



FY 2023 Investor Presentation

February 24

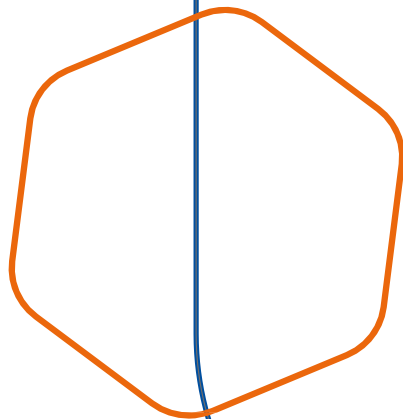
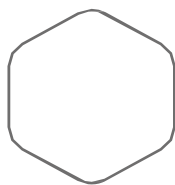
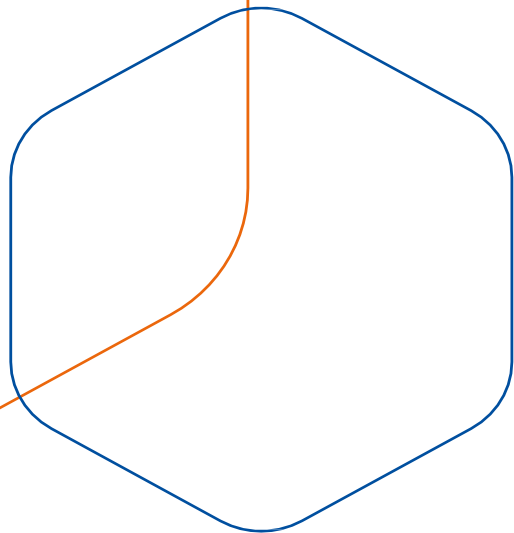




Table of contents

1. Operating Environment
2. NMB overview
3. Financial Performance
4. Digital & ESG highlights
5. Historical Performance

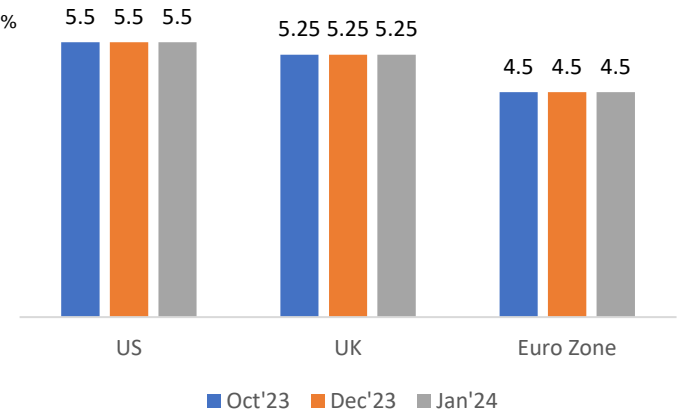




Operating Environment

Resilient Tanzania economy despite heightened global uncertainty

Global: Central banks are likely done with interest rate hiking cycle; rate cuts to begin 2H2024



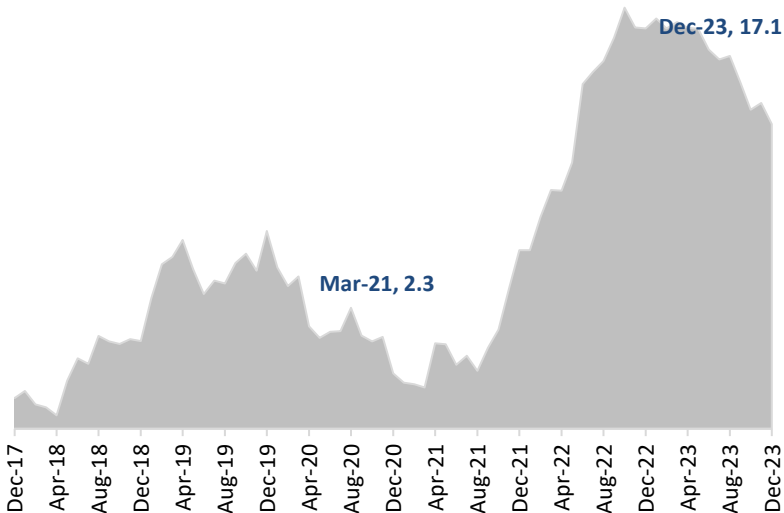
USD: in 2023 the US dollar weakened by 2.4% YoY against major currencies (Basket of foreign Currencies)



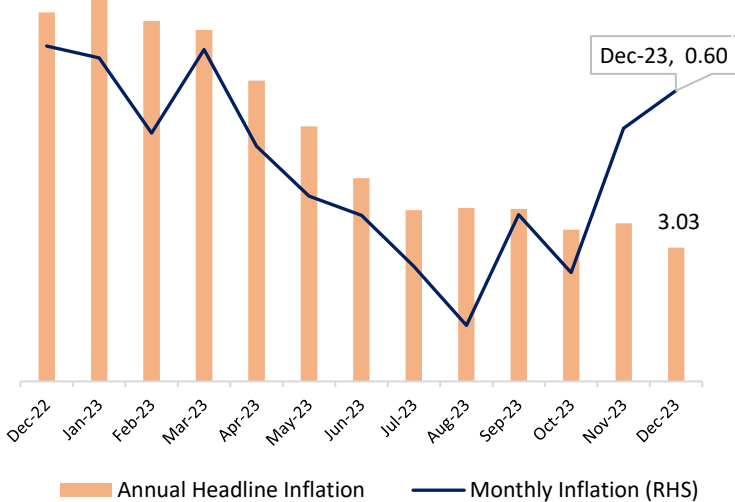
Global: Oil prices are trending down from the peak in June 2022 but are still high compared to the pre-pandemic period.



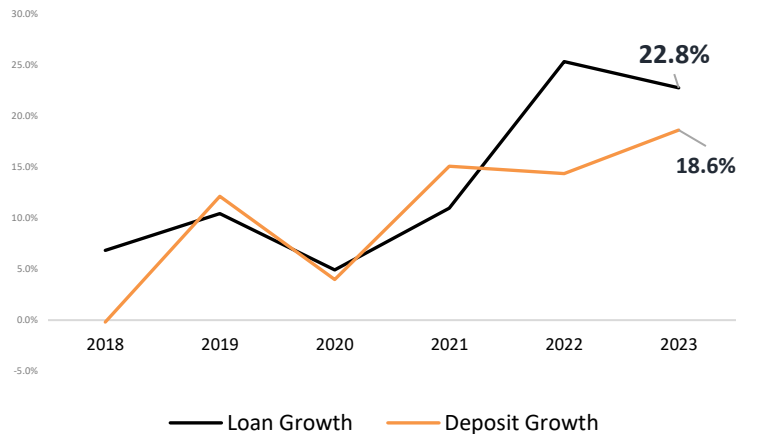
Tanzania: Robust Credit to private sector growth, Lending rates remains relative stable.



Tanzania: Inflation remained relatively Low

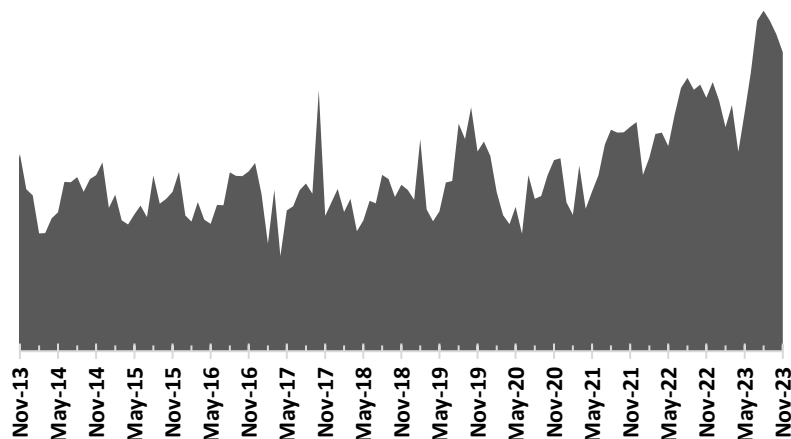


Tanzania: Banking sector liquidity remains healthy =, with commendable Deposit Growth.

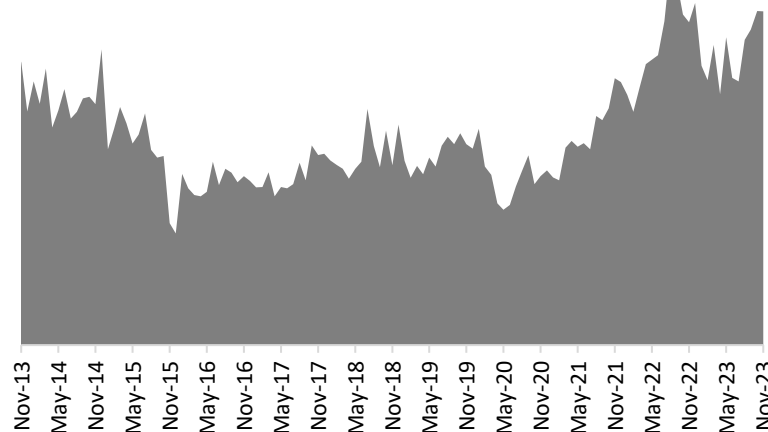


Resilient Tanzania economy despite heightened global uncertainty

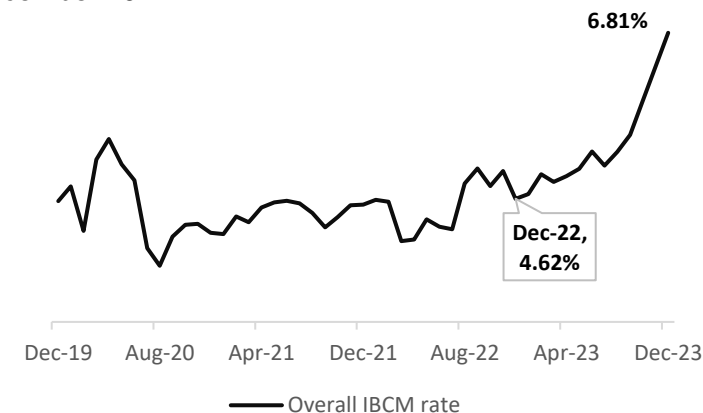
Tanzania: Exports of goods and Services are up 17% year on Year to USD 13.4 billion as of November 2023, compared to USD 11.4 billion in November 2022.



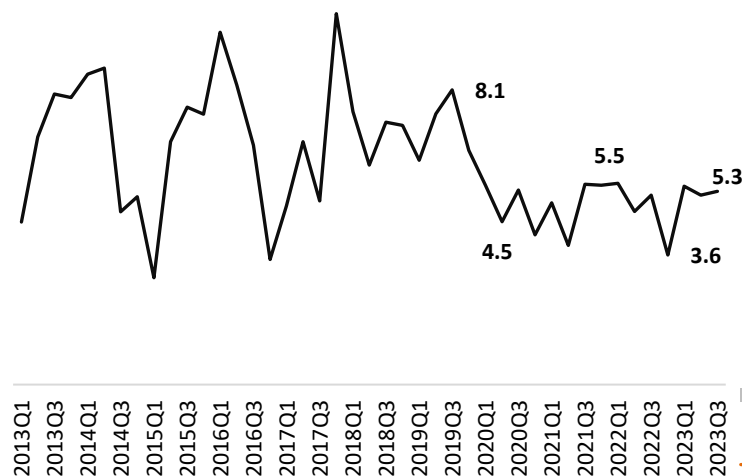
Tanzania: The value of Goods and Services imported decreased by 7.5% year on Year to a twelve months value of USD 16.22 billion as of November 2023.



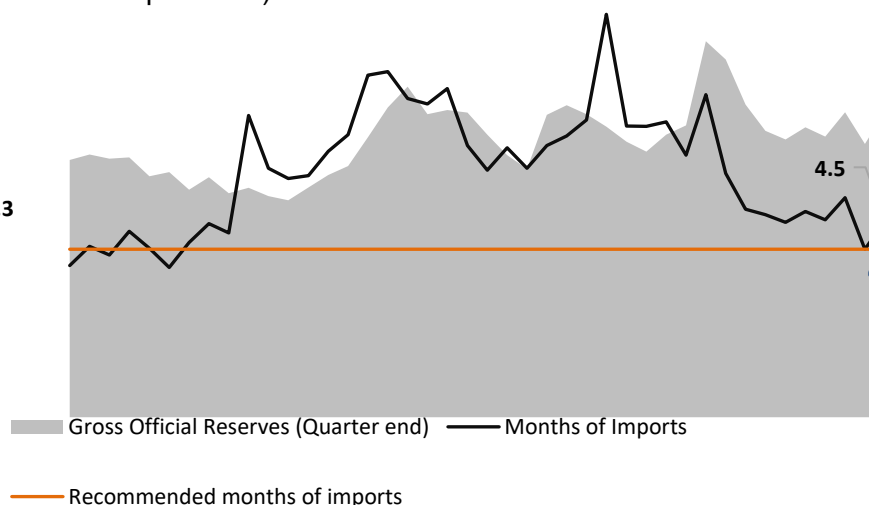
Tanzania: Overall Inter Bank Cash Market rate increased to 6.81% in December 2023 from 4.52% December 2022



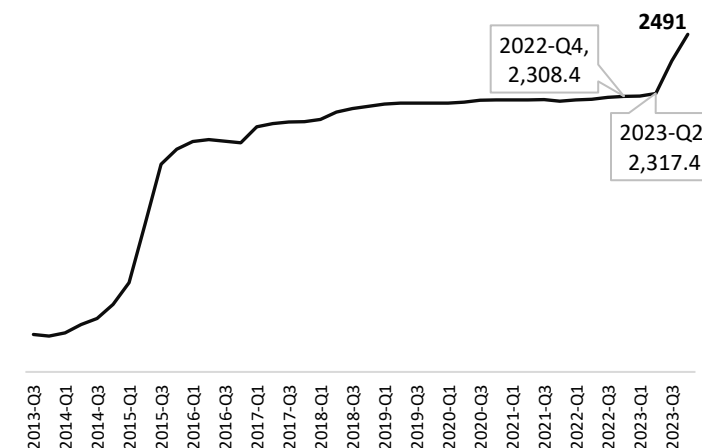
Tanzania: GDP growth



Tanzania: FCY reserve USD 5,450.3 Mn (4.5 Months of Importation)

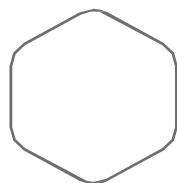


Tanzania: Average Quarterly Exchange rate Movement
The shilling depreciated by 8% Year on Year.
KES has depreciated by 21% year on Year

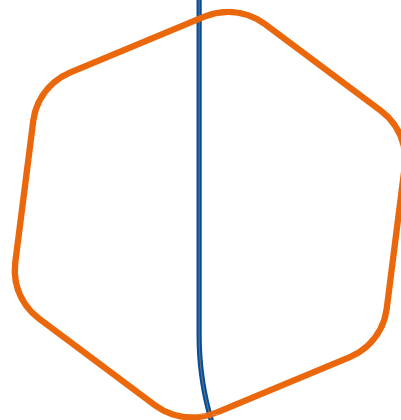


Tanzania Banking Sector: The sector remains solid, sound and Profitable

	2022	2023	NMB Market Share in TZS bn		NMB Market Share in %	Rank
Overall Banking (Assets)	TZS 46,160 _{Bn}	TZS 54,221 _{Bn}	12,220	54,221	23%	#2
Total Deposits	TZS 32,584 _{Bn}	TZS 38,647 _{Bn}	8,474	38,647	22%	#1
Net Loans and Advances	TZS 26,096 _{Bn}	TZS 32,037 _{Bn}	7,707	32,037	24%	#2
Total Income	TZS 4,374 _{Bn}	TZS 5,334 _{Bn}	1,402	5,334	26%	#1
Net Profit Before Tax provision ¹	TZS 1,450 _{Bn}	TZS 2,249 _{Bn}	770	2,249	34%	#1
Net Profit After Tax provision	TZS 934 _{Bn}	TZS 1,569 _{Bn}	542	1,569	34%	#1



NMB Overview



NMB at a Glance

Through strategic investments in Technology, People and Governance over the years we have successfully transformed the Bank



Key highlights

Total Assets



Market share in net loans⁽²⁰²³⁾



Market share in customer deposits⁽²⁰²³⁾



Geographic footprint

231

Branches
1997: 97

715

Total ATMs
1997: 0

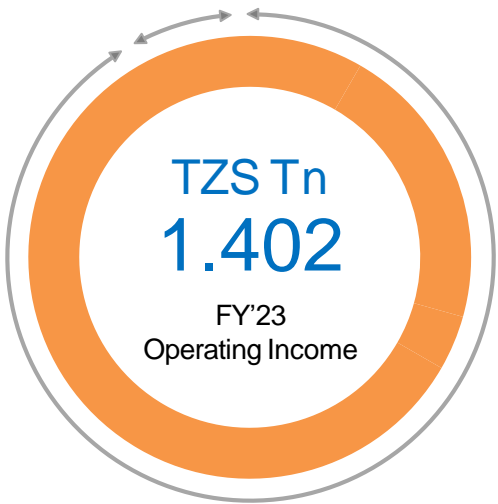
28,295

Agents
1997: 0

7.1 Mn

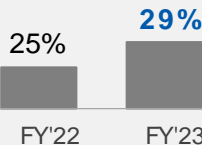
Total Customers
1997: 600,000

FY'23 operating income

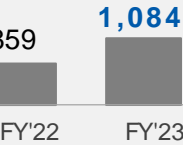


Key highlights

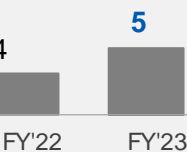
ROE



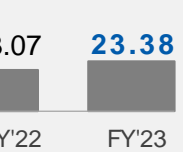
EPS (TZS)



ROA (%)



CAR (%)



Non-financial highlights

96%

Digital Transactions

3,600+
Employees

Diversified Shareholding structure

Large base of long-term strategic shareholders

(31 December 2023)

34.9%

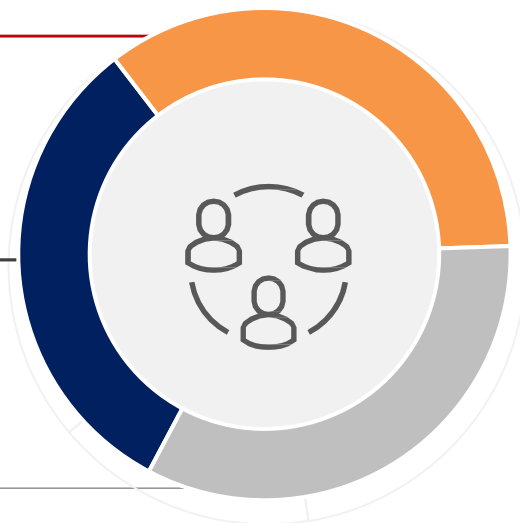
Arise B.V

31.8%

Treasury Register (Government)

33.3%

Free Float (General Public)



NMB Share price movement



17,014

Total Shareholders

TZS 2.25 Tn (Q4'22: TZS1.5Tn)
Market cap ⁽¹⁾

49%

2023 YoY share price performance

Summary of Progress against Medium-Term Plan

Strategic pillars









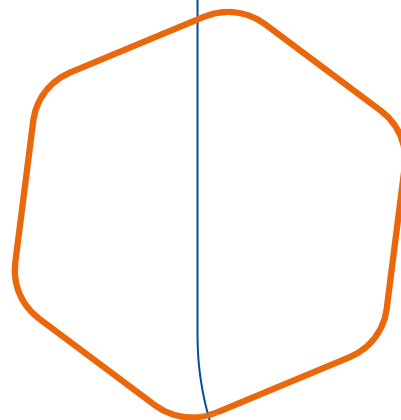
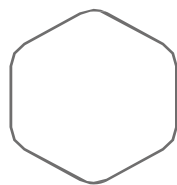
1. Deliver Winning Propositions
2. Operational Efficiency
3. Innovating for the Future

Strategic Thrusts and Enablers

- Drive Loyalty with Mass
- Deepen Penetration in Wholesale
- Win in SME and Agri
- Boost Branch Productivity
- Enhance Credit Risk Management
- Organizational Productivity
- Cost Efficiency
- Enhancing our digital features and capabilities by leveraging on the Phygital model



Indicator	FY 2023 Budget	2023 Actual	MTP Guidance	Status
Loan and Advances Growth	13%	+28%	12% CAGR	 Above
Deposit Growth	14%	+11%	13% CAGR	 Above
Cost to Income Ratio	40%	39%	Below 50%	 Better
ROE	25%	29%	17.8%	 Above
ROA	5%	5%	2.6%	 Above
Tier2 CAR	23.0%	23%	Above 17%	 Above



Financial Performance

Robust revenue generation, positive Income Jaws and risk discipline drive record 2023 net profit

Our Performance

Total Assets

TZS Bn
12,220

Total Income

TZS Bn
1,402

Loans & Advances

TZS Bn
7,707

Net Profit After Tax

TZS Bn
542

Total Deposits

TZS Bn
8,474

Cost-to-Income Ratio

39%

Loan-to-Deposit Ratio

94.8%

Loan Loss Ratio

1.06%

Capital Adequacy Ratio

23.38%

Return On Equity

29%

NPL Ratio

3.2%

LAR

33%

Key Highlights

- Bank posted **TZS 542 billion** in net profit in 2023, **up 26% YoY**, driven by strong income growth from net interest income and non-interest income supported by its diversified growth drivers across wholesale and retail businesses.
- Loans growth of **28% YoY** driven by sustained credit demand from our customers across the Wholesale, personal banking, and growth in trade finance activities.
- Customer deposits increased 12% YoY in 2023 to TZS 8.47 Tn, with CASA deposits representing more than 85%
- Asset quality remained stable with non-performing loan (NPL) ratio decreased by 10bps to 3.15%. The Bank maintained prudent levels of allowance on loans, with NPL Coverage ratio at 96% and cost of Risk at 1.06%.
- Strong progress on execution of strategic priorities: digital driving customer experience and Deeping market penetration;
- Delivered Positive operating jaws and CIR of 39% (-30bps YoY), amidst of ongoing investments in People and Digital & Technological Solutions.

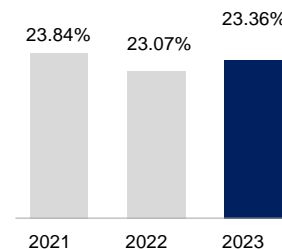
Balance sheet fundamentals remain robust, underpinned by a very strong liquidity position



Balance Sheet (TZS Bn)	Dec'23	Dec'22	ΔYoY
Total assets	12,221	10,277	19%
Net loans and advances to customers	7,707	6,014	28%
Interbank Loan Receivable	332	150	121%
Investment in Government securities	2,245	1,944	17%
Deposits from customers	8,474	7,598	12%
Borrowings	1,380	749	84%
Total shareholders' equity	2,084	1,685	24%

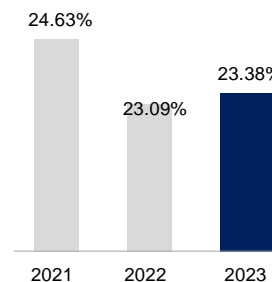
Core Capital

23.36%



Total Capital Ratio

23.38%



NPL Ratio

3.2%

Dec'22: 13.11%

Liquidity ratio

33%

Dec'22: 26.84%

LDR

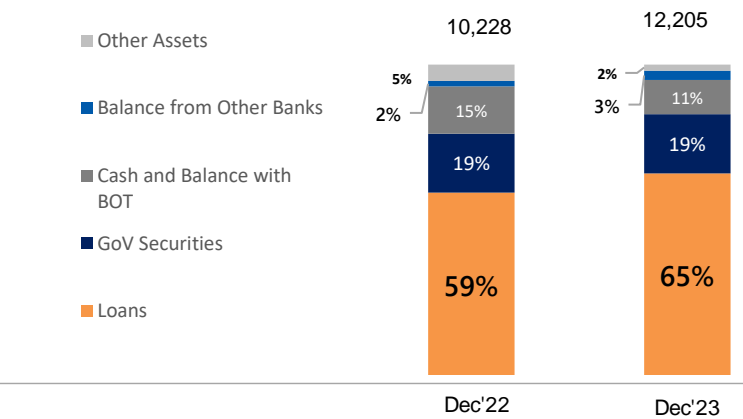
95%

Dec'22: 82.0%

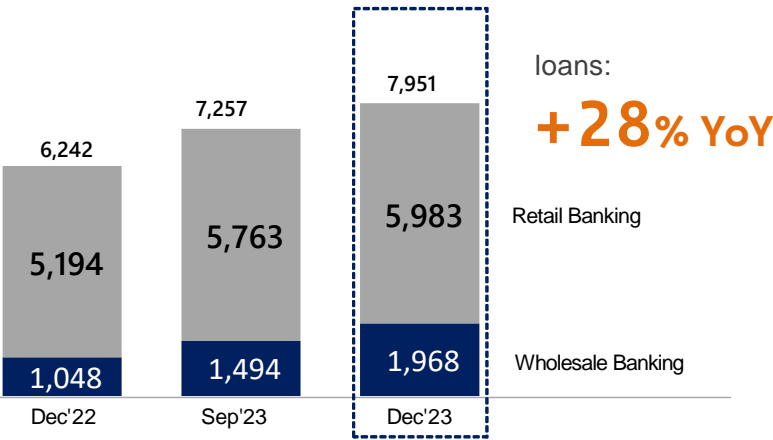
Broad-based loan growth of 28% driven by Retail and Wholesale Banking



Asset mix (TZS bn)



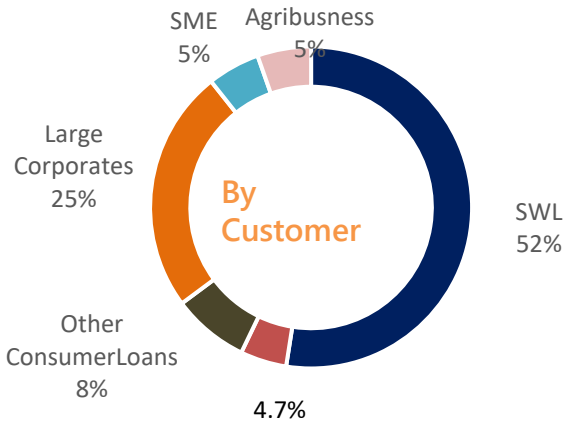
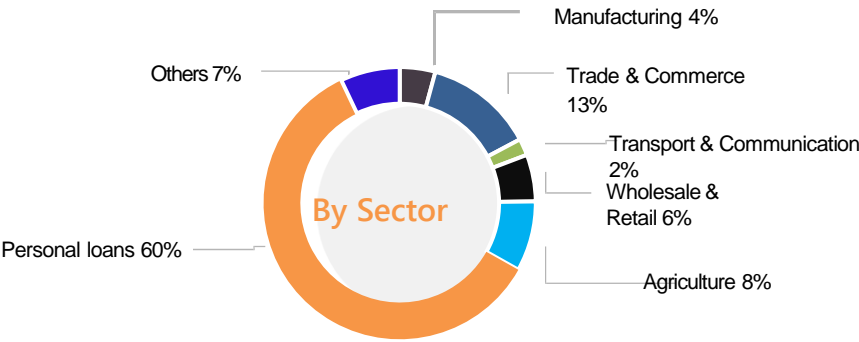
Gross loans (TZS mn)



Key highlights

- Loan book recorded strong growth of 28% during the year, on account of high credit demand in the economy.
- Wholesale loan book grew by 87.79% year on Year to TZS 1.97 trillion from TZS 1.05 trillion archived in 2022.
- SWL loans recorded 15% Year-on-Year growth to close the year at TZS 4.2 trillion (accounted for 52% of total loan book).
- Overall retail loans register an increase of 16% to close at TZS 5.98 trillion.
- Agribusiness loans register a growth of 9% Year on Year to TZS 529 billion, while SME & MSE loans register a growth of 14% to close the year at TZS 789 Billion.

Gross loans: TZS 7,951 bn



819 bn

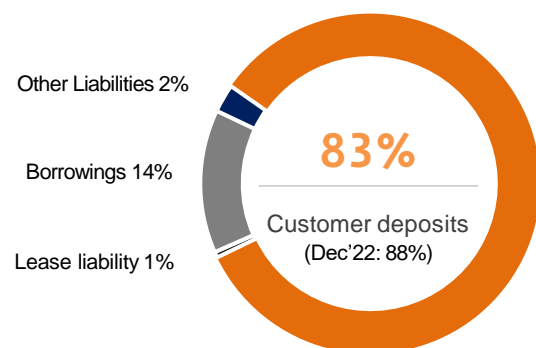
Retail Loan Growth (TZS)

920 bn

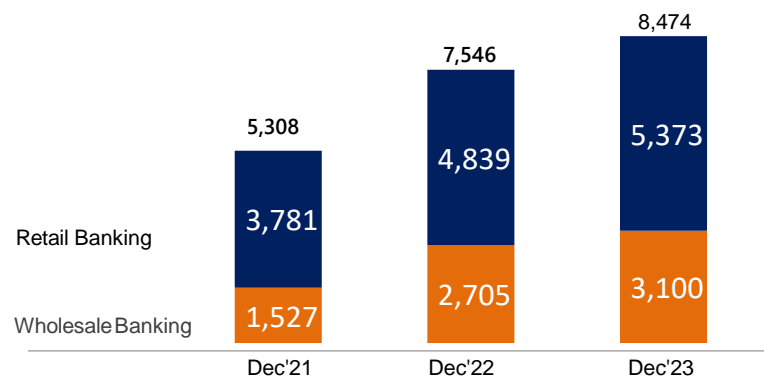
Wholesale Loans Growth (TZS)

Customer deposits up 11% in FY'23, with a Stable Funding Base

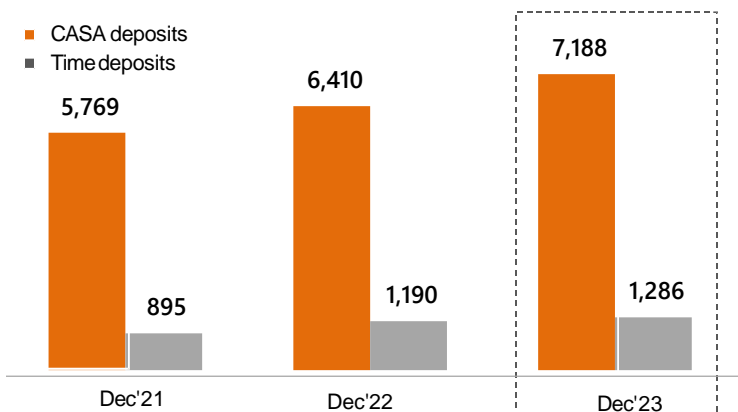
Liability mix: TZS 10,124 bn



Deposits by business segment (TZSmn)



Customer deposits (TZS bn)



Borrowings

As of 31 Dec 2023		TZSbn
Bond issuance		471
Borrowing from Abroad		721
Other		190
Total		1,382

Key highlights

- > Total customer deposits were up 11% in FY'23 to TZS 8,416 bn, primarily driven by growth in Wholesale and Retail Banking deposits
- > CASA deposits were TZS 7.2Tn, while time deposits increased 8% YoY to TZS 1.29 Tn as at December-end

CASA Deposits as % of total Deposits

85%



Time Deposits as % of total Deposits

15%



Total Deposits

TZS
Bn

8,416

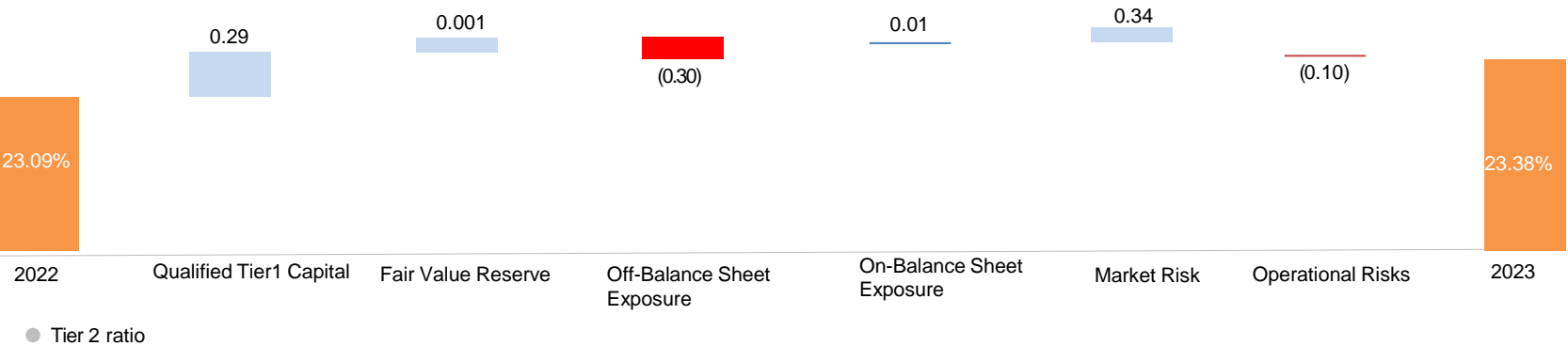
LDR

95%

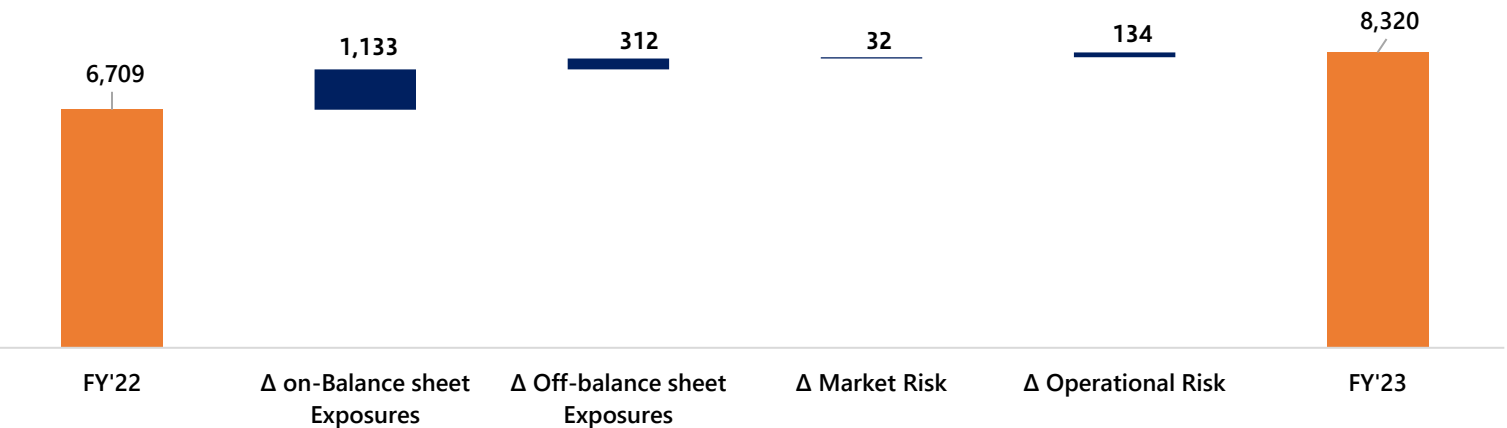
Strong Capital Position



Capital adequacy ratio walkthrough (%)



Risk weighted assets walkthrough (TZSbn)

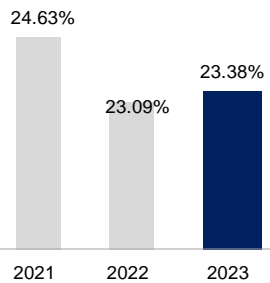


Highlights

- We have a strong capital position which is well above the regulatory requirement.
- Strong capital position provides sufficient headroom to support clients and absorb regulatory changes.
- We remain committed to maintaining a sound capital position to comply with Regulatory requirements and to support sustainable business growth

Total Capital Ratio

23.38%



Core Capital

23.36%

Dec'22: 23.07%

Dividend Payout Ratio

1/3
Of PAT

Cost of risk remains low, while NPL ratio of 3.15% is at the lowest level ever

Cost Of Risk

- We maintain a low cost of risk
- Cost of Risk Further improved to 1.06% from 1.2% levels in 2021
- We aim to maintain the ratio below 2%

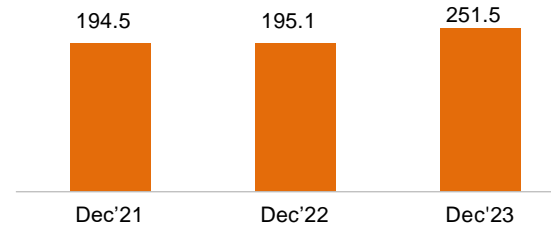
NPL Coverage

- Strong coverage ratios
- The Bank's coverage ratio has remained strong over the past two years

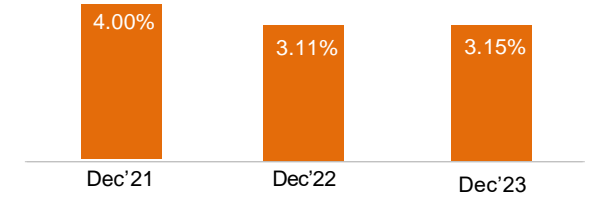
non-performing Loans

- Improving asset quality
- Better than Industry average of 4.3%
- Yielding results of prudent risk management and efforts on quality origination
- Portfolio quality remains a focus area

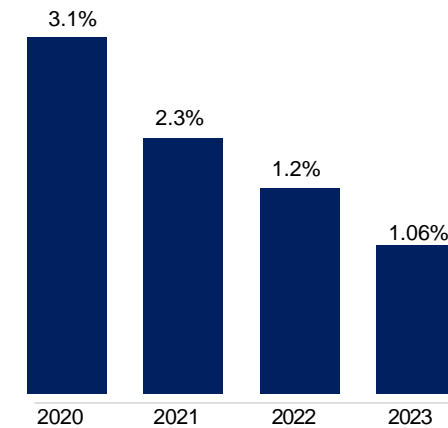
Non-performing loans (TZS Bn)



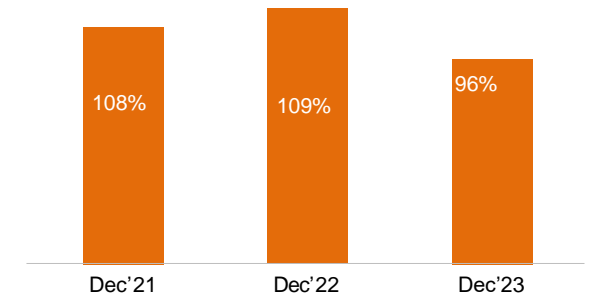
Non-Performing Ratio (%)



Cost of Risk



NPL Coverage Ratio



CIR improved to 39% as income growth outpaced the increase in Operating expenses.

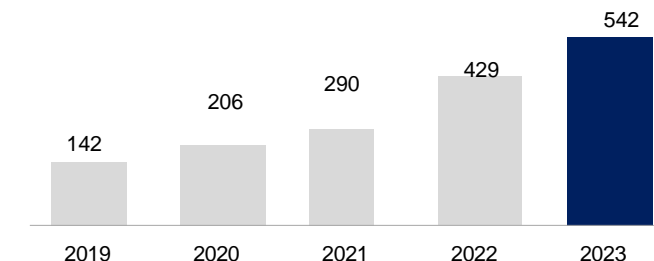
Net profit of TZS 542 bn 26% YoY ,driven by higher Net-interest income, stable NFI growth, Low cost of risk and greater efficiencies.

Income statement (TZS Bn)	FY'23	FY'22	Δ YoY
Net interest income	934	786	19%
Non-interest income	468	402	16%
Total income	1,402	1,192	18%
Impairment Charge	(84)	(81)	4%
OPEX	(547)	(496)	10%
PBT	770	612	26%
PAT	542	429	26%

FY'23 net profit (TZS)

542 bn

(TZS bn)



ROE

29%

FY'22: 26%

CIR

39%

FY'22: 42%

EPS (TZS)

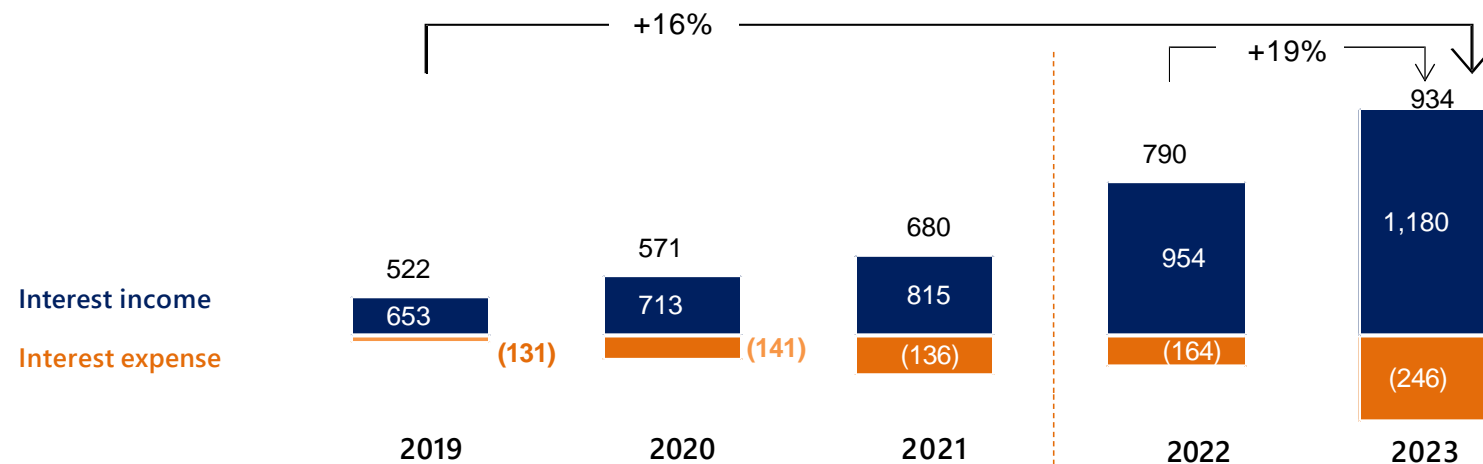
1,084

FY'22: TZS 859

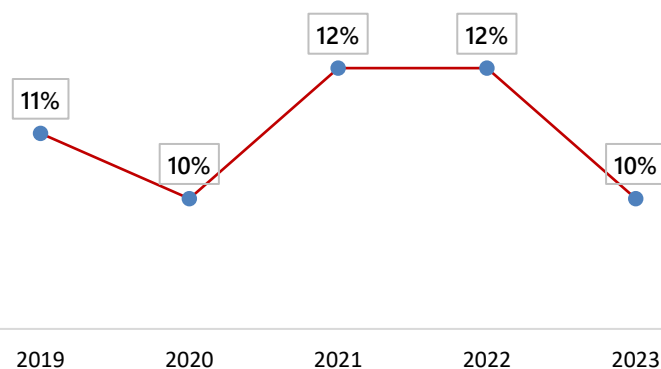
NII up 19% driven by Strong Asset growth



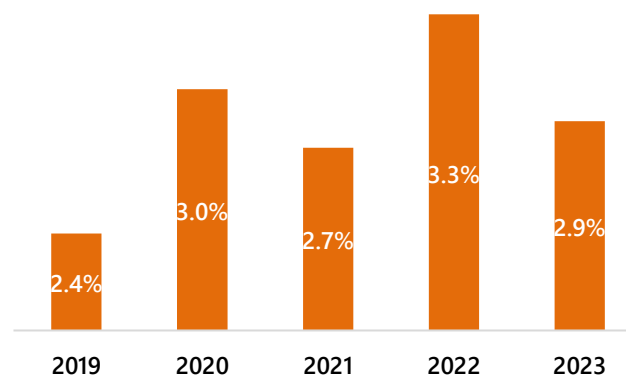
Net interest income (TZS mn)



Net interest income to average earning assets (%)



Cost of Funds (%)



Key highlights

- Interest income +24% YoY to TZS 1.18 trillion driven by strong loan disbursements owing to increased credit demand in the market.
- FY'23 NIM was 200 bps lower at 10% due to an increase in interest expenses by **48%** (on account of increase in borrowing by 84%).
- Net Interest income increased by 19% to TZS 934 billion on account of 24% growth of Interest income partially offset by increased Interest expenses.

NIM

10%

FY'22: 12%

CoF

2.9%

FY'22: 3.3%

NII Growth

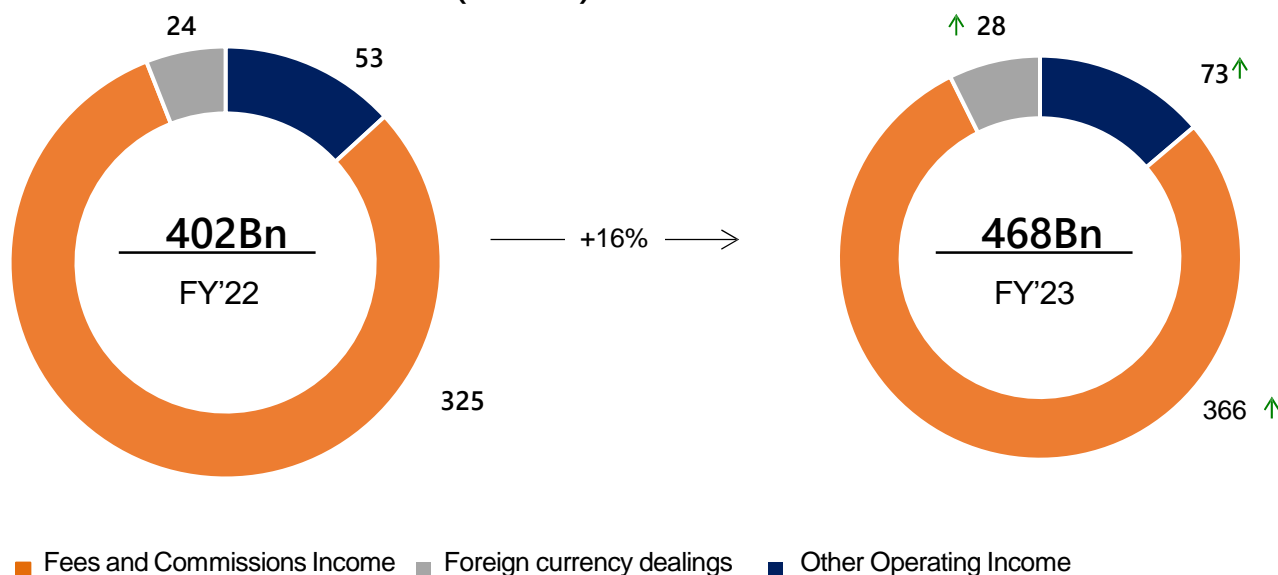
+19%

FY'22: 16%

Strong NFI momentum reflects benefits from diversified Income streams

Non-interest income (TZS mn)	2019	2020	2021	2022	2023	Δ YoY
Foreign Currency dealings and translation gain/(loss)	25,554	30,484	36,309	53,424	73,362	37%
Fee and Commissions	169,153	226,400	248,541	324,929	366,487	13%
Other operating income	9,702	14,395	20,988	23,779	28,555	20%
Total non-interest income	204,409	271,279	305,838	402,132	468,404	16%

Net fees and commission income (TZS Bn)



Key highlights

- FY'23 non-interest income increased 15% YoY primarily supported by increases in FCY dealings and increases in Other operating expenses. The Mkononi income had its strongest year increasing by 28% with the number of Mobile banking subscribers increasing by 6% to reach 4.95 million.
- FCY dealing income in FY'23 was up 33% YoY mainly on strong Foreign exchange gains as a result of increased FCY customer activities and cross-border transactions.
- Our ongoing investment in the Agency banking channel continued to yield positive results, Agency banking income increased by 13% YoY.
- Our Micro lending product had a great year ever, Income from Micro lending reached TZS 4.4 billion, a 100% increase YoY.
- Our ongoing investment in technology and our digital channels continued to attract new clients who appreciate the ease and security that we provide.

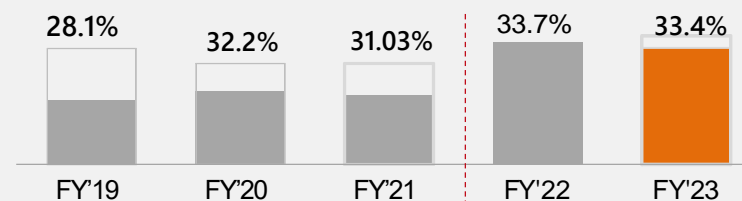
+28% YoY

FY'23 Mkononi fees (gross)

+13% YoY

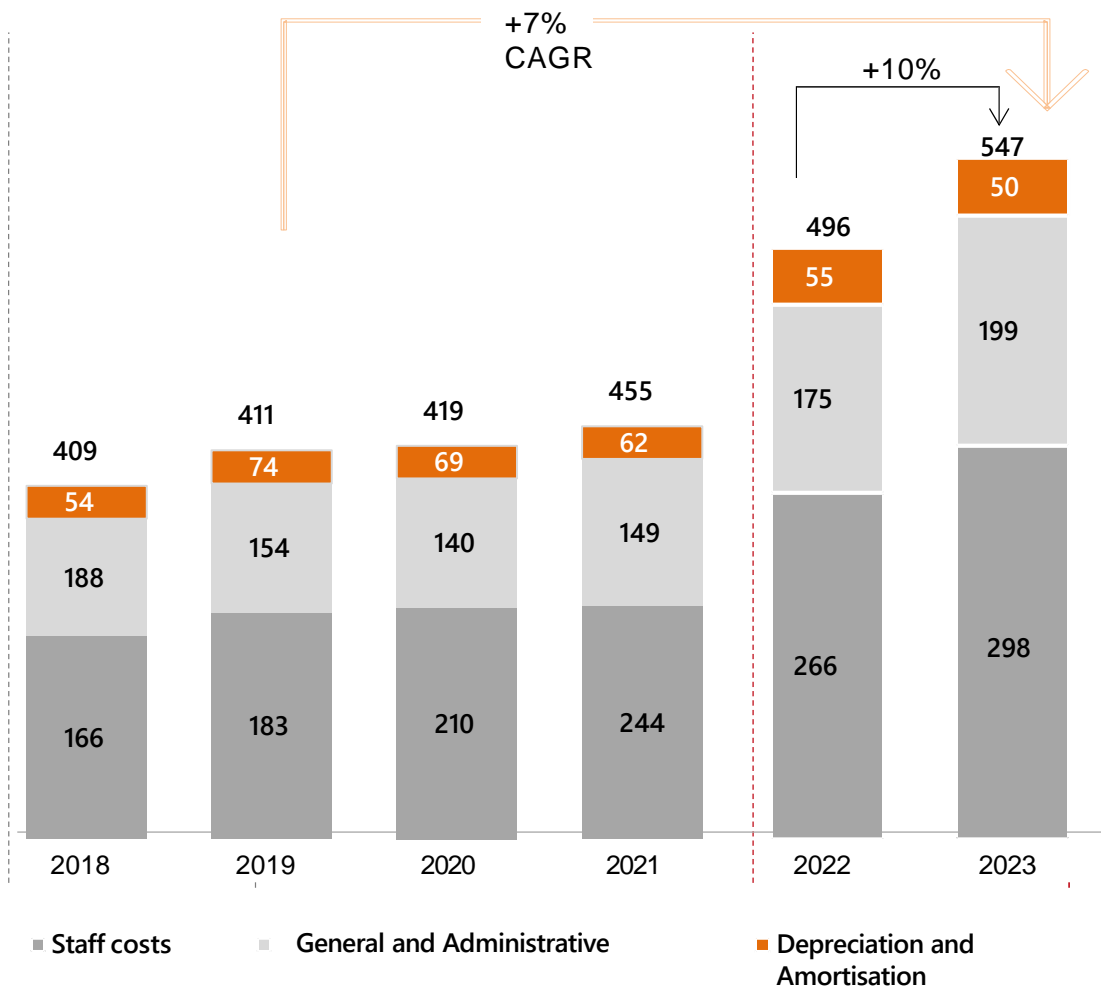
FY'23 loan recoveries

Non-interest income/total income

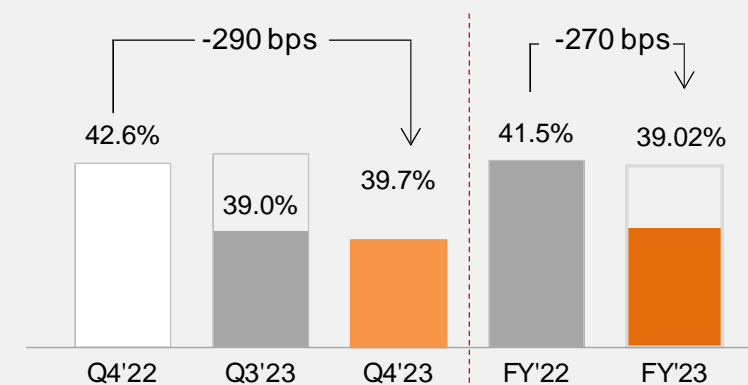


Outstanding operating efficiency amid ongoing investments to drive business growth

Operating expenses (TZS Bn)



Cost to income ratio



- Cost to income ratio was 39% in FY'23, an improvement of 270 bps from a year earlier
- The Bank maintained prudent cost management, while continuing to invest in people, technology, regulatory requirements and compliance to drive growth.
- Operating expenses will be up 10% in 2023 on higher Staff costs to drive revenue growth and Investment in Digital and Technology to drive Customer experience.



NMB

Digital & ESG

Fostering digital leadership through customer adoption, and scaling up innovation

Fortify digital leadership, Deploy leading digital proposition, Deliver distinctive customer journeys



- Subscribers to digital banking platforms were 6.2% higher YoY, with digital transactions up 59% in FY'23
- We have revamped and Upgrade NMB-Mkononi to serve as state-of-the-art Financial tool, designed to provide our customers with seamless, secure and convenient banking services.
- We added new features on NMB-Mkononi platform to improve functionality and added new banking services.
- We revamped our Agency Banking Model (MNB-Wakala) resulting to 43% increase in number of Wakala

- NMB Mkononi Subscribers increased by 6% to 4.95 million.
- 84% OF New customers were onboarded digitally
- 96% of Transactions are done digitally
- During the Year we launched UmeBima-APP to empower sales and non sales staff to sell insurance products to both NMB and Non NMB customers.
- We launched Cashback and Onja-Unogewe Digital initiatives to encourage our customer to utilize Digital Payment facilities that we offer.

Number of Agents

28,295

+43% YoY



Agency Banking Transactions

102Mn

+6% YoY



NMB Lipa Number



Active QR Codes

2,358

+55%YoY

QR Transaction Value

TZS 23.3Bn

FY'23 digital highlights

Retail customers onboarded digitally

84%



Digital retail customer transactions

96%



NMB Mkononi transactions

134 mn

+61% YoY



Customers registered on Internet & Mobile Banking

4.99Mn



Internet Banking transactions

8% YoY

Sustainability

Our sustainability strategy is based on our **GRI materiality assessment** and guided by the **UN SDGs**



Purpose

To Create Sustainable Value for our stakeholders

Strategic priorities

Ambition

Workstreams

Commitments

Climate



Support the transition to a net zero economy and manage climate change risks

1. Strengthening Climate Risk Governance
2. Environmental and social risk management (ESRM)
3. Reducing impact of operations

> Finalize on-going emissions baselining and setting future decarbonization targets

Sustainable Financing & Operations



Provide inclusive and innovative financial services to drive sustainable economic growth, whilst reducing own GHG emissions

1. Grow portfolio of green and social eligible loans
2. Community investment

> Enhance efforts to mobilize funds to finance transition to low carbon economy

> Accelerate environmental stewardship efforts including tree planting etc

Financial Inclusion



Drive financial inclusion agenda in Tanzania

1. Mass Account Opening
2. Micro credit
3. Extending our Wakala footprint

> Continue to lead and champion the financial inclusion agenda in Tanzania.

> Onboarding of more than 1.5 million customers in 2024

Governance



Operate a responsible business with the highest ethical standards to preserve integrity and trust

1. Corporate governance, compliance and code of conduct
2. Risk management and cybersecurity
3. Financial crime and anti-corruption
4. Tax transparency

> Drive best-in-class governance in the region, and continue to enhance ethical banking practices

> Maintain industry leading data privacy and information security



ESG governance and policies

Targets, KPIs and rewards

Training and upskilling

Stakeholder management and communications

External partnerships and commitments

Reporting and disclosures

Key highlights on our ESG strategy:

- > Sustainable Finance Framework adopted in 2023 and Sustainability financing KPIs incorporated scorecards
- > Adopted a Green Bond Finance Framework aligned with the UN Sustainable Development Goals (SDGs) and based on the International Capital Markets Association (ICMA) Green Bond Principles
- > Inaugural TZS 400 Billion sustainable bond issued in Q3'22 to support the financing of low-carbon initiatives. The TZS tranche was oversubscribed by 3x, and the USD tranche was oversubscribed.
- > The Jamii bond was noteworthy for being the first in East Africa

Recent updates

- > Disbursed a total of TZS 777 billion to MSMEs (13% YoY) and TZS 547 to Agri businesses an increase of 22% YoY.
- > ESG training rolled out across the Organization (including to the Board and Management)
- > Introduced a Specialist Function in Credit to Manage and Govern ESG Related Risks and Opportunities

Key highlights

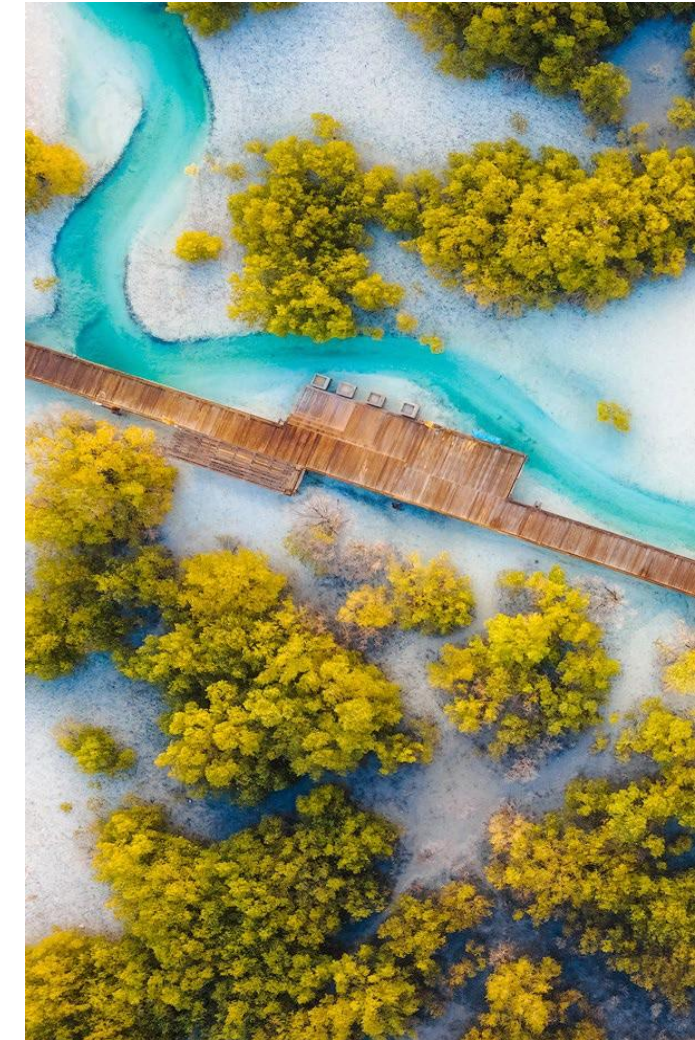
ESG Related Awards

- Best Commitment to ESG Principles Tanzania 2023 - International Banker Banking Awards 2023
- Best Bank for CSR in Tanzania - Euromoney Awards for Excellence 2023
- Best CSR Initiative Tanzania 2023". - Global Business & Finance Magazine 2023
- Safest Bank in Tanzania 2023 - Global Business & Finance Magazine 2023

Issuance of inaugural Sustainable Bond

TZS 400 Bn

Jasiri Bond Won: Platinum Award (Sustainable Bond of the Year 2022)





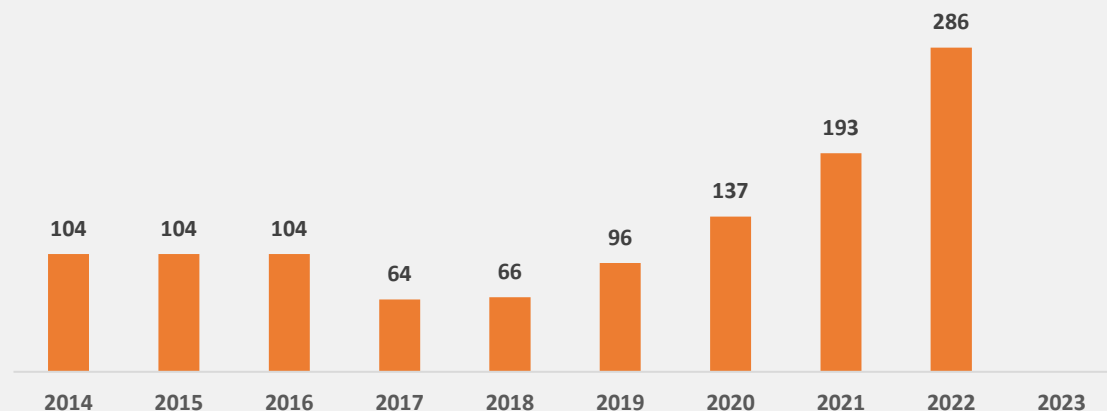
Historical Performance

10-Years

Our 10-year journey



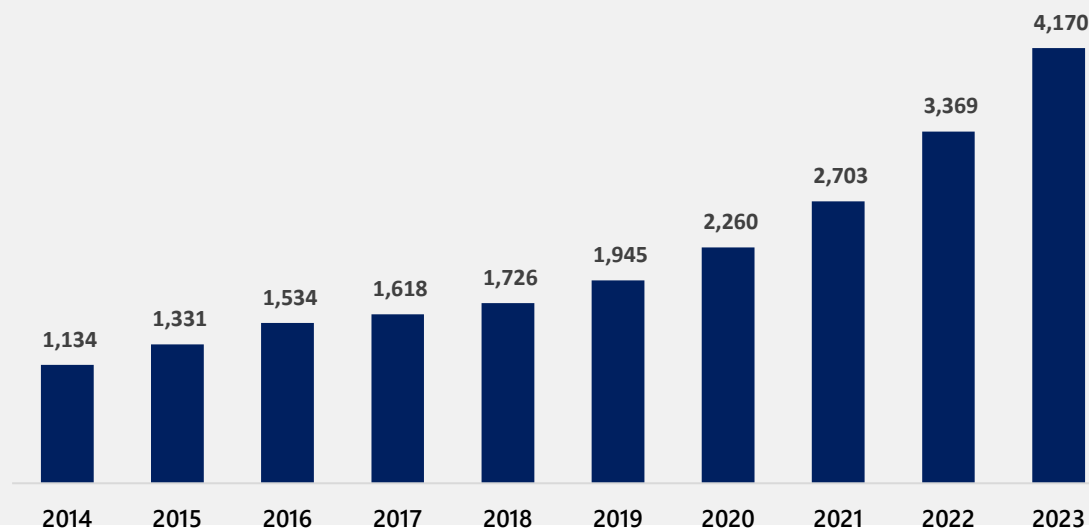
Dividend per share (TZS)



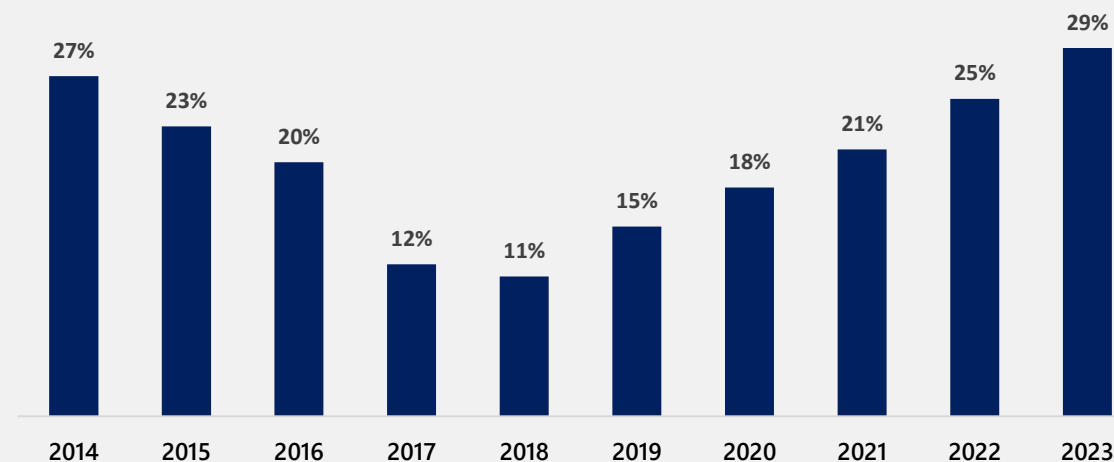
Basic earnings per share (TZS)



Book value per share (TZS)

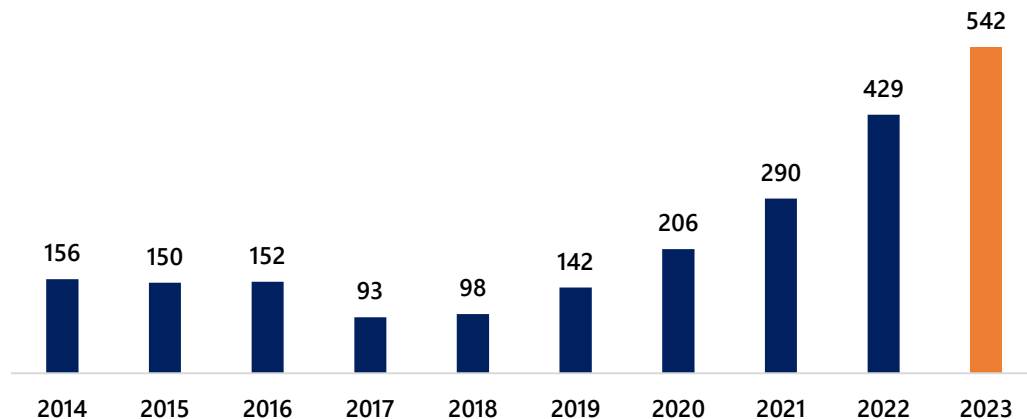


Return on average equity (%)

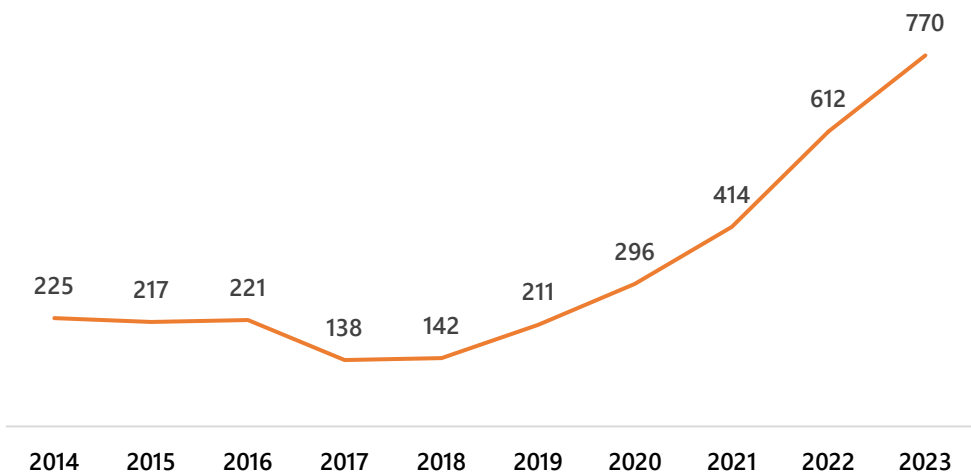


Our 10-year journey (continued)

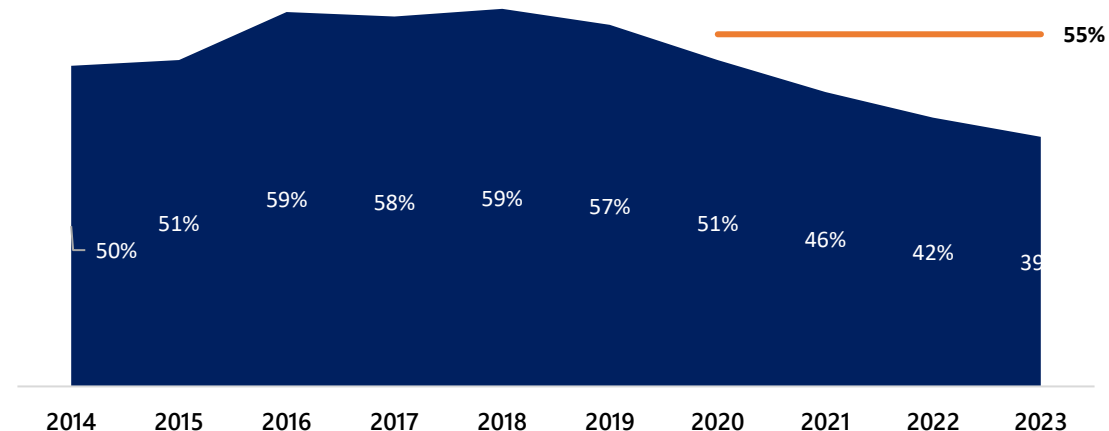
Net profit (TZS billion)



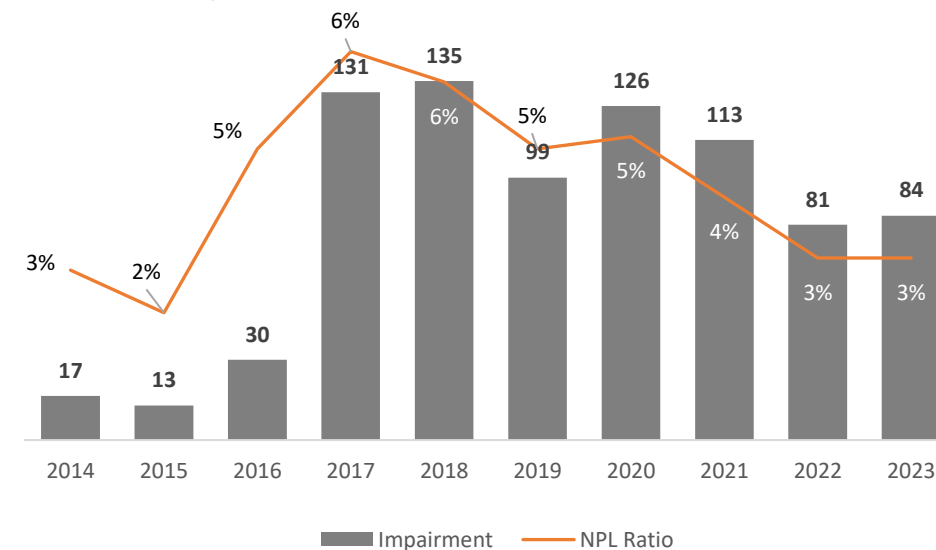
Group Operating profit (TZS billion)



Cost to income ratio (%)

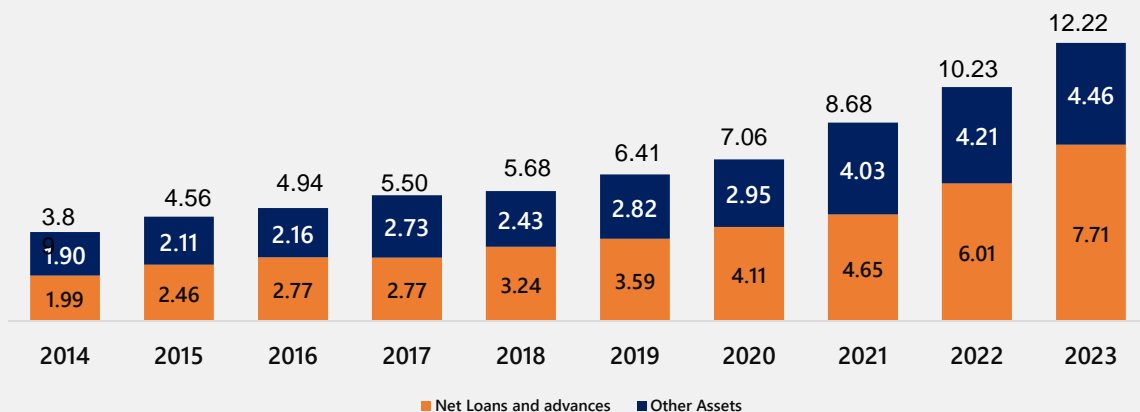


Impairment charge (TZS billion)

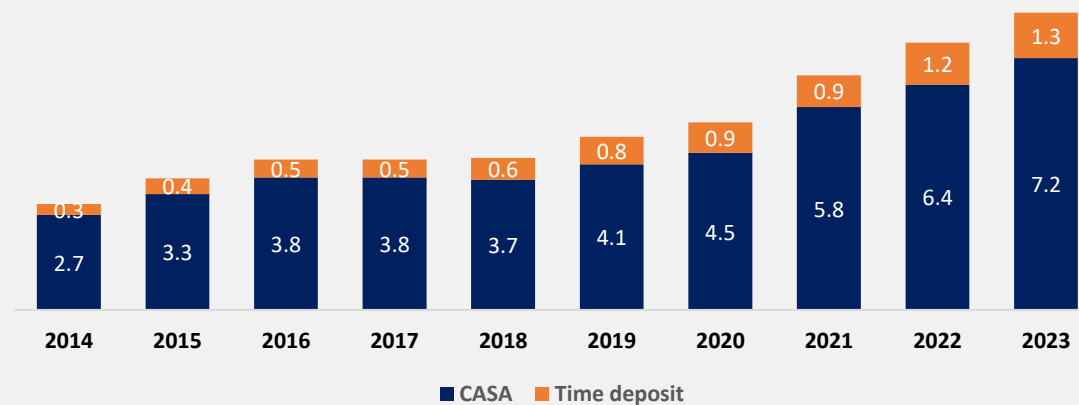


Our 10-year journey (continued)

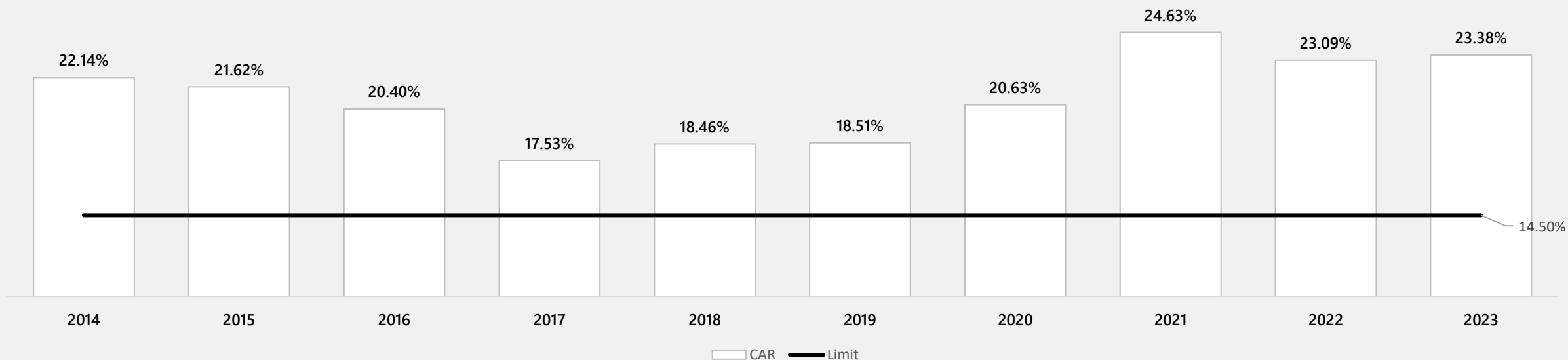
Total assets and net loans and advances (TZS Trillion)



Customer deposits and CASA (TZS billion)



Capital adequacy ratio (%)





NMB BANK INVESTOR RELATIONS

[www. https://www.nmbbank.co.tz/investor-relations-nmb](https://www.nmbbank.co.tz/investor-relations-nmb)

[email: investorrelations@nmbbank.co.tz](mailto:investorrelations@nmbbank.co.tz)