Executive Summary

This report evaluates NMB Bank Plc using the bank's audited FY2021–FY2025 financial statements, the Q1 2026 interim financial statement, the 20 May 2026 AGM notice announcing the FY2025 dividend, and the Bank of Tanzania's Financial Stability Report for December 2025 and Monthly Economic Review for April 2026.

The central conclusion is that NMB remains one of the strongest large-bank franchises in Tanzania, with superior profitability, clean asset quality, strong deposit-led funding, and historically high capital buffers.

The FY2025 dividend announcement is especially important because the ordinary dividend of TZS 504.26 per share exactly preserves the bank's long-running roughly one-third payout framework, while the special dividend of TZS 105.89 lifts total DPS to TZS 610.15 and total payout to about 40.3% of FY2025 bank earnings, still leaving a healthy 2.48x total dividend cover.

Company Overview and Macro Context

NMB Bank Plc is one of Tanzania's largest listed banks, serving over 8.6 million customers through 240+ branches, 714 ATMs, and 50,000+ agents. The bank maintained strong market shares in loans, deposits, and profitability, supported by rapid digital adoption, with 96% of transactions executed through digital channels in 2024.

The macro backdrop remained supportive into Q1 2026 as Tanzania's real GDP growth accelerated to 5.7% in Q4 2025, while inflation stayed contained at 3.2% in March 2026 within Bank of Tanzania targets. Private-sector credit growth strengthened to 24.1% YoY, supported by stable liquidity conditions and a 5.75% CBR environment.

However, external-sector pressures persisted as the current-account deficit widened to USD 2.49 billion despite reserves remaining above 4 months of import cover.

NMB Bank PLC - 2025 Financial Highlights

All values in TZS millions unless noted

Profitability	
Net Income	760,064
Operating Income	1,825,544
Return on Average Equity	27.00%
Return on Average Assets	5.00%
Cost-to-Income Ratio	38.00%
Balance Sheet	
Total Assets	17,615,944
Loan Portfolio (Net)	10,430,094
Customer Deposits	12,373,969
Shareholders' Equity	3,106,719
Key Ratio	
Loan-to-Deposit Ratio	86.00%
Equity-to-Assets Ratio	17.60%
Net Interest Margin	9.00%
Per Share	
Earnings Per Share (EPS)	1,520
Book Value Per Share (BVPS)	6,213
Ordinary Dividend Per Share (DVPS)	504.26
Special Dividend Per Share (DVPs)	105.89

Source: NMB Website, Kadoo Research Calculations

Tel No: +255766114196

Web: www.kadoosecutities.co.tz

Email: research@kadoosecurities.co.tz

Analysts: Abraham Ukhotya | Erick Sindatuma

Macro Environment and Sector Stability

Macro environment

BOT's April 2026 Monthly Economic Review presents a macro setting that is still favorable for banking growth. Real GDP growth accelerated from 5.5% in 2024 to 6.0% in 2025, while BOT projects 6.2% growth in Q1 2026 and 6.1% in Q2 2026.

Headline inflation remained within the 3%–5% target band at 3.2% in March 2026, core inflation was 2.2%, and BOT kept the CBR at 5.75% for Q2 2026 while narrowing the corridor around the policy rate. Meanwhile, monetary aggregates remained strong, with March 2026 M3 growth at 23.2% and private-sector credit growth at 24.1%.

The macro signal for NMB is, therefore, mixed in a constructive way. Strong GDP and private credit growth are volume-positive for loans, fee income, and transaction banking; low inflation supports real household purchasing power and borrower solvency; and a stable CBR helps contain disorderly funding repricing.

The main caution is external: BOT records the current-account deficit at USD 2.015 billion for 2025 and says the year ending March 2026 deficit widened to USD 2.493 billion, while the FSR and MER both warn that higher oil, freight, and fertilizer prices could re-ignite imported inflation and increase FX demand. That is more of a margin and asset-quality watchpoint than an immediate thesis breaker

BOT macro indicators	2021	2022	2023	2024	2025	Latest 2026	Implication for NMB
Real GDP growth %	4.8	4.7	5.1	5.5	6	projected at 6.2%	Credit demand and transaction volumes remain supportive
Inflation %	3.7	4.3	3.8	3.1	3.3	4%	Within BOT's Target
M3 growth %	15.5	11.6	14.1	11.1	24.7	23.20%	Nominal balance-sheet growth remains strong
Private-sector credit growth %	10	22.5	17.3	12.4	23.6	24.10%	Loan-growth backdrop remains favorable

Banking sector stability

BOT's December 2025 Financial Stability Report argues that Tanzania's financial system remained stable and that the banking sector remained resilient, with sufficient capital and liquidity buffers. The banking system's total assets rose 23.8% to TZS 76.975 trillion in 2025, the banking sector represented 71.1% of total financial-system assets, total funding rose 24.5% to TZS 65.223 trillion, and the ratio of core deposits to total funding improved to 60%, above BOT's 50% resilience threshold

System profitability remained strong, even if it eased from 2024 peaks. BOT reports 2025 banking-sector ROA of 4.7% and ROE of 20.6%, against 5.2% and 23.5% in 2024. Asset quality improved further, with gross NPLs to gross loans falling to 2.8% in December 2025 from 3.3% in December 2024. Liquidity remained comfortable, with liquid assets to demand liabilities at 27.2%, still well above the 20% threshold; total capital to RWA stood at 19.7%, above the 12% minimum.

The broader market infrastructure also improved. BOT and CMSA data in the FSR show total capital-market value rose 35.1% in 2025 to TZS 63.096 trillion, equity market value rose to TZS 23.995 trillion, collective-investment-scheme NAV rose to TZS 4.384 trillion, and DSE equity turnover increased to TZS 659.0 billion from TZS 228.6 billion in 2024.

For a listed bank such as NMB, that matters because stronger local capital-market depth supports Price and valuation discovery.

Tanzania Banking Sector Stability Metrics

metrics	2021	2022	2023	2024	2025
Total deposits TZS bn	28,502.10	32,583.20	37,990.50	40,739.80	51,432.10
Core deposits TZS bn	20,593.20	23,105.00	27,658.50	31,097.50	39,162.20
Total funding TZS bn	33,128.30	39,270.50	46,130.60	52,348.20	65,222.90
ROA %	2.8	3.1	4.5	5.2	4.7
ROE %	11.6	14.6	21	23.5	20.6
Gross NPL ratio %	8.2	5.8	4.3	3.3	2.8
Liquid assets / demand liabilities %	29.4	26.5	28.7	29	27.2
FX deposits / total deposits %	28.4	25.6	27.9	27.3	25.4

These sector metrics are drawn from BOT FSR December 2025 Tables 2.4, 2.6, and 2.7.

Tanzania's banking sector continued to strengthen materially between 2021 and 2025, reflecting the broader deepening of the country's financial system across banking, capital markets, collective investment schemes, and fixed-income markets. Total sector deposits expanded from TZS 28.5 trillion in 2021 to TZS 51.4 trillion in 2025, while core deposits increased from TZS 20.6 trillion to TZS 39.2 trillion over the same period. The sustained expansion in core deposits highlights rising financial inclusion, stronger transactional banking activity, and increasing confidence in formal financial institutions, particularly as digital payments and retail banking penetration accelerated across the economy.

The growth in deposits also coincided with a significant expansion in total sector funding, which nearly doubled from TZS 33.1 trillion in 2021 to TZS 65.2 trillion in 2025. Beyond traditional customer deposits, this trend reflects the increasing diversification of funding sources across the financial system, supported by the rapid development of Tanzania's capital markets. During the same period, government bond market value expanded strongly, corporate bonds emerged as one of the fastest-growing segments of the market, and Collective Investment Schemes (CIS) recorded substantial growth in both liquid funds and bond funds. The scaling-up of these investment vehicles suggests that domestic liquidity pools are becoming larger, more institutionalized, and increasingly connected to the broader banking system.

Profitability across the banking sector also improved significantly over the review period. Return on assets (ROA) increased from 2.8% in 2021 to 5.2% in 2024 before moderating slightly to 4.7% in 2025, while return on equity (ROE) rose from 11.6% to 20.6%. The strong profitability profile reflects improving operating efficiency, expanding loan books, stronger non-funded income generation, and the benefits of scale enjoyed by large systemic banks such as NMB Bank Plc and CRDB Bank Plc. The moderation in 2025 partly reflected tighter liquidity conditions and normalization following exceptionally strong earnings growth in 2024.

The gradual decline in foreign-currency deposits as a share of total deposits, from 28.4% in 2021 to 25.4% in 2025, also suggests improving confidence in local-currency financial intermediation and reduced dollarisation pressures within the banking system. This trend aligns with broader policy efforts aimed at strengthening domestic liquidity transmission, expanding local-currency savings, and deepening Tanzania's domestic capital markets.

Overall, the sector metrics point to a banking system transitioning beyond traditional deposit intermediation toward a broader integrated financial ecosystem supported by expanding bond markets, rising institutional savings pools, growing secondary-market activity, and accelerating capital-market participation.

Financial Performance

Highlights:

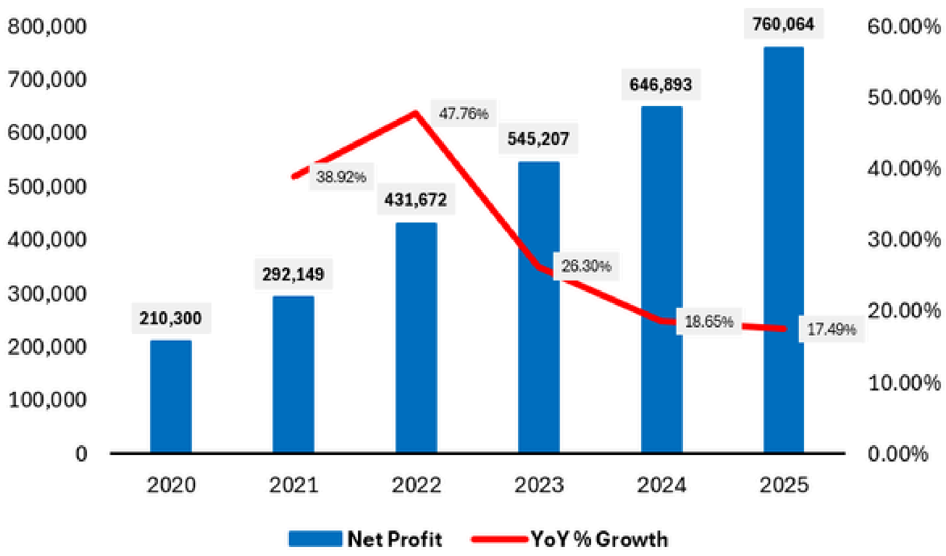
Record Net Profit: TZS 760.06B in 2025, up 17.5% YoY.

High Returns Maintained: ROE at 27% and ROA at 5%.

Cost Efficiency: Cost-to-Income Ratio improved to 38%.

Solid Shareholder Returns: EPS of TZS 1,520 with a total Dividend of 610.15 TZS DPS.

Profitability (TZS M)



NMB Bank Plc continued to deliver strong earnings growth between 2020 and 2025, with net profit increasing from TZS 210.3 billion in 2020 to TZS 760 billion in 2025.

The expansion reflects sustained loan-book growth, improving financial intermediation, rising transactional activity, and continued scale advantages within Tanzania's banking sector.

However, while profitability continued to rise in absolute terms, the pace of earnings growth moderated over time.

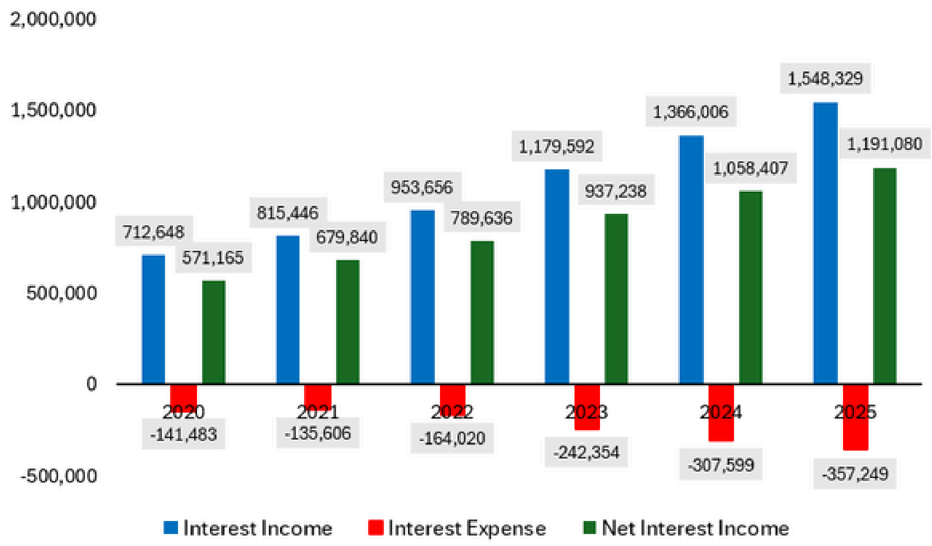
Year-on-year profit growth accelerated sharply to 47.8% in 2022 before easing gradually to 26.3% in 2023, 18.7% in 2024, and 17.4% in 2025.

This suggests that although NMB remains on a strong growth trajectory, the bank may be transitioning from a high-growth expansion phase toward a more mature earnings-compounding cycle.

The moderation in growth rates partly reflects base effects following exceptionally strong post-pandemic earnings expansion, tighter liquidity conditions, and normalization in sector profitability.

Nevertheless, the bank's ability to sustain double-digit earnings growth despite a significantly larger profit base highlights the resilience of its franchise, strong deposit mobilization capacity, and continued exposure to Tanzania's structural financial deepening trend.

Interest Expense Dynamics and Funding Cost Pressure



NMB Bank Plc continued to deliver strong growth in interest income between 2020 and 2025, supported by loan-book expansion, higher transaction volumes, and broader financial intermediation across Tanzania's banking system.

Interest income increased from TZS 712.6 billion in 2020 to TZS 1.55 trillion in 2025, reflecting sustained growth in earning assets and customer activity.

However, the bank experienced a notable increase in interest expense between 2023 and 2025, driven by both funding-cost repricing and rapid balance-sheet expansion. Interest expense grew from TZS 242.4 billion in 2023 to TZS 357.2 billion in 2025, while the ratio of interest expense to interest income increased from 20.5% to 23.1%, indicating rising funding-cost pressure across the operating environment.

BOT MER Interest Rate Structure Table

Rate / Metric	Apr 2023	Dec 2023	Apr 2024	Dec 2024	Mar 2025	Dec 2025	Mar 2026
Savings deposit rate	1.5	2.6	2.79	2.84	2.86	3.02	2.89
Overall time deposits rate	6.79	7.45	7.44	8.33	8	8.36	8.33
Negotiated deposit rate	9.46	9.19	9.33	10.39	10.35	11.66	11.57
Overall lending rate	15.91	15.44	15.42	15.71	15.5	15.24	15.11
Overall Treasury bills rate	6.65	10.48	10.33	12.95	10.1	5.87	5.21

NMB Interest Expense Linkage

Metric	2023	2024	2025
Interest Income (TZS mm)	1,179,592	1,366,006	1,548,329
Interest Expense (TZS mm)	(242,354)	(307,599)	(357,249)
Interest Expense / Interest Income	20.50%	22.50%	23.10%
Customer Deposits (TZS mm)	8,342,031	9,433,295	12,373,969
Customer Deposit Growth	12.20%	13.10%	31.20%
NMB Cost of Funds	2.90%	3.30%	2.90%
Net Interest Spread	8.90%	9.40%	7.80%

Source: NMB Website, Kadoo Research Calculations, BOT MER Interest Rate Structure

Although funding-cost pressures intensified between 2023 and 2025, the increase largely reflected a combination of aggressive balance-sheet expansion and a higher domestic rate environment rather than deterioration in franchise quality.

NMB continued to generate strong net interest income growth despite margin normalization pressures, supported by its scale advantages, deposit-mobilization capacity, and dominant transactional banking franchise.

Going forward, the pace of deposit repricing, liquidity normalization, and asset-yield adjustment will remain key determinants of margin sustainability.

Balance Sheet Health

Highlights:

Total Assets: Reached TZS 17.6T.

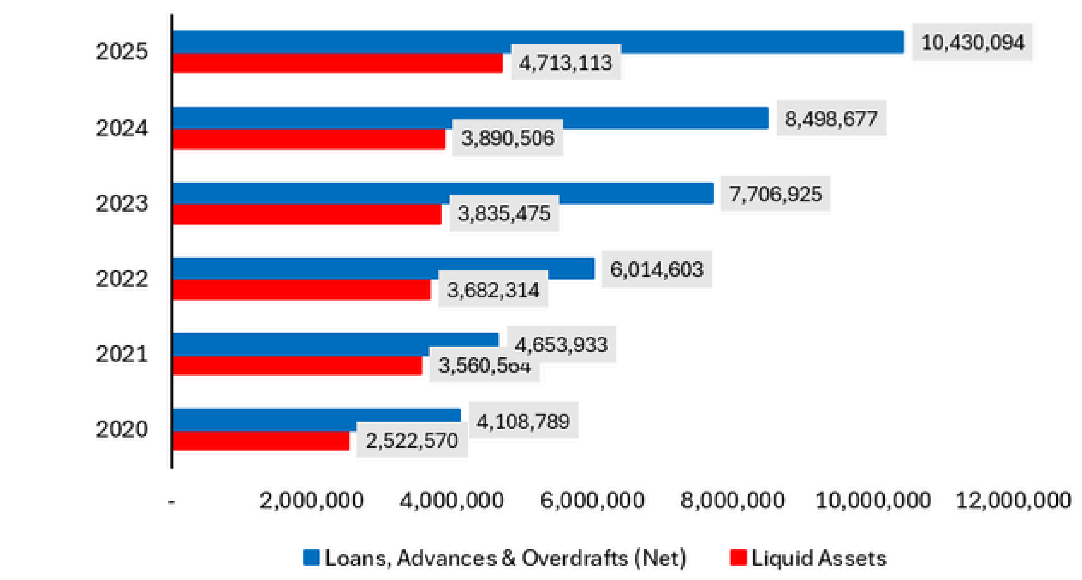
Loan Book: Loans & Advances (Net) grew 22.7% YoY to TZS 10.4T

Customer Deposits: Increased to TZS 12.3T.

Loan-to-Deposit Ratio: Rose to 83.8%, indicating an efficient use of deposits to fund lending operations.

Capitalization: Shareholders' equity grew by 21% YoY.

Asset Composition(TZS M)



Source: NMB Website, Kadoo Research

Metric	2023	2024	2025	2025 YoY / Δ
Sector customer deposits / retail funding (TZS bn)	35,781.90	40,712.30	51,432.10	26.30%
Sector total core deposits (TZS bn)	27,658.50	31,097.50	39,162.20	25.90%
NMB customer deposits (TZS bn)	8,342.00	9,433.30	12,374.00	31.20%
NMB loans, advances & overdrafts (TZS bn)	7,706.90	8,498.70	10,430.10	22.70%

Source: NMB Website, Kadoo Research Calculations

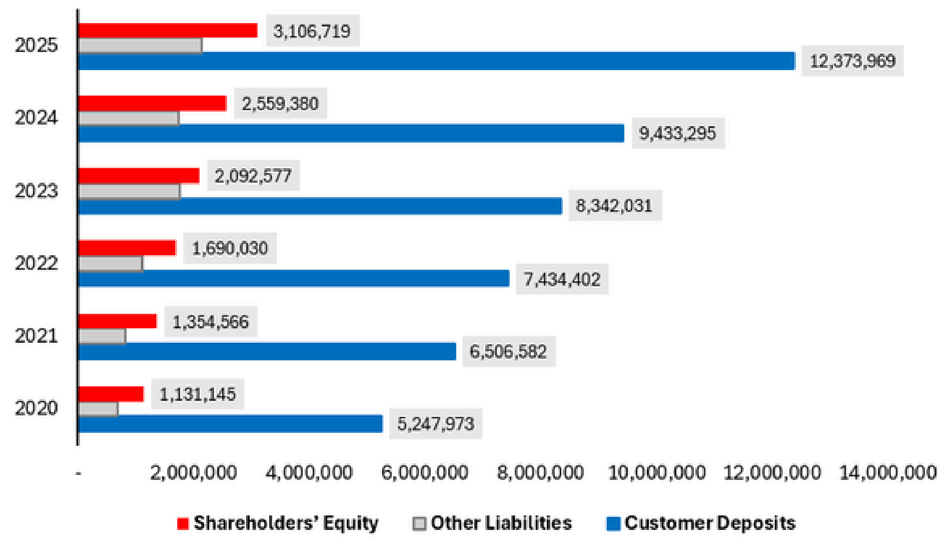
Sector deposits expanded strongly in 2025, while NMB Bank Plc outpaced the system with 31.2% YoY customer-deposit growth versus 26.3% sector retail-funding growth.

The stronger funding base supported continued loan expansion, with net loans rising 22.7% YoY to TZS 10.4 trillion and the loan-to-deposit ratio increasing to 83.8%

.

However, elevated negotiated and time-deposit rates increased funding costs across the sector. As a result, the larger deposit base translated into higher interest expense, contributing to margin normalization despite continued growth in net interest income.

Funding Composition(TZS M)



year-to-year breakdown highlighting the Book Value Per Share (BVPS) trend:

2020: TZS 2,262

2021: TZS 2,709

2022: TZS 3,380

2023: TZS 4,185

2024: TZS 5,119

2025: TZS 6,213

Source: NMB Website, Kadoo Research

Valuation Analysis

Valuation Thesis - RIM

Residual Income Model is the primary valuation method for NMB because the bank's value is driven by book value growth and ROE above cost of equity. Current ROE remains materially above the selected cost of equity, creating positive residual income; however, the updated valuation is broadly in line with the latest market / target price.

Valuation Output

Output	Value
Current Book Value	3,306,906
PV of Explicit Residual Income	1,329,364
PV of Terminal Value	1,955,551
Intrinsic Equity Value	6,591,822
Intrinsic Value / Share	13,184
Current BVPS	6,614

Source: Kadoo Research Calculations

Using a residual income framework, NMB's intrinsic value is estimated at approximately TZS 13,184, per share, implying around 2.0x book value.

The premium to book is supported by ROE materially above the cost of equity, but the valuation is broadly aligned with the latest market/target price, suggesting limited upside and supporting a HOLD stance.

KADOO RESEARCH

NMB Equity Research Note

REPORT SNAPSHOT — Q1 2026 QUARTERLY PERFORMANCE

Comparison basis: Q1 2026 vs Q4 2025 (QoQ) and Q1 2025 (YoY). Values in TZS millions unless otherwise stated.

Metric	Q1 2025	Q4 2025	Q1 2026	QoQ Δ	YoY Δ
Total assets	14,291,843	17,182,708	17,921,831	4.30%	25.40%
Customer deposits	9,661,553	12,248,900	12,686,749	3.60%	31.30%
Loans, advances & overdrafts	8,813,460	10,430,093	10,746,960	3.00%	21.90%
Shareholders' funds / book value	2,742,906	3,097,154	3,306,906	6.80%	20.60%
Book value per share (TZS)	5,486	6,194	6,614	6.80%	20.60%
Interest income	361,408	417,357	434,337	4.10%	20.20%
Interest expense	79,278	103,382	115,699	11.90%	45.90%
Net interest income	282,130	313,975	318,638	1.50%	12.90%
Non-interest income	162,907	171,643	165,825	-3.40%	1.80%
Non-interest expense	159,749	175,596	185,792	5.80%	16.30%
Operating income	263,062	294,830	275,779	-6.50%	4.80%
Net income after tax	184,145	206,441	193,091	-6.50%	4.90%
EPS (TZS)	1,473	1,652	1,545	-6.50%	4.90%
NPL ratio	3.10%	2.50%	2.60%	0.10%	-0.50%
Gross loans / deposits	93.90%	87.30%	86.90%	-0.40%	-7.10%
ROE	28.00%	29.00%	24.00%	-5.00%	-4.00%

Source: NMB Website, Kadoo Research