NMB Bank

EARNINGS HIGHLIGHTS

June 2025

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SOLOMON Stockbrokers

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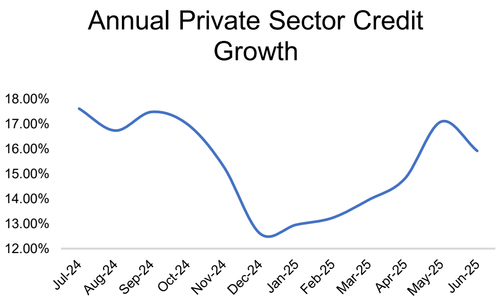
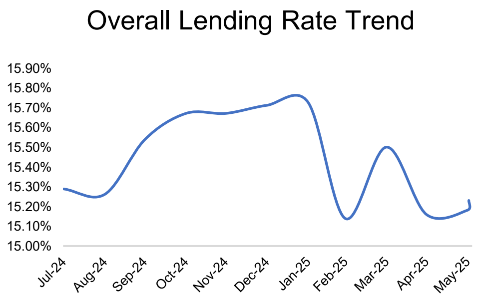
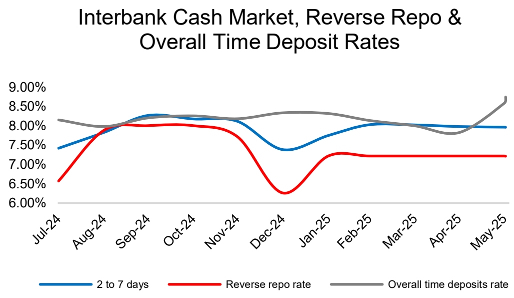
NMB BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2025

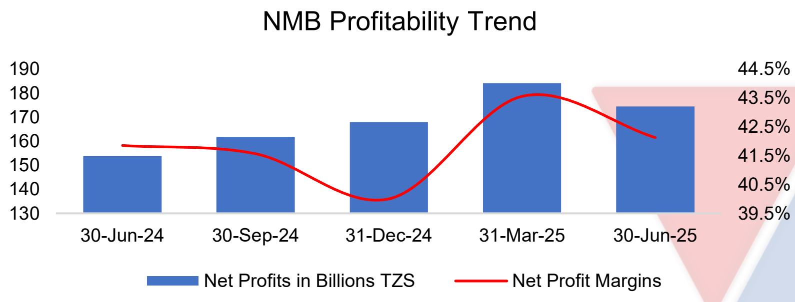
INDUSTRIAL OVERVIEW

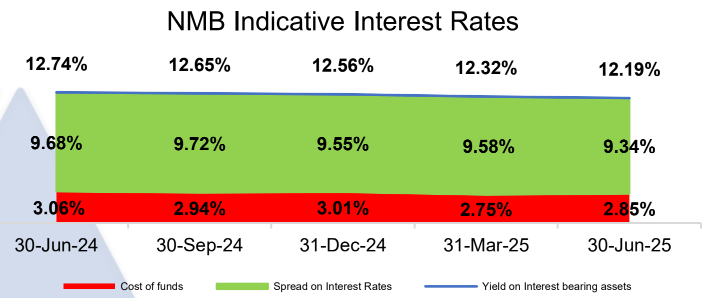






INCOME STATEMENT ANALYSIS





Net Profits dropped by 5.27% QoQ from TZS 184.15 billion in March 2025 to TZS 174.43 billion as of June 2025.

Reasons:

Foreign currency income experienced a sharp drop of 39.48% from TZS 33.59 billion in Q1'25 to TZS 20.33 billion in Q2'25 with the sharp drop brought about by a weakening USD following policy uncertainty under the Trump regime, rising debt and shifting interest rate expectations resulting in the TZS to strengthen by 1.14% QoQ from an average TZS 2,679.5690/USD as of 31st March 2025 to TZS 2,619.80/USD as of 30th June 2025 (Source: BoT).

A negative jaws between interest income and interest expense growth continues to pose a challenge as interest expenses grew 8.30% QoQ amounting to TZS 85.86 billion compared to 2.71% QoQ interest income growth amounting to TZS 371.21 billion indicating thinning net interest margins which continues to remain a prevalent matter across the banking sector as industry-wide numbers indicate a surge in interest rates on deposits and a drop in lending rates as information asymmetry, particularly between retail customer and bank, continues to narrow.

Operating Expenses grew 3.33% QoQ, amounting to TZS 165.06 billion from TZS 159.75 billion in the prior quarter, following increasing salaries and benefits, partly brought about by growth in staff headcount, cyclical growth in other operating expenses, which recorded a 4.16% QoQ growth amounting to TZS 68.11 billion, mainly driven by increased marketing and software related costs.

Income Statement Analysis Amounts in Billions TZS	Jun-24	Sept-24	Dec-24	Mar-25	Jun-25
Net Operating Income	367.54	389.15	419.77	422.81	414.08
Growth Rate	-2.24%	5.88%	7.87%	0.72%	-2.06%
Operating Expenses	145.91	153.05	175.14	159.75	165.06
Growth Rate	-0.65%	4.89%	14.43%	-8.79%	3.33%

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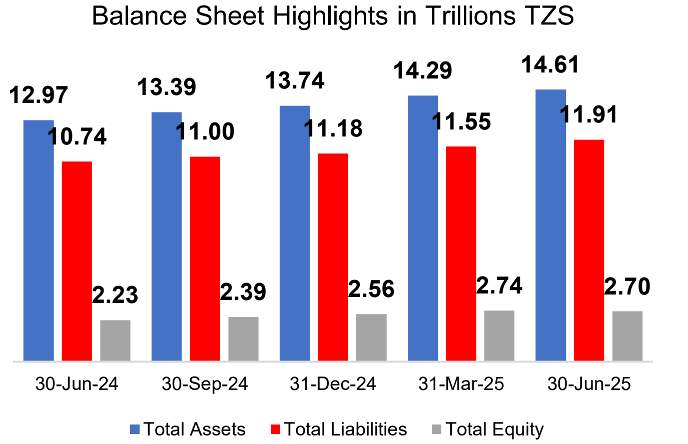
BALANCE SHEET STATEMENT ANALYSIS

Total assets grew by 2.24% QoQ, amounting to TZS 14.61 trillion in Q2’24 compared to TZS 14.29 trillion in the quarter prior

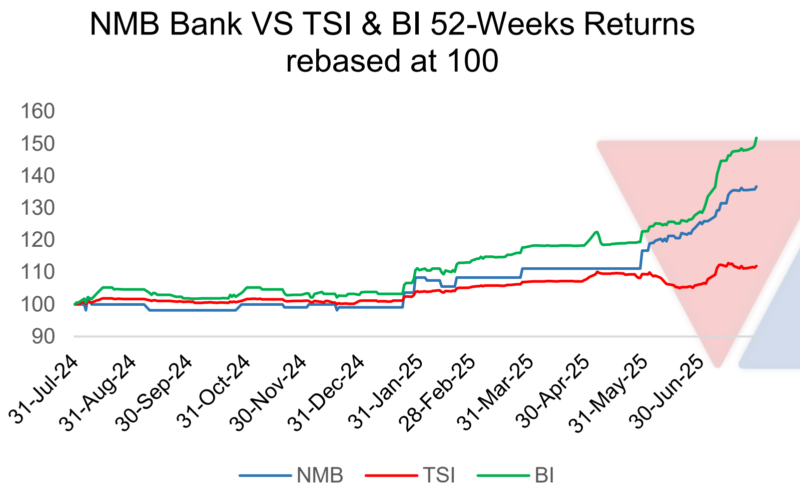
Key Drivers:

Customer loans surged by 5.00% QoQ amounting to TZS 9.25 trillion in Q2’25 perhaps due to increased lending towards Agriculture, MSMEs Wholesale and Personal loan segments. Interbank Loans receivable has seen 53.57% QoQ growth, amounting to TZS 1.08 trillion indicating the bank’s shift in focus towards disbursing short-term low risk loans across the banking sector.

Balance sheet growth was funded by a 3.30% QoQ growth in deposits amounting to TZS 10.16 trillion due to penetration of rural markets via agency banking, promotion of sticky deposits via tailored savings products and a direct attention towards CASA deposits.



INVESTORS’ CORNER



Supporting Fundamentals	
Ticker	NMB
Closing Price as of 30th July 2025	TZS 7,380
Book Value per Share	TZS 5,403.08
P/B Ratio	1.37x
Trailing EPS	TZS 1,376.47
P/E Ratio	5.36x
ROE	25.48%
ROA	4.71%

** The word trailing indicates the sum of the company’s earnings per share from the latest four quarters*

OUTLOOK

NMB’s half year profits have grew by 14.13% YoY amounting to TZS 358.58 billion. This growth was spearheaded by the growth in net interest income by 10.44% YoY amounting to TZS 567.47 billion all while maintaining positive jaws between interest income and interest expense growth with YoY interest income growth at 10.07% amounting to TZS 732.62 billion compared to 8.82% YoY interest expense growth amounting to TZS 165.14 billion indicating a positive outcome of the bank’s strategy to mobilize cheaper CASA deposits

Looking ahead we anticipate the bank to continue to sustain stronger profit growth mainly due to the relaxation of monetary policy stance by the central bank to a more accommodative monetary policy for the second half of the year which has coincided with the drop Central Bank Rates from 6% to 5.75%, and the subsequent drop in the weighted average rates for overnight lending and interbank cash market rates which will help further ease the cost of funding pressure felt across the banking sector and thus allowing the bank to maintain a positive jaws between interest income and interest expense growth.

Other attributes that may continue to act in favor of NMB include increased household income, particularly the increment in salaries for minimum waged civil servants by over 35% from TZS 370,000/month to TZS 500,000/month which is under execution from Q3’25 significantly boost the bank’s deposits and salaried worker loan (SWL) disbursements resulting in an improvement in net interest margins and earnings growth. Furthermore, subsequent demand for credit from the banking sector, increased operational efficiencies and productivity enhancements brought about by the rollout of its new CORE Banking system and the successful implementation of unique strategies centered around enhanced customer engagement, expansion of agency banking network as well as increased marketing and awareness campaigns in an effort to attract cheap deposits.

NMB BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING MARCH 2025

RATIO ANALYSIS

NMB Bank Ratios	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2
Capital Structure:								
Borrowings to Equity	53.00%	66.00%	60.67%	62.77%	62.16%	53.19%	48.76%	47.02%
Equity Multiplier	5.93	5.82	5.53	5.83	5.61	5.37	5.21	5.41
Equity to Assets Ratio	16.87%	17.18%	18.08%	17.16%	17.84%	18.63%	19.19%	18.49%
Asset Quality:								
NPL Ratio	3.48%	3.16%	2.85%	2.80%	3.02%	2.95%	3.08%	2.88%
NPL Coverage Ratio	100.43%	96.49%	103.69%	102.18%	101.25%	93.27%	94.18%	94.67%
Cost of Risk	0.31%	0.28%	0.30%	0.32%	0.30%	0.10%	0.25%	0.21%
Management Quality:								
Loan Growth	5.67%	10.05%	1.95%	3.39%	2.96%	1.60%	3.70%	5.00%
Deposit Growth	-1.71%	2.52%	1.91%	5.98%	1.38%	3.25%	3.85%	3.96%
Earning to Total Assets	84.00%	83.00%	83.00%	82.00%	82.00%	84.00%	83.00%	86.00%
Earnings Quality:								
Net Profit Growth	-2.17%	5.67%	11.32%	-4.08%	5.16%	3.81%	9.67%	-5.27%
Net Profit Margin	40.82%	40.51%	42.65%	41.85%	41.56%	40.00%	43.55%	42.13%
Cost to Income Ratio	39.14%	39.70%	36.71%	37.01%	36.94%	40.84%	35.90%	38.03%
Liquidity:								
Loan to Deposit Ratio	88.00%	95.00%	95.00%	93.00%	94.00%	91.00%	92.00%	93.00%
Liquid to Total Assets	30.62%	28.43%	27.58%	27.40%	28.99%	29.69%	29.04%	28.13%
Loan to Deposits & Borrowings	76.46%	79.33%	79.71%	78.14%	78.84%	78.82%	79.24%	80.87%

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