



CRDB BANK PLC

The Bank that Listens

Investor Briefing 2nd 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** - 48,000,000
- ❖ **Independence** - 9th December 1961
- ❖ **Economy**
 - Depends on Agriculture, Mining (Gold, Diamonds etc.), Tourism. Oil, Gas & Iron Ore found.
 - One of fastest growing economy – CAGR 7% in the last decade.
 - Annual Headline Inflation Rate as of June, 2016 5.5 %



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.





CRDB Bank History

- ❖ 1947 – Land Bank of Tanganyika Ltd – (LBT)
- ❖ 1964 – National Dev. Credit Agency – NDCA
- ❖ 1961 – Agriculture Credit Agency – (ACA)
- ❖ 1971 – Tanzania Rural Dev. Bank – TRDB
- ❖ 1984 – Co-op. & Rural Dev. Bank – CRDB

1999 – CRDB Bank Limited – CRDB

- ❑ In JULY 1999 THE PRIVATIZED BANK CHANGED ITS NAME from CRDB (1996) Limited TO CRDB BANK LIMITED for marketing purposes
- ❑ CRDB has no abbreviation
- ❑ The Bank was owned by over 11,000 shareholders; Private Individuals 37.5%, Co operatives 14.1%, Companies 19%, Danida Investment Fund 29.4%
- ❑ CRDB Ltd. had 27 Branches and 6 agencies in all regions of Tanzania mainland

1996 – CRDB (1996) Limited – CRDB

- ❑ The banking and Financial Institution’s Act of 1991 set out regulations that banks and financial institutions needed to abide by.
- ❑ CRDB needed comprehensive restructuring to enable it compete with other banks in the market.
- ❑ CRDB restructuring involved five main areas: Organizational, Operational, Financial, Sale of govt. shares, and Human Resources Management.
- ❑ CRDB had been privileged by DANIDA's commitment to support it technically, managerially and financially.
- ❑ First shareholders meeting was held on 1st September, 1996 and elected seven shareholders to be members of the Board of Directors of CRDB (1996) Limited and three appointed by DANIDA.

2009 – CRDB Bank Plc - CRDB

- ❑ On 17th June 2009 the Bank’s Shares were listed on the Dar es Salaam Stock Exchange (DSE)
- ❑ CRDB Bank Limited changed to CRDB Bank Plc.
- ❑ To date CRDB has Over 28,000 shareholders.
- ❑ Recently concluded Rights issue

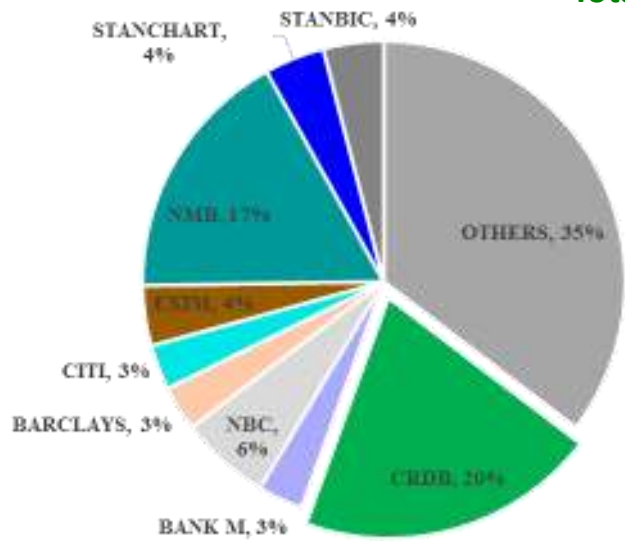




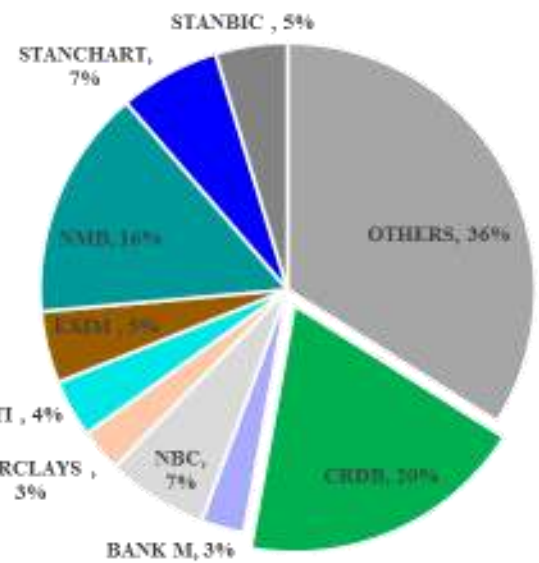
Market Share- Total Assets & Total Deposits

June 2016

Total Assets

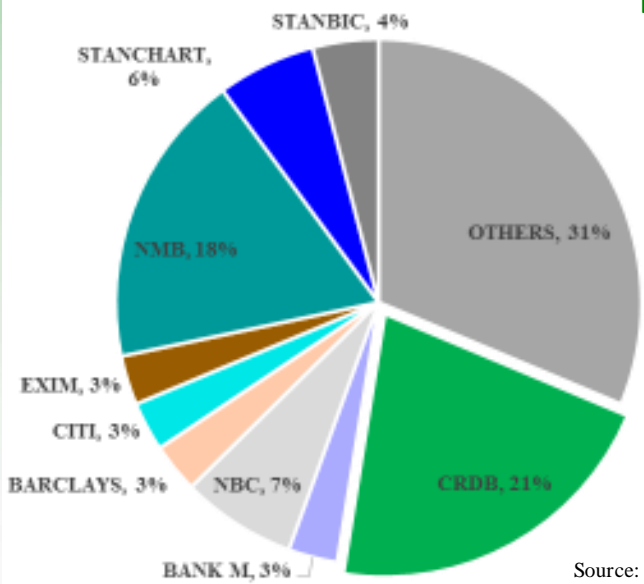


June 2015

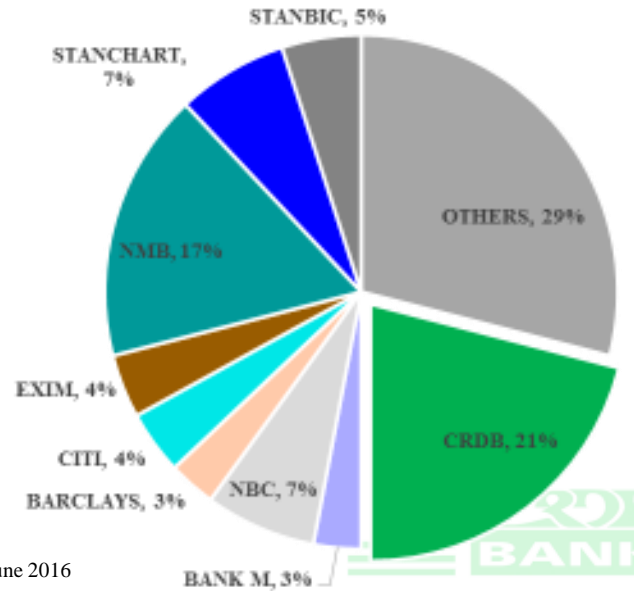


June 2016

Total Deposits



June 2015



Source: Published Financials, June 2016

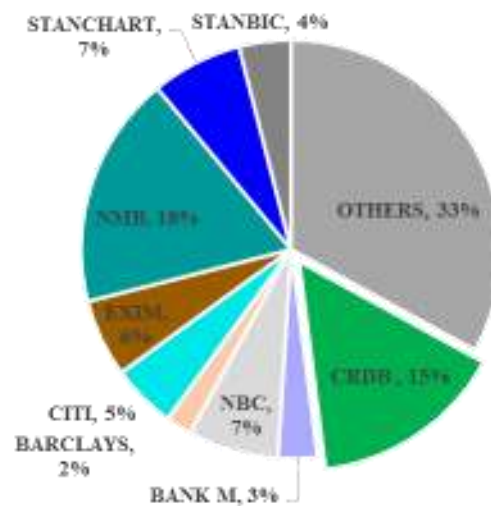
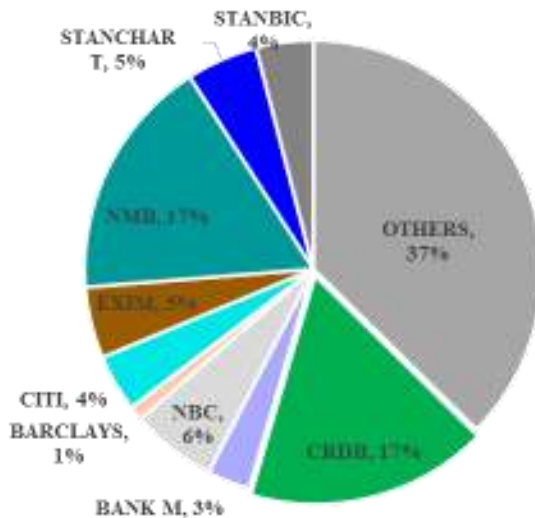


Market Share – Shareholder’s Funds and Loans & Advances

June 2016

Capital

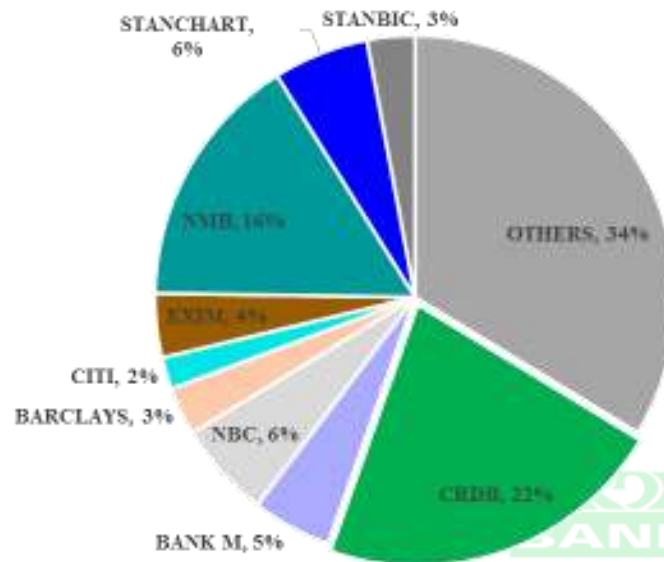
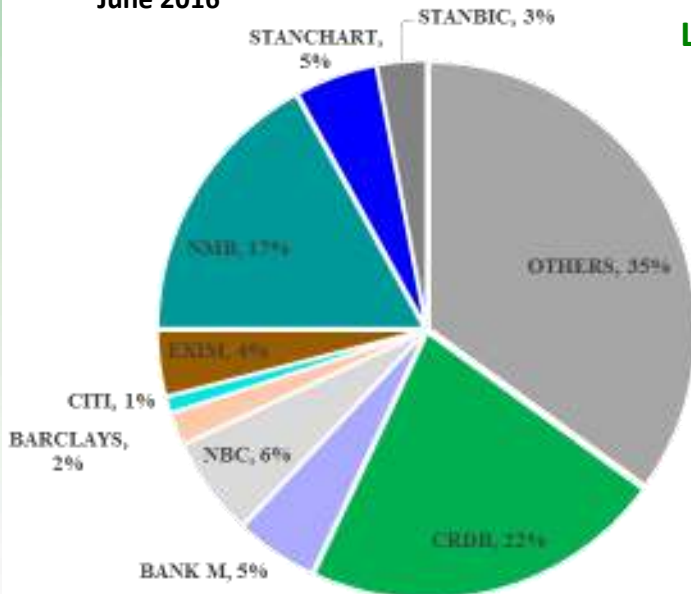
June 2015



June 2016

Loans & Advances

June 2015





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, Islamic banking, Investment Banking, Agent Banking and micro-finance and insurance.
- New regulations



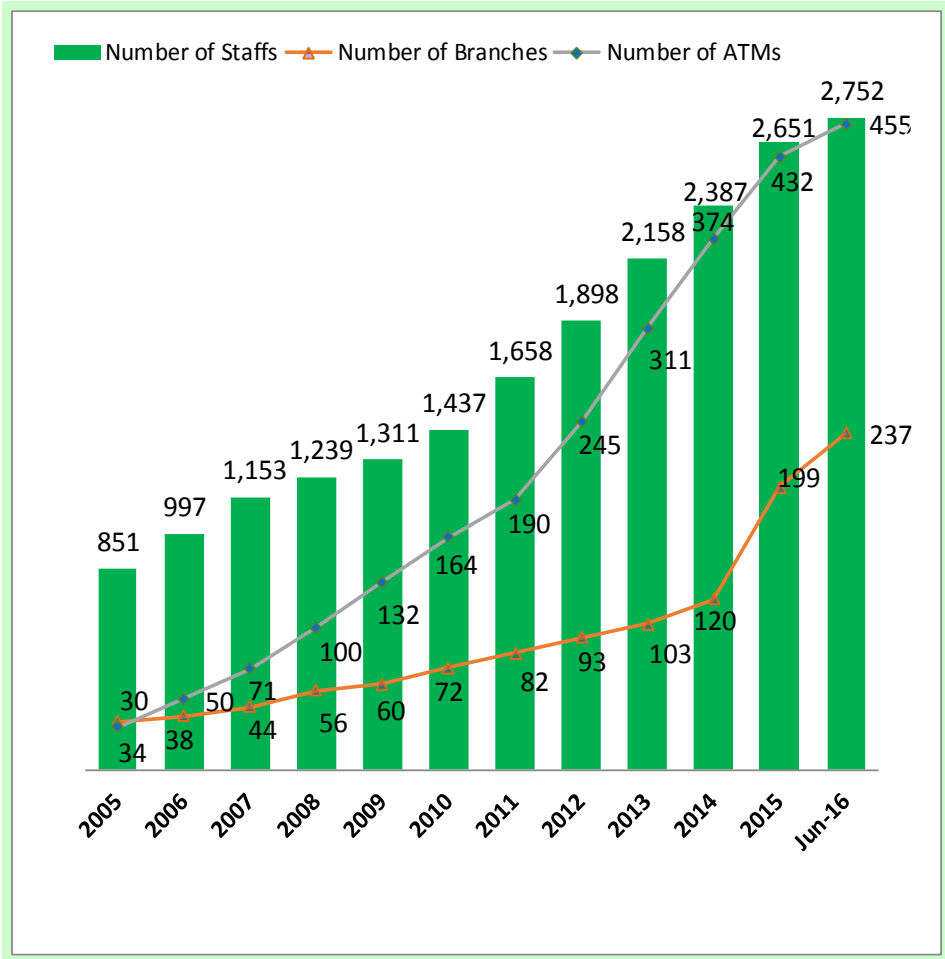
Bank Financial Performance as at 30th June, 2016





CRDB Profile end of June, 2016

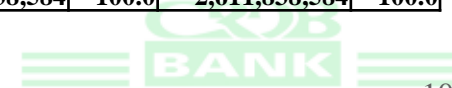
- CRDB Bank PLC offers a comprehensive range of Corporate, Retail, Treasury, Premier, Agent banking and microfinance services
- Network footprint of;
 - 237 branches including mobile branches and service centers.
 - 455 ATMs including 18 Depository ATMs,
 - 2,532 Merchants Network
 - 2,270 Agents (Fahari Huduma)
 - 453 Microfinance partner institutions.
 - CHINA DESK
 - INDIA DESK
 - Microfinance Subsidiary
 - Burundi Subsidiary





Shareholding Structure	31.03.2016		31.06.2016	
	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 / 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	105,506,404	4.0	106,706,104	4.1
Pinebridge **	79,273,880	3.0	-	-
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
Duet Africa Opportunities Master Fund IC	40,583,840	1.6	40,583,840	1.6
Hans 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
Kimberlite Frontier Master Africa Fund LP RCKM	38,235,862	1.5	41,990,927	1.6
Sub Total	697,563,492	26.6	623,244,377	45.2
Less than 1%				
More than 28,000 shareholders	1,105,325,349	42.4	1,179,644,464	45.2
Grand Total	2,611,838,584	100.0	2,611,838,584	100.0

** Pinebridge splits their holding to respective investors (owning below 1% of the share capital) to reduce custodial and transaction costs.





Investment Ratios

Share Performance	As at 30th June 2015	As at 30th June 2016
Market Price Closing	TZS 400	TZS 310
Earning per share (EPS)	TZS 70	TZS 50
Price Earning Ratio (P/E)	5.8	6.2
Book Value (BV)	220.9	272
Price book value ratio (P/B)	1.8	1.1
Dividend Yield	-	-
Market Capitalisation (TZS billions)	870.1	809.67
Foreign Holding (%)	18.6	22.8



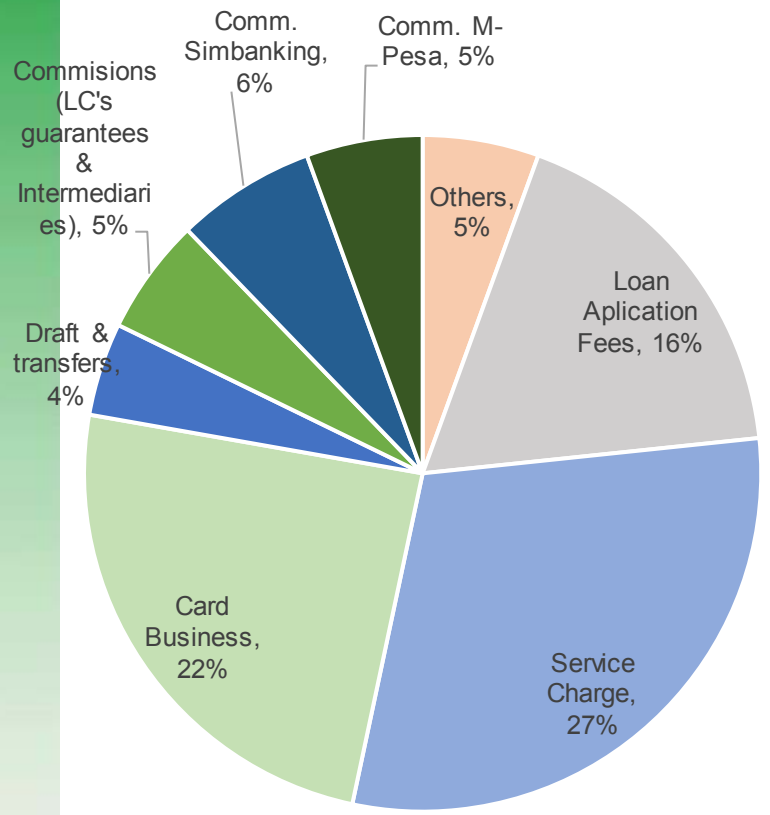
CRDB Bank Plc. – Financials as at 30th June 2016 - Performance Summary

(TZS Billion)	June 2015	June 2016	Change	
Interest Income	224.2	292.1	30.3%	↑
Interest Expenses	51.0	67.8	32.9%	↑
Net Interest Income	173.2	224.3	29.5%	↑
Net Fees and commissions	65.4	73.7	19.7%	↑
Net Foreign Exchange Income	15.6	14.6	(6.4)%	↓
Operating Expenses	140.3	170.2	21.3%	↑
Profit Before Tax	92.5	104.0	12.4%	↑
Loans & Advances to Customers	2,918.7	3,500.0	19.9%	↑
Customer Deposits	3,759.4	4,038.6	7.4%	↑
Shareholder Equity	488.0	711.6	45.8%	↑
Total Assets	5,017.9	5,614.1	11.9%	↑
Return on Avg. Assets	4.1%	3.9%	(4.9)%	↓
Return on Avg. Equity	30.0%	22.0%	(26.7)%	↓
NPL/Total Loans	6.1%	11.0%	80.3%	↑

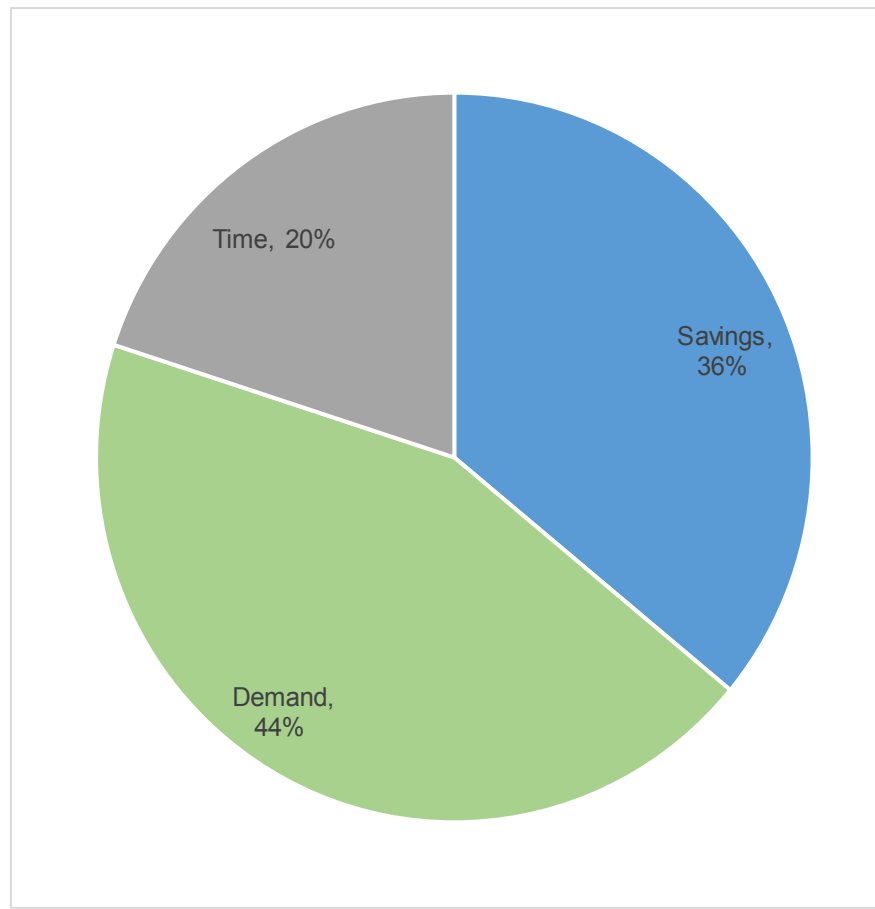




- Fee Income Composition



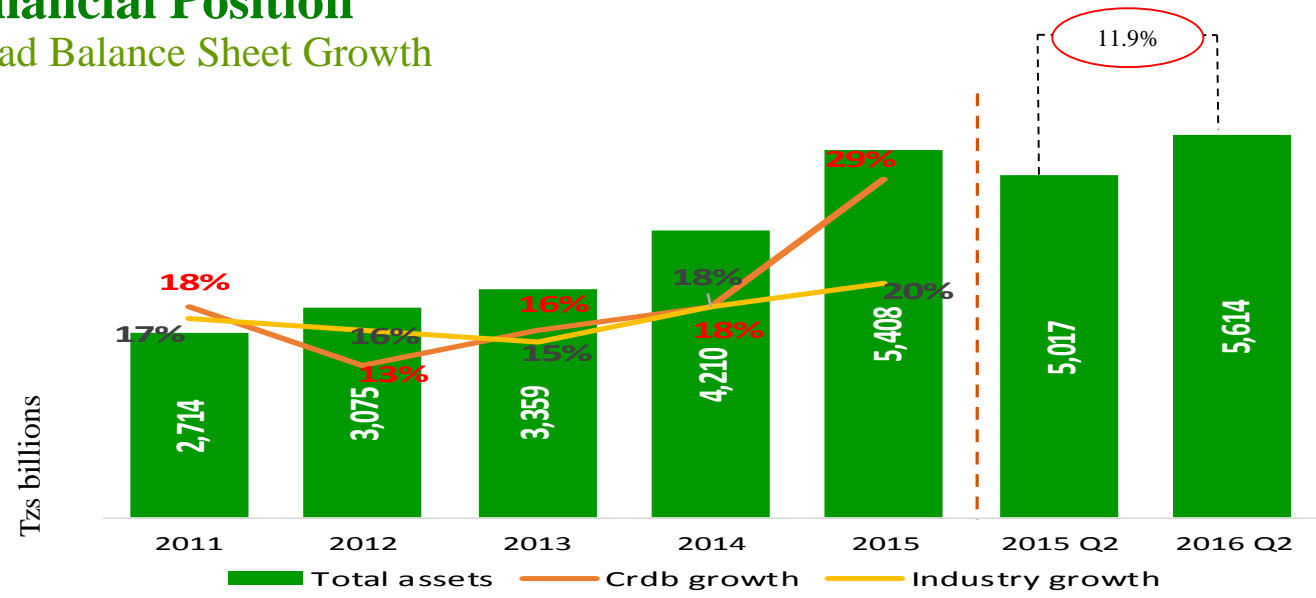
- Deposit Composition



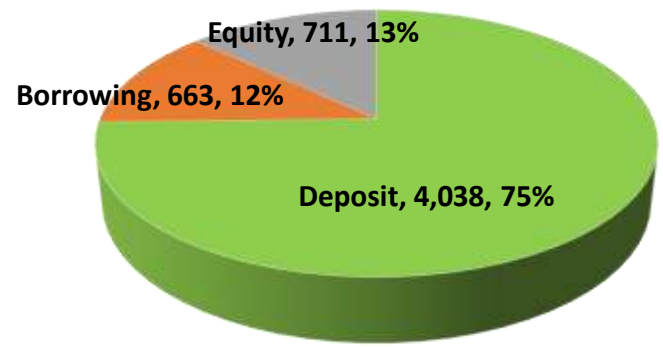


Financial Position

Stead Balance Sheet Growth



Key sources of funding – Tzs billions

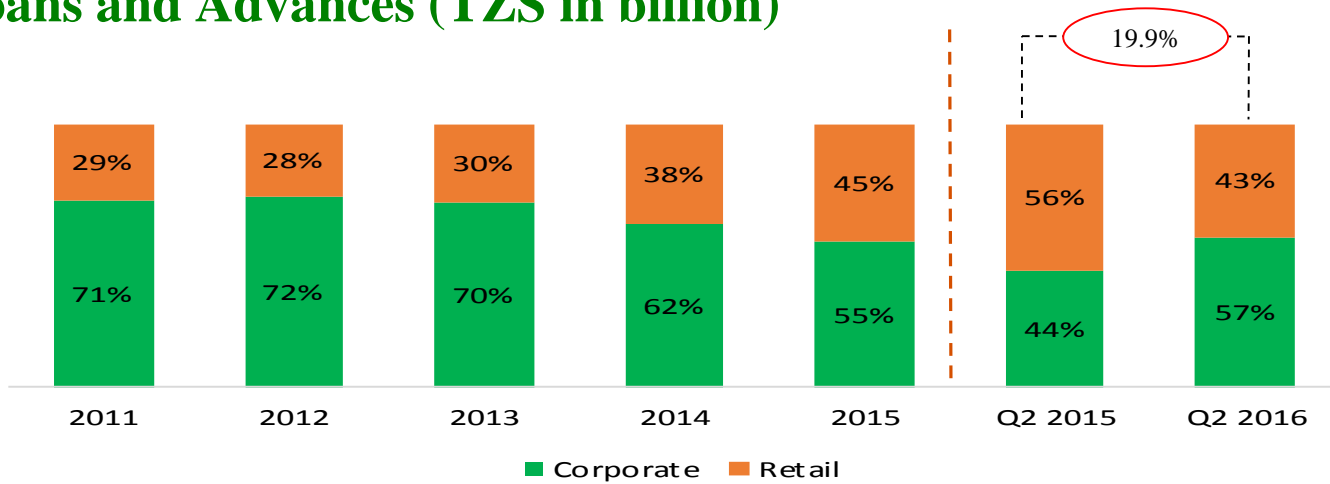


- Customer Deposits Accounts for 76% of total Funding in the Balance Sheet.
- The borrowing includes subordinated debt 87 bn, other borrowings 483 bn.

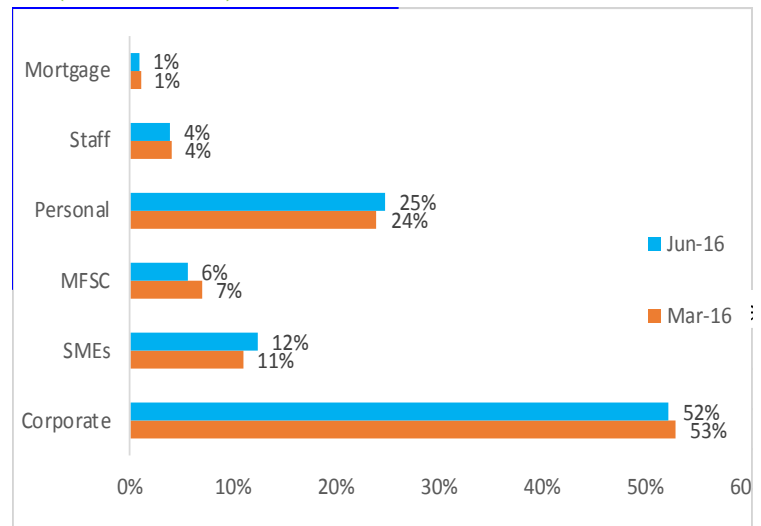
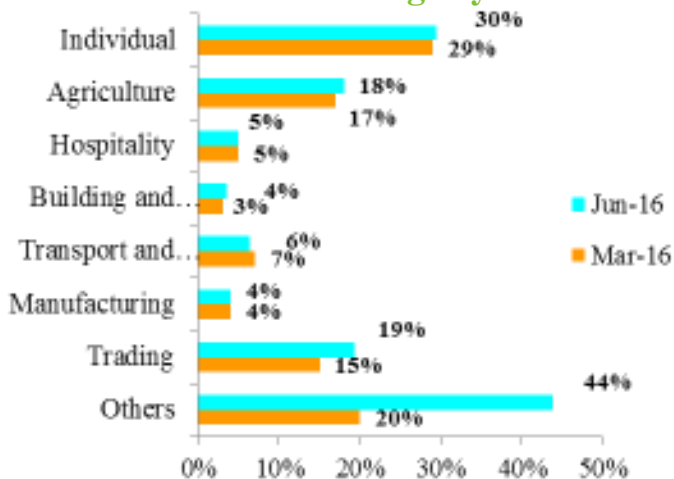




Loans and Advances (TZS in billion)



Diversified Portfolio among key sectors and segments (June 2016)

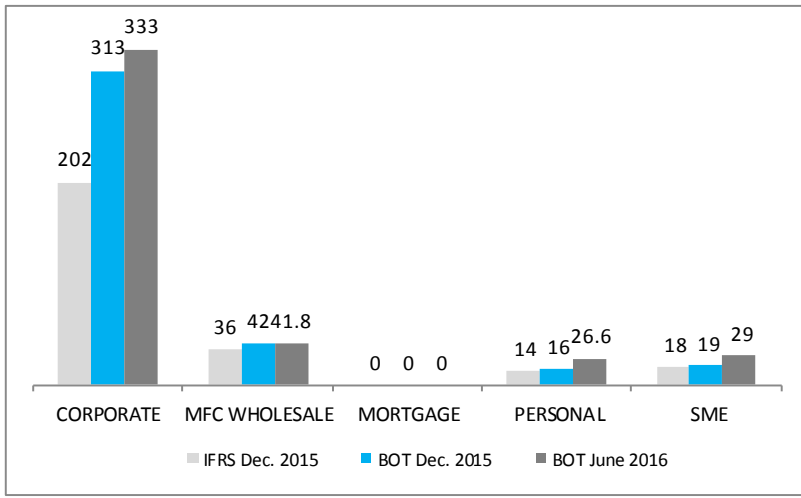


The Bank continued with its strategy to grow retail loan segment. Retail segment portfolio by June 2016 was 43% compared 39% in the same quarter last year mainly driven by growth in personal loans and SMEs.





NPL by Business Segment – June 2016



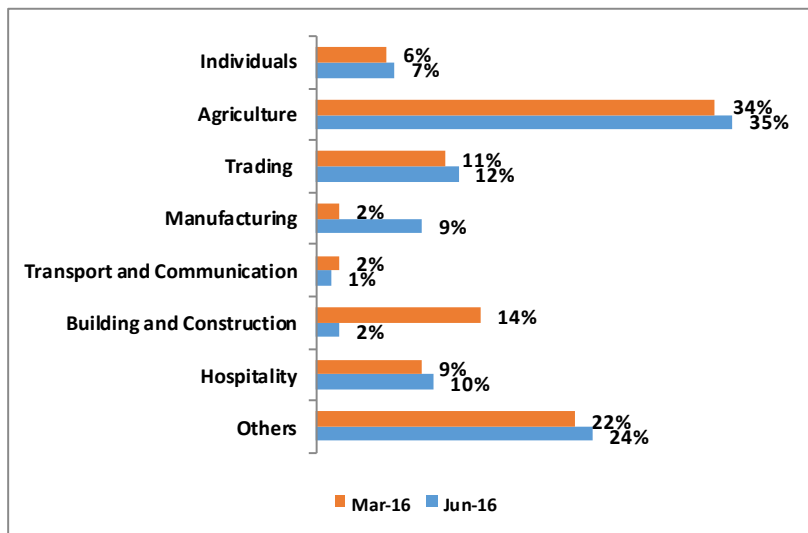
- The Bank NPL June 2016 was TZS 405.9 bn. Compared to March 2016 – TZS 395 bn. By IFRs – (BOT TZS 390).

- Mainly contributed by corporate segment by 77% caused by some big corporate customer delays in payment and Tobacco customers.

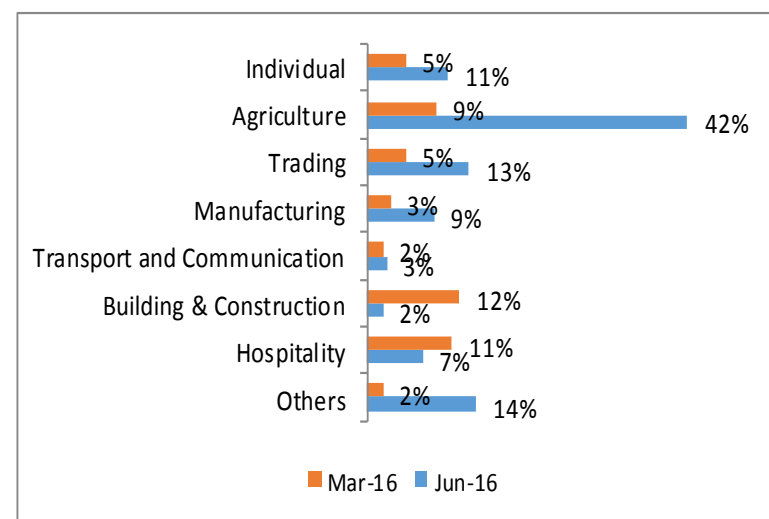
- Affected corporate customers continue to turn around.

- The Bank continue to reduce exposure in Tobacco sector.

Sector NPL as at June 2016



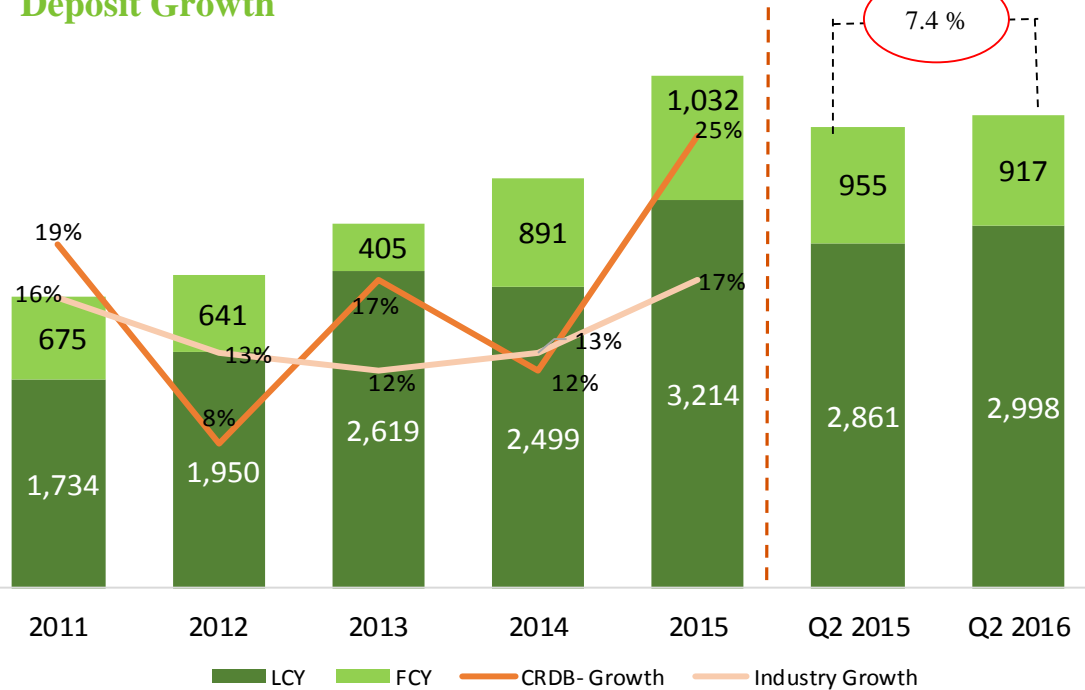
Sector Provision as at June 2016



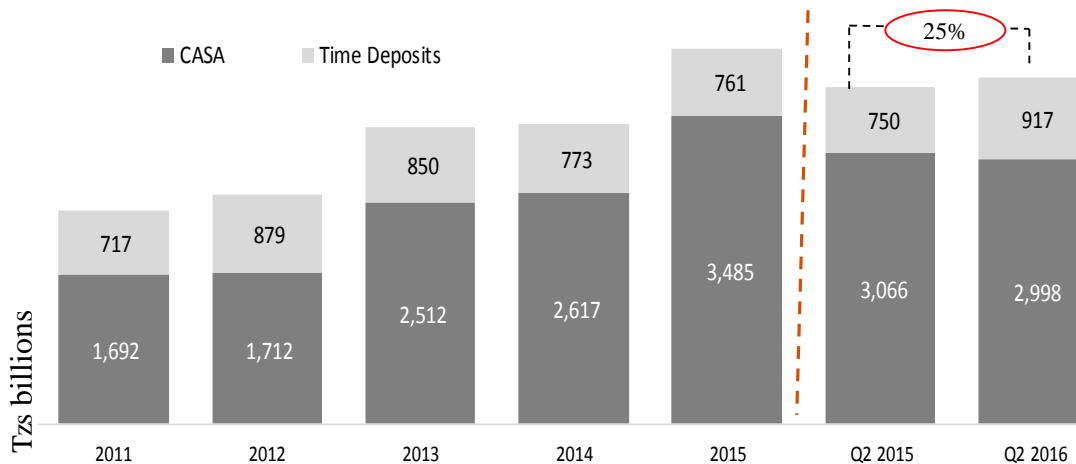
Customer Deposits

Funding Growth Through Deposit Mobilization

Deposit Growth



- Quarterly deposit growth 7.4%
- Mainly from growth in Bank network, Agency and Government business and customer convenience.
- 23% of the total deposits are held in Foreign Currency.
- Foreign Currency deposits decrease by 6.4% mainly resulting from TZS depreciation against USD.

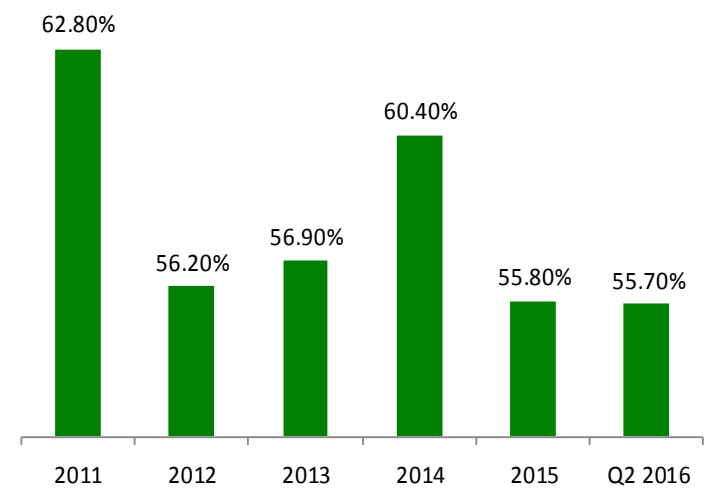


- Low cost CASA base grew to 84% in June 2016 (June. 2015: 80%) of total deposits with quarterly growth of 25%.

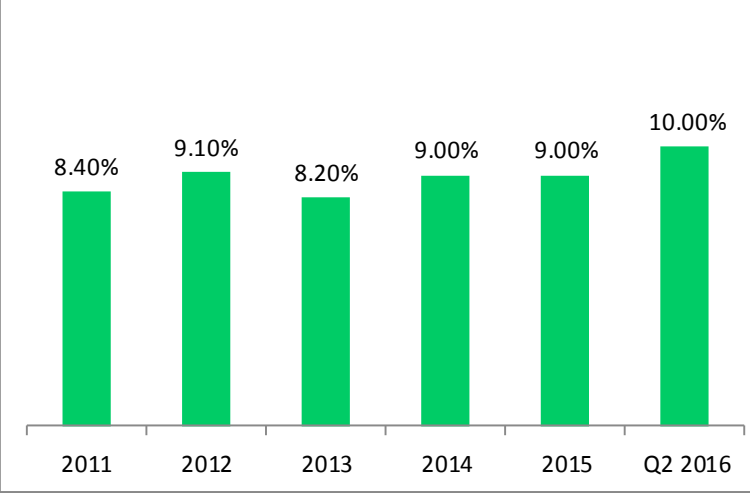




Cost to Income Ratio



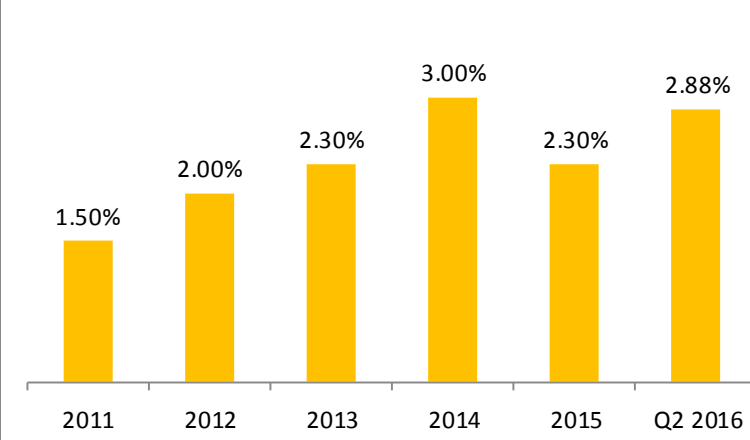
Net Interest Margin



Yield on Investment

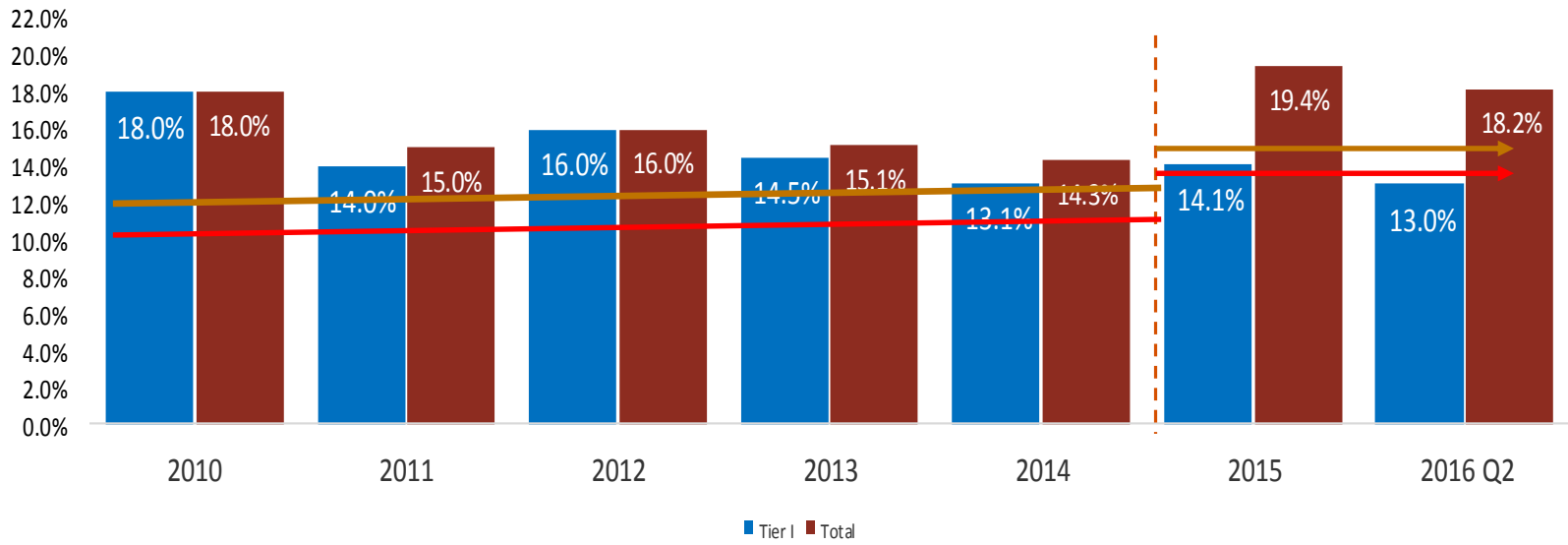


Cost of Fund

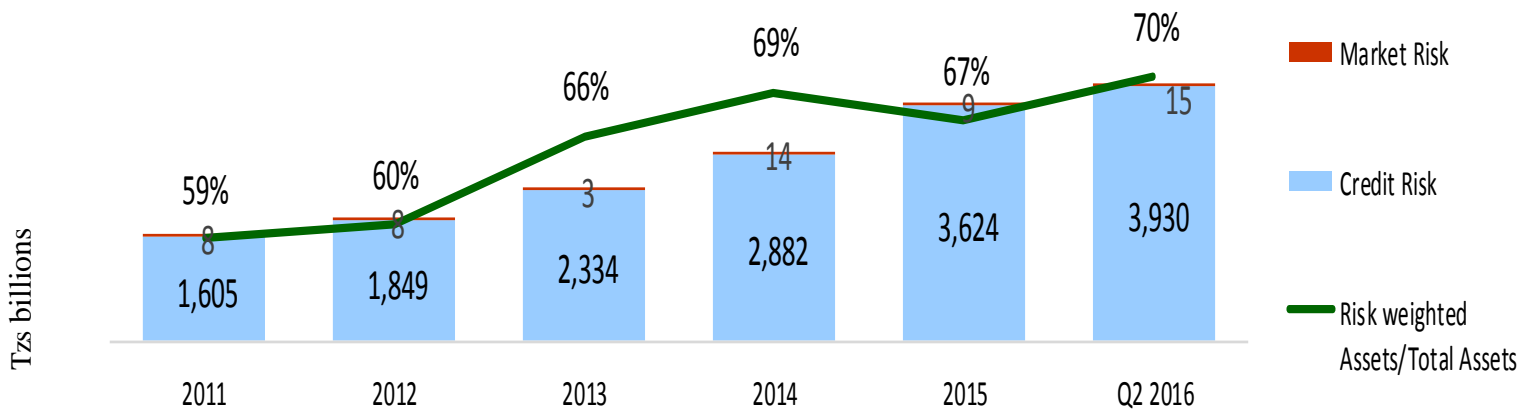




Capital adequacy ratio



Risk weighted assets





CRDB Bank Plc Subsidiaries

1. CRDB Microfinance Services Company Limited

- Offers Microfinance products through its subsidiary by partnering Microfinance institutions (MFIs) which are mainly SACCOS.
- Provides financial products - 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 June 2016.
- Total loans extended by the Bank to these institutions at the end of June 2016 stood at TZS 205.31 billion.
- The subsidiary made a profit of TZS 3.7 billion as at 30th June, 2016.

2. CRDB Bank Burundi S.A.

- The Bank also has a subsidiary in Burundi, “CRDB Bank Burundi S.A” and up to June. 2016, the subsidiary has managed to open three branches in Bujumbura.
- The subsidiary recorded a profit of TZS 590.6 million end of June 2016, compared to 184.8 million loss recorded in June, 2015 despite of security instability in the country. The subsidiary was able to breakeven.
- The subsidiary total assets as at 30th June, 2016 grew to TZS 150.7 billion from TZS121.7 billion the same period in 2015.
- Total deposits was TZS 62 billion compared to TZS 38.8 billion the same period in 2015.





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 will be;
 - 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 started in 2015.





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 6 awards in different categories.

1. Best Retail Bank Tanzania – Banker Africa – East Africa Awards 2016.
2. The Best East African Bank of the year – African Banker Awards (AfDB Awards 2016).
3. Best Commercial Bank Tanzania – International Banker Awards 2016.
4. Best Innovation in Retail Banking Tanzania – International Banker Awards 2016.
5. CRDB Bank has been voted as the Best Local Trade Finance in Tanzania – Global Trade Review (GTR)
6. Certificate of Appreciation on financial contribution – Women's Economic Empowerment Forum (WEEF) – The United Republic of Tanzania, Vice President's Office.

CEO

7. Top Individual Award 'East African Banker Lifetime Achievement' – Banker Africa – East Africa Awards 2016.



Thank You