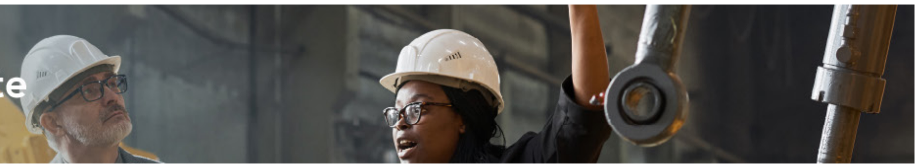
NMBZ HOLDINGS LIMITED

2022 Third Quarter Trading Update



NMBZ Holdings Limited ("The Group") hereby issues the following Trading Update for the Third Quarter ended 30 September 2022 ("Q3 2022"). The Zimbabwe Stock Exchange ("ZSE") has authorised the issue of this Trading Update in 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 ENVIRONMENT

During the third quarter of the year, the domestic economy showed signs of recovery as evidenced by price stability and exchange rate premiums dropping to around 20%. Month-on-Month inflation dropped to 3.5% in September compared to a high of 25.6% in July 2022. The relative stability experienced during the period under review was largely due to various interventions by Government and the RBZ aimed at bringing predictability to the foreign exchange markets.

Despite, the economic gains recorded during this period under review, the negative effects of the geopolitical tension in Europe (Russia, Ukraine Crisis) and the spill overs continued to be felt through oil, food, and energy price increases.

In terms of external sector performance, total foreign currency receipts as of June 2022 increased by 33.6% to US$5.44 billion compared to the same period last year. Improved foreign currency earnings were largely due to favourable commodity prices on the international market, diaspora remittances and international remittances. Approximately US$11 billion in total foreign currency receipts are expected by year-end compared to US$9 billion recorded in 2021.

CORPORATE DEVELOPMENTS

The Group's banking subsidiary has, in the first quarter, focused its efforts on enhancing customer experience and ensuring a seamless and friction-free customer journeys. The Group went on a drive to secure external lines of credit aimed at supporting exporting customers In the period under review, the Group achieved the following;

1. USSD Virtual Assistant was implemented on the *241# platform to enable customers to log their queries. This feature provides an additional touch point, through which our customers can access assistance on their queries.
2. Digital Card Issuance was implemented on the *241# platform. The solution will ensure that customers initiate the application of their debit card and set their preferred PIN on the USSD platform.
3. In line with ongoing efforts to on-board more partners to the NMBConnect platform, additional billers were added to the platform to ensure ease of payment for our customers.
4. Digitised the insurance application process enabling customers to apply for insurance on their phones without the need to visit the branch.
5. Secured a EUR 12.5 million credit line from EIB and US$10 million from TDB.

PERFORMANCE REVIEW

The Group recorded an inflation adjusted operating profit of ZWL15.6 billion for the nine months ended 30 September 2022, a 85.22% increase from the ZWL8.4 billion recorded during the Q2 2022 period. This performance is 185.17% up from the same period last year, largely driven by increased interest income underpinned by growth in loans and advances to customers.

Inflation adjusted total assets grew by 28.10% between 30 June 2022 and 30 September 2022 funded by increases in credit lines and customer deposits.

Deposits from customers amounted to ZWL50 billion in inflation adjusted terms, up 20.02% from the 30 June 2022 position. The Group maintained a strong liquidity position with a liquidity ratio of 69.5% against the regulatory minimum of 30%

The Banking remained focused on maintaining a quality loan portfolio and prudent underwriting standards. Resultantly, non-performing loan ratio improved to 1.14% as at 30 September 2022 compared to 1.39% as at 30 September 2021.

REGULATORY CAPITAL

The Group and the Bank (regulated subsidiary) are well capitalised and the Directors continue to ensure that the capital levels remain adequate as prescribed and in line with the business requirements. Capital adequacy ratio as at 30 September 2022 stood at 30% compared to a regulatory minimum of 12%.

ECONOMIC OUTLOOK

Notwithstanding the economic headwinds, the economy continues to show signs of resilience and recovery. However, Zimbabwe GDP growth in 2022 is now projected to slow down to 4.6% from initial projection of 5.5% owing to reduced output from the 2021/22 agricultural season and continued depreciation of the local currency. The mining and construction sectors are expected to record increased activity and register growth of 9.5% and 10.5% respectively.

The Group, through its banking unit will continue to accelerate the digitisation strategy with the main aim being to provide seamless multicurrency, digital financial solutions to our clients. The Banking subsidiary will continue to be focused on maintaining healthy liquidity while prudently growing the loan book with special focus on utilization of the recently approved TDB line of credit.

By Order of the Board

Violet Mutandwa
Company Secretary

15 November 2022

IN PURSUIT OF EXCELLENCE