

NMBZ Holdings Limited ("The Group") hereby issues the following Trading Update for the First Quarter ended 31 March 2024 ("Q1 2024"). 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 quarter started with elevated inflation levels, with the month-on-month blended inflation rate at 6.6% in January 2024 and later declining to 4.9% in March. During the same period, we witnessed a rapid depreciation of the local currency further presenting challenges to the operating environment.

In light of the foregoing economic challenges, the Reserve Bank of Zimbabwe (RBZ) introduced a set of measures in its Monetary Policy Statement on the 5th of April 2024. The Central Bank recalibrated its monetary policy framework to restore currency and exchange rate stability, control money supply and support economic growth. The key highlight was the introduction of a new structured currency, the Zimbabwe Gold (ZiG), which is anchored by a composite basket of foreign currency and precious metals (mainly gold) held as reserves.

The Bank policy rate was reduced from 130% per annum under the ZWL era to 20% per annum for the new currency. This should assist in reducing inflationary pressures in the short to medium term. The statutory reserve ratio for foreign currency demand deposits was increased from 15% to 20% with effect from the 8th of April 2024 in order to moderate foreign currency exposures and liquidity.

CORPORATE DEVELOPMENTS

The Group started the year on a positive note with a number of developments taking place. Below are some of the key developments in the current year:

- The African Development Bank (AfDB) and the Group's banking subsidiary NMB Bank Limited, signed a USD15 million Trade Finance Transaction Guarantee Facility to unlock trade finance opportunities for small and medium sized enterprises and those in the agri-business and trade distribution value chains.
- NMB Bank Limited successfully migrated to its new core banking system on the 2nd of April 2024. This was a landmark development as the Bank continues to push for digital transformation on both its front and backend systems.
- The Bank reviewed and revamped its policies and procedures to embed sustainability standards. We have adopted a number of standards including the IFC Performance Standards and on reporting, the GRI framework. We are publishing as part of our 2023 annual report, a fully-fledged sustainability report.

PERFORMANCE REVIEW

In inflation adjusted terms, the Group generated operating income of ZWL1.3 trillion for the quarter ended 31 March 2024, signifying a 203% increase from the ZWL429 billion recorded for the same period in prior year. The strong performance was anchored on increased transaction volumes, diversified product offering and a strong balance sheet composed of USD denominated assets that drive foreign currency earnings.

Loans and advances amounted to ZWL1.7 trillion at the end of the quarter and 92% were denominated in USD. On the other hand, deposits amounted to ZWL1.4 trillion and 87% were denominated in USD.

The Bank continued to practice prudent lending focusing on quality assets, this has kept the NPL ratio at low levels of 0.73% (31 December 2023 – 1.11%).

REGULATORY CAPITAL REQUIREMENTS

Capital adequacy ratio for the Bank as at 31 March 2024 stood at 28.17% compared to a regulatory minimum of 12%. 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.

ECONOMIC OUTLOOK

The new monetary framework has re-monetized the local currency and enhanced its functions as a medium of exchange and store of value. The framework is envisaged to foster stability, simplicity, certainty and predictability in the execution of monetary and financial affairs.

Inflation is expected to stabilize and average between 2 and 5% annually. Key sectors such as mining (gold and other critical minerals) and tourism are expected to drive economic growth in 2024.

The Group will continue to focus on its core business and expand its foot print in all identified growth sectors of the economy.

By Order of the Board



Violet Mutandwa
Company Secretary

15 May 2024



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