



## NMBZ HOLDINGS LIMITED

Holding company of NMB BANK LIMITED

(Registered Commercial Bank)

Registered Office:

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### TRADING UPDATE

NMBZ Holdings Limited (“The Group”) hereby issues the following Trading Update for the third quarter ended 30 September 2020 (“Q3 2020”). The Zimbabwe Stock Exchange (“ZSE”) has authorized the issue of this Trading Update in lieu of compliance with rule 35(5) of the ZSE Listing Requirements, set out in Statutory Instrument 134 of 2019, read in conjunction with the ZSE Practice Note entitled “Publication of Interim Financial Public Reports for the First and Third Quarters in terms of section 35(5)” (“Practice Note 9”).

#### Trading and Operating Environment

The Foreign Currency Auction System introduced by the Monetary Authorities in the last quarter on 23 June 2020 recorded a steady increase in the volumes and values traded in the quarter under review. An extension of the Foreign Currency Auction System was introduced during the review period to accommodate Small to Medium Enterprises (“SMEs”) and individuals whose bids fall below the minimum limits set for the Main Auction. The Foreign Currency Auction System and the other monetary and fiscal policy interventions in the period have resulted in the stabilization of the country’s foreign exchange market, with the Zimbabwe dollar firming against the USD towards the end of Q3 2020. The stabilization in the currency markets resulted in a reduction in the month-on-month inflation during the quarter under review, with the month-on-month inflation rate closing at 3.83% for 30 September 2020, down from the 31.66% recorded for 30 June 2020.

The global economies have continued to experience difficulties arising from the devastating effects of the novel Corona Virus (“COVID-19”) pandemic. Zimbabwe has recorded a significant reduction in the number of active cases of the deadly virus during the quarter under review and the Government of Zimbabwe has continued to relax the lockdown restrictions. Strict adherence to the guidelines prescribed by the World Health Organization (“WHO”), which the Group is following to ensure the safety of all our stakeholders, continues to be in force in order to minimize the spread of the disease.

The impact of the COVID-19 lockdown restrictions on the Group’s operations were pronounced in the month of April 2020 when the full lockdown measures were in place. However, as the lockdown conditions were subsequently being relaxed, the Group has been leveraging on the same to improve its business activities and ensuring business continuity. We do not anticipate any significant adverse impact on account of the COVID-19 pandemic on the Group’s expected financial performance for the remaining three months of the year. However, we continue to monitor the situation closely as the global economies are still riddled with the resurgence of the raging virus. The Group, like every listed entity on the ZSE, will continue to trade under cautionary for the duration of the lockdown period, including any subsequent extensions, until the lockdown has been formally dispensed with in terms of the enabling legal instrument.

The Bank has continued to uphold the measures and strategies adopted in response to the difficult operating environment created by the unprecedented global crisis in order to bring convenience and safety to our customers and staff. The measures adopted include the mandatory wearing of masks, temperature checks, compulsory sanitization and social distancing at all our operating Units.

During the quarter under review, the Group launched the NMBConnect suite of services which comprised NMBConnect Online, NMBConnect App and a USSD \*241# and these digital platforms have been well received by the market. The enhanced platforms come with a number of exciting features which significantly reduce the need for customers to visit our branches.

As a result of the digital transformation drive, the Bank closed the Eastgate, Chitungwiza and Kwekwe branches in the nine months to 30 September 2020 and the Victoria Falls branch was closed subsequent

to the review period. We are in the process of establishing an agency network throughout the country to facilitate physical touch points, in need, for potential and existing customers.

We successfully moved our Head Office to the new home along Borrowdale Road in the quarter under review. In addition, the Bank's Excellence Branch, which was previously located at the Borrowdale Sam Levy's Village, was moved to the new Head Office effective 1 October 2020.

### Q3 2020 Trading Performance

In spite of the challenging operating environment and the adverse impact of COVID-19, the Group recorded an inflation adjusted 22% growth in total income for the 9 months ended 30 September 2020 compared to the corresponding period in 2019.

The major inflation adjusted financial performance indicators for the Group for the 9 months to 30 September 2020 are as depicted below:



### Regulatory Capital Requirements

The Bank's regulatory capital as at 30 September 2020 of ZWL2.8 billion was above the minimum required regulatory capital of ZWL25 million and translated to a Capital Adequacy Ratio of 36.70% (31 December 2019 – 39.49%) which was significantly above the prescribed regulatory minimum ratio of 12%.

In the quarter under review, the RBZ extended the compliance deadline to 31 December 2021 in respect of the new minimum capital threshold of the Zimbabwe Dollar equivalent of USD30 million for banking institutions with a Tier 1 status. The Bank remains committed and focused on achieving the required minimum capital level for a Tier 1 bank by the set deadline.

## **Outlook**

The containment of the COVID-19 pandemic and the opening up of trade continue to be pre-requisites for the global and local economic recovery. We are optimistic that the measures adopted by the Government of Zimbabwe, coupled with the collective efforts of all corporates and individuals, will continue to minimize the spread of the virus.

As a Group, we are not anticipating any further significant adverse impact on our performance on account of the COVID-19 pandemic. However, we continue to closely monitor the situation due to the nature of the pandemic and the resurgence phenomenon which has been experienced elsewhere in the world.

We are optimistic that the stability of the local currency markets will continue to prevail in order to have a predictable and conducive operating environment for businesses.

The Group's banking subsidiary will continue the drive to enhance its digital offerings in order to improve the customer experience which will contribute to the Bank's strategic focus of broadening its market segments. In pursuit of the revised capitalization levels announced by the Central Bank, the Group is pursuing a number of value-preservation strategies to ensure the preservation and growth of the Bank's regulatory capital.

The Group will publish its year-end results for the year ending 31 December 2020 by 31 March 2021.

**By order of the Board**



**Shumirai Pashapa**  
**Company Secretary**

**13 November 2020**