

NMBZ Holdings Limited (“The Group”) hereby issues the following Trading Update for the First Quarter ended 31 March 2023 (“Q1 2023”). 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

The first quarter of the year started with the review of interest rates by the monetary authorities to align with positive inflation developments, to sustain price stability and strengthen resilience of the domestic economy. The Bank policy rate was reduced from 200% to 150% per annum, while interest rates for lending to the productive sectors and individuals was also reduced from 100% to 75% per annum.

During the period under review, the domestic economy continued to show signs of economic resilience as evidenced by the drop in inflation levels, and increase in export earnings. Month-on-Month (M.o.M) inflation during the period under review dropped to 0.1% in March 2023 compared to 1.3% in December 2022. Export earnings increased by 31% to USD 1.78 billion during this first quarter compared to the same period last year, with the mining sector accounting for 70% of the total export earnings. The increase in mining exports was driven by increased government support to the mining sector and favourable commodity prices on the international market. Despite the economic gains recorded, the exchange rate risk remained the major downside as the official rate depreciated by 27% during the period under review.

CORPORATE DEVELOPMENTS

NMB Bank Limited closed off the year 2022 on a high note with significant achievements that included being crowned the best overall performing Bank, runner up in the Financial Inclusion Drive and the most improved organisation from the Contact Centre of Zimbabwe among others. This set a solid foundation for the first quarter of 2023. Below are some key developments in the current year:

1. Agency Banking – The Bank accelerated its Agency Banking with the Zimbabwe Post & Telecommunications Company (Zimpost) resulting in the Bank being live in 109 Zimpost branches countrywide. This partnership positions NMB as one of the biggest Bank in terms of physical channel distribution. The service is aimed at providing real convenience to customers by bringing banking services closer to our customers. With this wide network now in place, NMBRemit, a local money transfer service was launched on the 5th of May 2023 which enables both clients and non-clients to send money across the country with collection points at Zimpost and NMB Bank branches nationwide.
2. Kwekwe Branch – Reopening of Kwekwe Branch is part of the Bank’s way to increase its footprint in the market as well as to complement the digital distribution channels.
3. NMB Sure Life Products – The Bank introduced the Flexi Plan and Gadziriro Funeral products underwritten by Old Mutual Life Assurance and Zimnat Life respectively. The products complement the short-term insurance packages that we have been offering to our customers.

The Group received regulatory approval to set up a property subsidiary, NMB Properties Limited, which was launched on the 6th of May 2023. This new subsidiary will enable it to make inroads into the property sector making use of its land and property portfolio to create real value for shareholders.

PERFORMANCE REVIEW

The financial performance of the Group on a historical cost basis is summarised below.

The Group generated operating income of ZWL 15.9 billion for the quarter ended 31 March 2023, signifying a 613.63% increase from the ZWL 2 billion recorded for the same period in prior year. The strong performance is largely driven by increased transaction volumes, increased income generating projects and modest loan book growth.

Total assets grew by 32.66% from 31 December 2022 to 31 March 2023 funded by increase in credit lines and customer deposits.

The Bank has witnessed customer deposits grow by 63.7% from ZWL 53.2 billion as at 31 December 2022 to ZWL 87.1 billion as at 31 March 2023. While the Bank has realised an increase in business volumes and transactions, the growth is also reflective of the impact of the exchange rate on USD deposits.

The Bank continued to practice prudent lending focusing on quality assets, which has kept the NPL ratio at low levels of 1.43% (31 December 2022- 1.09%).

REGULATORY CAPITAL REQUIREMENTS

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 31 March 2023 stood at 22.64% compared to a regulatory minimum of 12%.

ECONOMIC OUTLOOK

Despite the economic challenges emanating from the erratic power supply that cause disruptions to the production cycles in the manufacturing and mining sectors, the economy continues to show signs of strength and recovery. Underpinned by good agricultural season, ongoing infrastructure projects and booming tourism, the economy is projected to grow by 3.8% this year.


The Group will focus on diversifying income streams while keeping costs down. Expanding the digital footprint remains top on the agenda. The newly launched subsidiary is expected to grow its contribution to the Group in the next quarter as it provides an opportunity to preserve capital and deliver solid returns to shareholders.

By Order of the Board




Violet Mutandwa
Company Secretary

12 May 2023



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