

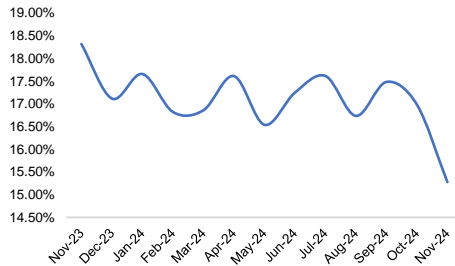
NMB Bank EARNINGS HIGHLIGHTS Dec 2024



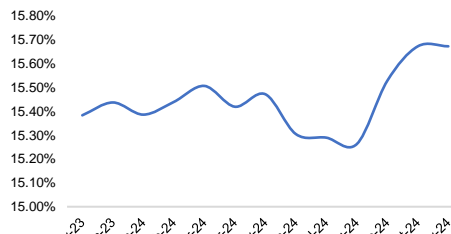
NMB BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING DEC 2024

INDUSTRIAL OVERVIEW

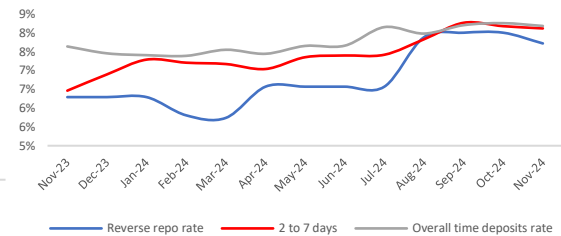
Annual Private Sector Credit Growth



Overall Lending Rate Trend

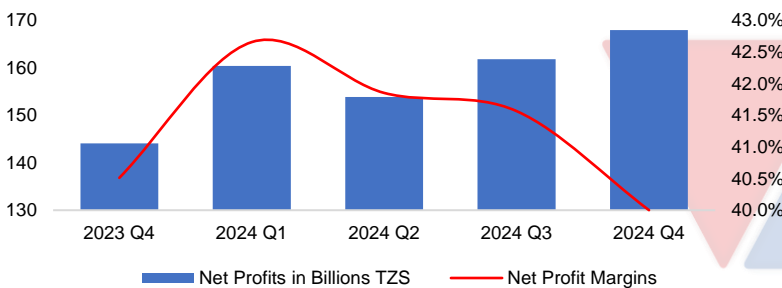


Interbank Cash Market, Reverse Repo & Overall Time Deposit Rates

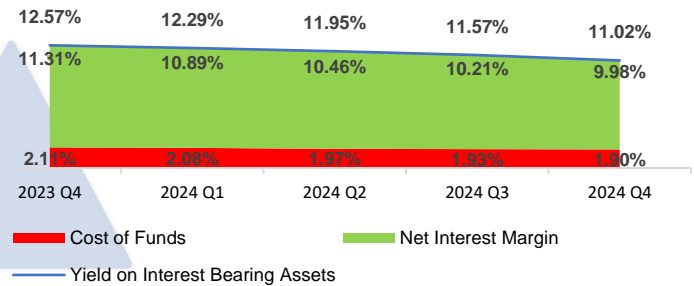


INCOME STATEMENT ANALYSIS

NMB Profitability Trend



NMB Indicative Net Interest Margin Trend



Net Profits increased by 3.81% from TZS 161.75 billion as of Sept 2024 to TZS 167.91 billion as of Dec 2024.

Reasons:

Net Interest Income grew 6.14% QoQ from TZS 265.16 billion as of Q3'24 to TZS 281.44 billion as of Q4'24. The growth was brought about by 3.04% rise in interest income amounting to TZS 355.45 billion following a 5.02% increase in earning assets amounting to TZS 11.53 trillion as well as a 7.26% decrease in interest expense amounting to TZS 74.02 billion following a decrease 8.36% in borrowings amounting to TZS 1.36 trillion, a downward repricing in foreign borrowings following falling interest rates in global markets in Q4'24 as well as falling interest rates on savings deposits.

Loan impairment charges declined by 63.95% QoQ, amounting to TZS 9.07 billion following a TZS 2.62 billion decrease in Non-Performing Loans all while total allowances for probable losses fell by TZS 23.24 billion during the three-month period indicating a positive perception by NMB on its customers' credit risk.

Underperformances in the income statement:

Non-funded income fell by 1.17% on a QoQ basis amounting to TZS 147.40 billion as of Q4'24 following a 36.78% decrease in income from foreign currency dealings amounting to TZS 17.10 billion du4'24e to the strengthening of the TZS against the USD in Q4'24 which led to the downward pricing and revision of foreign currency spreads which were paired with the TZS.

Operating Expenses shot up by 14.43% on a QoQ basis amounting to TZS 175.14 billion as of Q4'24 with the growth driven by increased administrative expenses

Income Statement Analysis Amounts in Billions TZS	Dec-23	Mar-24	Jun-24	Sept-24	Dec-24
Net Operating Income	355.59	375.97	367.54	389.15	419.77
Growth Rate	6.49%	5.73%	-2.24%	5.88%	7.87%
Operating Expenses	149.78	146.87	145.91	153.05	175.14
Growth Rate	7.54%	-1.94%	-0.65%	4.89%	14.43%

NMB BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING DEC 2024

BALANCE SHEET STATEMENT ANALYSIS

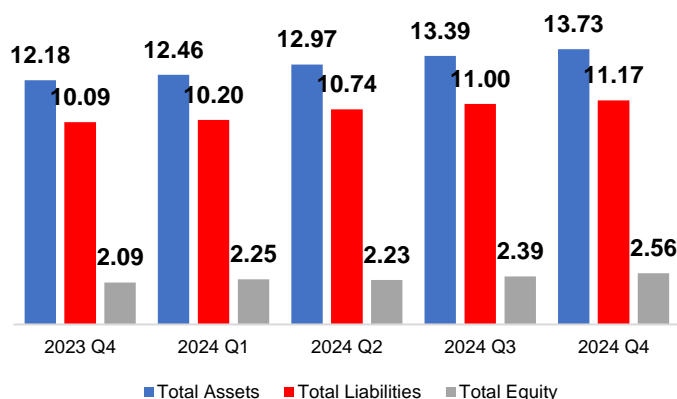
Total assets increased by 2.52% during the quarter ending Dec 2024, reaching TZS 13.73 trillion in value.

Key Drivers:

The growth was driven by a 79.50% surge in interbank loan receivables (TZS 718.34B) due to increased short-term lending in the Interbank Cash Market. Customer loans grew 1.60% (TZS 8.50T), fueled by lending to SMEs, agribusinesses, and consumers. Meanwhile, investments in government securities rose 3.85% QoQ to TZS 2.26T in Q4'24.

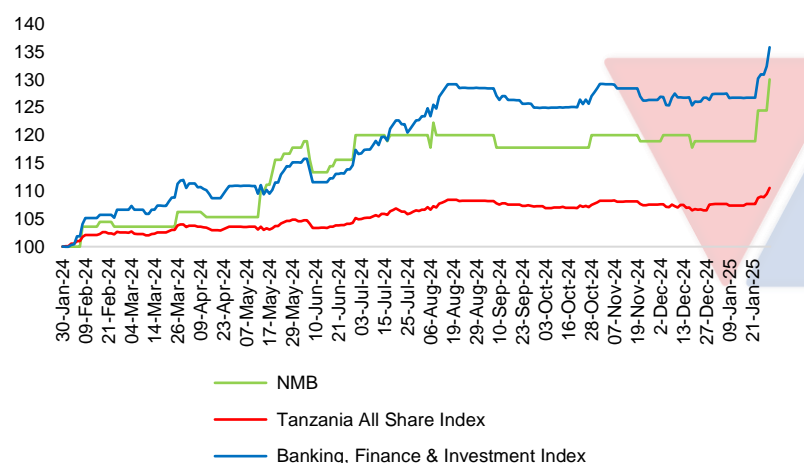
To finance this growth, the bank saw its deposits grow by 3.42%, amounting to TZS 9.47 trillion, mainly driven by the continued implementation of its rural banking and relationship banking initiatives. Shareholder equity grew by 7.00%, amounting to TZS 2.56 trillion, spearheaded by increased profitability.

Balance Sheet Highlights in Trillions TZS



INVESTORS' CORNER

NMB Vs TSI & BI Index 52-Week Returns Rebased at 100



Supporting Fundamentals

Ticker	NMB
Closing Price as of 29 th Jan 2025	TZS 5,850
Book Value per Share	TZS 5,113.07
P/B Ratio	1.14x
Trailing EPS	TZS 1,287.67
P/E Ratio	4.54x
ROE	25.18%
ROA	4.69%

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

OUTLOOK

From a full year point of view, NMB was able to grow its profits by 18.69% on a year-on-year basis to a record breaking TZS 643.83 billion. The growth in profitability largely came from a 12.95% increase in net interest income from TZS 938.86 billion as of Q4'23 to TZS 1.06 trillion as of Q4'24 brought about by a 14.10% increase in earning assets from TZS 10.11 trillion as of Dec 2023 to TZS 11.53 trillion as of Dec 2024. Non-funded income grew 24.25% from TZS 464.45 billion as of Dec 2023 to TZS 577.08 billion as of Dec 2024 with the growth mainly driven by increased fees and commission income as a result of customer shifts to digital banking avenues and as well as increased loan commitment and bancassurance fees following increased lending and uptake in insurance products. Operating costs have remained controlled with a 14.13% YoY growth amounting to TZS 620.98 billion compared to a net operating income growth of 17.71% YoY amounting to TZS 1.55 trillion allowing the bank to experience marginally increased cost efficiencies with the cost-to-income ratio having fallen from 38.76% as of Dec 2023 to 38.32% as of Dec 2024.

Despite the resilient performance, containing interest expenses has remained quite a challenge for the bank given its interest expenses grew 26.94% YoY compared to a 15.80% YoY growth in interest income. From a dividend play perspective with an annual earning per share of TZS 1,287.67, the bank could recommend a dividend of up to TZS 424.93 per share if they continue to pay dividends in line with their 33% dividend payout ratio which would reflect a 17.65% increase compared to TZS 361.18 per share that was paid the year earlier.

Looking ahead, the fall in global interest rates could provide breathing room for the bank as far as containing interest expenses on its foreign-denominated borrowings are concerned all while the possibility of a more accommodative monetary policy in Tanzania as we head into 2025 could provide the bank with breathing room to acquire both domestic deposits and borrowings at more convenient rates which the bank decides to pass this on to its clients in the form of more affordable lending rates, it could bring about a more revitalized demand for NMB's lending products particularly from its Salaried Worker and broader retail customer segments.

NMB BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING DEC 2024

RATIO ANALYSIS

Bank Ratios:	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4
Capital Structure:								
Borrowings to Equity	55.25%	53.33%	53.00%	66.00%	60.67%	62.77%	62.16%	53.25%
Equity Multiplier	5.91	6.33	5.93	5.82	5.53	5.83	5.61	5.37
Equity to Assets Ratio	16.93%	15.79%	16.87%	17.18%	18.08%	17.16%	17.84%	18.62%
Asset Quality:								
NPL Ratio	2.97%	3.54%	3.48%	3.16%	2.85%	2.80%	3.02%	2.95%
NPL Coverage Ratio	114.45%	95.46%	100.43%	96.49%	103.69%	102.18%	101.25%	93.27%
Cost of Risk	2.10%	1.81%	2.16%	2.31%	2.42%	2.35%	2.38%	2.16%
Management Quality:								
Loan Growth	8.91%	1.09%	5.67%	10.05%	1.95%	3.39%	2.96%	1.60%
Deposit Growth	1.33%	10.35%	-1.71%	2.52%	1.91%	5.98%	1.38%	3.17%
Earning to Total Assets	82.00%	82.00%	84.00%	83.00%	83.00%	82.00%	82.00%	84.00%
Earnings Quality:								
Net Profit Growth	16.62%	13.52%	-2.17%	5.67%	11.32%	-4.08%	5.16%	3.81%
Net Profit Margin	40.83%	42.40%	40.82%	40.51%	42.65%	41.85%	41.56%	40.00%
Cost to Income Ratio	39.20%	37.01%	39.14%	39.70%	36.71%	37.01%	36.94%	40.84%
Liquidity:								
Loan to Deposit Ratio	88.00%	81.00%	88.00%	95.00%	95.00%	93.00%	94.00%	92.00%
Liquid to Total Assets	29.61%	32.56%	30.62%	28.43%	28.21%	28.00%	28.99%	29.70%
Loan to Deposits & Borrowings	77.16%	71.77%	76.46%	79.33%	79.71%	78.14%	78.84%	78.87%

ANALYST'S NAMES & CONTACTS

Emmanuel Matunda
emmanuel@solomon.co.tz

For further information please contact Us : 2124495 /2112874 /0764269090 /0714 269090

[All care has been taken in the preparation of this commercial document and the information contained therein has been derived from sources believed to be accurate and reliable. If you are in any doubt about the contents of this document do not hesitate to contact the above mentioned. **SOLOMON** Stockbrokers Ltd does not assume responsibility for any error, omission or opinion expressed. Anyone acting on the information or opinion does so at his own risk. This information has been sent to you for your information and may not be reproduced. Unauthorised use or disclosure of this document is strictly prohibited. © Copyright 2025 **SOLOMON** Stockbrokers Ltd. All rights reserved]



SOLOMON Stockbrokers

A Member of Dar es Salaam Stock Exchange & Authorized Dealer of Government Securities

STOCKBROKERS / DEALERS

INVESTMENT ADVISERS

FUND MANAGERS

PROFILE

The Company is licensed as Stockbrokers / Dealers, Investment Advisers and Fund Managers by the Capital Markets and Securities Authority (CMSA). SOLOMON is also licensed as a Primary Dealer of Government Securities by the Bank of Tanzania (BoT).

PSSSF House, Ground Floor
Samora Avenue / Morogoro Road
P.O. Box 77049
Dar es Salaam

+255 764 269090
+255 714 269090

research@solomon.co.tz

[@sstockbrokers](https://www.instagram.com/sstockbrokers)

[#elimuYaUwekezajiHisa](https://twitter.com/elimuYaUwekezajiHisa)

www.solomon.co.tz