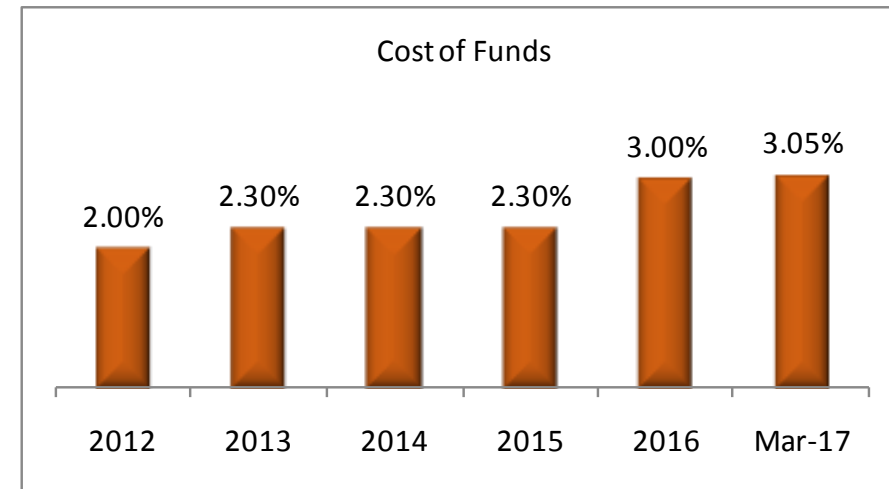
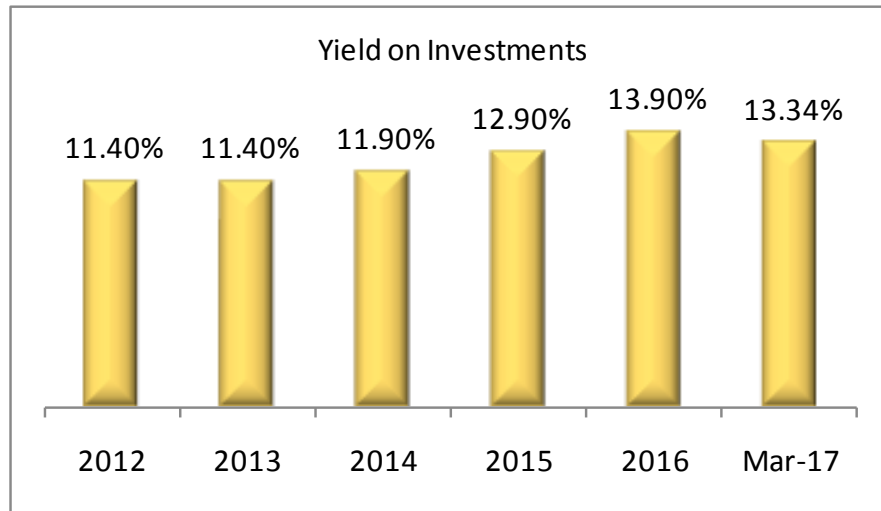
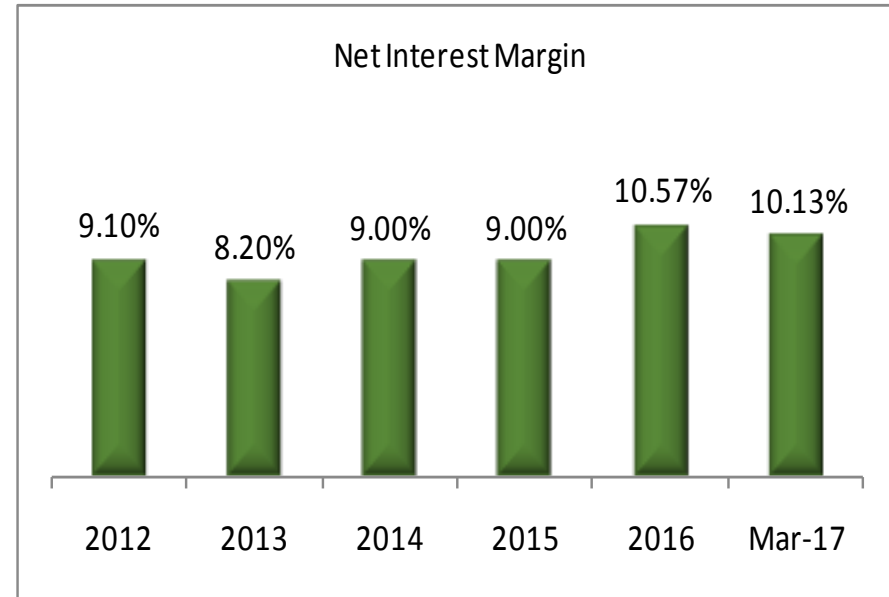
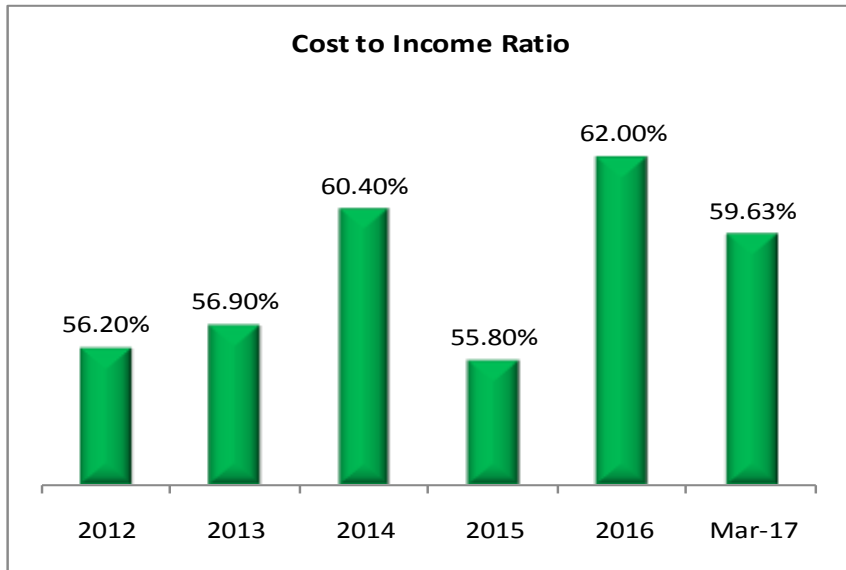
- The Bank continues to reduce exposure in Tobacco sector.

## NPL by Sector

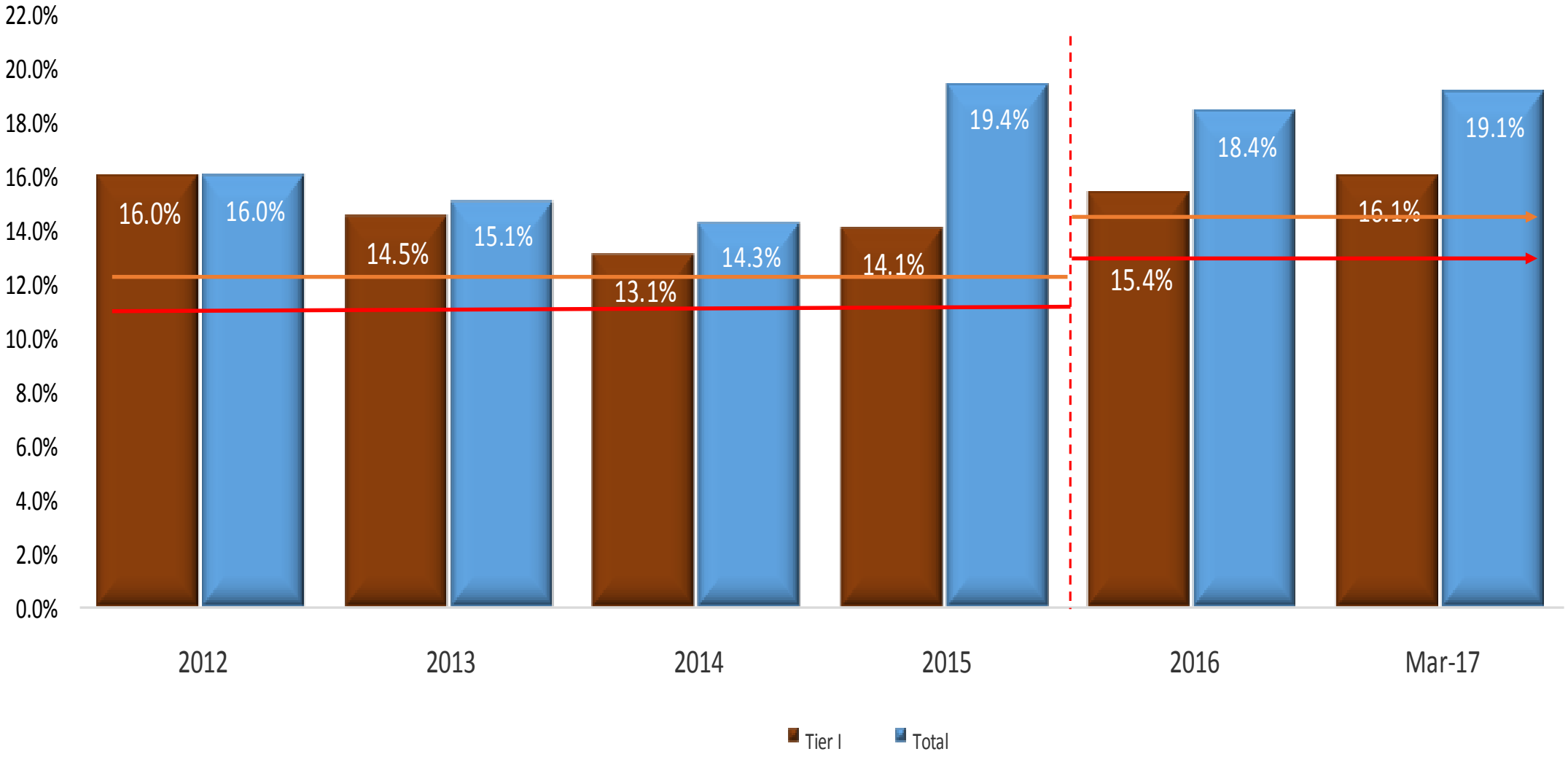


## NPL by Provision





# 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 0.53 billion as at 31<sup>st</sup> March, 2017.
- There were 455 partner MFIs at 31<sup>st</sup> March 2017 (2016: 443).
- Total loans extended by the Bank to these institutions at the end of March 2017 stood at TZS 123.1 billion.

S/N	Item	Quantity
1.	Service Centres	19
2.	Mini Service Centres	61
3.	Mobile Branches	8
4.	Retail Clients	138,457

### 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 607 million as at 31<sup>st</sup> March 2017 compared to TZS 424 million profit recorded in the 1<sup>st</sup> quarter of year 2016.
- Total assets increased from TZS 146.5 billion in March 2016 to TZS 151.4 billion in March 2017.
- Total deposits grew from TZS 56.6 billion in March 2016 to TZS 65.8 billion in March 2017.

Performance trend	2014	2015	Mar-16	Mar-17
Total Assets TZS mn.	104,137	146,685	146,541	151,401
Total Deposits TZS mn.	28,894	60,427	56,629	65,767
Net Profit (Loss) TZS mn.	-3,578	870.06	424	-607



## 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	March 2017
Premium Sales	8,244	12,094	17,333	25,647	11,521

# 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 2017.
9. Best SME Bank in Tanzania 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

## **CEO – CRDB Bank PLC**

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

## **GM – CRDB Burundi S.A.**

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



*Thank You*