



NMB BANK PLC

Q2 2017 FINANCIAL RESULTS

AUG. 02, 2017

OPERATING ENVIRONMENT

- **Macroeconomic environment**

- Continued economic headwinds
- Reduction in government spending, but initial phase of infrastructure projects has commenced
- Recent efforts by the Central Bank to boost liquidity
 - Reduction in Statutory Minimum Reserve (SMR) from 10% to 8%

- **Upcoming Regulations**

- Modified Basic Indicator Approach: introduction of operational risk component eff. 1 Aug 2017
- Capital Conservation Buffer eff. 1 Aug 2017
- IFRS 9 eff. Jan 2018



FINANCIALS

- **Higher Non Performing Loans (NPLs) - doubling of Impairments**
- **Declining Profit After Tax (PAT)**
- **Declining Return On Equity (ROE)**
- **Slower loan book growth**
- **Other notes:**
 - Operating income –bad debt recoveries, gains from property disposal, rental income
 - Operating expenses – all other expenses except salaries and fees & commissions
 - Special deposits – LC's and Guarantees



FINANCIAL HIGHLIGHTS

	YTD 2016	YTD 2017	Y/Y change %
Impairments	(12,1)	(25,1)	107%
ROE	23.9%	19%	-4.9%
NPL Coverage	49%	47%	-2%
Cost to Income	56%	57%	1%
PAT	84	76	-10%

- Higher NPLs following difficulties faced by some clients in servicing their facilities
- The bank has prudently provided for possible loan losses– hence doubling of impairments
- Costs have been contained within required range



BALANCE SHEET GROWTH

	Q1 2017	Q2 2017	Q/Q %	Q2 2016	Y/Y %
Loans & Advances	2,761	2,806	2%	2,710	4%
Total Assets	5,094	5,375	6%	4,723	14%
Customer deposits	3,748	4,024	7%	3,519	14%
Borrowed funds	375	370	-1%	371	0%
Total liabilities	4,286	4,584	7%	4,025	14%
Shareholder Equity	808	791	-2%	698	13%

- Slower loan book growth compared to previous periods
- Deposit mobilization efforts initiated at the beginning of the year have begun to yield results



REVENUES AND EXPENSES

	YTD 2016	YTD 2017	Y/Y %
Net Interest Income	223	234	5%
Interest expense	-42	-59	40%
Non Interest Income	82	84	2%
Non interest expense	-172	-183	6%
PAT	84	76	-10%

- Slight increase in both NII and NFI
- Liquidity crunch resulted into the bank accepting higher priced deposits
- Decrease in PAT due to doubling of loan impairments



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