



NATIONAL MICROFINANCE BANK (NMB) PLC

2016 FINANCIAL RESULTS CALL

APRIL 19, 2017

2016 HIGHLIGHTS

- **Macroeconomic Environment**
 - Implementation of the Treasury Single Account
 - Recent efforts by the Central Bank to boost liquidity
 - Reduction in discount rate from 16% to 12%
 - Reduction in Statutory Minimum Reserve (SMR) from 10% to 8%
- **Bank Highlights**
 - NMB Bond oversubscribed by 107%
 - Bank assigned B1 Stable Credit Rating by Moody's

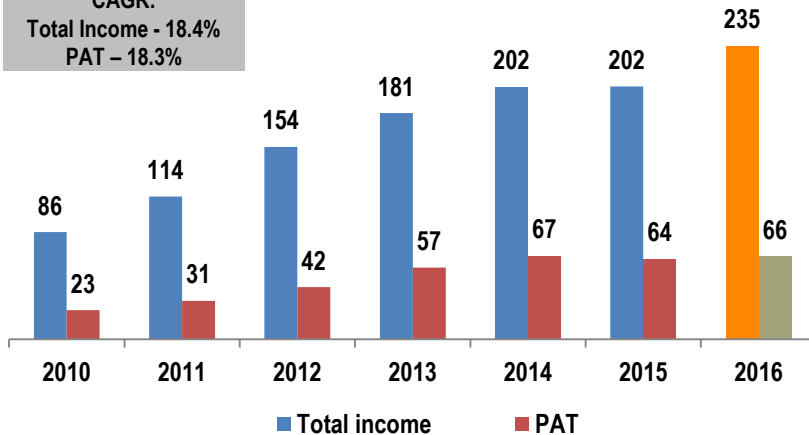
FINANCIALS



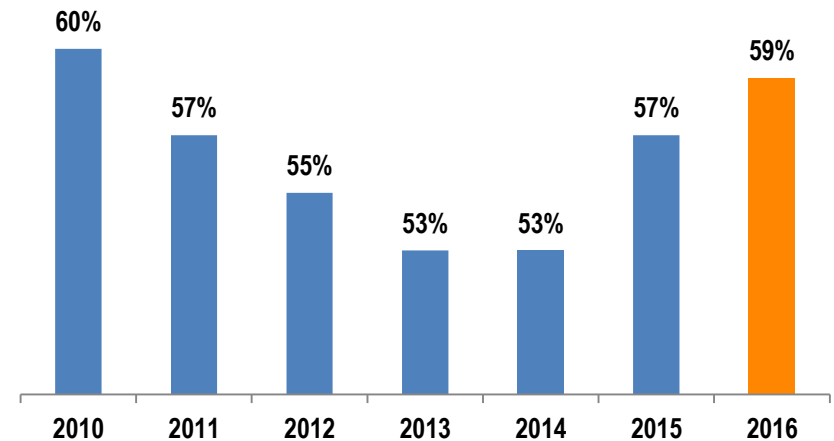
KEY PERFORMANCE MEASURES

Total income & Profit after Tax (in USD m)

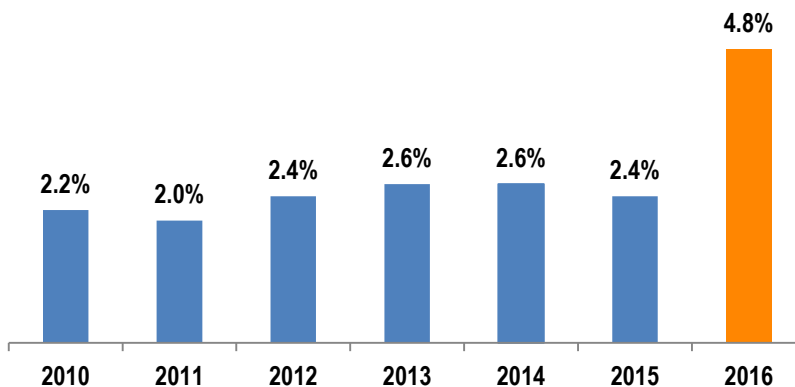
CAGR:
Total Income - 18.4%
PAT - 18.3%



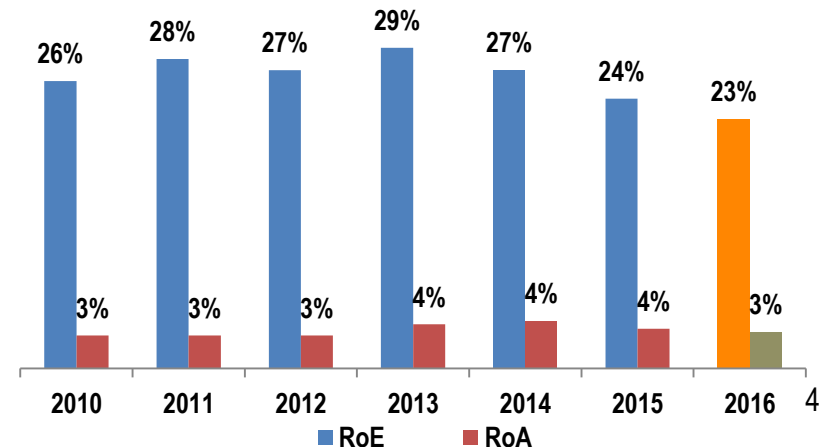
Cost-Income Ratio (CIR)



Non-Performing Loan (NPL) ratio



Returns





FINANCIAL HIGHLIGHTS

	2016	2015	Y-o-Y change %
PAT	153.8	150.6	2.1%
ROE	22.60%	24.40%	-1.8%
Non performing loans	136,558	51,701	164%
Impairment provision	52,747	36,224	46%
NPL Coverage	38.63%	70.06%	-31.44%
Cost to Income	59.0%	57.3%	1.70%



BALANCE SHEET GROWTH

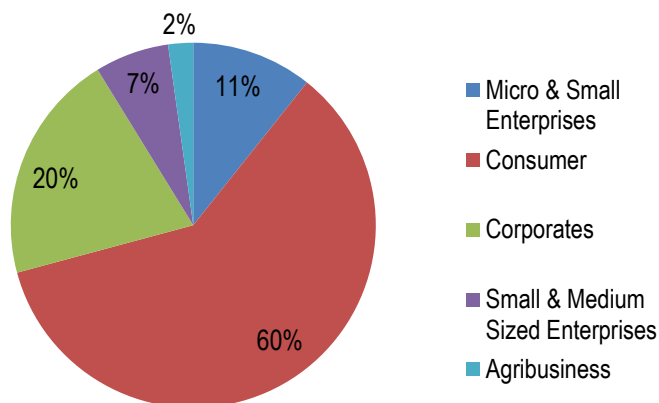
	2016	2015	Y-o-Y change %
Loans & Advances	2,794	2,482	13%
Government Securities	724	673	8%
Total Assets	4,951	4,580	8%
Customer deposits	3,737	3,569	5%
Borrowed funds	353	266	33%
Total liabilities	4,184	3,915	7%
Shareholder Equity	767	665	15%



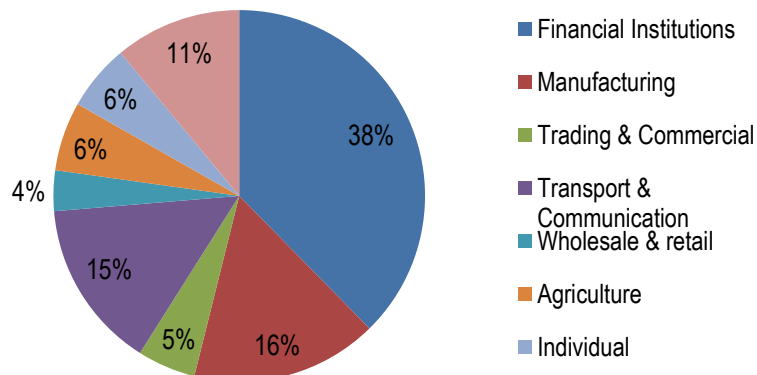
EXPANDING LOAN BOOK DRIVEN BY CONSUMER LENDING

YE 2016 - Loan Book Split

Total Loans & Advances (net): TSH 2,794 billion (\$1,197m)

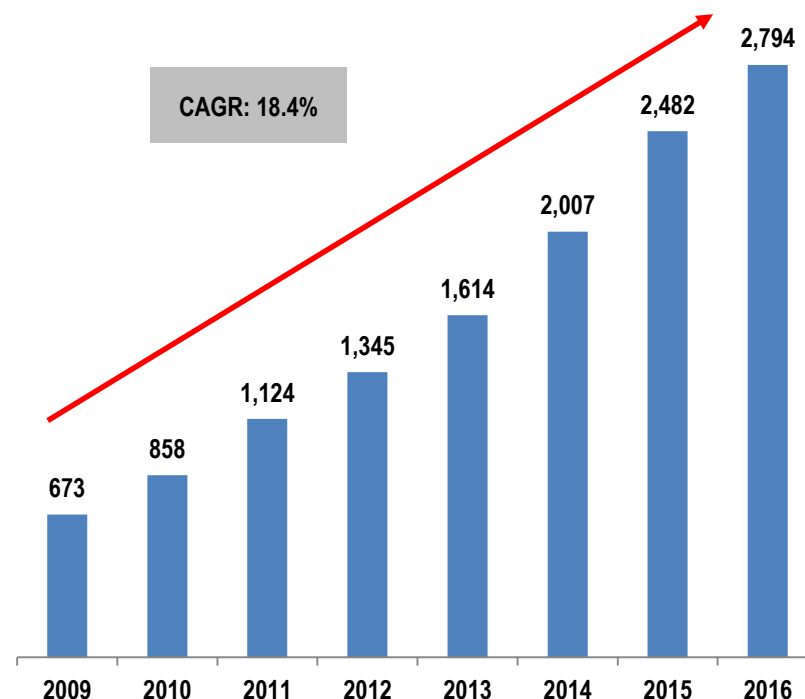


Corporate loan book (net): TSH 573 billion (\$245m)



Loan Book Growth

Net Loans & Advances (in TZS millions)

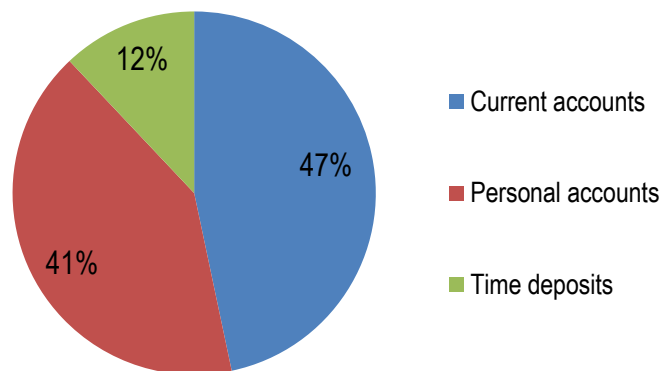




LIQUIDITY CRUNCH IN THE MARKET HAS HAMPERED DEPOSIT GROWTH EFFORTS

YE 2016 - Deposit Book Split

Total Customer deposits: TZS 3,738 billion (\$1,600 m)



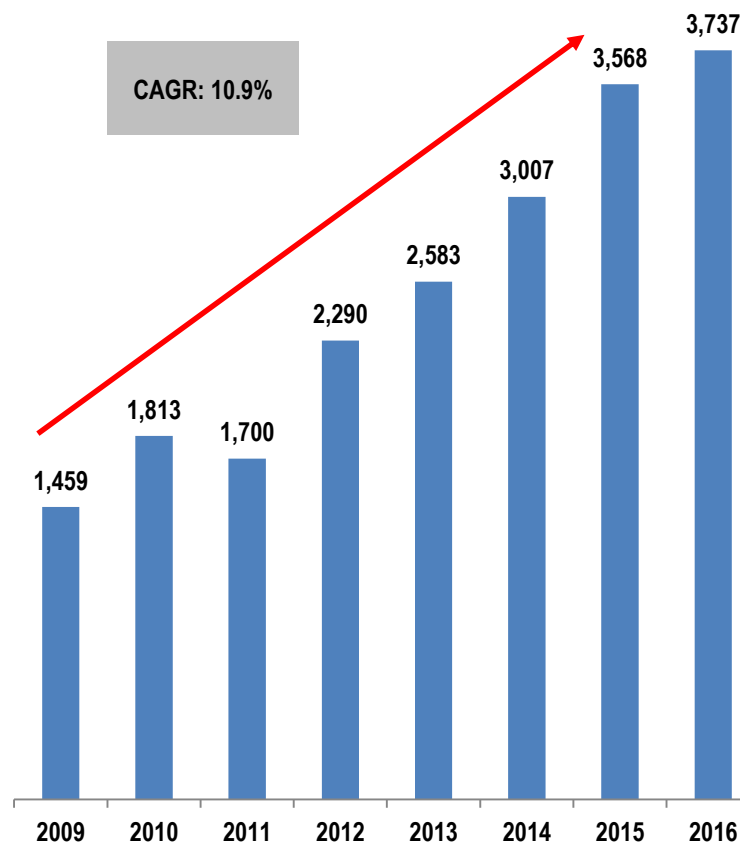
Interest Rate Risk – Customer deposits (YE 2016)

TZS millions

Interest Rate Risk – Customer deposits (YE 2016)	TZS millions
Up to 1 month	50,713
1-3 months	170,654
3-12 months	288,356
1-5 years	3,714
+5 years	0
Non-interest bearing	3,223,967
	3,737,404

Deposit Book Growth

Customer deposits (in TZS millions)



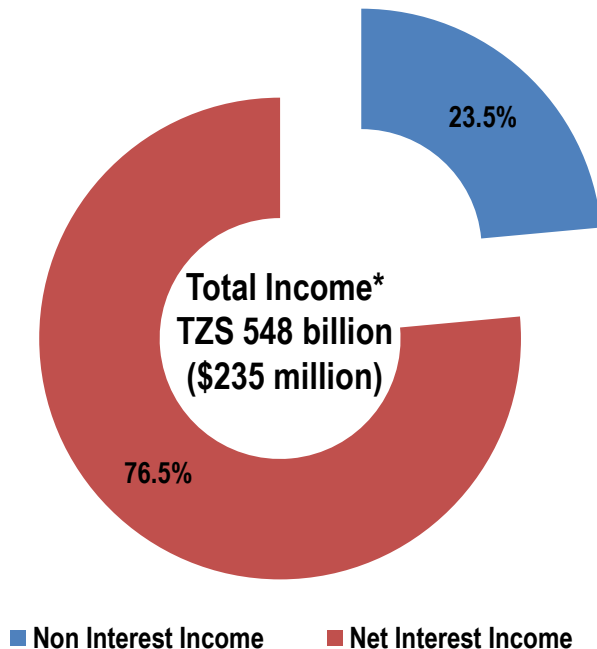


REVENUES AND EXPENSES

	2016	2015	Y/Y %
Interest Income	551	439	26%
Interest expense	102	69	48%
Fee & Commission Income	144	125	15%
Fee & Commission Expense	14	10	40%
Foreign Exchange Income	15	26	-42%

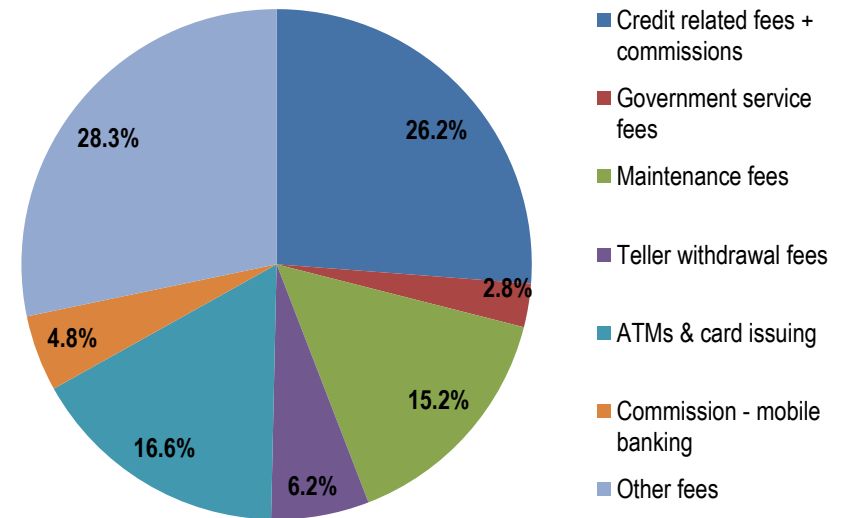
NMB INTEREST INCOME CONSTITUTES MAJORITY OF TOTAL INCOME MIX

FY 2016 - Total Income split



Breakdown of Non-Interest Income

Non-Interest Income (net):
TZS 129.9 billion (\$56 million)



OUTLOOK

ANTICIPATED REGULATORY CHANGES

- **Change in capital requirements – eff. Aug 2017**
 - Capital charge for operational risk
 - Capital conservation buffer of 2.5% of RWA & off-balance sheet exposures
- **IFRS 9 preparations – eff. 1st January 2018**
 - The bank is currently assessing the likely impact on our provision figures and capital position

BANK PROFILE



NMB IS TANZANIA'S LEADING BANK

Overview

- National Microfinance Bank ("NMB") Plc is the largest bank in Tanzania by market capitalization
- NMB is today a fully fledged retail and commercial bank with 2 million customer accounts in Tanzania
- As at FY 2016, the Bank had total assets of TZS 4.95 trillion (approx. \$ 2 billion) and total deposits of TZS 3.7 trillion (\$ 1.6 billion). Total equity stood at TZS 767 billion (\$ 329 million)
- NMB has a wide branch network in the country with 192 branches and 662 ATMs. The Bank employs approx. 3,432 full-time staff

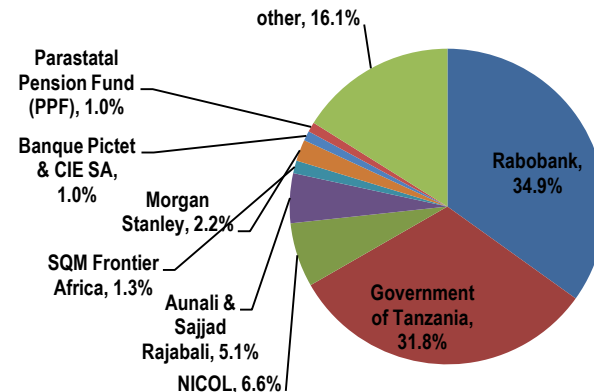
Governance & Management

- NMB is governed by an independent Board of Directors. The Board consists of 8 Non-Executive Directors & 1 Executive Director (the MD)
- There is a management contract between NMB and Rabobank in which up to 3 senior management positions are nominated by Rabobank
- Management team currently includes: Ineke Bussemaker (MD); Waziri Barnabas (CFO); Tom Borghols (Chief Credit Officer); Abdulmajid Nsekela (Ag. Chief Retail Officer); Richard Makungwa (Chief Wholesale Officer); Saif Ahmed (Chief Agribusiness); Victor Rugeiyamu (Head Risk); Aziz Chacha (Treasurer) & Pete Novat (Chief IT & Operations)

History

- **1997** - NMB was established under the National Microfinance Bank Limited Incorporation Act of 1997, following the break-up of the old National Bank of Commerce, by an Act of Parliament. 3 new entities were created at the time: NBC Holdings Limited; National Bank of Commerce (1997) Limited and National Microfinance Bank Limited
- **2005** - the Government privatized the bank when it sold part of its shareholding (49%) to a consortium led by Rabobank Group
- **2008** - there was a further divestiture, the Government sold another 21% of its shareholding to the Tanzanian public through an IPO on the Dar es Salaam Stock Exchange

Shareholding structure



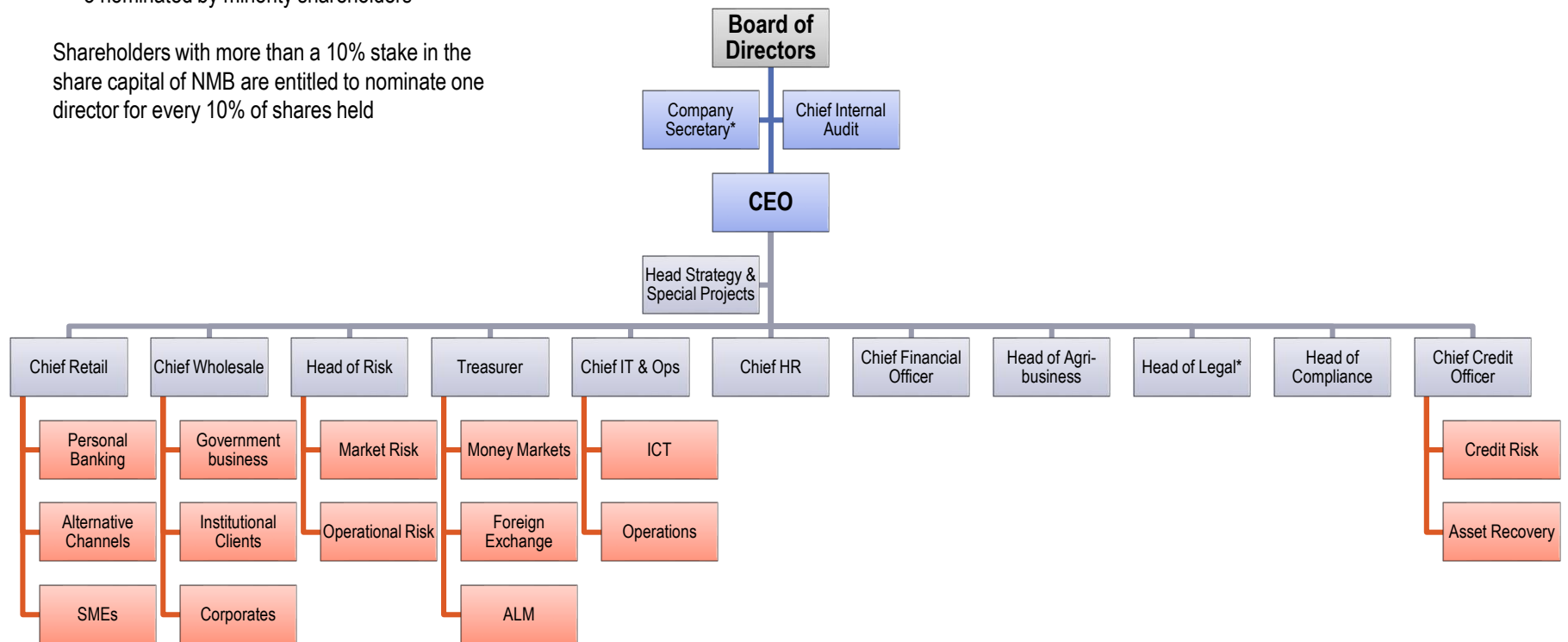


ORGANIZATIONAL STRUCTURE

Board consists of 9 Directors:

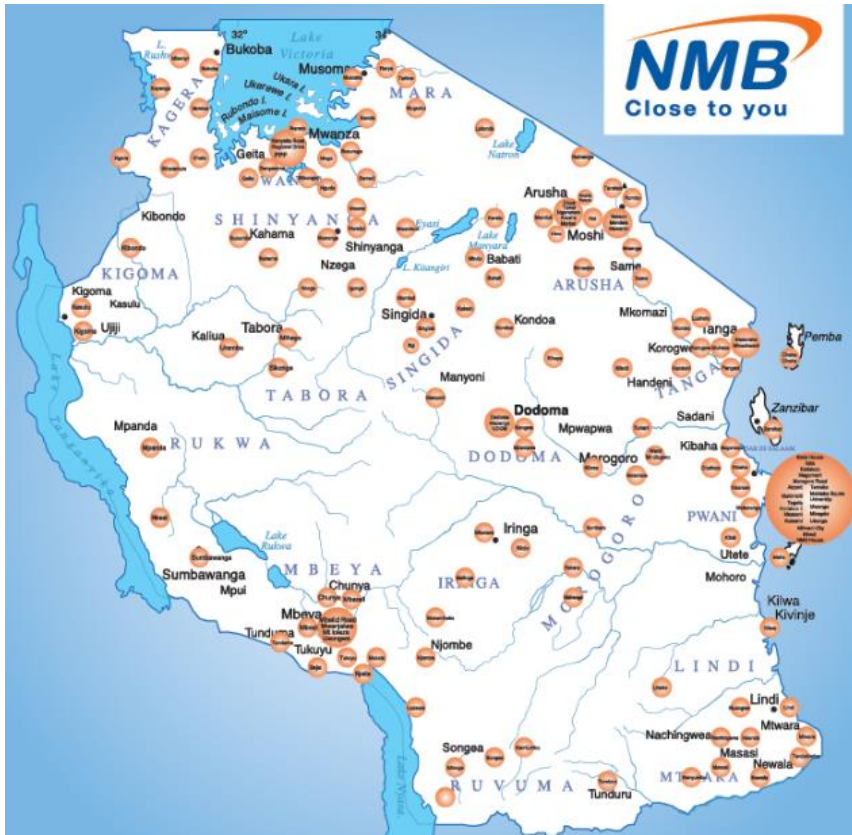
- 3 nominated by Rabobank Group
- 3 nominated by the Government of Tanzania
- 3 nominated by minority shareholders

Shareholders with more than a 10% stake in the share capital of NMB are entitled to nominate one director for every 10% of shares held





NMB HAS A WIDE DISTRIBUTION NETWORK



+2 million customer accounts**

+130,000 Points of Presence (POP)

Branches	192
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ATMs	662
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Via MNO partnerships	+130,000
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- Integration with MPESA, Tigo Pesa & Airtel Money; NMB customers can cash-in/out of their bank accounts at +90,000 MPESA agents, +30,000 Tigo Pesa and +10,000 Airtel Money agents
- Incentivizing existing customers to utilize NMB Mobile and internet banking channels
 - Currently +1 million NMB Mobile customers

OVERALL

- Consolidate “bricks + mortars” growth
- Upgrade / renovate existing premises
- Continue to develop alternative distribution channels including agency banking + mobile banking

Source: Company data; Vodacom Tanzania; Millicom (Tigo) Tanzania & Bharti Airtel Tanzania data

*Points of Presence (POP) figures as at YE 2015; ** estimate



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