

NMBZ Holdings Limited ("The Group") hereby issues the following Trading Update for the Third Quarter ended 30 September 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 period under review experienced increased electricity outages which affected production in all sectors of the economy. The economy witnessed increased exchange rate and inflationary pressures. According to the Central Bank, monthly inflation ended at 5.8% for the month of September 2024. The Central Bank responded by introducing measures aimed at restoring greater exchange rate and price stability. The bank policy rate was increased from 20% to 35%. The statutory reserve requirements for demand and call deposits for both foreign and local currency were increased from 15% and 20% respectively, to 30%. The statutory reserve requirements for savings and time deposits for both local and foreign currency were increased from 5% to 15%.

GLOBAL ECONOMIC DEVELOPMENTS

Global economic growth is projected to remain stable at 3.2% in 2024 according to the IMF World Economic Outlook Report of April 2024. On the downside, production and supply chain disruptions, civil unrest and elevated inflation levels particularly in emerging and developing countries could also cause growth disappointments.

CORPORATE DEVELOPMENTS

The Group, through its subsidiary NMB Bank Limited, has maintained its focus on mobilising external lines of credit to enhance production capacity for Zimbabwean companies by bridging the capital gap. Recently, NMB Bank secured a USD 25 million facility with Proparco, a French Development Finance Institution. The facility will support SMEs, the agriculture sector, women entrepreneurs, local importing and exporting businesses. Three other additional credit lines with a value of USD 75 million are at various stages of discussion.

In partnership with Rabobank, one of the global leaders in Food and Agriculture, the Group is working on an end-to-end value chain approach to bolster the Zimbabwean agricultural ecosystem. A horticulture sector deep dive conducted during the quarter revealed significant growth potential, particularly in expanding access to export markets such as the European Union, Middle East, and the Far East. This analysis also highlighted the need for targeted financing solutions tailored to the horticulture industry's unique requirements, which would enable both large-scale and smallholder farmers to scale up their operations. The Group continues to make progress in unlocking these tailored financing solutions and is looking forward to increasing its footprint in the sector.

The Group's Fintech subsidiary, XPlug Solutions Limited is leading the way in Robotic Process Automation (RPA) and Digital transformations for financial institutions. This service has been adopted by major banks in the region, resulting in cost savings and improved operational efficiency. Currently, XPlug has expanded its footprint to five other countries, namely Rwanda, Uganda, Zambia, Mozambique and Tanzania. Furthermore, XPlug, launched a new product during the quarter, the Socket SMS Gateway, which has already facilitated the delivery of over 14 million SMS messages by businesses to their customers. The platform is designed to be cost-effective and easy to set up, making it accessible to businesses of all sizes and facilitate timely communication with their customers.

PERFORMANCE REVIEW

The Group generated operating income of ZWG 1.3 billion for the nine months ended 30 September 2024, signifying a 10% increase from the ZWG 1.2 billion (restated) recorded for the same period in prior year. The positive performance was driven by the diversified product offering, increased transaction volumes and a strong balance sheet. The balance sheet is anchored by USD denominated assets funded by offshore credit lines supporting productive sectors of the economy.

Total assets amounted to ZWG 5.5 billion as at 30 September 2024, an increase of 39% from the 31 December 2023 amount of ZWG 3.9 billion (restated), anchored on increases in loans and advances and investment securities. Loans and advances amounted to ZWG 2.7 billion at the end of the quarter representing a 110% growth from 31 December 2023 and 90% of the loans and advances were denominated in USD. On the other hand, deposits grew by 73% from ZWG 1.4 billion (restated) at 31 December 2023 to ZWG 2.4 billion as at 30 September 2024, with 87% of deposits denominated in USD.

REGULATORY CAPITAL REQUIREMENTS

Capital adequacy ratio for the Bank as at 30 September 2024 stood at 30.92% compared to a regulatory minimum of 12%. The Group and the Bank (regulated subsidiary) are well capitalised and maintaining above minimum liquidity requirements. The Directors continue to ensure that the Group is sound and that it is operating within the set regulatory requirements.

ECONOMIC OUTLOOK

The domestic economy is projected to grow by 2% in 2024, down from the earlier forecast of 3.5%. The subdued economic performance in 2024 was largely attributed to the El-Niño-induced drought effect, price instability and erratic power supplies. Notwithstanding the economic downside, the economy continues to show resilience and the key sectors envisaged to drive economic growth in 2024 include mining, accommodation and food services, and construction sector. The downside performance in the agriculture sector is likely to be offset by higher than projected output in wheat production expecting over 600,000 tonnes.

The Group will continue to focus on its core business and expand its footprint within and outside the country.

By Order of the Board



Violet Mutandwa
Company Secretary

15 November 2024

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