



**NMB BANK PLC.**

**2017 ANNUAL RESULTS PRESENTATION**

**18<sup>TH</sup> ANNUAL GENERAL MEETING**

**02 JUNE 2018**

## AGENDA 18.5

---

**TO RECEIVE, CONSIDER AND ADOPT THE  
DIRECTORS' REPORT AND AUDITED  
FINANCIAL STATEMENTS FOR YEAR ENDED  
31ST DECEMBER 2017**

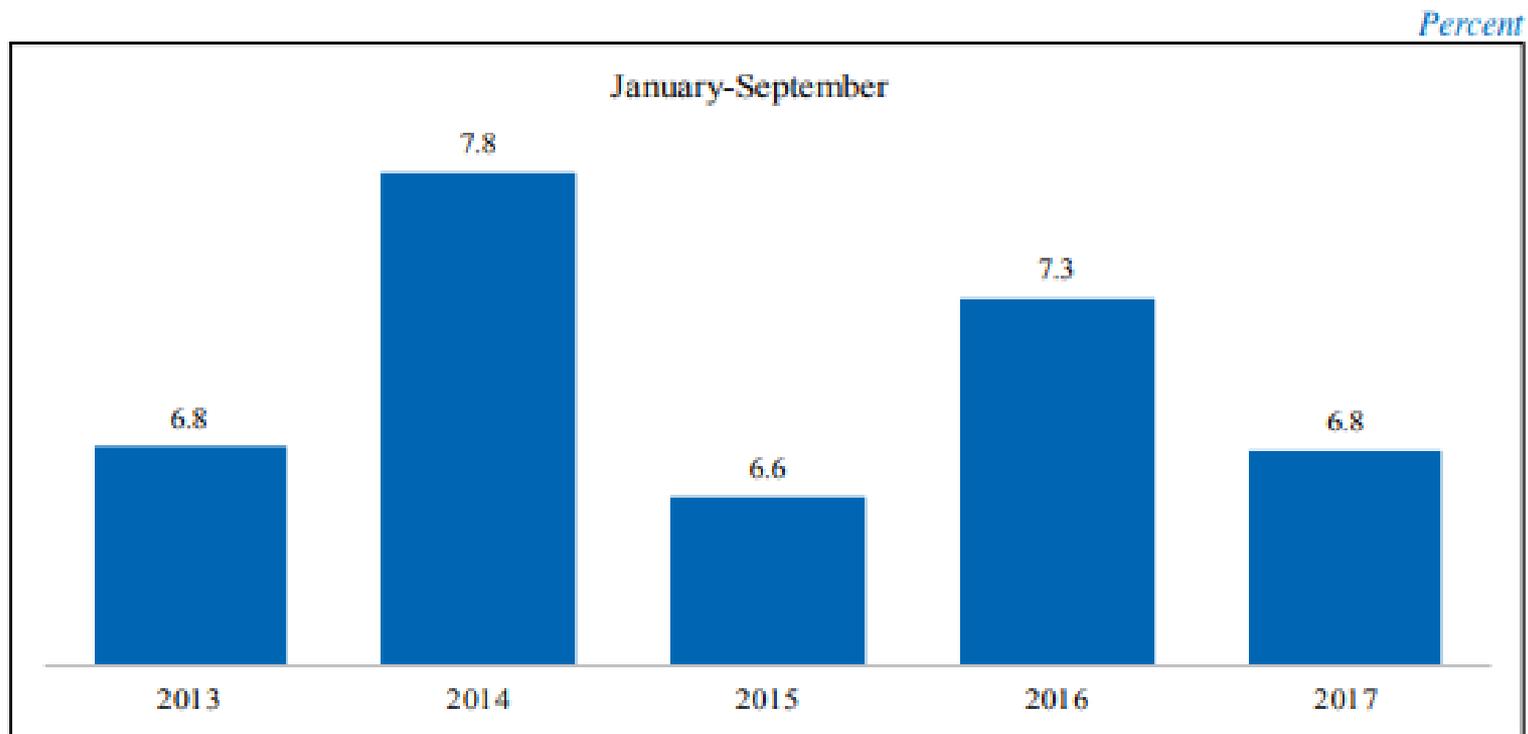


# CONTENTS

	Section	Presenter
1	Operating Environment	Ineke Bussemaker, MD
2	Bank Overview	Ineke Bussemaker, MD
3	FY 2017 financials	Aziz Chacha, Treasurer
4	1Q 2018 financials	Aziz Chacha, Treasurer
5	Regulatory Changes	Aziz Chacha, Treasurer
6	The Road Ahead	Ineke Bussemaker, MD
7	Dividend Declaration	Aziz Chacha, Treasurer

# OPERATING ENVIRONMENT

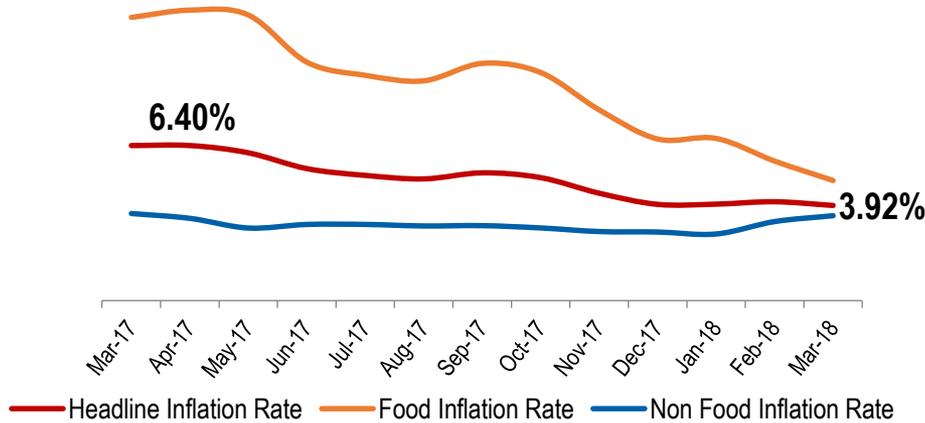
# DECLINE IN REAL GDP GROWTH RATE



Source: National Bureau of Statistics

# INFLATION ON THE DECLINE. STABLE SHILLING

## Inflation



- Headline inflation at 3.9% as at end of March
- Medium term target is **5%**

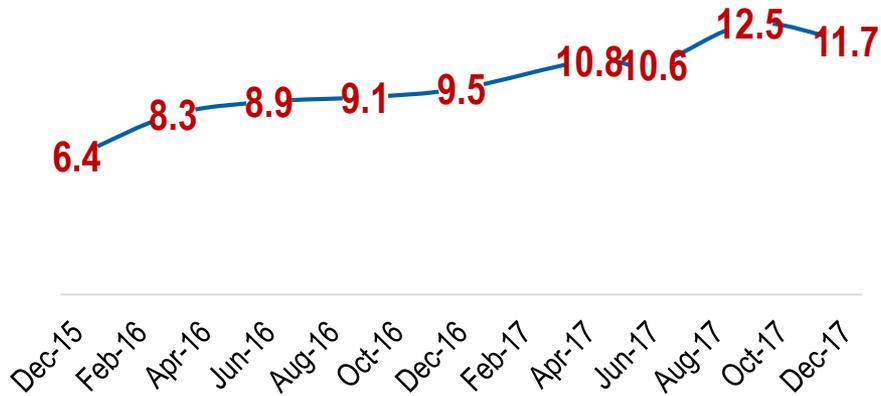
## Exchange Rates



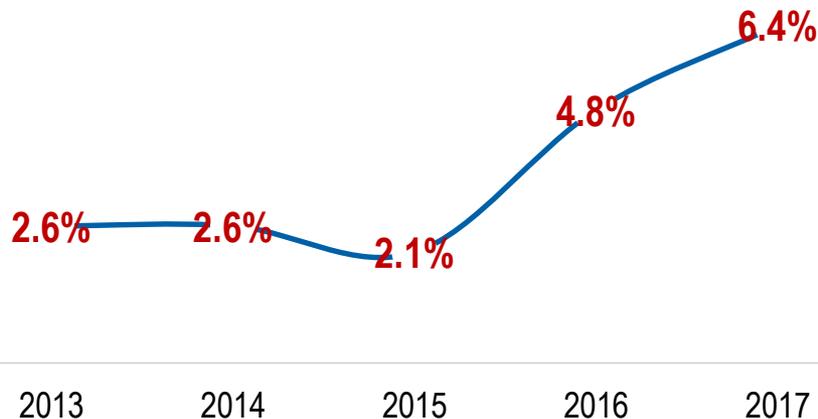
- Modest depreciation throughout 2017

# DETERIORATION IN ASSET QUALITY

## Banking Sector NPL ratio



## NMB NPL ratio



- Sector NPL grew from 6.4% in Dec 2015 to 11.7% in Dec 2017
- Central Bank's target is **5%**
- Growth of credit to the private sector decreased YoY, from 7.2% in Dec 2016 to 1.7 in Dec 2017
- Central Bank's target is **11.5%**

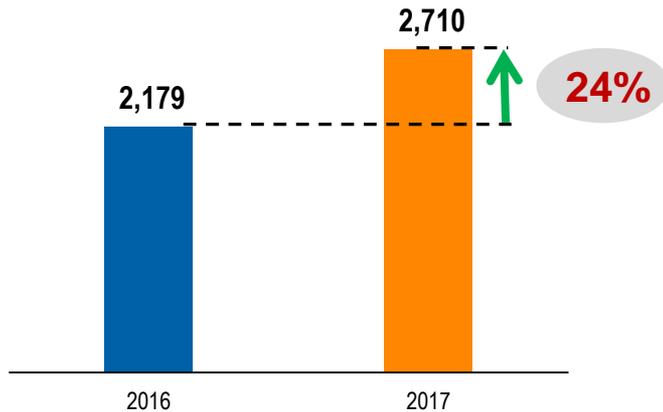
---

# BANK OVERVIEW

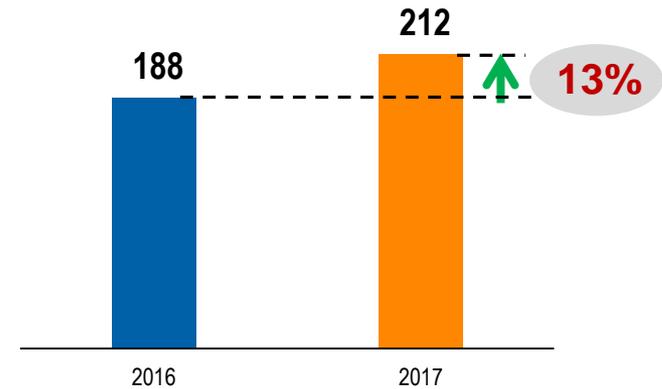


# IN 2017, WE EXPANDED OUR NETWORK AND MAINTAINED OPERATING COSTS...

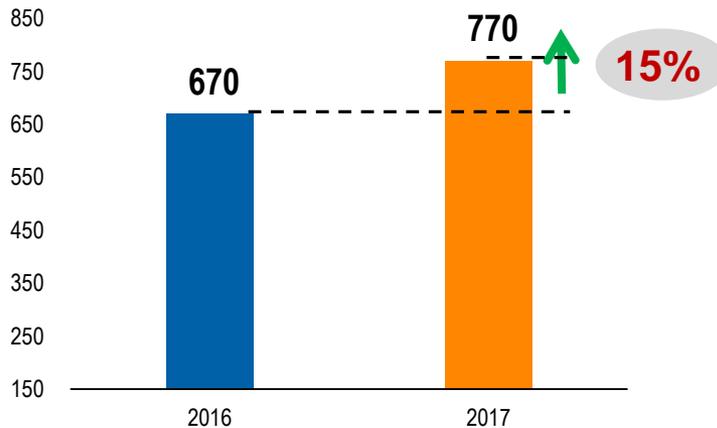
## CUSTOMERS (000's)



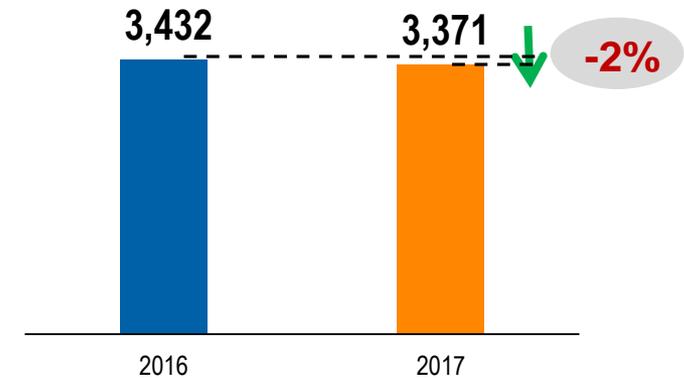
## BRANCHES



## ATMs



## STAFF





# ADDED VALUE FOR OUR STAKEHOLDERS...



- Employees: **TZS 116 bn**
- Govt. Taxes: **TZS 128 bn**
- Shareholders: **TZS 32 bn**
- Investment: **TZS 75 bn**

- Employees: **TZS 112 bn**
- Govt. Taxes: **TZS 127 bn**
- Shareholders: **TZS 52 bn**
- Investment: **TZS 121 bn**

# SERVED OUR COMMUNITY...

## Health

- Donated hospital beds to 60+ hospitals

## Education

- 6,000+ school desks to over 80 schools
- 300+ used computers



## Financial Literacy

- Wajibu campaign
- Mtoto Day out – account opening drive for youth

## Natural Disaster Recovery

- TZS 90m+ to assist Tanzanians hit by natural disasters



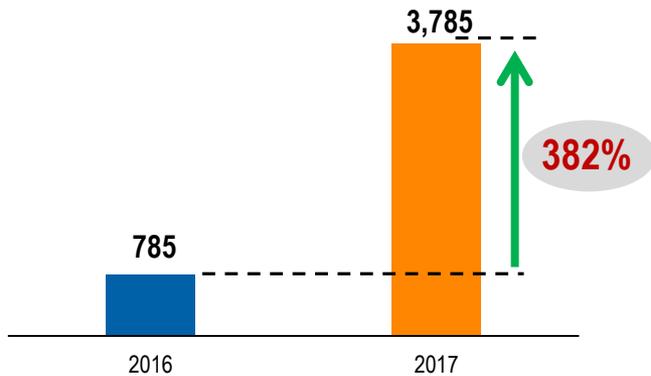
# AND IMPLEMENTED OUR KEY STRATEGIC INITIATIVES

---

- **Business Expansion:**
  - Integrated our systems with 175 out of 185 Government councils countrywide
  - Utilized traditional & alternative channels e.g. Chap Chap to recruit new customers
  - Launched custody and advisory services
- **Operational Efficiency:** 24 new branches opened using existing headcount
- **Deposit Mobilization:**
  - 3,000 new NMB Wakala
  - Deposits grew 14%, driven by Agribusiness & Corporate accounts

# AGENCY BANKING GREW DRASTICALLY

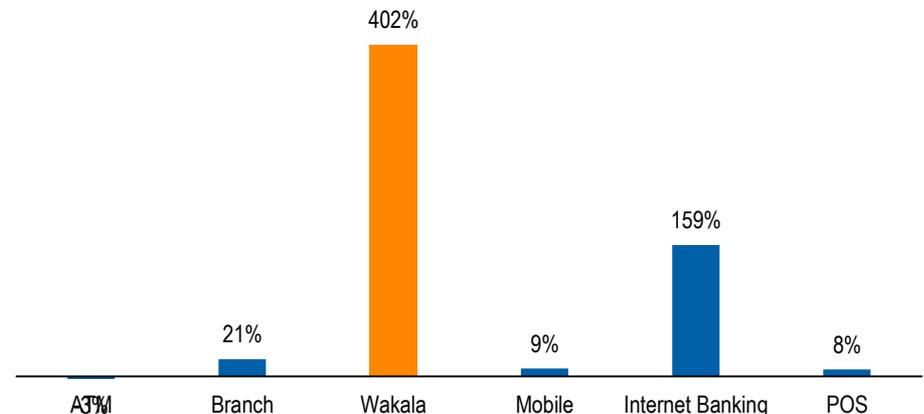
## NMB WAKALA



- We rolled out NMB Wakala countrywide
- Industry leader in Agency Banking
- Wakala transactions up 402%

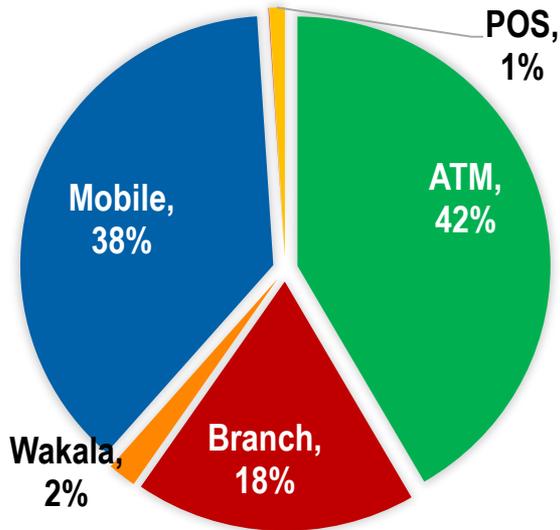


## Growth in Transactions between 2016-17

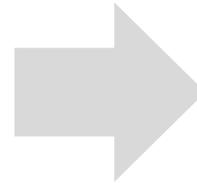
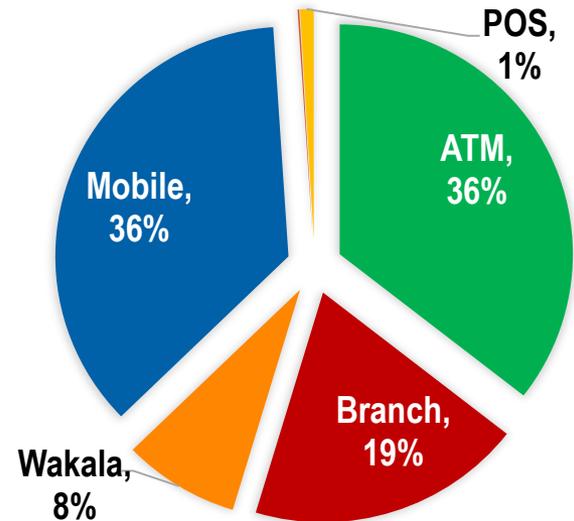


# TRANSACTIONS INCREASED SIGNIFICANTLY

**TRANSACTION DISTRIBUTION IN 2016**



**TRANSACTION DISTRIBUTION IN 2017**



**90 million  
Total Transactions**

**13%**

**102 million  
Total Transactions**

# NATIONAL & GLOBAL RECOGNITION



**5TH TIME** BEST IN TANZANIA  
**1ST TIME** BEST IN AFRICA

**EUROMONEY**  
Best Bank in Tanzania  
Best Bank **Transformation**  
in Africa.

**NMB BANK PLC**  
Best Bank  
Transformation  
in Africa

**NMB**  
Close to you

**EUROMONEY**  
2017

[www.nmfbank.co.tz](http://www.nmfbank.co.tz)

- DSE Best Listed Company
- WCF Best Employer Award
- Asian Banker Awards Best Retail Bank

## Bank of the Year Tanzania 2017

Being recognized by The Banker awards as "Bank of the Year Tanzania" for 2017 is a great honor. We continue to invest in technology, our growing distribution network and our ability to deliver innovative solutions to our customers.

Thank you for being part of our success.



---

# FY2017 FINANCIALS



# FLAT LOAN GROWTH

## BALANCE SHEET

All figures in TSH billions

	FY 2017	FY 2016	
Cash & balances with BOT	1,156	950	22%
Placements with other banks	243	137	77%
<b>Loans &amp; advances to customers</b>	<b>2,787</b>	<b>2,794</b>	<b>-0.3%</b>
<b>Investments in Gov't securities</b>	<b>919</b>	<b>724</b>	<b>27%</b>
Property & equipment	237	215	10%
Other assets	163	130	25%
<b>Total Assets</b>	<b>5,506</b>	<b>4,951</b>	<b>11%</b>
Deposits due to other banks	0.149	11	-99%
<b>Deposits from customers</b>	<b>4,272</b>	<b>3,737</b>	<b>14%</b>
<b>Borrowings</b>	<b>337</b>	<b>353</b>	<b>-4%</b>
Other liabilities	88	82	6%
Shareholders' Equity	809	767	5%
<b>Total Liabilities &amp; Equity</b>	<b>5,506</b>	<b>4,951</b>	<b>11%</b>

# PROFIT AFTER TAX DOWN

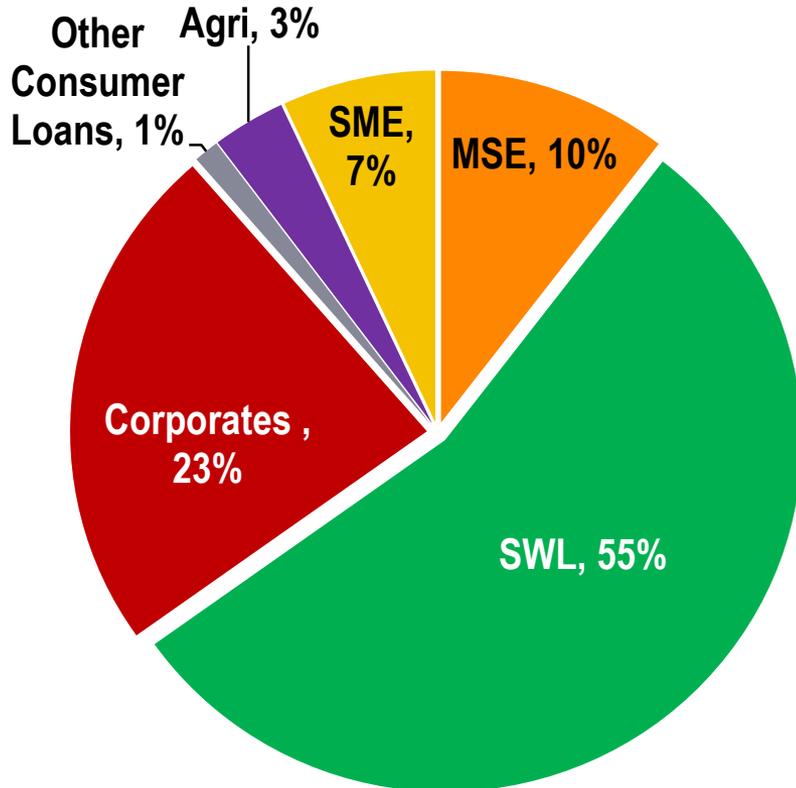
## INCOME STATEMENT

All figures in TSH billions

	FY 2017	FY 2016	
<b>Net Interest Income</b>	467	449	4%
Loan impairment charges	(131)	(30)	333%
<b>Net Interest Income after impairments</b>	336	419	-20%
<b>Net fee &amp; commission income</b>	137	130	6%
<b>Total Operating Income</b>	473	548	-14%
FX & Other Income	22	21	0.5%
Employee benefit expenses	(155)	(149)	4%
General & Admin expenses	(173)	(176)	-2%
Depreciation & Amortization	(29)	(24)	23%
<b>Profit before Tax (PBT)</b>	138	221	-38%
Taxes	(44)	(68)	-34%
<b>Profit after Tax (PAT)</b>	93	154	-39%

# LOAN BOOK SPLIT

Total Loans & Advances  
(Gross) by Segment



Hujamaliza Ujenzi  
wa Nyumba?



Hamia kwenye nyumba yako mpya mapema bila bughudha. Lipia ndani ya miaka 15 kwa riba nafuu.

Hakuna gharama za uendesaji kuanzia tarehe 1 Novemba 2017 hadi 31 Machi 2018.

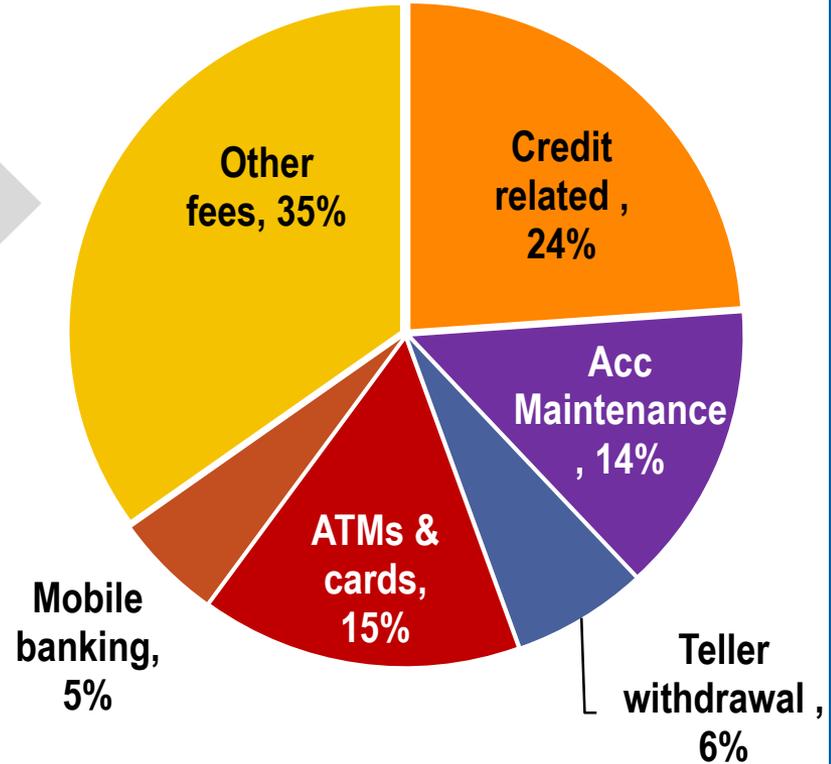
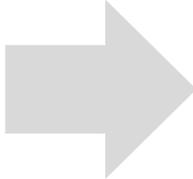
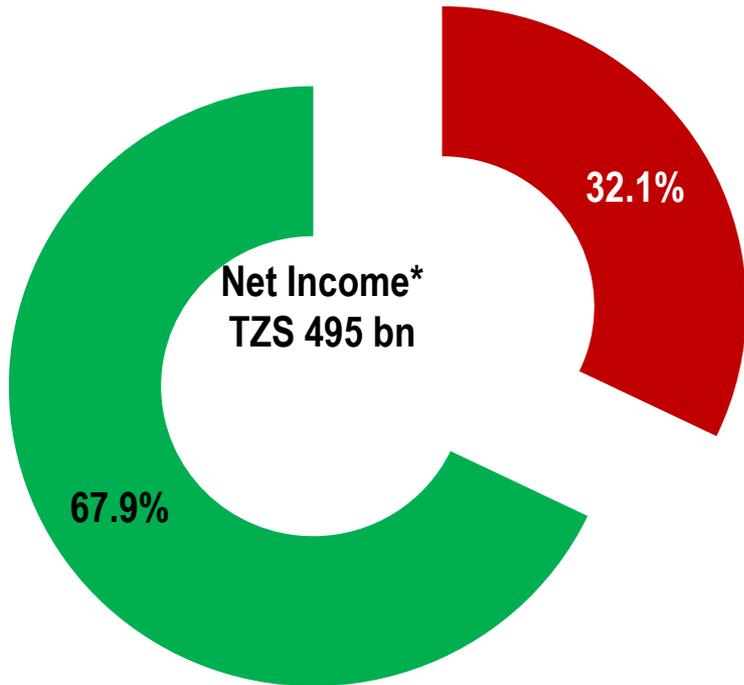
Piga 0800 002 002 kwa taarifa zaidi.

# INCOME MIX

**FY 2017 – Net Income split**

**Breakdown of Fees & Commission**

**TZS 155bn**



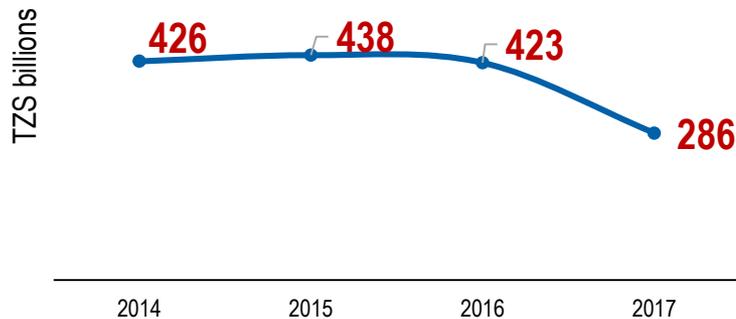
■ Non Interest Income   ■ Net Interest Income

\* Net of impairments & bad-debts written off



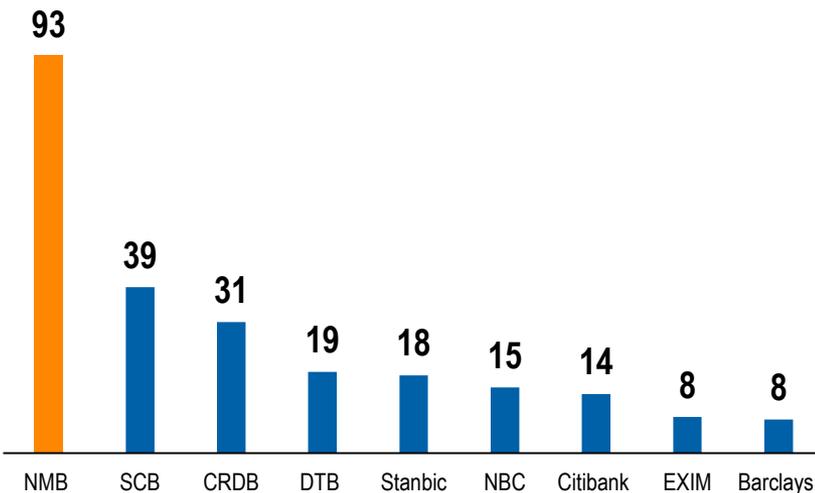
# MOST PROFITABLE BANK IN THE INDUSTRY

## BANKING INDUSTRY FY17 PAT



- Decline in banking sector total profits
- Credit quality deterioration and an industry-wide surge in loan loss impairments

## FY17 PAT FOR SELECT BANKS

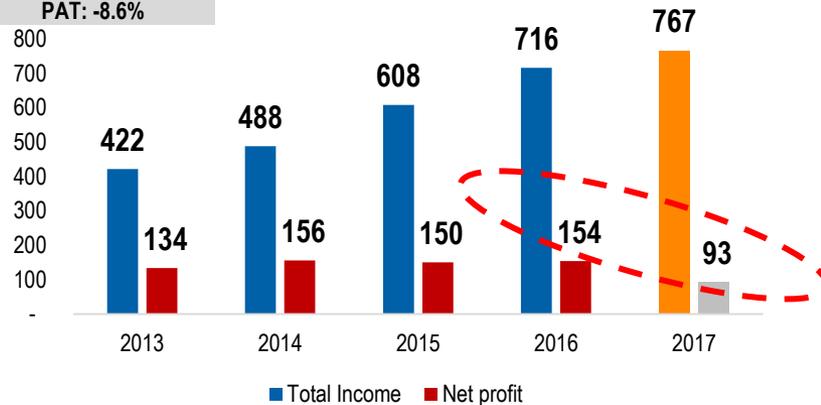


- NMB accounted for 33% of all banking sector profits for 2017 (36% in 2016)

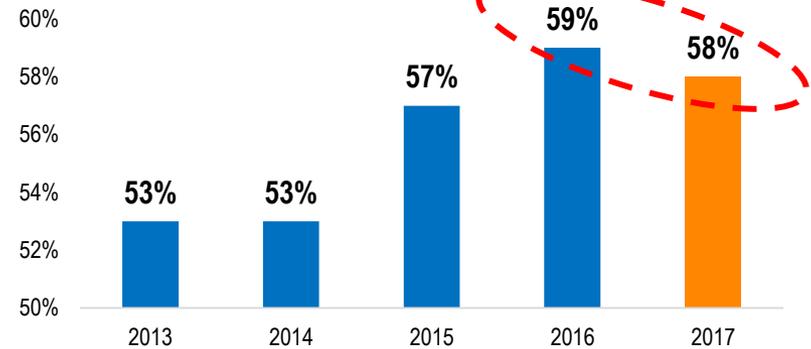
# KEY PERFORMANCE MEASURES

## Total income & Profit after Tax (in TZS bn)

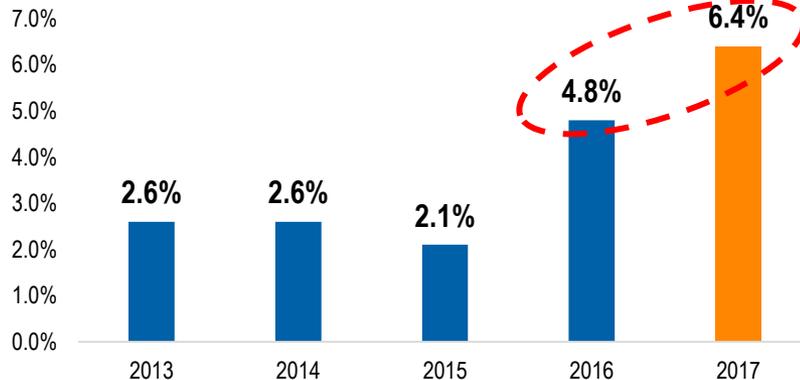
CAGR:  
Total Income: 16.1%  
PAT: -8.6%



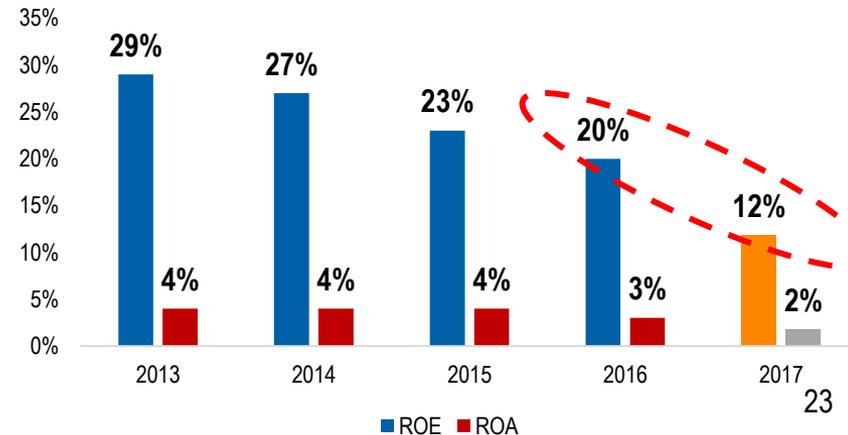
## Cost-Income Ratio (CIR)



## Non-Performing Loan (NPL) ratio



## Returns



# 1Q18 FINANCIAL RESULTS

## BALANCE SHEET TREND

TZS Billions	1Q18	1Q17	YoY %
Loans & Advances	2,814	2,761	2%
Total Assets	5,425	5,094	6%
Customer deposits	4,088	3,748	9%
Borrowed funds	339	375	-10%
Total liabilities	4,589	4,286	7%
Shareholder Equity	836	808	3%
NPL coverage	70.5%	44%	



## REVENUES AND EXPENSES

<b>TZS Billions</b>	<b>1Q18</b>	<b>1Q17</b>	<b>YoY % Change</b>
<b>Interest Income</b>	<b>146</b>	<b>145</b>	<b>1%</b>
<b>Interest expense</b>	<b>27</b>	<b>29</b>	<b>-7%</b>
<b>Net Interest Income</b>	<b>119</b>	<b>116</b>	<b>3%</b>
<b>Impairments</b>	<b>18.1</b>	<b>8.4</b>	<b>115%</b>
<b>Non Interest Income</b>	<b>50</b>	<b>41</b>	<b>22%</b>
<b>Non interest expense</b>	<b>105</b>	<b>90</b>	<b>17%</b>
<b>PAT</b>	<b>32</b>	<b>41</b>	<b>-22%</b>

# COMPLIANCE WITH REGULATORY CHANGES

# COMPLIANCE WITH REGULATIONS

---

- **Change in capital requirements – effective 1 August 2017**
  - Capital charge for ‘Operational Risk’
  - NMB’s total Capital Adequacy Ratio (CAR) was 17.6% in December 2017, well above the 14.5% regulatory limit
  
- **IFRS 9 accounting Standard – effective 1<sup>st</sup> January 2018**
  - Change in accounting practices regarding loan loss provisioning
  - The impact assessment revealed changes will result in the reduction of the Bank’s CAR by at least 0.1%. This was absorbed by the profit made in January 2018.

# THE ROAD AHEAD

## IN 2018, WE AIM TO PLAY IT SMART

- 1. Improve customer experience, efficiency and accelerate growth**
- 2. Strengthen our market leading position by enhancing our strongholds i.e. MSME financing, the Agri sector and NMB Wakala**
- 3. Explore new segments & maintain healthy balance sheet growth**
- 4. Bank on our assets and achievements such as recent innovations, valuable client base and increased staff productivity**



## ROLL OUT MORE INNOVATIVE PRODUCTS

NMB is an industry leader in product innovation. Our most valued products include:

- **Chap Chap Account** which enables customers to open transactional accounts with ease
- **NMB Mobile** through which customers conveniently transact and access their accounts
- **NMB Salary Advance Loan** which allows employees to borrow instantly amounts up to TZS 1m using their mobile device



# CAPITALIZE ON OUR INVESTMENTS TO DRIVE GROWTH

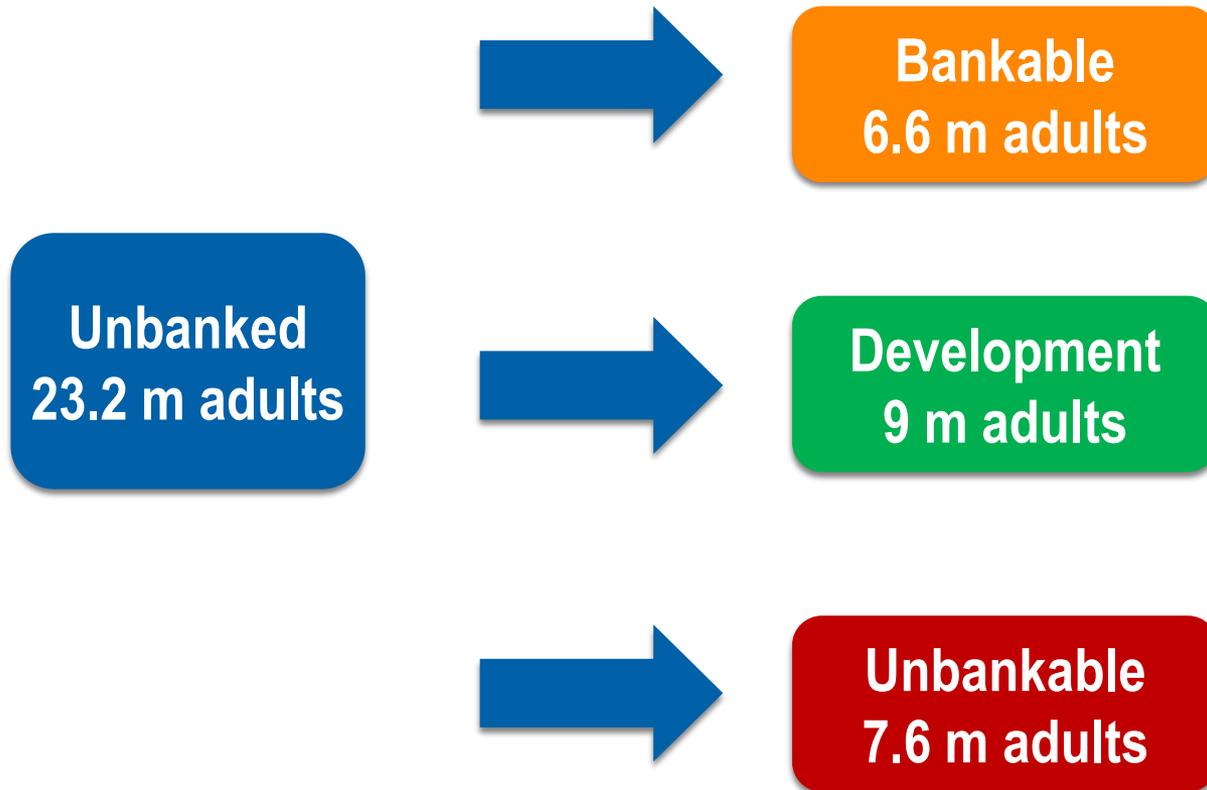
Over the past few years, we have invested heavily in the right systems, infrastructure & partnerships to propel us along digital transformation

## The most notable investments Include:

- Installation of a robust core banking system
- Upgrade to a Tier 3 Data Centre
- All our products and processes will become digital
- Digital transformation & products division



# WITH ONLY 17% OF THE ADULT POPULATION IN TANZANIA BANKED...THERE IS WORK TO BE DONE!!



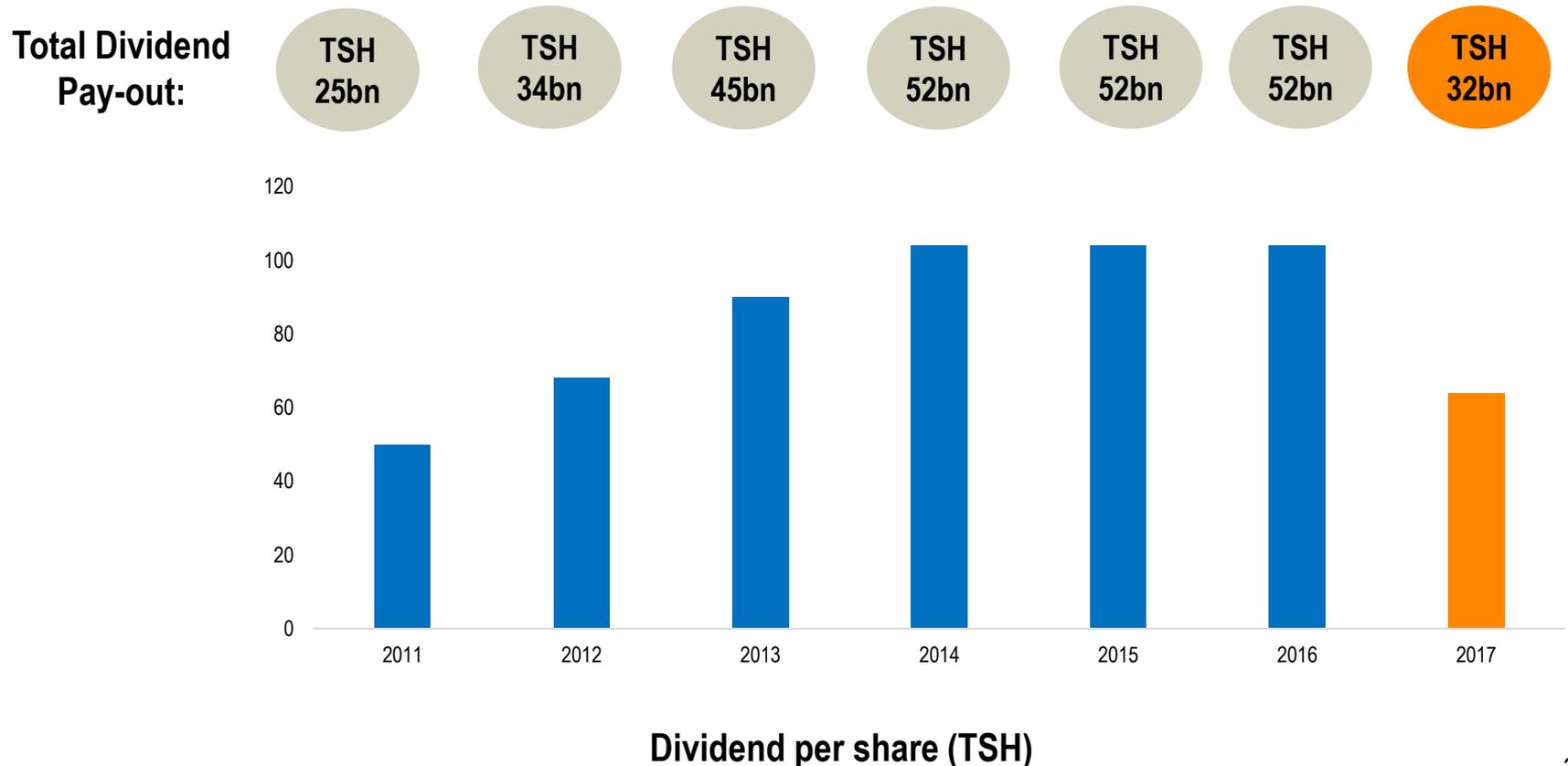
## AGENDA 18.6

---

**DIVIDEND DECLARATION FOR THE  
FINANCIAL YEAR 2017**

# DIVIDEND FOR FY 2017

- The Board has proposed a dividend pay-out of TSH 64 per share amounting to TSH 32 billion
- NMB has maintained a dividend pay-out ratio of 33% as per the bank's MEMARTS



# ASANTE/ THANK YOU



# Q & A



## DISCLAIMER

---

“NMB 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.”