



16TH ANNUAL GENERAL MEETING

04 JUNE 2016

DAR ES SALAAM

AGENDA 16.5

- | | | |
|---|--------------------|----------------------|
| 1 | 2015 Overview | Ineke Bussemaker, MD |
| 2 | FY 2015 financials | Waziri Barnabas, CFO |
| 3 | Q1 2016 financials | Waziri Barnabas, CFO |
| 4 | Vision 2020 | Ineke Bussemaker, MD |

2015 OVERVIEW – INEKE BUSSEMAKER, MD

2015 OVERVIEW

1 NMB Marked its 10th Year Anniversary – 10 Years of steady growth

	2005		2015
Number of customers	600,000	250% ↑	2,100,000
Number of branches	100	75% ↑	175
Number of employees	1500	110% ↑	3163
Number of ATMs	0	na ↑	595
Number of customers subscribed to Mobile Banking	0	na ↑	>1,000,000

2015 OVERVIEW

2

New HQ – Relocated in July 2015 as planned. Building officially opened in October 2015

3

Investments in Tier 3 Data Centre and service infrastructure

2015 OVERVIEW

4

Launched NMB MasterCard – Customers have the ability to transact both domestically and internationally



2015 OVERVIEW

5

Completion of Sura Mpya – Three year project to refurbish 98 branches



Mwanga Branch - Before



Mwanga Branch - After



Mbulu Branch - Before



Mbulu Branch - After

2015 OVERVIEW

6

Corporate social responsibility – NMB allocates 1% of its PAT to CSR initiatives. The Bank's CSR Strategy has been centred around:



- **Financial literacy** – Piloted a financial capability programme in 10 schools
- **School support** – Over 7,000 desks donated to 140+ primary and secondary schools



- **Health sector support** – TSH 200m donated to 30 hospitals for the purchase of hospital and delivery beds
- **Natural disaster support** – Disaster relief to flooding victims in Hai, Geita & Kahama

2015 OVERVIEW

7

Recent accolades



NBAA - Best Presented Financial Statements 2014



EUROMONEY – Best Bank in Tanzania 2015



WEF – Global Growth Company Award 2015

FY 2015 FINANCIALS – WAZIRI BARNABAS, CFO



BALANCE SHEET GREW STRONGLY HOWEVER IT WAS FINANCED BY EXPENSIVE DEPOSITS

<i>in TSH billions</i>	2014		2015	
Net loans	2,007	24% ↑	2,481	▪ Growth in consumer loans, mainly SWLs
Customer deposits	3,006	19% ↑	3,568	▪ Increase in high cost time deposits
Borrowings	204	30% ↑	266	▪ Loans from development finance institutions
NPL ratio	2.7%	0.4% ↓	2.3%	▪ Decrease in NPLs
NPL coverage ratio**	72%	- ↔	72%	

**Derived after discounting government guarantees that have been claimed but not yet paid

OPERATING ENVIRONMENT

- 1** Single digit inflation
- 2** Liquidity challenges
- 3** Currency depreciation
- 4** General election

SHARP INCREASE IN INTEREST EXPENSE IN 2015 LED TO LOWER NET INTEREST INCOME

<i>in TSH billions</i>	2014		2015	
Interest Income	418	5% ↑	439	▪ YoY loan growth
Interest Expense	39	80% ↑	69	▪ High cost deposits
Net Interest Income	378	2% ↓	370	▪ YoY decrease in Net Interest Income (NII)

LOWER NII COMBINED WITH HIGHER OPERATING EXPENSES RESULTED IN LOWER PROFIT FOR 2015

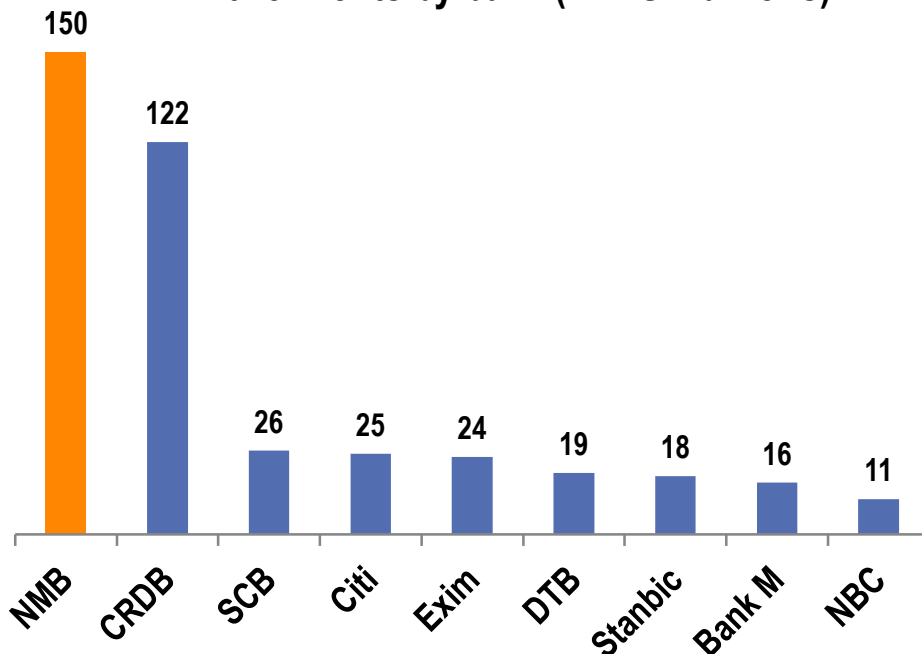
<i>in TSH billions</i>	2014		2015	
Net Interest Income	378	2% ↓	370	▪ Increased interest expense
Impairments	17	24% ↓	13	
Commissions & Forex Income	144	18% ↑	170	▪ Increase in FX income & other fees
Operating Expenses	281	10% ↑	310	▪ Business growth costs and TZS depreciation
Profit after Tax	156	4% ↓	150	



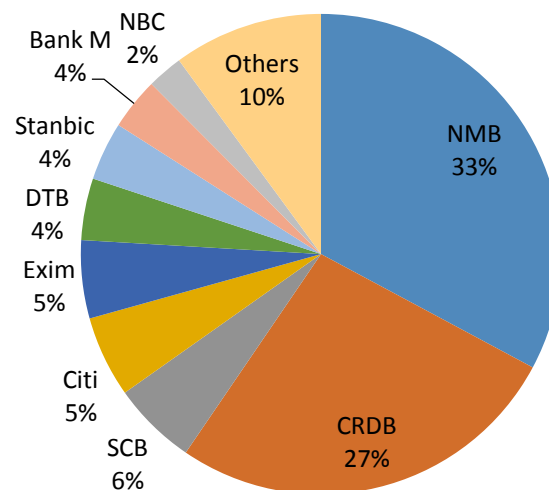
NMB GENERATED THE LARGEST PROFITS IN THE BANKING SECTOR

- With Profit after Tax (PAT) of TSH 150.2 billion for FY 2015, NMB generated more profit than any other bank in Tanzania
- NMB accounted for 33% of all banking sector profits for FY 2015

FY 2015 Profits by bank (in TSH billions)



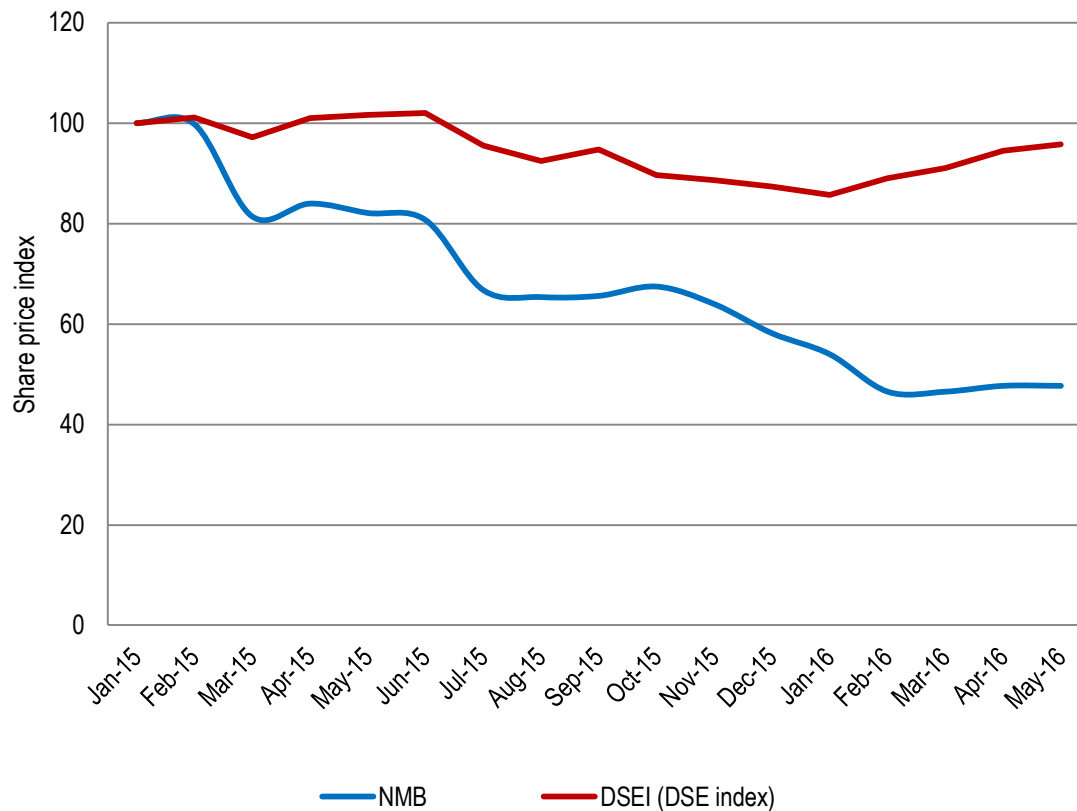
FY 2015 Share of banking industry profits





NMB SHARE PRICE DECLINE DRIVEN BY UNFAVORABLE MARKET DYNAMICS

Share price movement



Share trading performance (31 Dec 15)

Share price on IPO	TSH 600
02 January 2015	TSH 3500
31 Dec 2015	TSH 2500
31 May 2016	TZS 1,920

- Lack of liquidity in the market
- Previously over-valued; now fairly valued at +/- TSH 2000
- Investor sentiments

Q1 2016 FINANCIALS

SLOW BALANCE SHEET GROWTH IN Q1 2016

<i>in TSH billions</i>	Q4 2015		Q1 2016
Net loans	2,482	3% ↑	2,567
Customer deposits	3,553	0.2% ↑	3,561
Borrowings	266	2% ↑	270
NPL ratio	2.6%	0.3% ↓	2.3%
NPL coverage ratio**	73%	9% ↓	64%

**A result of strong collateral in the Corporate book.

Derived after discounting government guarantees that have been claimed but not yet paid

Q1 2016 PAT IS UP YEAR-ON-YEAR HOWEVER ONLY marginally

<i>in TSH billions</i>	Q1 2015		Q1 2016	
Net Interest Income	90	18% ↑	106	▪ Interest income rose but offset by sharp rise in interest expense
Fees & Commissions	28	21% ↑	34	▪ Growth in processing fees as a result of an increase in disbursed loans
Operating Expenses	66	27% ↑	84	▪ Non-interest expenses increased by 27% following business growth and the TZS depreciation against the USD
Profit after Tax	38	3% ↑	39	▪ PAT up marginally to TSH 39.3 billion

VISION 2020 – INEKE BUSSEMAKER, MD

NMB'S VISION & MISSION



Our Vision

To be the preferred financial services partner in Tanzania.



Our Mission

Through innovative distribution, and its extensive branch network, NMB offers affordable, customer focused, financial services to the Tanzanian community, in order to realize sustainable benefits for all its stakeholders.

“VISION 2020” – DOUBLE THE NUMBERS!

YE2015

**TSH 4.6 trillion
Total assets**

**TSH 3.6 trillion
Total deposits**

**TSH 2.5 trillion
Net loans**

**TSH 150m
Profit After Tax**

**c. 2 million
customers**



YE2020

**TSH 9 trillion
Total assets**

**TSH 7 trillion
Total deposits**

**TSH 5 trillion
Net loans**

**+TSH 300m
Profit After Tax**

**+4 million
customers**

PRIORITIES FOR 2016

- 1 **Innovation** - Agency banking, mobile + cards
- 2 **Medium Term Note** – Retail/Corporate Bond
- 3 **Deposits** - New campaigns e.g. Pamoja account
- 4 **Government business** – Integrating e-collections
- 5 **Agribusiness** – Renewed focus
- 6 **Customer service** - Company wide effort

AGENDA 16.6

Dividend Proposal

Waziri Barnabas, CFO

PROPOSED DIVIDEND FOR FY 2015

- The Board has proposed a dividend pay-out of TSH 104 per share amounting to TSH 52 billion
- After payment of dividend and the inclusion of the operational risk component our Total Capital Ratio will be 17%; above minimum BOT of 14.5%

**Total Dividend
Pay-out:**

