

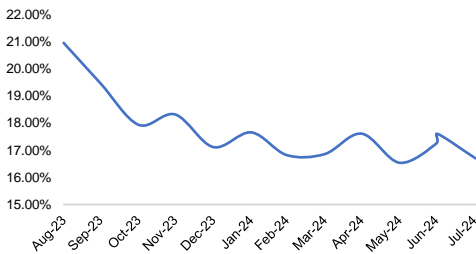
NMB Bank EARNINGS HIGHLIGHTS Sept 2024



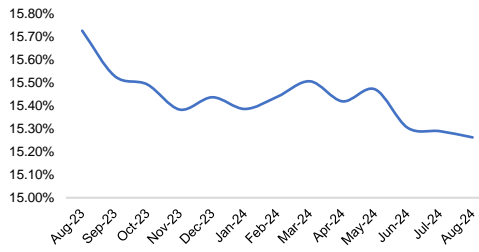
NMB BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING SEPT 2024

INDUSTRIAL OVERVIEW

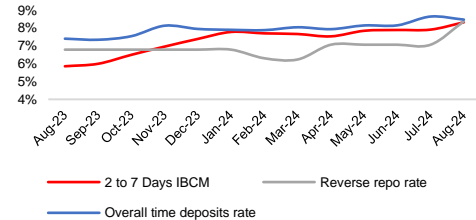
Annual Private Sector Credit Growth



Overall Lending Rate Trend

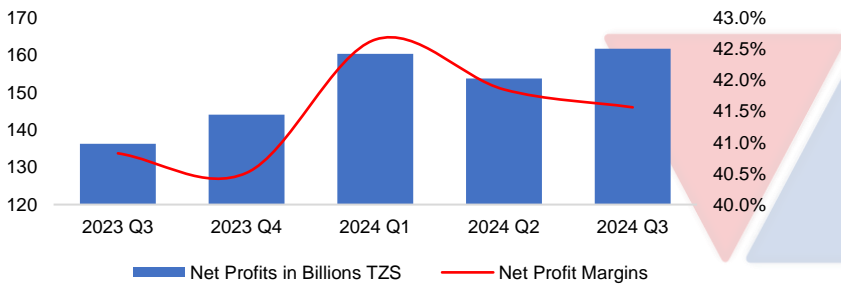


Interbank Cash Market, Reverse Repo & Overall Time Deposit Rates

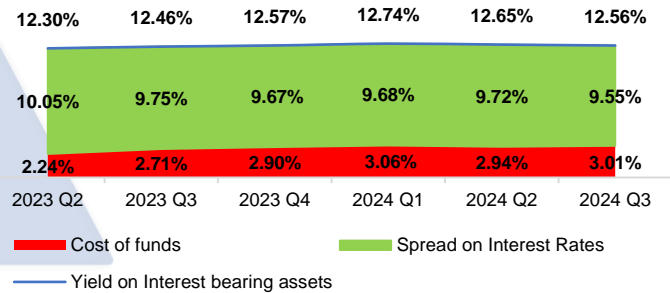


INCOME STATEMENT ANALYSIS

NMB Profitability Trend



NMB Indicative Interest Rates



Net Profits increased by 5.16% from TZS 153.81 billion as of June 2024, to TZS 161.75 billion as of Sept 2024.

Reasons:

Non-interest income grew by 11.06% quarter-on-quarter (QoQ) to TZS 149.14 billion, driven by a TZS 13.75 billion increase in the bank's fees and commission income, which amounted to TZS 116.13 billion in Q3'24. The growth could be due to increased fees from increased transaction volumes in its agency and mobile banking platforms and increased income diversification initiatives. Furthermore, other operating income grew 75.09% QoQ to TZS 5.89 billion, perhaps due to increased recoveries in bad loans that were previously written off.

Loan impairment charges declined by 5.89% QoQ, amounting to TZS 25.15 billion; however, that may perhaps be because the bank's Non-performing loans (NPL) are adequately covered with an NPL Coverage Ratio of 101.25%

Operating expense growth stood at 4.89% QoQ, amounting to TZS 153.05 billion, compared to net operating income growth of 5.88% QoQ, resulting in a reduction of the bank's cost-to-income ratio from 37.01% in Q2'24 to 36.94% in Q3'24.

Underperformances in the income statement:

Interest expense increased 4.58% QoQ to TZS 79.82 billion, compared to interest income's 2.58% QoQ growth to TZS 344.97 billion. The rapid growth in interest expenses could be due to the bank's TZS 88.64 billion inflow in borrowings, higher rates from inter-bank and Reverse REPO borrowings, and upward repricing of its depository products to increase deposit mobilization.

Foreign Currency Income declined 5.23%, amounting to TZS 27.05 billion, marking the second consecutive quarter of the declining trend. This could be due to increased availability of USDs, and the subsequent thinning of buy and sell spreads of the USD.

Income Statement Analysis Amounts in Billions TZS	Sep-23	Dec-23	Mar-24	Jun-24	Sept-24
Net Operating Income	333.91	355.59	375.97	367.54	389.15
Growth Rate	1.60%	6.49%	5.73%	-2.24%	5.88%
Operating Expenses	139.27	149.78	146.87	145.91	153.05
Growth Rate	7.43%	7.54%	-1.94%	-0.65%	4.89%

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BALANCE SHEET STATEMENT ANALYSIS

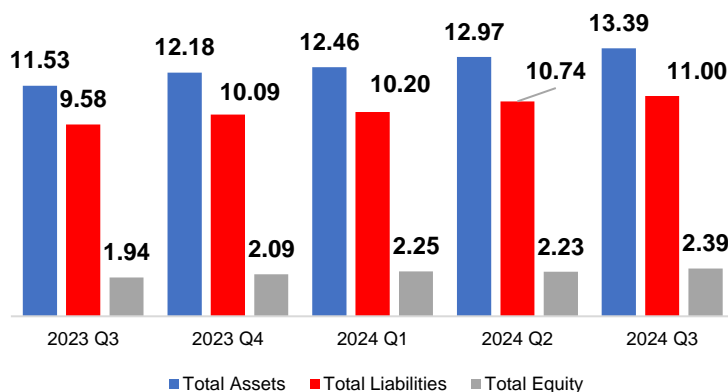
Total assets increased by 3.30% during the quarter ending Dec 2024, reaching TZS 13.39 trillion in value.

Key Drivers:

There was a 2.96% growth in customer loans amounting to TZS 8.36 trillion due to elevated demand for credit in the private and public sectors, and there was a 24.26% increase in the bank's cash and balances with financial institutions amounting to TZS 1.57 trillion.

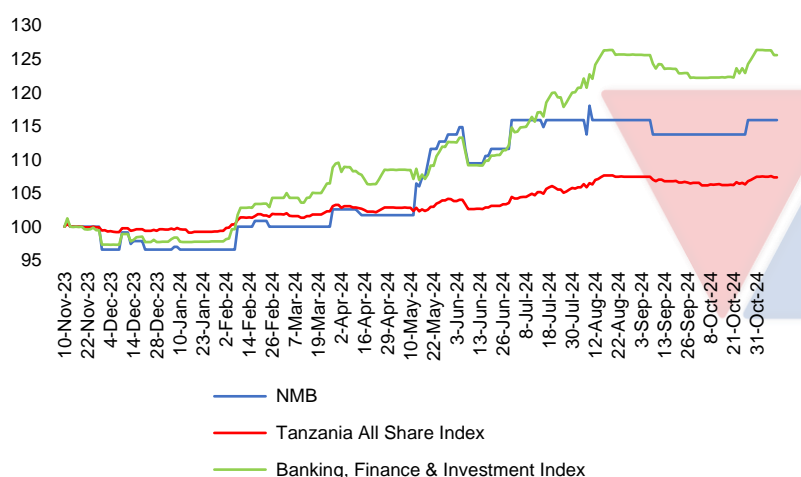
To finance this growth, the bank mainly relied on deposit growth, which stood at 1.38% QoQ, amounting to TZS 9.12 trillion on the back of innovative products such as NMB Pesa, and a 6.35% QoQ increase in borrowings amounting to TZS 1.49 trillion in an effort to expand NMB's funding base

Balance Sheet Highlights in Trillions TZS



INVESTORS' CORNER

NMB Bank VS TSI & BI 52-Weeks Returns rebased at 100



Supporting Fundamentals

Ticker	NMB
Closing Price as of 11 th Nov 2024	TZS 5,400
Book Value per Share	TZS 4,778.77
P/B Ratio	1.13x
Trailing EPS	TZS 1,239.94
P/E Ratio	4.36x
ROE	25.95%
ROA	4.63%

* 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 grown by 19.45%, amounting to TZS 475.92 billion. The growth in earnings has been largely due to stronger growth of 28.49% YoY in the bank's non-interest income due to increased fees and, commission income, and foreign exchange income. Additionally, net interest income after impairment charges registered an 11.79% growth YoY, amounting to TZS 702.98 billion; however, interest expense growth during the nine months ending Sept 2024 was more than double that of interest income, which resulted in slower net interest income growth.

It's worth highlighting that the escalation in the cost of funds has been seen as a challenge facing the entire banking sector. The challenge stems from the demand for credit in the private sector continues to exceed the sector's capability to mobilize deposits. Looking ahead, the challenge may continue to persist into the final quarter of 2024, and NMB's response to the challenge seems likely to be that of prioritizing sustainable growth by ensuring that depository inflows exceed outflows in the form of loans, all while relying less on borrowings, this is evident with the fact that during the first nine months of 2024, the bank seems to have mobilized over TZS 776.52 billion in customer deposits compared to TZS 657.84 billion worth of loan disbursements all while cumulative borrowings stood at TZS 104.32 billion.

While this approach may put NMB in a more financially stable position, it does come at the cost of missing out on extraordinary revenue and profit growth, as the bank isn't necessarily taking full advantage of the heightened demand for loans that are taking place across the banking sector. To take advantage of the increased demand for credit, the bank could issue newer loans at higher interest rates, which could help alleviate the negative jaws between interest income growth and interest expense growth; however, that would come at the cost of lower loan volumes. Lastly, a tailwind that could act favorably for NMB is the easing of interest rates across the globe; this could alleviate the interest expense growth on NMB's foreign borrowings with variable interest rates, thus helping decelerate the growth in interest expenses, considering that a significant proportion of NMB's borrowings are denoted in foreign currency.

NMB BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING SEPT 2024

RATIO ANALYSIS

Bank Ratios:	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3
Capital Structure:								
Borrowings to Equity	44.75%	55.25%	53.33%	53.00%	66.00%	60.67%	62.77%	62.16%
Equity Multiplier	6.05	5.91	6.33	5.93	5.82	5.53	5.83	5.61
Equity to Assets Ratio	16.52%	16.93%	15.79%	16.87%	17.18%	18.08%	17.16%	17.84%
Asset Quality:								
NPL Ratio	3.27%	2.97%	3.54%	3.48%	3.16%	2.85%	2.80%	3.02%
NPL Coverage Ratio	109.34%	114.45%	95.46%	100.43%	96.49%	103.69%	102.18%	101.25%
Cost of Risk	1.77%	2.10%	1.81%	2.16%	2.31%	2.42%	2.35%	2.38%
Management Quality:								
Loan Growth	7.35%	8.91%	1.09%	5.67%	10.05%	1.95%	3.39%	2.96%
Deposit Growth	6.41%	1.33%	10.35%	-1.71%	2.52%	1.91%	5.98%	1.38%
Earning to Total Assets	80.00%	82.00%	82.00%	84.00%	83.00%	83.00%	82.00%	82.00%
Earnings Quality:								
Net Profit Growth	-9.06%	16.62%	13.52%	-2.17%	5.67%	11.32%	-4.08%	5.16%
Net Profit Margin	35.99%	40.83%	42.40%	40.82%	40.51%	42.65%	41.85%	41.56%
Cost to Income Ratio	42.61%	39.20%	37.01%	39.14%	39.70%	36.71%	37.01%	36.94%
Liquidity:								
Loan to Deposit Ratio	83.00%	88.00%	81.00%	88.00%	95.00%	95.00%	93.00%	94.00%
Liquid to Total Assets	32.16%	29.61%	32.56%	30.62%	28.43%	28.21%	28.00%	28.99%
Loan to Deposits & Borrowings	73.85%	77.16%	71.77%	76.46%	79.33%	79.71%	78.14%	78.84%

Quarterly Revenue and Profit Data has been annualized

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