

NMB BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2023

INCOME STATEMENT ANALYSIS

Net Profits up by 13.52% from TZS 122.75 Billion in 1st Quarter of 2023 to TZS 139.35 Billion in 2nd Quarter of 2023

Possible Reasons:

9.97% increase in net interest income to reach TZS 236.81 Billion due to:

- 8.01% decrease in interest expenses to reach TZS 51.82 Billion

8.48% increase in Non-interest income to reach TZS 113.47 Billion due to:

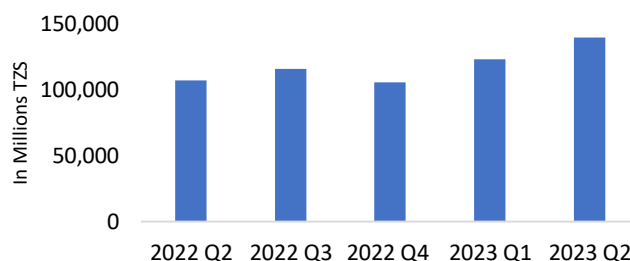
- 25.22% increase in foreign exchange income amounting to TZS 20.17 Billion
- 8.22% increase in fees and commissions amounting to TZS 87.37 Billion

Controlled operating expenses growth of 3.37% amounting to TZS 129.64 Billion

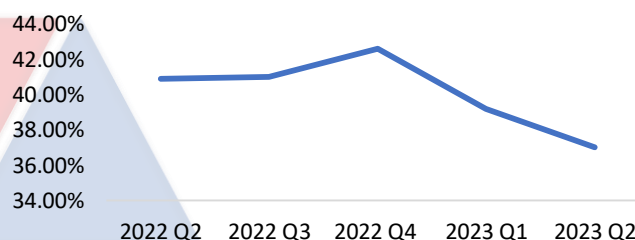
Underperformance in NMB's income statement:

Loan impairment charges have increased by 12.23% to reach TZS 21.62 Billion as of June 2023 from TZS 19.26 Billion during March 2023 indicating that management predicted more defaults on their loans which is also evident by the increase in the bank's non-performing ratio.

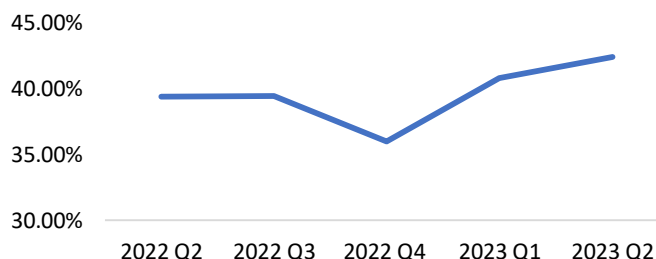
NMB NET PROFIT TREND



NMB COST TO INCOME RATIO



NMB PROFIT MARGIN RATIO



Other Performance Indicators:

Cost to income ratio is stood at 37.01% as of June 2023 compared to 39.20% as of March 2023

Profit Margins have increased from 40.83% as of the as of March 2023 to 42.40%.

Income Statement Analysis Amounts in Millions TZS	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Net Income	270,699	293,568	292,507	300,670	328,653
Growth Rate	3.90%	8.45%	-0.36%	2.79%	9.31%
Operating Expenses	117,671	127,397	135,889	125,412	129,635
Growth Rate	1.92%	8.27%	6.67%	-7.71%	3.37%

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BALANCE SHEET STATEMENT ANALYSIS

Assets have grown by 6.80% to reach TZS 11.45 Trillion in the 2nd Quarter of 2023 compared to TZS 10.72 Trillion in the 1st Quarter of 2023

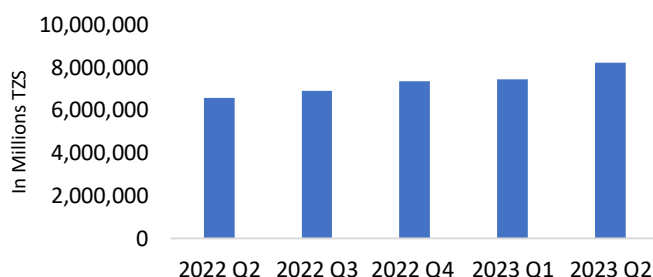
Possible Reasons:

NMB's assets growth have mainly been driven by a 10.13% increase in government securities and 49.08% increase in Cash & balances with the central bank amounting to TZS 2.36 Trillion and 1.09 Trillion as of June 2023 compared to TZS 2.14 Trillion and TZS 730 Billion as of March 2023.

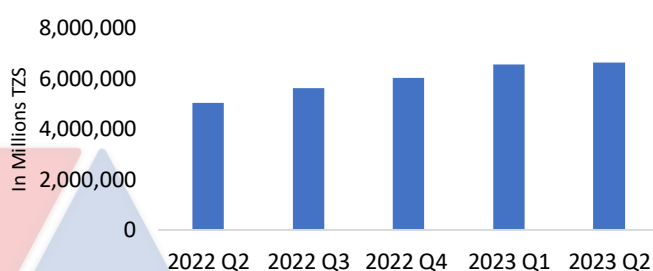
The total assets were mainly financed by a 8.27% increase in Total Liabilities amounting to TZS 9.64 Trillion due to:

- 10.40% increase in customer deposits amounting to TZS 8.22 Trillion

NMB CUSTOMERS DEPOSITS TREND



NMB LOANS & ADVANCES TREND



Other Performance Indicators:

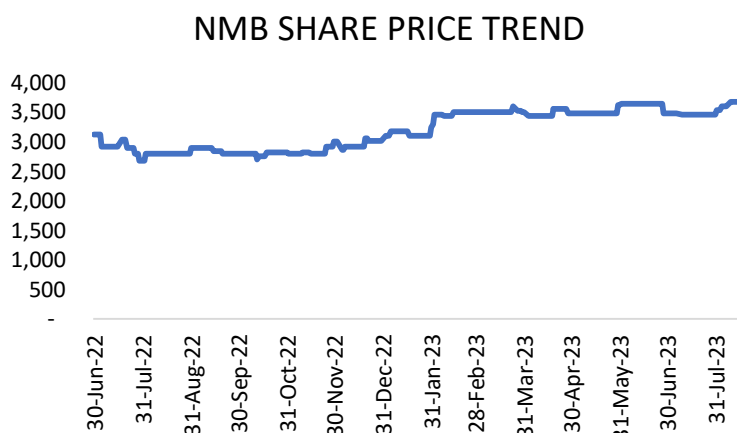
- Non-Performing Loan Ratio has increased to 3.54% compared to 2.97% as of March 2023
- Loans as a percentage of deposits stood at 81% compared to 88% as of March 2023
- Loans have increased by 1.09% amounting to TZS 6.62 Trillion as of June 2023
- Shareholders Equity to Total Assets stood at 15.79% compared to TZS 16.93% as of March 2023

Balance Sheet Analysis Amounts in Millions TZS	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Total Assets	9,051,030	9,457,779	10,234,552	10,720,920	11,450,449
Growth Rate	1.87%	4.49%	8.21%	4.75%	6.80%
Total Liabilities	7,575,688	7,874,038	8,544,522	8,905,478	9,642,156
Growth Rate	1.98%	3.94%	8.52%	4.22%	8.27%
Equity	1,475,342	1,583,741	1,690,030	1,815,442	1,808,293
Growth Rate	1.31%	7.35%	6.71%	7.42%	-0.39%

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INVESTORS' CORNER

Since the release of NMB's results on the 28th of July 2023 its share prices have seen an increase of around 6.36% from a closing price of TZS 3,460 as of July 28th 2023 to a closing price of TZS 3,680 as of Aug 18th 2023 with some trades taking place at higher prices of TZS 3,840 during the same period indicating positive investors' sentiment towards NMB as a result of the growing profits recorded and efforts taken to control the bank's operating and interest costs



Year to Date Share Price Performance

COUNTER	Opening Price as of 2 – Jan - 2023	Closing Price as of 18 – Aug - 2023	Capital Gain
NMB	TZS 3,020	TZS 3,680	▲ 21.85%

Other Financial Indicators

NMB BANK	June 2023
Price to Book Value Ratio*	1.02x
Dividend Yield**	9.48%

* Closing share price TZS 3,680 as of 18th August 2023 was used

** Dividend per Share declared on 2023 was TZS 286.25 which was compared against share price at the start of the year

ANALYSTS' COMMENTARY

It is probable that NMB will encounter an upswing in its net profits during the latter half of the current year. This can be attributed to the substantial increase in customer deposits achieved in the second quarter, which positions the bank to potentially extend more loans and make ongoing investments in government securities. These endeavors have the potential to generate heightened interest income for the institution. Of course, this positive trajectory hinges upon the bank's ability to uphold efficiency in its management of operational costs. Nonetheless, it remains imperative for the bank to formulate enhanced strategies aimed at curtailing its Non-Performing Loans.

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