



NMB BANK PLC.

2016 ANNUAL RESULTS PRESENTATION

SHAREHOLDERS' BREAKFAST

01 JUNE 2017



DISCLAIMER

“NATIONAL MICROFINANCE BANK PLC (“NMB”), HAS TAKEN ALL REASONABLE CARE TO ENSURE THAT THIS PRESENTATION IS TRUE AND CORRECT IN ALL MATERIAL ASPECTS. THIS PRESENTATION AND ANY OTHER INFORMATION SUPPLIED IS NOT INTENDED TO PROVIDE THE BASIS OF ANY EVALUATION OR AS A RECOMMENDATION BY NMB, NOR DOES IT CONSTITUTE AN OFFER, TO SELL OR BUY ANY NMB SHARES. ANY RECIPIENT OF THIS PRESENTATION SHOULD MAKE ITS OWN INDEPENDENT ASSESSMENT OF THE CONDITION AND AFFAIRS OF NMB. THIS PRESENTATION MAY INCLUDE “FORWARD LOOKING STATEMENTS” WHICH INCLUDES ALL STATEMENTS OTHER THAN HISTORICAL FACTS AND DATA, INCLUDING STATEMENTS ON THE BANKS FINANCIAL POSITION, STRATEGY OR OTHER PLANS AND POSSIBLE FUTURE SCENARIOS. SUCH STATEMENTS, IF ANY, ARE NOT GUARANTEES OF FUTURE PERFORMANCE, AND INVOLVE KNOWN AND UNKNOWN RISKS AND FACTORS THAT COULD CAUSE THE ACTUAL RESULTS TO BE MATERIALLY DIFFERENT FROM THE FORWARD LOOKING STATEMENTS. NO RESPONSIBILITY IS ACCEPTED FOR THE REASONABLENESS OF ANY SUCH FORWARD LOOKING STATEMENTS. NMB DOES NOT REPRESENT THAT THIS PRESENTATION MAY LAWFULLY BE DISTRIBUTED IN ANY JURISDICTION, AND THIS PRESENTATION MAY NOT BE RE-DISTRIBUTED EXCEPT WITH THE EXPRESS APPROVAL OF NMB.”

AGENDA

1. 2016 HIGHLIGHTS

2. FY2016 FINANCIALS

3. DIVIDEND PROPOSAL

4. THE ROAD AHEAD

5. Q&A

2016 HIGHLIGHTS



NMB AT A GLANCE – CONTINUED GROWTH AND REACH

	2016		2015
Number of customers	2,178,700	4% ↑	2,100,000
Number of branches	188	7% ↑	175
Number of ATMs	670	13% ↑	595
Number of employees	3,432	9% ↑	3,163

2016 TOP ACHIEVEMENTS

- **Innovation:** +2,000 new NMB Wakala
- **Deposits:** Pamoja & Wajibu accounts
- **Government business:** Integrating new councils
- **Customer service** – “Twaweza” Campaign
- **Credit rating** – b1 rating by Moody’s
- **Maiden corporate debt issue** – NMB retail bond

FY2016 FINANCIALS



SLOWER BALANCE SHEET IN 2016 GROWTH DUE TO TIGHT LIQUIDITY

BALANCE SHEET

All figures in TSH billions

	FY 2016	FY 2015	% change
Cash & balances with BOT	950	972	-2%
Placements with other banks	137	193	-29%
Loans & advances to customers	2,794	2,481	+13%
Investments in Gov't securities	725	673	+8%
Property & equipment	215	153	+41%
Other assets	44	30	+47%
Total Assets	4,951	4,580	+8%
Deposits due to other banks	11	2	+450%
Deposits from customers	3,737	3,568	+5%
Borrowings	353	266	+33%
Other liabilities	80	76	+5%
Shareholders' Equity	708	621	+14%
Total Liabilities & Equity	4,951	4,580	+8%

- Loans & advances grew 13% from 2015 to TSH 2,794 billion significantly lower than previous growth rates of +20%
- Deposits from customers reached TSH 3,737 billion, up from TSH 3,568 in 2015, a 5% growth.
- Liquidity crunch in the market has hampered deposit growth efforts
- Borrowings rose 33% as NMB tapped credit lines from European Investment Bank (EIB) and other development finance institutions (DFIs) resources



PROFIT AFTER TAX GREW BY 2.4% FROM PREVIOUS YEAR

INCOME STATEMENT

All figures in TSH millions

	FY 2016	FY 2015	% change
Net Interest Income	448,840	370,184	+21%
Loan impairment charges	(30,240)	(13,009)	+132%
Net Interest Income after impairments	418,600	357,175	+17%
Net fee & commission income	129,864	114,418	+14%
Total Operating Income	548,464	471,593	+16%
FX income	15,419	26,430	-42%
Other income	6,057	18,663	-68%
Employee benefit expenses	(148,691)	(130,649)	+14%
General & Admin expenses	(175,955)	(151,328)	+16%
Depreciation & Amortization	(23,870)	(17,381)	+37%
Profit before Tax (PBT)	221,424	217,328	+2%
Taxes	(67,599)	(67,040)	1%
Profit after Tax (PAT)	153,825	150,288	2.4%

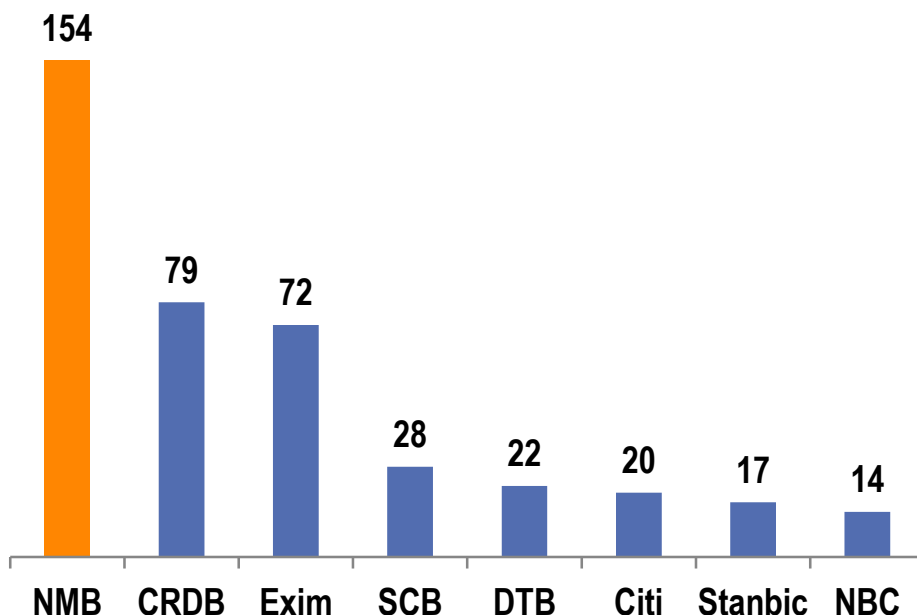
- Net interest income benefited from an increase in loan interest rates and high yields on the investment side
- Sharp increase in loan impairments due to change in provision policy & deteriorated credit environment
- Net fee & commission income grew by 14% to TSH 130 billion for 2016, on the back of higher customer transactional volumes generating increased commissions
- FX income decrease by 42% due to lack of volatility in the TZS/USD exchange rate
- NPL ratio rose to 4.8% from 2.1% in 2015



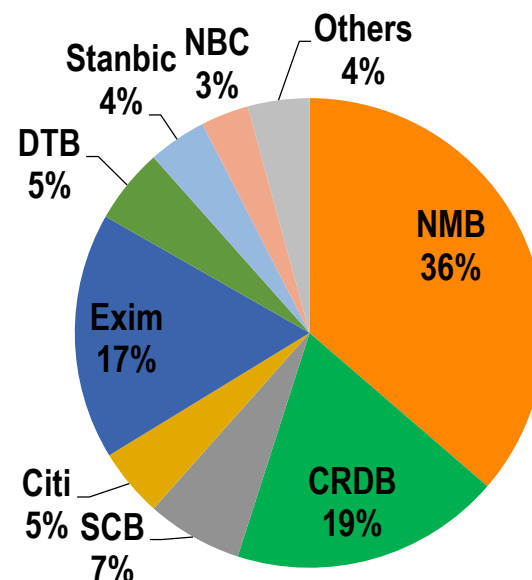
NMB STILL GENERATED THE MOST PROFITS IN THE BANKING SECTOR

- With Profit after Tax (PAT) of TSH 153.8 billion for FY2016, NMB generated more profit than any other bank in Tanzania
- NMB accounted for 36% of all banking sector profits for 2016

FY2016 Profit after Tax (in TSH billions)



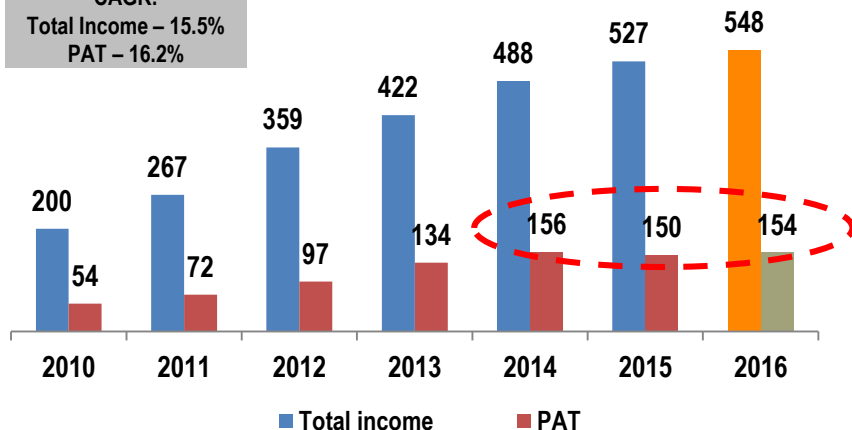
FY2016 Share of banking sector profits



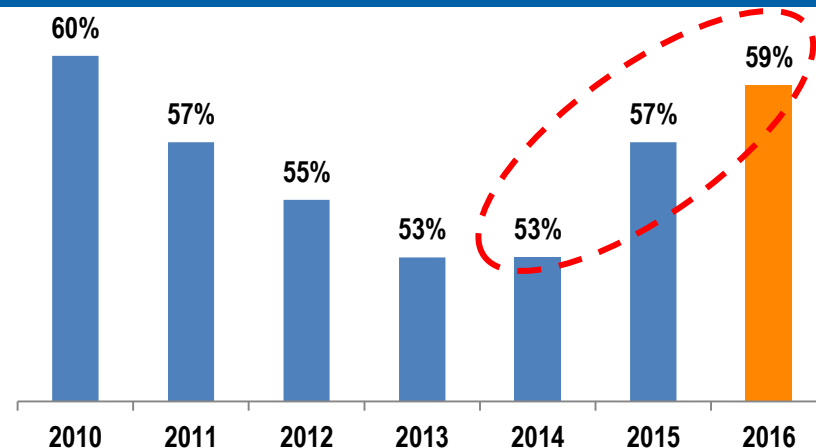
KEY PERFORMANCE MEASURES INDICATE A CHALLENGING ENVIRONMENT

Total income & Profit after Tax (in TZS bn)

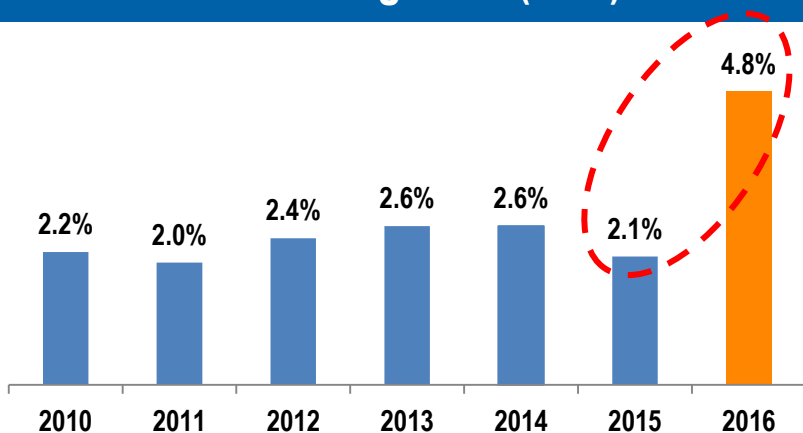
CAGR:
Total Income – 15.5%
PAT – 16.2%



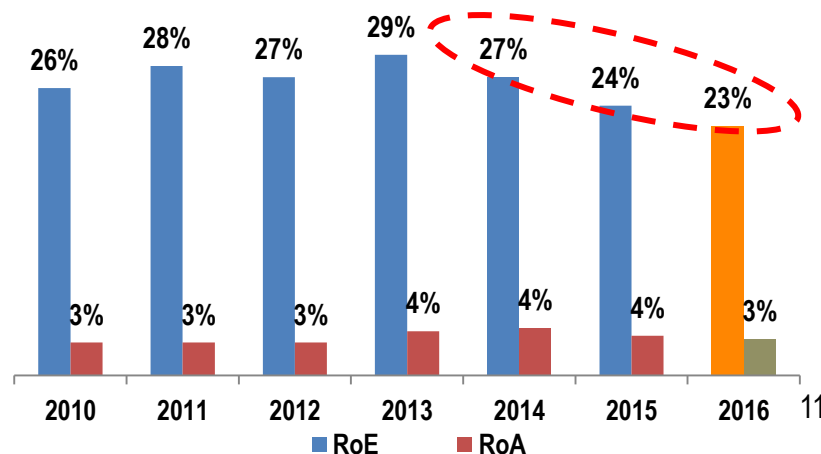
Cost-Income Ratio (CIR)



Non-Performing Loan (NPL) ratio



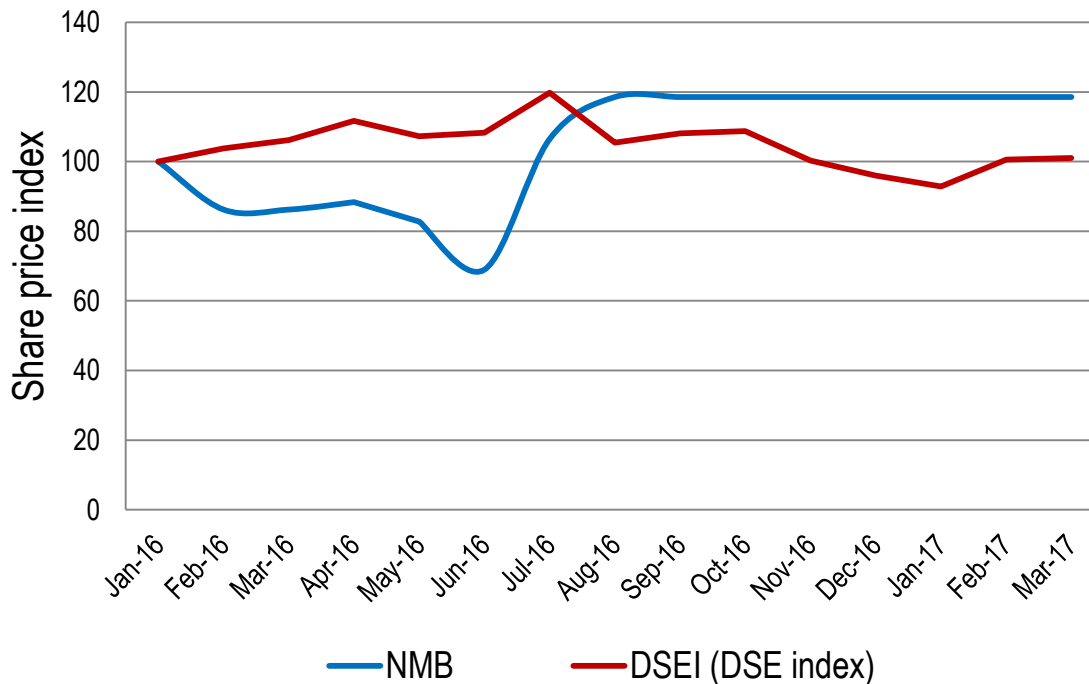
Returns





NMB SHARE PRICE REGAINED STABILITY IN 2ND HALF OF 2016

Share price movement

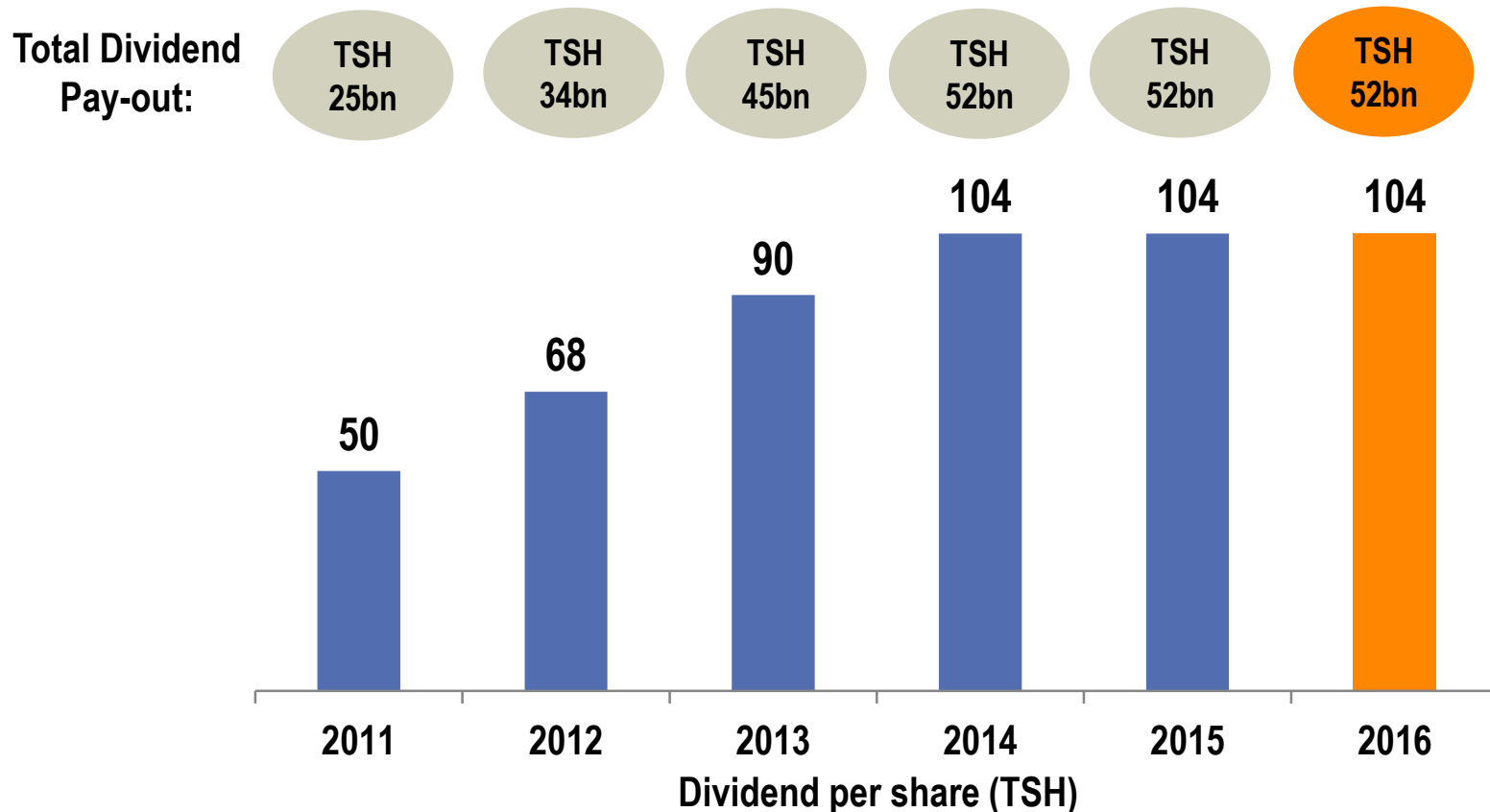


- Uncertain operating environment in the first half of 2016 translated into a decline of the average share price of companies listed on the DSE, NMB included
- NMB share price recovered after listing the NMB Bond
- Price has remained unchanged since August 2016

DIVIDEND PROPOSAL

PROPOSED DIVIDEND FOR FY2016

- The Board has proposed a dividend pay-out of TSH 104 per share amounting to TSH 52 billion
- NMB has historically maintained a dividend pay-out ratio of 33%



THE ROAD AHEAD

TOP PRIORITIES FOR 2017

- **Innovation** – mobile (Chap Chap Plus) + cards (MasterCard)
- **Deposits** – expanding agency banking + growing merchant payments
- **Government business** – strategic partner in integrating payments; project financing & advisory
- **Customer service** – ensure continued focus on delivering quality customer care

PREPARING FOR UPCOMING REGULATORY CHANGES

- **Change in capital requirements – effective August 2017**
 - Capital charge for 'Operational Risk'
 - Will increase bank's Risk Weighted Assets (RWAs) and decrease its capital ratios

- **IFRS 9 preparations – eff. 1st January 2018**
 - Change in accounting practices regarding provisioning
 - The bank is currently assessing the likely impact on our provisioning figures and capital position

- **Basel 3 – tentatively end of 2019**
 - Latest version of international capital standard accord
 - The bank is currently assessing the likely impact on our capital position

ASANTE/ THANK YOU



Q & A