SOLOMON Stockbrokers

Mkombozi Commercial Bank Valuation Report

September 2024

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SOLOMON Stockbrokers

Member of Dar es Salaam Stock Exchange and Authorised Dealer of Government Securities

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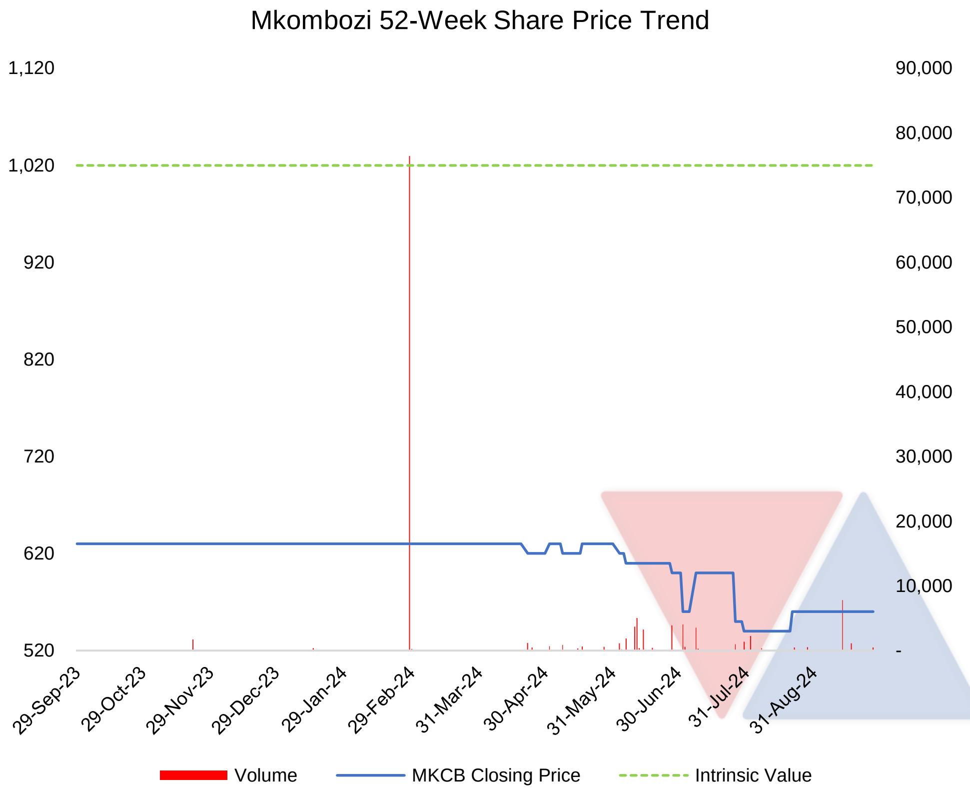
MKCB Valuation Report – September 2024



Key Highlights	
Company Name:	Mkombozi Commercial Bank
Company Ticker	MKCB
Share Price as of 27th Sept 2024	TZS 560
Target Price	TZS 1,019.70
Upside	▲ 82.09%
Recommendation	Strong Buy
Year-to-Date Return	▼ 11.11%
Dividend per Share (FY 2023)	TZS 0
Earning per Share (FY 2023)	TZS 323.93
P/E Ratio	1.73 x
Book Value per Share (FY 2023)	TZS 1,326.10
P/B Ratio	0.42x

Executive Summary

This report initiates coverage on Mkombozi Commercial Bank (DSE: MKCB) with a **Strong Buy** recommendation and a price target of TZS 1,019.70 based on an equal weighting of a DDM, Excess Equity, and Relative valuation. Current pricing and valuation upsides are based on the closing price of MKCB on September 27th,2024, presenting an upside of 82.09%. MKCB, established in 2009 by the Tanzania Episcopal Conference, provides financial services primarily to small and medium-sized businesses, SACCOS, and social enterprises, with assets totaling TZS 271.31 billion, 12 branches, and over 115,000 customers as of December 2023.

Investment Thesis

1. Ability to maintain higher interest spreads and net-interest margins

MKCB has proven to consistently maintain higher yields on interest-bearing assets and lower cost of funds despite the banking sector experiencing a completely opposite situation, which places MKCB in a position to deliver above-average profitability.

2. Ability to lend and grow top and bottom lines

MKCB's loan-to-deposit ratio is below the banking sector average. With demand for credit at its peak, while other banks struggle to mobilize deposits, MKCB is observed to have greater lending potential, which could translate to higher interest income and profits.

3. Strong Management

Following the appointment of a new Managing Director, MKCB has seen a turnaround and growth in profitability and a strengthened balance sheet, positioning the bank to deliver stronger shareholder returns in the near future.

Company Overview

Mkombozi Commercial Bank (MKCB), established in August 2009 by the Tanzania Episcopal Conference (TEC), its dioceses, and congregations, is a commercial bank committed to serving and supporting emerging Tanzanian businesses through financial services. MKCB primarily targets small and medium-sized entrepreneurs, companies, Savings and Credit Cooperative Societies (SACCOS), and social enterprises, including schools, universities, and corporations.

Key Highlights	
Date Founded	Aug 2009
Main Shareholder	Tanzania Episcopal Conference (TEC)
Target Clients	Entreprenuers, Corporates, Social Enterprises, SACCOS
No of customers	115,000
Date Listed	Dec 2014

The bank caters to the needs of growing companies, middle-market and large corporations, institutional investors, financial institutions, and government entities. Since its inception, MKCB has achieved significant growth, with total assets reaching TZS 271.31 billion, total loans amounting to TZS 143.61 billion, and deposits totaling TZS 214.15 billion as of June 2024. The bank operates 12 branches nationwide, serving over 115,000 customers.

In December 2014, MKCB was listed on the Dar es Salaam Stock Exchange, offering 5 million shares to the public at TZS 1,000 per share. This move was in compliance with a directive from the Bank of Tanzania (BoT), which required all commercial banks to have a minimum core capital of TZS 15 billion by March 2015.

Business Model

Credit Products:

1. Microfinance Loans: These include Solidarity Group Loans aimed at micro-entrepreneurs and Housing Microfinance Loans for low to medium-income customers looking to build or improve their homes.

2. Working Capital Loans: These products include Overdraft Facilities for working capital with a maximum term of 12 months and Temporary Overdraft Facilities (TOD) for short-term cash needs, capped at 25% of the borrower's existing exposure

3. Business Loans: MKCB offers term loans for up to 6 years, agriculture loans tailored to farming activities, and asset-based financing for purchasing movable assets. The bank also provides Loans Against Fixed Deposits and uses Syndicated Lending to manage credit risk.

4. Consumer Loans: The bank provides three types of loans: Executive Salaried Loans for senior employees with terms up to 60 months and amounts up to 24 times the net salary, standard Salaried Loans with terms up to 84 months for government employees, and Salary Advances for short-term needs via employer agreements.

5. Mortgage Loans: MKCB provides Mortgage Financing for purchasing, improving, or constructing residential properties in Mainland Tanzania. Loans range from TZS 50 million to TZS 500 million, with terms up to 20 years. The financing can cover up to 90% of the property's forced sale value, or 100% with additional collateral.

6. Insurance Premium Financing (IPF) loans cover annual insurance premiums, with the bank paying the full premium upfront. The borrower makes an initial payment for a few months' premiums and repays according to a set plan. If the borrower defaults, the insurer refunds any unused premiums to the bank.

Business Model

Depository Products:

1. Personal Savings Account: Interest-bearing accounts are available for individuals, companies, sole proprietors, religious and learning institutions, and societies. They allow deposits in local and foreign currencies, 24/7 fund access via ATM, and mobile banking services.

2. Integrity Account: These interest-bearing accounts are designed for individuals, sole proprietors, and associations. They offer no monthly fees, allow one quarterly withdrawal without affecting interest, enable borrowing up to 80% of savings, and provide dedicated account management.

3. Mwana Savings Account for children

4. Jumuiya Account: Designed for groups with a minimum opening amount of TZS 50,000. It offers interest on balances over TZS 100,000, and features no withdrawal, monthly service, or transfer fees for transactions to diocesan and parish accounts.

5. Business Current Account: Non-interest-bearing accounts available for sole proprietors, religious and learning institutions, and various associations. Offers unrestricted cash and cheque deposits/withdrawals, SMS alerts, loan access with deposits as collateral, and a range of bank products and services.

6. Community Current Account: Non-interest-bearing accounts for NGOs, civil societies, religious groups, schools, local authorities, and social clubs. Includes free banker's cheques, no monthly fees, free statements, and benefits like free local transfers and incoming TTs. Supports TZS, USD, and EUR.

Treasury Services:

1. Foreign Exchange: MKCB provides forward foreign exchange contracts to hedge against currency fluctuations and offers spot foreign exchange for immediate USD, EUR, and GBP transactions. International payments are facilitated via fast SWIFT transfers through correspondent banks.

2. Money Market: The Bank offers Fixed-term deposit accounts in TZS and USD, offering competitive interest rates and borrowing up to 90% of the deposit amount. Support is available for investing in Treasury bills and bonds, opening CDS accounts, and receiving market updates through a Treasury newsletter.

Insurance Services:

The bank offers fire, motor, and travel insurance in this segment.

Industry Analysis

The Global & Regional Landscape:

The global commercial banking landscape is continuously being transformed by digital innovation, customer-centric approaches, and strategic partnerships. Banks increasingly adopt advanced technologies like AI, machine learning, and blockchain to enhance operations, improve cybersecurity, and offer personalized customer experiences. This shift towards personalization is critical as customers now demand greater convenience and transparency. However, banks also face challenges from complex regulatory requirements and economic uncertainties, necessitating investments in compliance, risk management, and flexible business models. Additionally, sustainability has become central to banking strategies, with Environmental, Social, and Governance (ESG) criteria influencing investment and lending decisions. Strategic partnerships, particularly with fintech firms, are crucial for banks to stay competitive by expanding their technological capabilities and product offerings.

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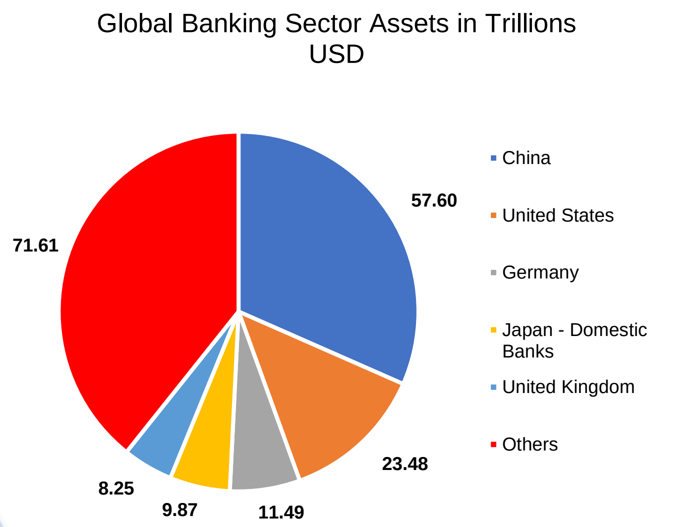
Industry Analysis

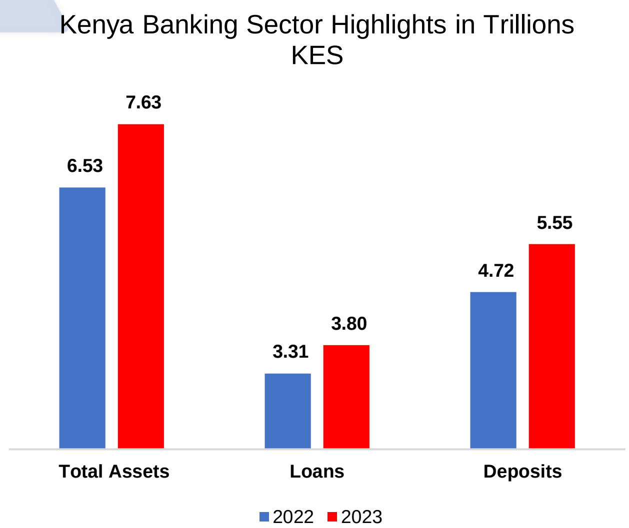
The Global & Regional Landscape:

According to Statista, total assets from Commercial Banks globally stood at approximately USD 183.2 trillion as of 2022. Market-leading countries in the banking industry include China, the United States, Germany, Japan, and the United Kingdom, which contribute about 60% of the global asset value for the banking sector.



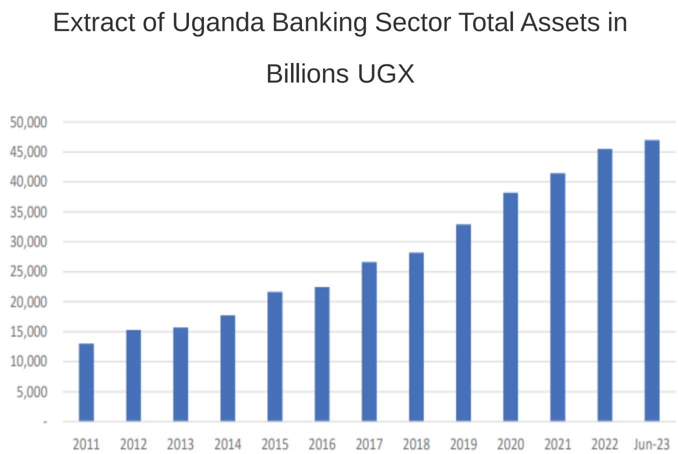
Regional Banking Landscape:
Kenya

The Central Bank of Kenya Bank Supervision Annual Report for 2023 indicates that the banking sector's capital adequacy ratio stood at 18.6%, well above the minimum requirement of 14.5%, while the liquidity ratio averaged 51%, comfortably exceeding the statutory minimum of 20%. Total net assets increased by 16.7%, reaching Ksh.7.7 trillion by December 2023, driven by a rise in loans and advances. Customer deposits grew by 18%, from Ksh.5.0 trillion in December 2022 to Ksh.5.9 trillion in 2023, largely due to the widespread adoption of mobile and agency banking platforms. However, the sector faced some challenges, with profit before tax declining by 8.8% to Ksh.219.2 billion, attributed to higher expenses, which rose by Ksh.175.3 billion, outpacing the increase in total income of Ksh.154.1 billion. Gross loans expanded by 15.2%, reaching Ksh.4.18 trillion, reflecting strong demand for credit across various economic sectors. Despite this growth, the gross non-performing loans (NPL) ratio increased to 15.6%, up from 13.9% in 2022, as businesses struggled with challenges in the operating environment.



Uganda

According to the Ugandan Banking Sector Report by the Uganda Bankers' Association. Uganda's banking sector assets grew 10% year-on-year, reaching UGX 46.97 trillion by June 2023, driven by an 11% rise in loans and a 72% increase in marketable securities. However, loans declined by 2% between December 2022 and June 2023. Private sector credit rose 6% in 2022, led by growth in business services (36%), personal loans (17%), and manufacturing (20%).

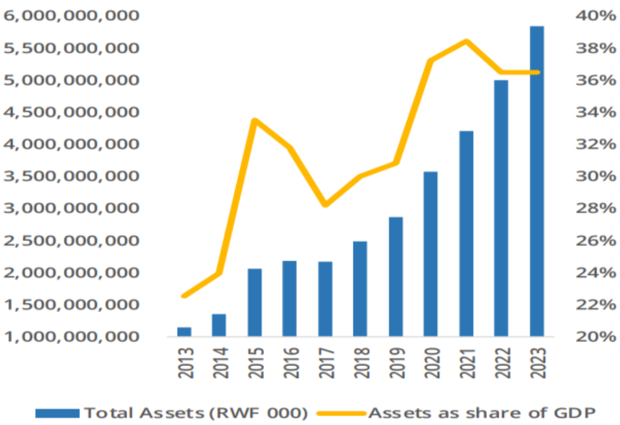


Industry Analysis

Regional Banking Landscape: Uganda

From 2018 to June 2023, private sector credit grew 45%, with key sectors like business services, personal loans, and manufacturing seeing major gains. Lending rates have steadily declined over the past 12 years. Customer deposits, the primary source of bank funding, grew 12% in 2022 and 3% in the first half of 2023, making up 85% of commercial bank liabilities. Over the last decade, deposit growth has averaged 12.4%, surpassing loan growth at 9.9%.

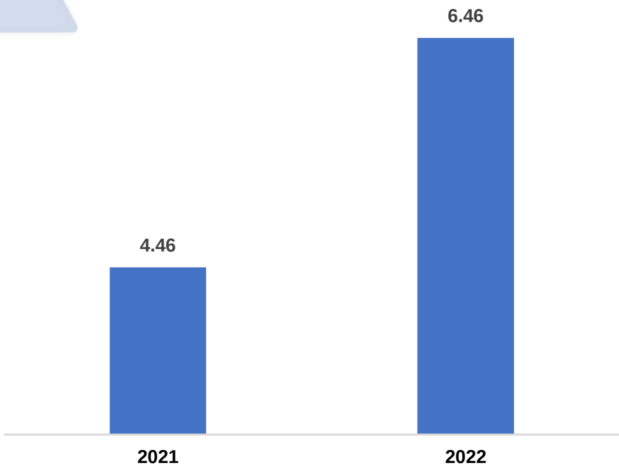
Extract of Rwanda Banking Sector Total Assets in Thousands RWF



Rwanda

In 2023, Rwanda's banking sector displayed strong growth and stability, with total assets rising to around RWF 6 trillion by September 2023. Profitability surged, with return-on-equity increasing to 21.5% from a prior range of 10-15%, and return-on-assets reaching 4.7%. Net interest margins remained stable at 8-10%, while the yield on advances declined to 11.4%, indicating a shift towards less risky assets. Non-performing loans (NPLs) remained low, reflecting good asset quality, with the NPL ratio dropping to below 5%. Liquidity in the sector improved, with the loan-to-deposit ratio decreasing to 82%, signaling a cautious approach towards lending. Customer deposits grew steadily, supporting continued credit expansion, especially in manufacturing, trade, and services. (Source: Rwanda Bankers' Association July 2024 report)

Burundi Banking Sector Total Assets Trend in trillions BIF



Burundi

In 2022, Burundi's banking sector displayed resilience, with total assets growing by 31% to BIF 6.46 trillion, driven by increased lending and government financing. Credit to the economy accounted for 44% of assets, while government financing made up 30.9%. The sector is led by five systemically important banks dominating credit and deposits. Customer deposits remained the main funding source, making up 60% of liabilities. Loan quality improved as the non-performing loan (NPL) ratio fell from 3.4% to 2.7%, supported by a 43.2% increase in credit. However, sectors like tea and hotels continued to face high default rates. Capital adequacy increased by 28%, ensuring solvency remained above regulatory standards. Liquidity showed some strain, with the short-term ratio falling from 187.5% to 168.7%. Despite challenges, the sector stayed profitable, with a 22.6% increase in net banking income, although rising overhead costs led to a 7.1% decline in net income. (Source: Banque De La Republique Du Burundi 2022 Financial Stability Report)

Industry Analysis

Domestic Market Landscape:

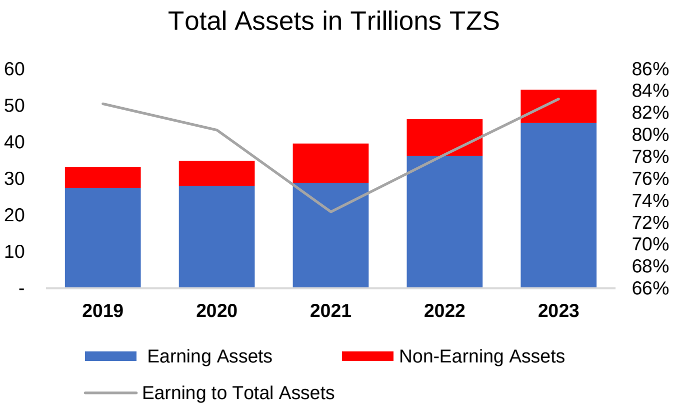
The Tanzanian banking sector is best described under the themes of *prosperity*, *consolidation,* and *resilience* during the five-year period between 2019 and 2023, as described further.

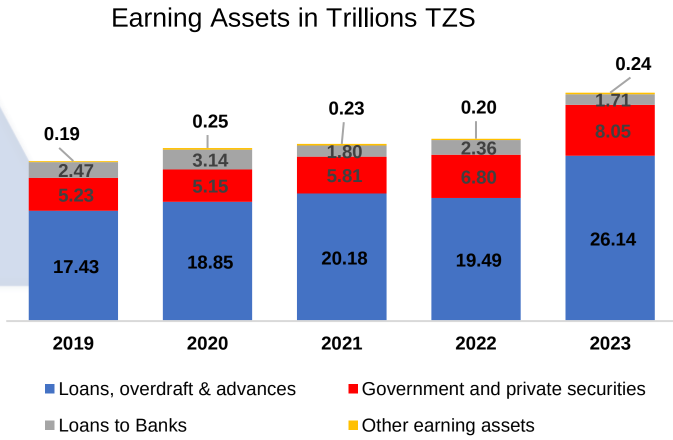
Prosperity

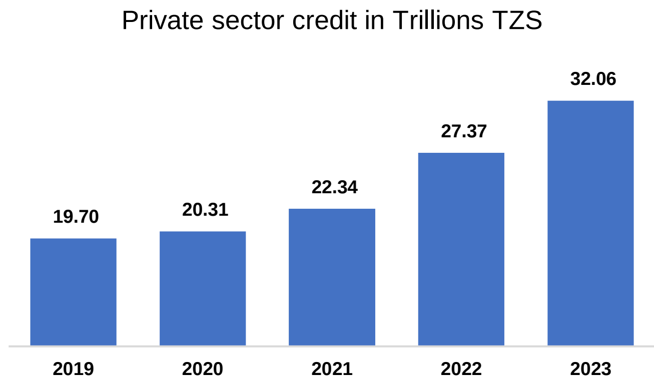
On the prosperity end, the Banking sector has witnessed remarkable growth in assets, which, according to the 2023 Financial Sector Stability Report from the Bank of Tanzania, total assets have grown at a Compound Annual Growth Rate (C.A.G.R) of 13.28% from TZS 21.73 trillion in 2019 to TZS 35.78 trillion in 2023. This growth has been mainly propelled by increased investments into earning assets, which have seen a 13.33% C.A.G.R growth amounting to TZS 45.17 trillion as of 2023, while earning to total assets have increased to 83.25% as of 2023 from 82.82% in 2018, however a massive recovery from 2021 low of 72.97%.

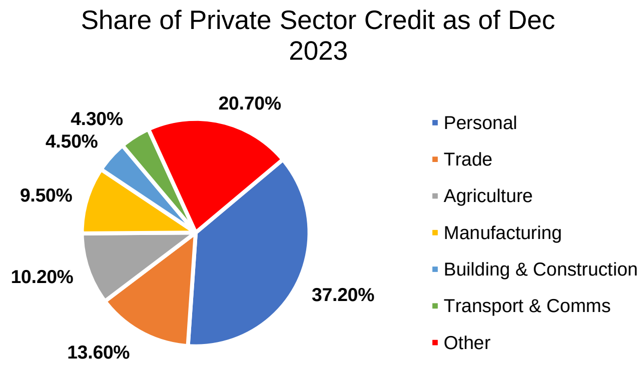
The primary earning assets in which banks have increased their investments include loans and advances, which have seen a 15.17% C.A.G.R growth amounting to TZS 33.16 trillion as of 2023. This surge has primarily been driven by the increase in demand for credit from the private sector, which has seen a growth of 12.95% C.A.G.R amounting to 32.06 trillion as of 2023, fueled by increased credit appetite from Personal Loans, Trade, and Agriculture segments which combined account for 61% of the total loans disbursed. Other significant investments have been in government securities, which have grown by 13.67% C.A.G.R to TZS 8.60 trillion due to their relatively high yields while offering room for liquidity and lower default risks compared to loan products.

To finance this growth, the bank has seen a 13.28% C.A.G.R increase in customer deposits, amounting to TZS 35.78 trillion in 2023. This growth has been brought about by initiatives to make it convenient for customers to open a bank account, tapping into financially excluded demographics, and securing corporate value chains and ecosystems.









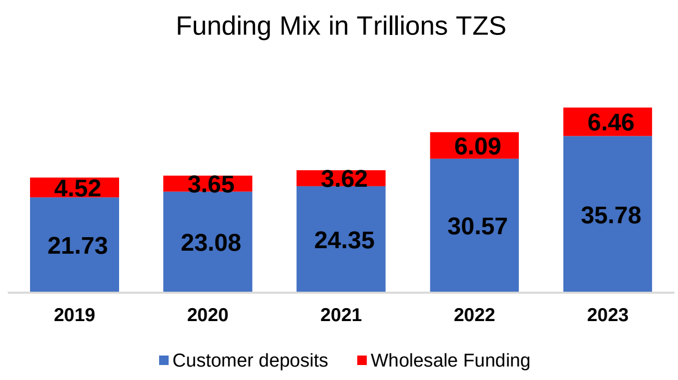
Industry Analysis

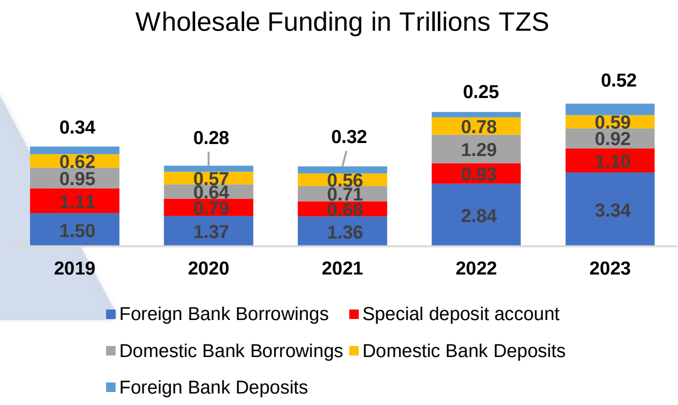
Domestic Market Landscape:

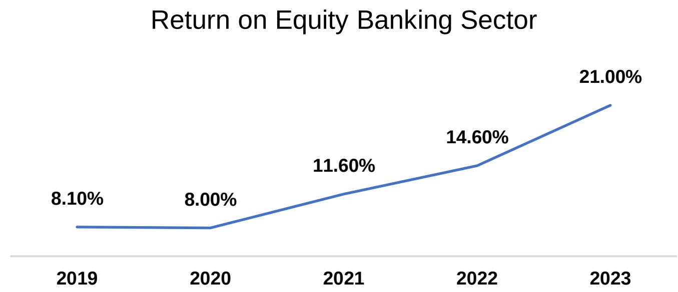
Prosperity

The growth in deposits, however, has not been enough to satisfy both credit demand and liquidity compliance. Hence, as a result, banks have had to opt for wholesale funding, mainly in the form of borrowings, which during this period have seen a 9.35% C.A.G.R growth amounting to TZS 6.46 trillion, with about 59.70% of the financing coming from foreign banks.

Profitability has remained strong, with Return on Assets (ROA) & Return on Equity (ROE) up from 1.9% and 8.1% as of 2019 to 4.5% and 21.0% as of 2023. The increased profitability has been brought about by sustainable growth in the banking sectors' interest income as a result of its increased investments in earning assets described earlier, non-interest income growth arising from increased revenue from foreign exchange activities, fees, and commissions from increased adoption of off-branch and digital banking products, bancassurance activities and other support services as well as improvements in cost-control initiatives arising from increased investments in off-branch and digital banking services that come about with fewer investments in property and leases resulting in reduced depreciation expenses, lease liability interest expenses and reduction in staff costs.







Consolidation:

Over the years, the growth and prosperity of the banking sector have gradually been concentrated towards fewer players. The 2022 Financial Sector Supervision Report indicates that the number of banking institutions has fallen from 53 in 2018 to 45 in 2022, with the number of commercial banks declining from 40 to 38. This decline was mainly brought about by a series of mergers and acquisitions between 2019 and 2022 due to reasons such as failing to comply with Central Bank requirements and initiatives made by banks to strengthen their positions in the banking sector.

Number of Financial Institutions	2018	2019	2020	2021	2022
Commercial banks	40	38	35	34	34
Development banks	2	2	2	2	2
Microfinance banks	5	5	4	5	4
Community banks	6	6	5	5	5
Total	**53**	**51**	**46**	**46**	**45**

Industry Analysis

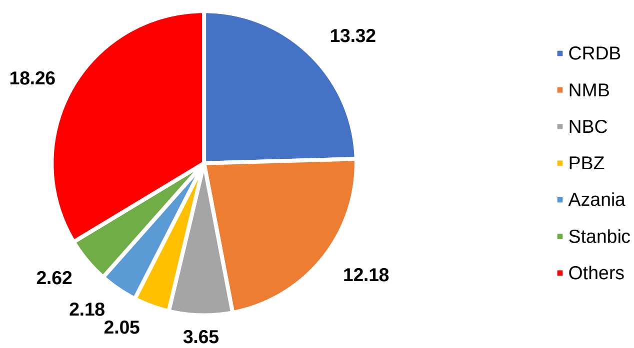
Consolidation:

Notable Mergers and Acquisitions that took place between 2019 and 2022 include:

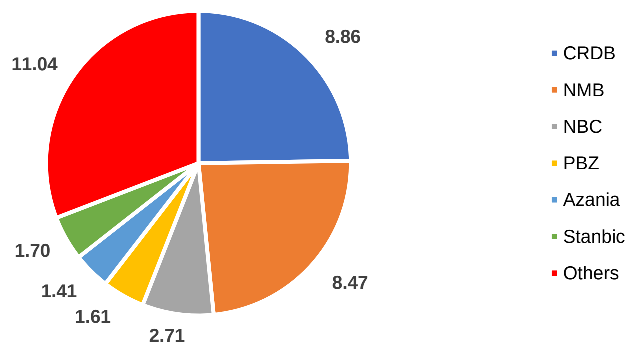
- The acquisition of UBL Bank Tanzania Ltd by Exim Bank (T) Ltd in 2019
- The acquisition of Bank M Tanzania by Azania Bank Ltd in 2019
- The merger of TPB Bank Plc and TIB Corporate Bank to form Tanzania Commercial Bank in 2020
- The merger of NIC Bank (T) Ltd and Commercial Bank of Africa (T) Ltd to form NCBA Bank (T) Ltd in 2020.
- The acquisition of EFC Microfinance Bank (T) Ltd by Mwanga Rural Community Bank and the subsequent merger with Hakika Microfinance Bank to form Mwanga Hakika Microfinance Bank Limited in 2020.
- The acquisition of China Commercial Bank (T) Ltd by NMB Bank Plc in 2021.
- The First National Bank Tanzania Ltd acquisition by Exim Bank (T) Ltd in 2022.

Furthermore, most of the banking sector's customer deposits, loans, and assets are concentrated in six big banks: CRDB Bank Plc, NMB Bank Plc, NBC Bank, Stanbic Bank (T) Ltd, Azania Bank and People's Bank of Zanzibar (PBZ). As of 2023, these banks account for 66.35% of the total assets and 69.16% of the total customer deposits.

Total Assets in Trillions TZS



Total Deposits in Trillions TZS



Resilience:

The Tanzanian Banking Sector continued to display resilience despite shocks felt in the global, regional, and domestic financial sectors brought about by the COVID-19 pandemic, the Russia-Ukraine war, higher inflation, escalating cost of funds, proliferated competition for customer deposits, and the strengthening of the US dollar, all of which took place in the five years between 2019 and 2023.

During this period, the banking sector continued to perform in line with Bank of Tanzania's regulatory requirements using the following benchmarks:

a. Capital Adequacy: The banking sector's Core capital to total risk-weighted average assets and total capital to total risk-weighted average assets showed improvements from 16.7% and 17.9% as of December 2019 to 17.7% and 18.4% as of December 2023, compared to BoT's threshold of 10.0% and 12.0%.

Industry Analysis

b. Asset composition & quality: The sector's non-performing loan (NPL) ratio fell from 9.8% as of Dec 2019 to 4.3% as of Dec 2023, which is ahead of BoT's 5% benchmark, indicating an improvement in banking systems to analyze, monitor and quickly react to potential credit delinquencies.

c. Earnings & Profitability: The banking sector's cost-to-income ratio fell from 56.4% in December 2019 to 40.4% as of December 2023, ahead of BoT's benchmark of 55%, indicating prudence in controlling operational costs.

d. Liquidity: Liquid assets to demand deposits may have shrunk from 32.4% as of Dec 2019 to 28.7% as of Dec 2023 as private sector credit demand remained high during the five-year period. However, it is still ahead of BoT's 20% benchmark.

e. Sensitivity to market risk: Tanzanian banks' net open positions in foreign currencies relative to total capital have been within +/-10% of the sectors' total equity, indicating limited exposure to foreign currency risks.

Table 3: Banking Sector Indicators	2019	2020	2021	2022	2023	Threshold
Capital Adequacy:						
Core Capital/TRWA	16.70%	17.20%	19.50%	18.10%	17.70%	12.50%
Total Capital/TRWA	17.90%	18.10%	20.20%	18.90%	18.40%	14.50%
Liquidity:						
Liquid Assets/Demand Liabilities	32.40%	30.70%	29.40%	26.50%	28.70%	20.00%
Profitability:						
Cost to Income Ratio	56.40%	54.50%	50.00%	43.80%	40.40%	55.00%
Asset Composition & Quality:						
Gross non-performing loans to gross loans	9.80%	9.40%	8.20%	5.80%	4.30%	5.00%
Sensitivity to Market Risk:						
Net open positions in FX to total capital	8.90%	9.00%	7.80%	2.50%	4.50%	+/- 10%

Competitor Analysis

a. Banking Institutions

Tanzania has 45 banking institutions that operate as Commercial, Community, Development, and Tier-1 Microfinance banks. Medium-sized institutions such as MKCB tend to bear the brunt of the competitive ferocity of the large banks; what gives these large banks an edge in the sector is their country-wide branch footprint, strong brand influence, early investments in technology, consistent product and service innovation that cater to specific customer needs, and ability to attract and retain highly productive and efficient employees.

These competitive advantages give large banks an edge in attracting high profile low-risk clients that are less likely to default on their debt obligations resulting in relatively lower Non-performing loan ratios (NPL)

Competitor Analysis

a. Banking Institutions

Furthermore, due to their sheer valuation, customer base, and lower perceived risks, these banks have acquired large amounts of deposits and borrowings in both local & foreign currency at relatively cheaper rates than medium banks, giving them the luxury to offer relatively lower lending rates which attracts & retains customers at the expense of lower spreads as they expect to offset such losses via increased business volumes, growing non-funded income streams and greater control over operating expenses.

Medium-sized banks do not benefit from such economies of scale. Hence, they offer other competitive advantages, such as faster loan processing and a shorter turnaround time. However, this does come at a cost, as most clients who borrow from these banks are either high-risk clients who have been rejected by larger banks or clients looking for quick loans. This exposes such banks to higher default rates as due diligence may not be carried out as effectively to meet customer expectations or because the clients have a higher credit risk.

Such banks have had to offer higher interest rates to attract and retain customer deposits, additionally borrowing costs for these banks tend to be higher due to their higher risk level than larger banks, and this results in higher costs of funds for these banks, thus putting great pressure on the banks' interest spread. To remain profitable, these banks have opted to further diversify into non-funded income streams as a countermeasure against falling margins, particularly by increasing their fees and commissions, mainly through increased loan processing fees, account service, and transaction charges. This has resulted in an increasing share of non-funded gross income compared to larger banks.

The Big-5 KPIs:	2019	2020	2021	2022	2023
Non-performing loans	7.08%	6.25%	5.37%	3.96%	3.40%
Yields on Interest bearing assets	12.30%	11.74%	11.17%	10.53%	10.03%
Interest expense on interest-bearing liabilities	2.24%	2.50%	2.44%	3.04%	3.45%
Interest Spread	10.06%	9.24%	8.73%	7.49%	6.58%
Non-funded income to Gross Income	29.84%	33.03%	32.54%	35.93%	34.64%

The Mid-5 KPIs:	2019	2020	2021	2022	2023
Non-performing loans	20.22%	17.63%	13.66%	11.20%	8.96%
Yields on Interest bearing assets	10.80%	11.24%	10.56%	9.81%	10.59%
Interest expense on interest-bearing liabilities	5.43%	5.29%	4.23%	4.20%	4.24%
Interest Spread	5.37%	5.95%	6.33%	5.60%	6.35%
Non-funded income to Gross Income	34.67%	36.13%	36.05%	40.16%	36.53%

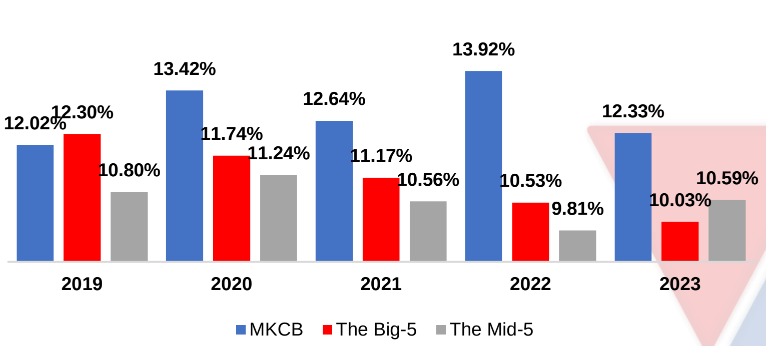
To arrive at this conclusion, we took a sample of the five largest banks (Titled: The Big 5) that consistently had assets with a value of greater than TZS 1 trillion between 2019 and 2023 and compared them to a sample of five banks (Titled: The Mid 5) that consistently had assets with a value between TZS 100 billion and TZS 999 billion during the same period.

Competitor Analysis

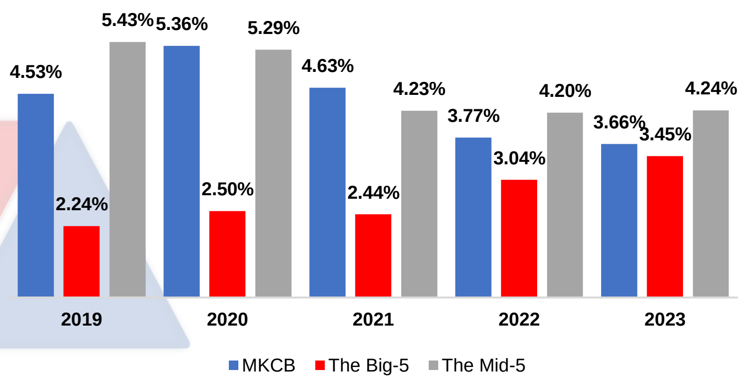
a. Banking Institutions

Sample Used	
The Big 5	**The Mid 5**
CRDB Bank Plc	Equity Bank Tanzania
NMB Bank Plc	Bank of Africa
NBC	I&M Bank
Stanbic	Ecobank
Azania	Amana Bank

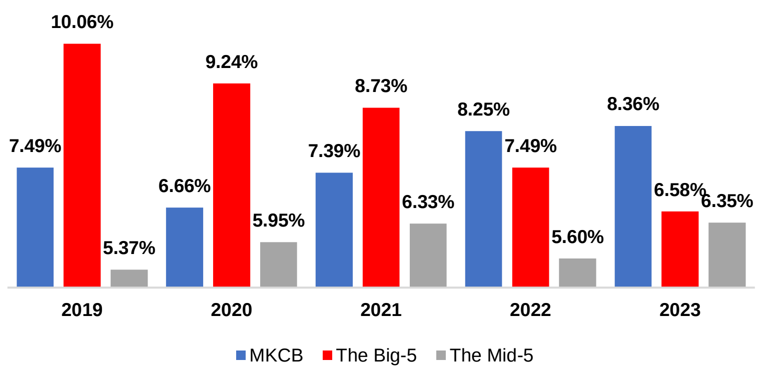
Yields on Interest Bearing Assets Comparison



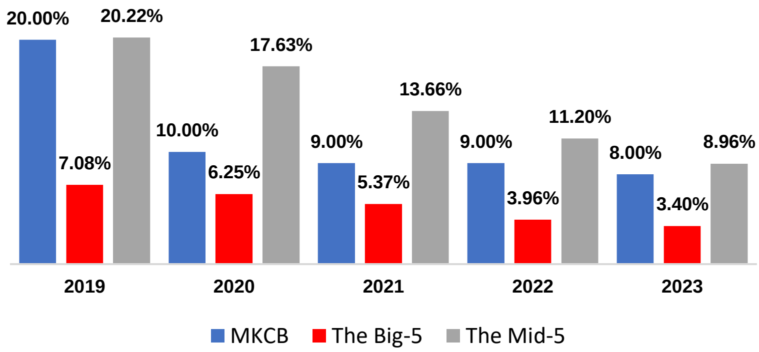
Cost of Funds Comparison



Spread on Interest Rates Comparison

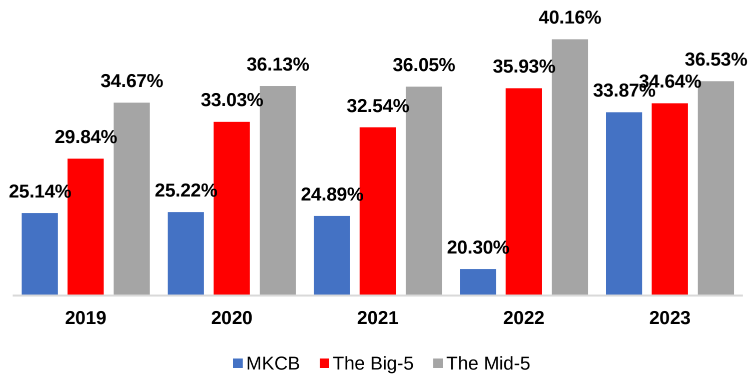


Non-performing loans comparison



MKCB has outperformed the Mid-5 sample in all key performance indicators (KPIs) except for diversification away from interest income. However, when compared to the Big 5, MKCB lags in non-performing loan (NPL) ratios, cost of funds, interest spreads, and income diversification. While MKCB fares better than mid-size banks, it still needs to invest in areas critical to achieving large bank status and enjoying the associated benefits.

Non-funded income to Gross Income Comparison



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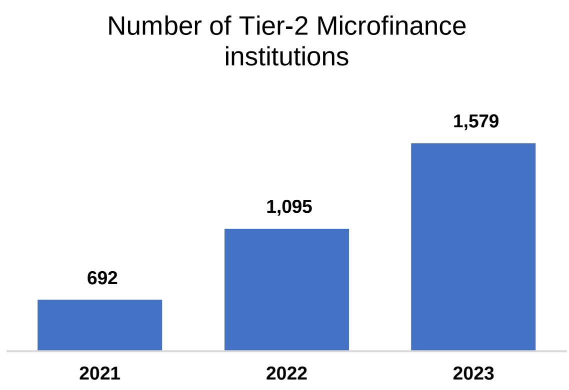
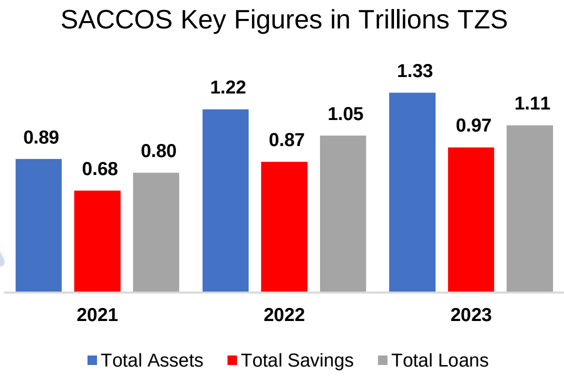
Competitor Analysis

b. Tier-2 non-deposit-taking microfinance & SACCOS institutions

Tier-2 microfinance institutions and SACCOS compete with MKCB in acquiring customer deposits and providing credit. Between 2021 and 2023, we have observed notable growth with Tier-2 microfinance institutions and SACCOS, attributed to increased product innovation and service delivery, improved financial literacy, and regulatory support.

As of December 2023, the number of Tier-2 microfinance service providers has seen a 128.18% increase from 692 institutions in 2021 to 1,579 institutions in 2023, disbursing over TZS 962.33 billion worth of loans while according to the Tanzania Cooperative Development Commission (TCDC), as of December 2023, the total assets recorded across SACCOS institutions has seen a 49.52% increase from TZS 889.53 billion as of 2021 to TZS 1.33 trillion in 2023, loans disbursed to members has seen a 39.49% increase from TZS 798.41 billion in 2021 to TZS 1.11 trillion in 2023 while the total savings and deposits has seen a 42.45% increase from TZS 678.81 billion in 2021 to TZS 966.94 billion in 2023.





c. Capital Market Institutions

Capital Market participants such as Investment Funds and brokerage Firms have and will continue to pose great competition to banking sectors, including MKCB, as they continue to innovate and raise awareness to the public on the different financial assets that can generate higher annualized returns compared to time deposit products offered by banks while simultaneously offering them greater liquidity and lower investment costs.

This will likely put pressure on MKCB, which will be forced to either offer competitive returns on deposits to attract retail deposits, however, at the expense of increasing their cost of funds and reducing their NIMs or continue to maintain lower returns but at the cost of losing retail deposits.

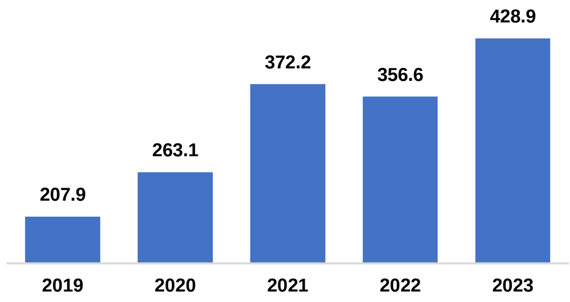
Comparison of Returns from Financial Assets	2019	2020	2021	2022	2023
Banking & Investment Index	-9.00%	16.11%	2.69%	41.42%	34.05%
20-year bond yields	16.76%	15.01%	14.75%	12.23%	13.51%
Umoja Fund	5.49%	12.38%	14.90%	12.92%	12.18%
12 months time deposits interest rates	8.90%	8.41%	7.87%	8.23%	8.92%
MKCB Time Deposit Rates	7.96%	8.73%	8.72%	8.86%	7.98%

Competitor Analysis

c. Capital Market Institutions

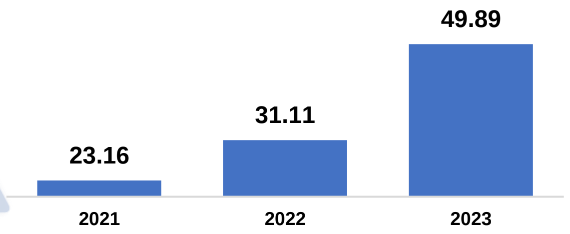
The shift in individuals' money toward financial assets is evident in the 2023 Financial Sector Stability Report, where the amount of money invested in the Treasury Bonds primary markets has seen a 106.30% increase from TZS 207.9 billion as of 2019 to TZS 428.9 billion as of 2023, while Individual Investors' purchases of equities via the stock market have seen a 452.19% increase from TZS 9.04 billion as of 2019 to TZS 49.89 billion as of 2023.

Treasury Bond purchases from Retail Investors in Billions TZS



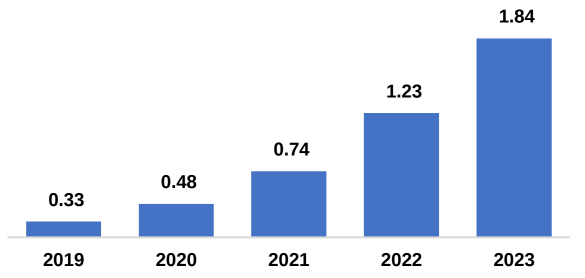
Assets Under Management (AUM) by open-ended collective investment schemes UTT AMIS & Faida Fund during the five-year period between 2019 and 2023 have grown by 458.70%, from TZS 330 billion as of 2019 to TZS 1.84 trillion as of Dec 2023 (Capital Gains + Investor Deposits), with the total reported number of investors as of June 2023 amounting around 200,000.

Value of Equities purchases by individual investors in Billions TZS



Looking ahead, increased awareness of financial asset classes amongst individuals, increased investment funds, and technological advancements to make it easier and more convenient for customers to invest in the capital markets will likely increase competition for MKCB over retail deposits.

Net Asset Value from public Collective Investment Schemes in Trillions TZS

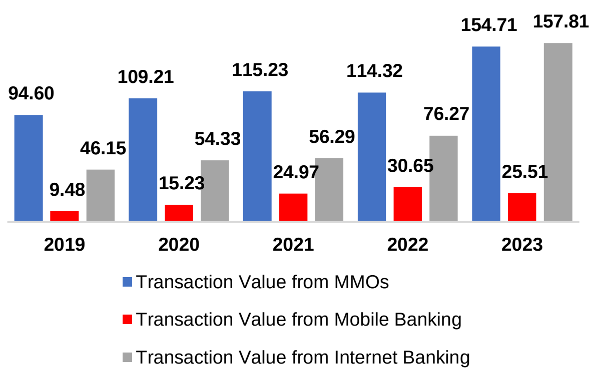


d. Mobile Money Operators (MMOs)

As financial services increasingly digitalize in the country, reshaping how individuals and businesses manage their finances, MKCB and the broader banking industry compete for customers' financial resources with MMOs, particularly retail clients.

According to the National Payments Systems Annual Report for 2023, the value of transactions by MMOs has grown at a C.A.G.R of 13.09% from TZS 94.60 trillion as of 2019 to TZS 154.71 trillion as of 2023, with the number of active users more than doubled from 24.38 million in 2019 to 51.72 million during the same period while Mobile & Internet banking platforms have seen a C.A.G.R of 28.09% and 35.98% increase from TZS 9.48 trillion and TZS 46.15 trillion as of 2019 to TZS 25.51 trillion and TZS 157.81 trillion, respectively as of 2023. Similarly, the number of active users during this period has gone from 1.27 million and 31,076 to 2.45 million and 134,091 customers, respectively.

Transaction Values in Trillions TZS

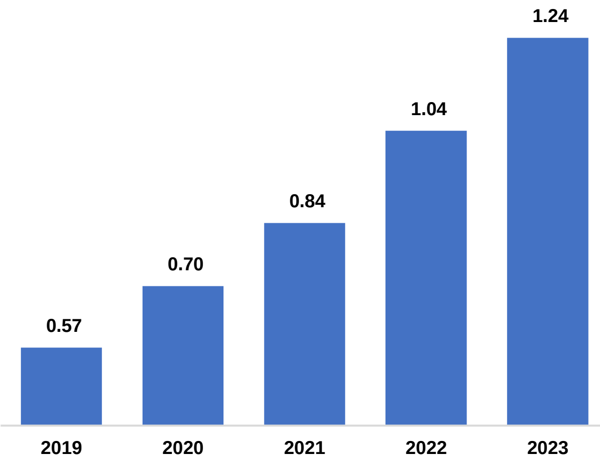


Competitor Analysis

d. Mobile Money Operators (MMOs)

The MMO business is particularly run by telecom companies that are only increasing their investments in this particular business segment due to their increasing contribution to telecom companies' top and bottom lines. This is evident in the growth of the number of MMO agents by 117.86%, from 569,187 in 2019 to 1,240,052 in 2023. Furthermore, to diversify from away revenues earned from P2P and other similar transactions, MMOs increasingly invest in value-added services such as digital savings, lending, insurance, cross-border transactions, and merchant payments, which would increase competition with the banking sector.

Number of MMO Agents in Millions



MKCB has rolled out digital solutions that continue to gain traction to stay relevant in an ever-digitalizing market. These include its Agency Banking Channel (Mkombozi WAKALA), the Church Cash Management Solution (SADAKA Digital), Internet Banking, and Mobile Banking solutions, which have gained significant momentum in terms of penetration and customer utilization. The bank has also finalized its integration to implement the Government Payment Solution (GePG) and is awaiting necessary approvals by the Tanzania Revenue Authority (TRA) to roll out the solution in Q2 2024.

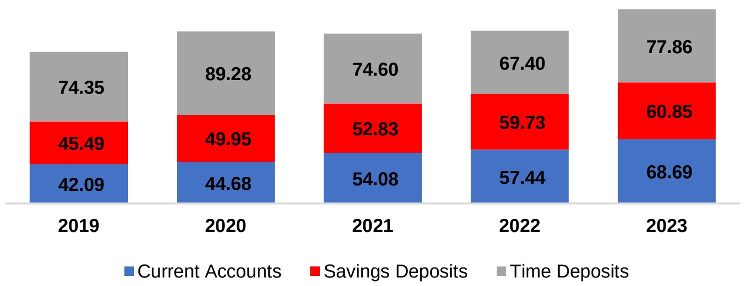
SWOT Analysis

Strengths:

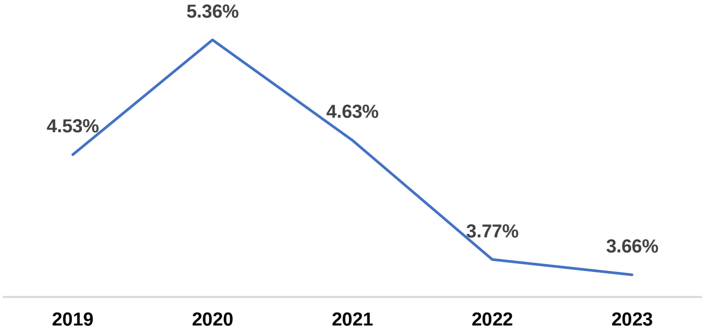
1. Reliable Deposits & Lower funding costs

MKCB has grown its customer deposits at a compound annual rate of 6.38%, reaching TZS 207.40 billion in 2023. Time deposits, fixed for 1-2 years, account for 41.92% of total deposits, providing predictable funds for lending and reducing the need for borrowing. This has lowered the bank's cost of funds from 4.53% in 2019 to 3.66% in 2024, enabling MKCB to maintain higher Net Interest Margins (NIMs), even as yields on interest-bearing assets decline. This positions MKCB favorably compared to the broader banking sector, which faces shrinking NIMs due to rising costs and falling yields.

MKCB Deposit Mix in Billions TZS



MKCB Cost of Funds



SWOT Analysis

Strengths:

2. Strong Management

Mkombozi Commercial Bank recovered towards recording a profit in 2020, the same year when Respige O. Kimati was appointed to become Managing Director of the bank; additionally, of the 7 directors of the bank as of 2020 (excluding the Managing Director) 2 were appointed into office on August 8th 2018 and the other 2 during January and May 2019. In the years following 2020, if we exclude the one-time losses and gains from the modification of financial assets recorded in 2020 and 2021, the bank has shown to deliver and grow its profits year-on-year, with the only decline in profits taking place in 2021 as a result of falling interest income due to a 12.47% reduction in gross loans and advances amounting to TZS 15.74 billion. Other key performance indicators (KPIs) have also seen improvement on a year-on-year (YoY) basis except in the Financial Year 2021.

Selected KPIs Excluding Losses & Gains from the modification of financial assets

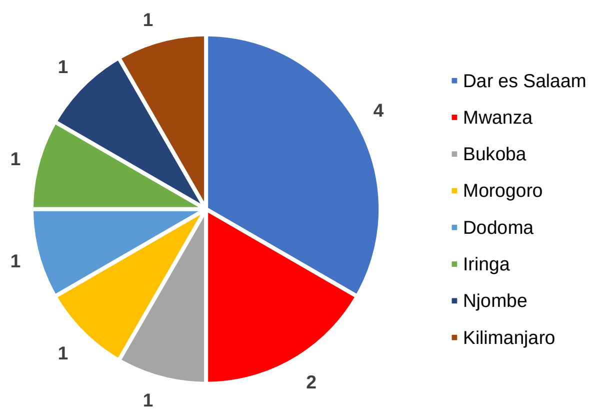
KPIs	2019	2020	2021	2022	2023
Cost to Income Ratio	105.48%	82.09%	88.54%	69.29%	61.97%
Net Profit Margins	-55.59%	19.39%	5.70%	22.92%	30.25%
Non-Performing Loans	20.00%	10.00%	9.00%	9.00%	8.00%
Return on Equity	-39.36%	18.71%	4.87%	18.27%	24.43%
Return on Assets	-3.23%	1.75%	0.43%	2.08%	2.98%

Weaknesses:

1. Limited presence

The bank has a limited presence in the Tanzanian market, with over 12 branches scattered across 8 out of 31 administrative regions nationwide, a recently established agency banking, mobile banking, and internet network, meaning that the bank is ill-equipped to serve its niche market the Catholic Church and its interests which are scattered across different parts of the country, furthermore, with its total assets and deposits at 0.47%, and 0.68% of the banking sector's total assets, loans, and deposits the bank is viewed as more of a regional than national bank. This limits it from doing business with premier, high-value corporate clients and accessing cheaper wholesale funds from domestic and foreign financial institutions, as well as retail deposits thus limiting its long-term sustainable growth.

MKCB Branch Network Distribution

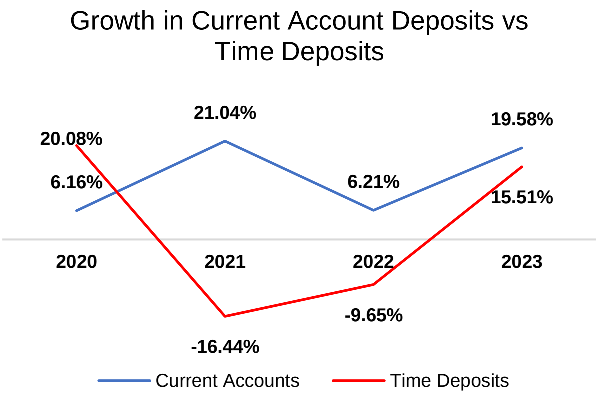


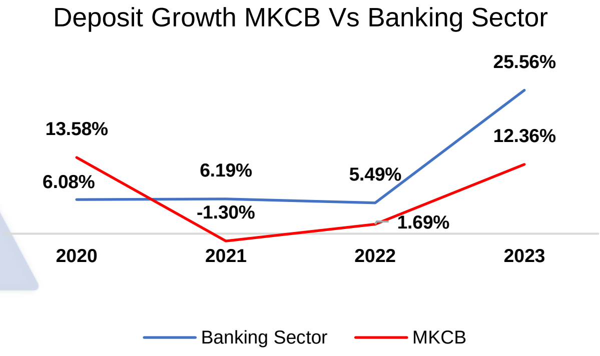
SWOT Analysis

Weaknesses:

2. Rising current deposits

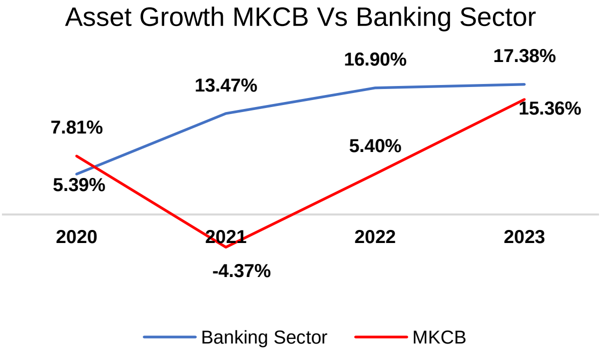
Despite making up an average of 41.92% of the bank's total customer deposits, term deposits have steadily been losing ground to current deposits as the major funding source of the bank; their total share to customer deposits has risen from 25.99% as of 2019 to 33.12% as of 2023 while term deposits saw a marginal TZS 3.5 billion growth between 2019 and 2023 and a TZS 11.42 billion drop in term deposits from a peak of TZS 89.28 billion in 2020. Although the rise in current deposits comes with the benefit of an overall lower cost of funds, it comes at the expense of assurance of readily available funds that can be disbursed as loans, exposing the bank to the need to acquire expensive short and long-term wholesale funds to meet liquidity requirements.





3. Slower than average growth

MKCB's asset and deposit growth has trailed behind that of the Tanzanian banking sector during the 5-year period, indicating that it has been steadily losing market share to other banks. The slowdown in asset growth is mainly caused by slower loan and deposit growth, which could be due to conservatism and a low-risk appetite amongst management and a priority towards building a stable bank over pursuing rapid growth and maximizing shareholder value.



Opportunities:

1. Increased digital offering & regional expansion

MKCB has recently launched various digital solutions, including the Church Cash Management Solution (SADAKA Digital), Agency Banking, and Mobile Banking Solutions. These offerings simplify customer banking, attract new clients, and reduce operational costs. In addition to enhancing digital services, MKCB plans to expand regionally through new mini-branches and its Agency Banking network. This strategy positions the bank to reach more clients while maintaining lower operational expenses. Capitalizing on these initiatives could enable MKCB to transition from a regional to a national bank, thus improving its brand presence, mobilizing cheaper deposits from retail and corporate clients, and acquiring wholesale funds at reduced costs.

SWOT Analysis

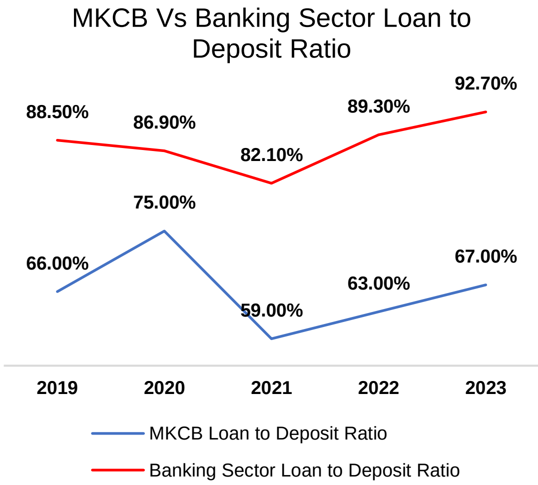
Opportunities:

2. Monopolizing the Catholic Financial Eco-system

MKCB is a commercial bank established by the Roman Catholic Church in Tanzania. As of 2021, there are over 34 dioceses with over 6,577 pastoral centers serving over 18,076,000 Catholics in Tanzania. Additionally, the church has built over 123 schools and 25 health centers nationwide. (Source: https://gcatholic.org/dioceses/country/TZ.htm?tab=jurisdictions). Considering that the Catholic Church is a large religious body in the country, with its influence spread across various socio-economic initiatives, MKCB could position itself as the main bank that provides financial services to the Catholic Church and its various holdings across the country. This would put it in a position where it is the main bank for the Catholic Financial ecosystem, effectively monopolizing this particular niche and thus securing guaranteed funding for its business initiatives.

3. Potential to lend and expand

The bank's loan-to-deposit (LTD) ratio remained at an average of 66% between 2019 and 2023, compared to the Tanzanian banking sector average of 87.90%. The banking sector, in general, has experienced increased demand for credit compared to its ability to mobilize deposits. However, with a 92.70% LTD ratio, the banking sector loan growth will likely moderate as banks' low-cost funding options dwindle. This is not the case with Mkombozi, as it has underutilized its deposits, which can be used to increase lending, allowing the bank to experience higher-than-average growth in interest income and bottom line as growth starts to moderate with the overall banking sector.



Threats:

1. Competition from other banking offerings targeting religious institutes

Other banks have noted the lucrativeness of providing banking solutions for religious institutes and have begun creating specialized financial products to meet their needs. A recent example is the launch of the Sadaka Account by CRDB Bank, specifically designed for religious institutions to collect tithes, offerings, and other contributions to make it easier for worshippers to give to God during services, even when they cannot attend. CRDB is a bank with a strong presence across the country, which gives it significant mileage over MKCB in terms of providing banking services specialized for Catholic Churches that are spread out across the country, thus posing a challenge to MKCB in its market niche.

2. Increased regulations

Regulations from the Bank of Tanzania, such as those on Bank fees and charges, Capital Adequacy, and Liquidity, could reshape how MKCB approaches risk and how it can earn income from its interest and non-funded income streams, especially during this period when calls are being made to increase regulations on the banking sector as it seems that banks are becoming more profitable at the expense of their customers.

Industrial Dynamics

1. Market Growth & Consolidation.

The Tanzanian banking sector has experienced significant growth, with total assets increasing at a CAGR of 13.28% from 2019 to 2023, driven by investments in loans and government securities. While customer deposits have also grown, banks have needed additional funding sources to meet rising credit demand. Profitability has improved due to higher interest income, diversification, and better cost efficiency. However, the sector has seen consolidation, with fewer banks and greater asset concentration among major players. To seize growth opportunities, MKCB should focus on niche markets, like the Catholic Church, and consider strategies such as retained earnings, mergers, and acquisitions to strengthen its national presence.

2. Digital Adoption

In the Tanzanian banking sector, digitalization improves customer access and operational efficiency. Agency, mobile, and Internet banking are decreasing dependence on physical branches by enabling online transactions and account management. Fintech partnerships drive innovation with services like instant loans and digital payments, while agency banking extends reach to underserved areas and reduces branch maintenance costs. Automation of onboarding and data management enhances productivity and accuracy. Investing in cybersecurity is essential for secure transactions and fraud prevention. MKCB should leverage its Agency Network, Church Cash Management Solution (SADAKA Digital), and mobile banking solutions for regional expansion while continuously enhancing digital security to mitigate risks.

3. Regulatory Influence

The Tanzanian banking sector is rigorously regulated by the Bank of Tanzania (BoT), which has implemented several significant reforms between 2019 and 2023 to enhance stability and customer protection. Key updates include stricter capital adequacy requirements, with core capital at 10% of risk-weighted assets and a total capital ratio of 12%. The 2023 Liquidity Management Regulations require banks to maintain a minimum liquid assets ratio of 20% and ensure high-quality liquid assets cover 100% of net cash outflows. The 2024 guidelines on Fees and Charges aim to protect customers from excessive banking fees. MKCB should proactively and frequently discuss with the Central Bank to remain compliant and adapt to regulatory changes.

4. Customer Dynamics

The Tanzanian economy's growth has been fueled by a robust demand for credit, with a 12.95% CAGR bringing total credit to TZS 32.06 trillion in 2023. This demand is particularly strong in Personal Loans, Trade, and Agriculture, which comprise 61% of total loans. However, loan growth is outpacing customer deposit growth, causing banks to face challenges in mobilizing deposits efficiently and cost-effectively as particularly retail customers demand more returns on their deposits. Furthermore, clients are more likely to bank with firms that can provide convenience and innovative products catering to their needs. To address this, MKCB should focus on innovative products and strategies to strengthen and maintain a cost-effective deposit base.

Growth & Risk Outlook

Growth Outlook:

1. Transitioning from a regional to a national bank.

MKCB is positioning itself for strong growth as it aims to transition from a regional to a nationwide bank. The 2023–2026 strategic plan focuses on achieving national bank status through several initiatives: expanding service channels with mini branches and an Agency Banking network to lower operating costs, increasing investments, enhancing digital banking offerings, and forming partnerships with Telecom and Fintech companies.

2. Doubling down on its Corporate Banking Business Segment.

To support its 2023–2026 Strategic Plan, MKCB plans to implement a Client Relationship Management (CRM) model. Since 78.40% of its loan book is commercial, focusing on Relationship Management will help secure and enhance its existing corporate client base by offering tailored products and services. This approach could also position MKCB as a key banking partner for the Catholic Church and other competitors such as MMOs, investment funds, microfinance institutions, and SACCOS. By doing so, MKCB could reduce reliance on attracting retail deposits and instead benefit from the deposits of its corporate clients.

Risk Outlook:

1. Regulatory Changes

Adjustments or the introduction of new regulations by the Central Bank aiming to protect customer interests and ensure the stability of the banking sector, such as the 2024 Guidelines on Fees and Charges by Financial Institutions, the 2023 Capital Adequacy regulations, and 2023 Liquidity Management regulations, will set the pace at how MKCB will price its different product offerings to customers and the level of risk appetite the bank will be willing to take to maximize on shareholder value. Such regulations would likely place MKCB in a position where it chooses a more risk-averse approach to doing business while sacrificing super-normal earnings growth, thus hindering the bank from maximizing shareholder value.

2. Increased cybersecurity risks

Increased focus on digital banking will also increase the bank's exposure to cyber-security risks, exposing MKCB to financial losses, reputational damages, operational disruptions, increased compliance risks, and maintenance costs.

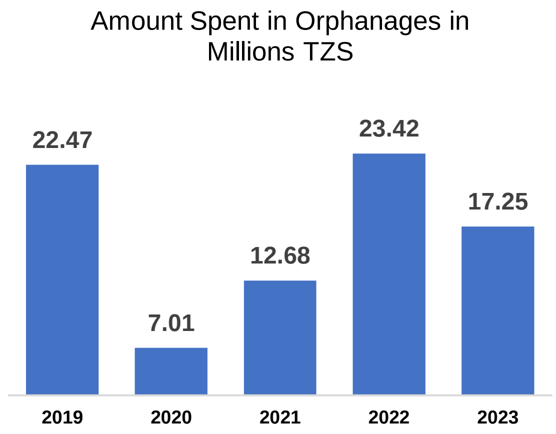
3. Tightening Net-Interest Margins (NIMs)

Despite MKCB maintaining higher-than-average NIMs, whether it sustain such an effort into the foreseeable future remains in question as lending rates continue to decline as information asymmetry on lending products falls; the newly adopted interest-based policy by the Central Bank is yet to fully influence interest rate trends all while the cost of funds remains elevated as depositors demand more for their money and borrowing wholesale funds from other financial institutions tends to be more expensive. These systemic pressures will likely affect MKCB and reduce its profitability margins from its lending activities.

MKCB’s Efforts to Commit to ESG

Social:

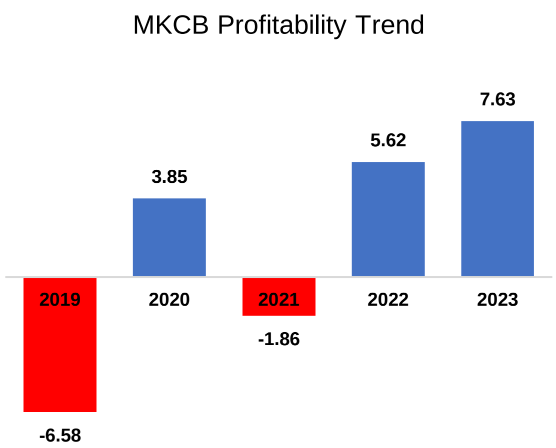
During the five-year period between 2019 and 2023, MKCB has contributed to donations to orphanage centers annually as part of its Corporate Social Responsibility (CSR) policy.



Governance

Management:

MKCB’s managing director (MD) is Mr. Respige Kimati, who has over 25 years of experience in banking and has been the managing director and CEO of Mkombozi Commercial Bank (MKCB) since January 2020. During his 4 years and 9 months tenure, MKCB's assets grew by 25.36% to TZS 255.79 billion, loans and advances increased by 9.97% to TZS 134.26 billion, and customer deposits surged by 28.08% to TZS 207.40 billion. Shareholder equity experienced a remarkable 86.79% growth, reaching TZS 31.34 billion by December 2023. Under his leadership, the bank's net earnings shifted from a loss of TZS 6.58 billion in 2019 to a profit of TZS 7.63 billion in 2023. His previous roles included senior positions at Ecobank Tanzania, NIC Bank Tanzania, KCB Bank, and Stanbic Bank, where he acquired substantial expertise in commercial, retail, and corporate banking across the region.

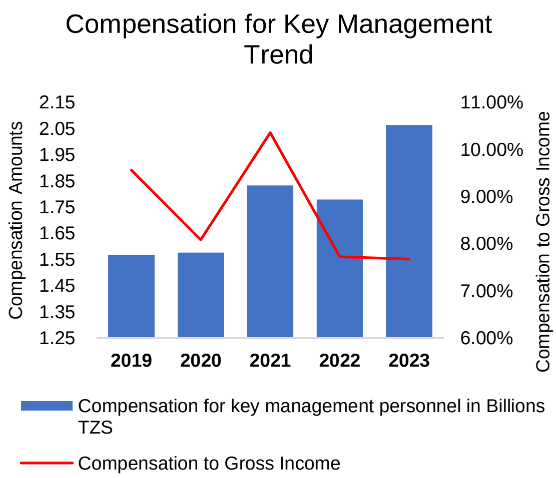


Inside Ownership:

Name of Directors	Number of Shares	Ownership Percentage
Rev. Beatus Kinyaiya	13,574	0.0576%
Mr. Robert Mtendamema	1,190	0.0051%
Mr. Respige Kimati	260	0.0011%
Total	**15,024**	**0.0638%**

Executive Compensation:

During the 5-year period between 2019 and 2023, key management compensation has grown by 75.96% from TZS 1.57 billion in 2019 to TZS 2.06 billion in 2023, with the number of team members rising from 9 to 10 during the same period. Despite this significant increase, compensation for key management personnel has decreased from 9.56% to 7.67% of the bank's gross income, indicating that the bank’s gross income recorded a 60.96% growth, amounting to TZS 26.88 billion during the same period. Director remuneration has seen a TZS 3 million increase from TZS 61 million in 2019 to TZS 64 million in 2023.



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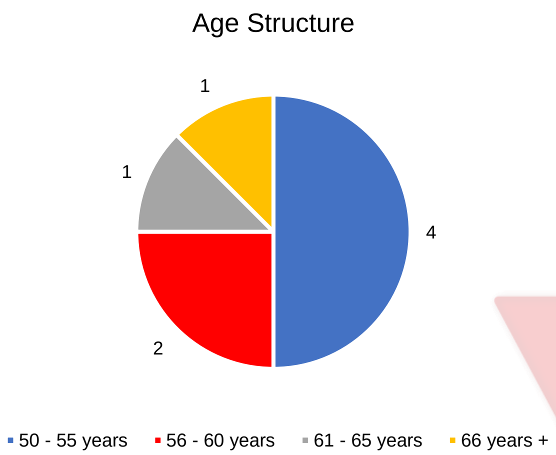
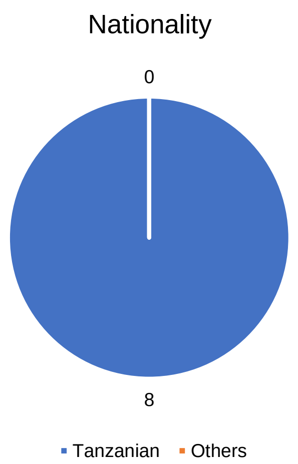
MKCB's Efforts to Commit to ESG

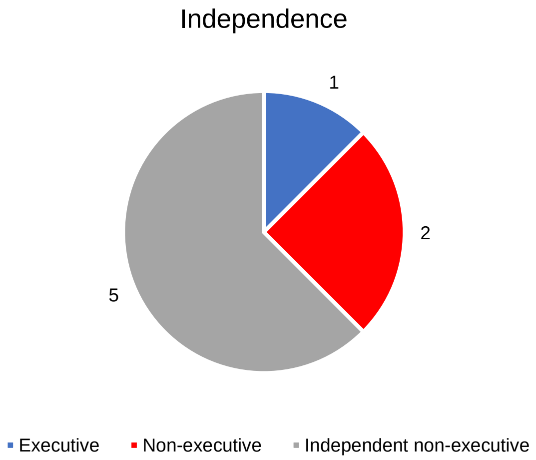
Governance

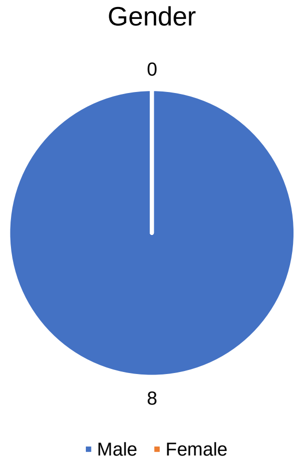
Board of Directors:

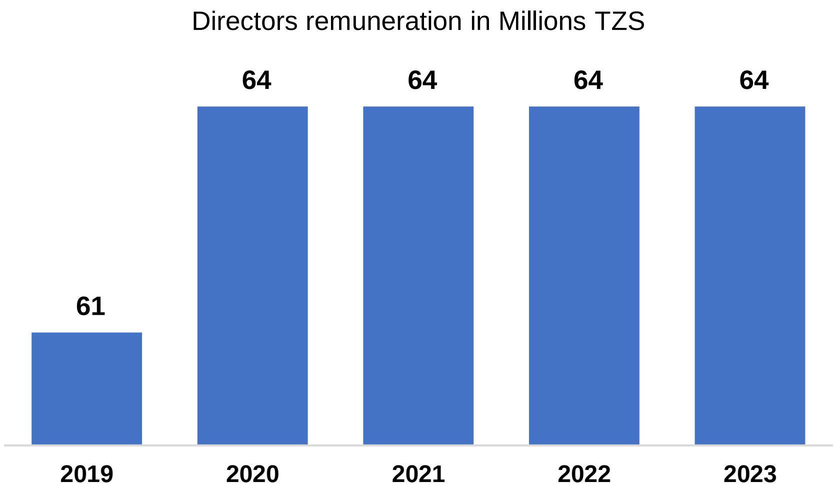
There are 8 members of the board who have whose criteria are as follows:







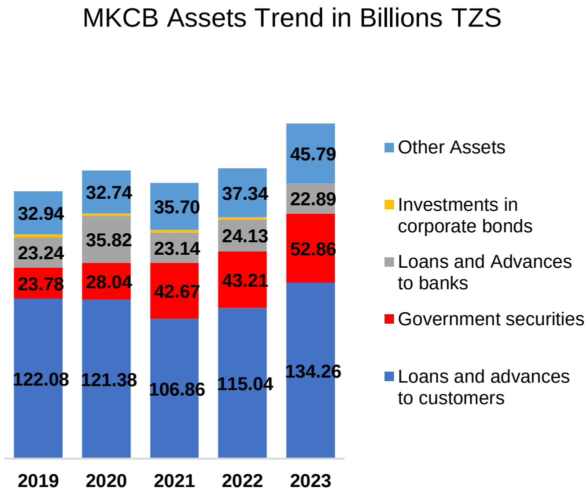




Financial Statement Analysis

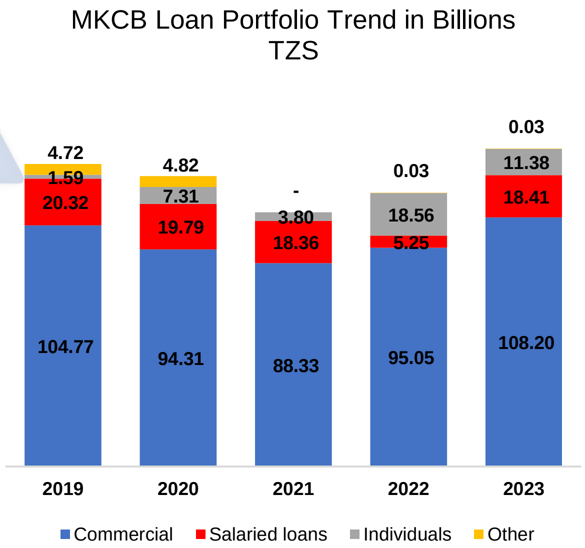
1. Assets

MKCB's total assets have seen a C.A.G.R of 5.81%, from TZS 204.04 billion in 2019 to TZS 255.79 billion in 2023. The growth was primarily driven by increased investments into the bank's earning assets, which saw a C.A.G.R of 5.26% from TZS 171.10 billion to TZS 210.00 billion during the same period. Other assets saw a C.A.G.R growth of 8.58%, amounting to TZS 45.79 billion due to growth in the bank's cash position, right-of-use assets, and deferred taxes. MKCB's earning assets are further examined as follows:



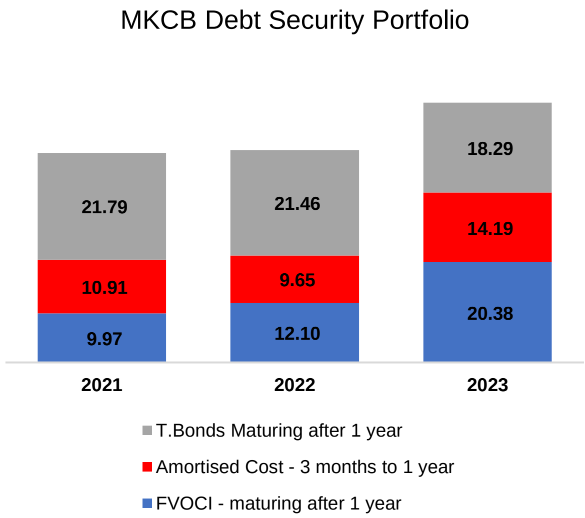
a. Loans and advances to customers

This segment witnessed a 2.41% C.A.G.R from TZS 122.08 billion in 2019 to TZS 134.26 billion in 2023. This growth has primarily been due to a 63.67% C.A.G.R mainly influenced this growth in loans to individual clients, which during the 2019 to 2023 period saw a total absolute growth of TZS 9.80 billion, amounting to TZS 11.38 billion. Subsequently, this segment increased its contribution to MKCB's loan book from 1.21% in 2019 to 8.24% in 2023. Commercial loans, which have consistently made up over 75% of the bank's loan book, recorded a meager growth of 0.81% C.A.G.R translating to an absolute increment of TZS 3.43 billion, which amounted to TZS 108.20 billion as of 2023, causing commercial loan contribution to total loans to record a marginal drop from 79.74% in 2019 to 78.40% in 2023. A key theme observed with MKCB's loan book is its portfolio rebalancing as the bank diversifies away from lending to corporate clients and increases its focus towards lending to retail clients because the retail segment tends to carry a lower risk-to-reward ratio compared to lending towards the corporate segment hence resulting lower default rates and non-performing loans.



b. Debt Securities

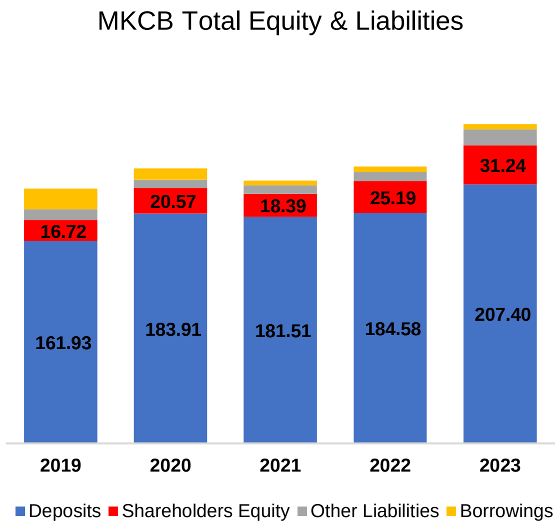
Investment in government securities recorded a 22.10% C.A.G.R from TZS 23.78 billion in 2019 to TZS 52.86 billion in 2023. Increased investments mainly influenced this growth in longer-term treasury bond investments, which the bank intends to trade, followed by investments in treasury bills that mature within the year to maximize capital gains and manage liquidity.



Financial Statement Analysis

c. Loans and advances to other bank

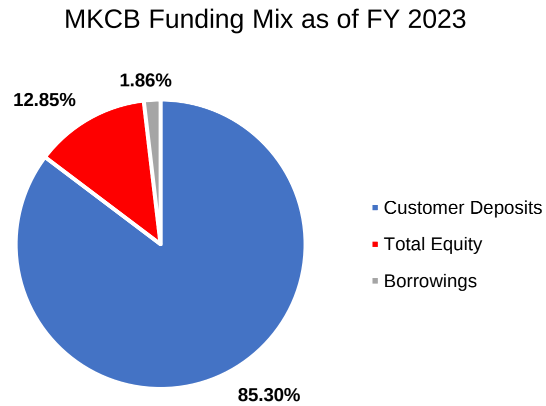
Lending to other banks grew at a C.A.G.R of -0.38% from 23.24 billion in 2019 to TZS 22.89 billion in 2023, with the highest lending during the 5-year period recorded in 2020, which amounted to TZS 35.82 billion.



2. Shareholder Equity and Liabilities

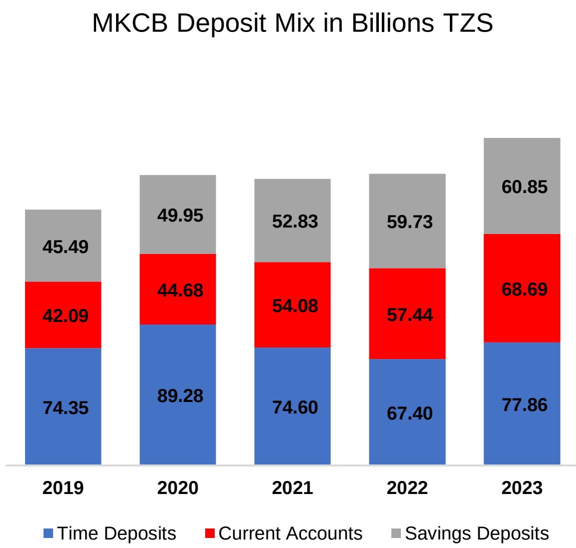
MKCB's shareholder equity posted a 16.91% C.A.G.R, from TZS 16.72 billion in 2019 to TZS 31.24 billion in 2023. The growth was attributed to a recovery in the bank's retained earnings from an accumulated loss of TZS 11.32 billion in 2019 to an accumulated profit of TZS 3.43 billion in 2023 as the bank recovered from being a loss-making entity towards becoming a profit-making one. Furthermore, during the 5-year period, the bank raised TZS 2.20 billion via a rights issue to remain adequately capitalized.

On the other hand, MKCB's liabilities recorded a 4.64% C.A.G.R amounting to TZS 224.55 billion as of 2023. The growth was primarily driven by a 4.35% C.A.G.R in its Customer deposits and borrowings, amounting to TZS 211.91 billion. Other liabilities recorded a 10.15% C.A.G.R, with the growth primarily stemming from its lease liabilities. MKCB's liabilities are further examined as follows:



a. Customer Deposits

This segment recorded a 6.38% C.A.G.R amounting to TZS 207.40 billion, with the growth primarily stemming from increased deposit mobilization from its current accounts, which have recorded a 13.03% C.A.G.R and an absolute growth of TZS 26.60 billion amounting to TZS 57.44 billion. Saving and Time deposits recorded a 7.55% and 1.16% C.A.G.R amounting to TZS 59.73 billion and TZS 67.40 billion, respectively. Time deposits make up the largest proportion of its deposit funding at 36.52%, followed by savings and current deposits at 32.36% and 31.12%. However, during the 5-year period, there has been a shift in deposits from time deposits towards current and saving deposits as the overall contribution of time deposits to total deposits has fallen from 45.92% in 2019.



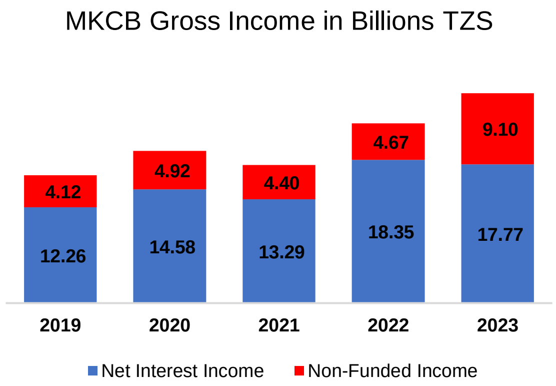
Financial Statement Analysis

b. Borrowings

The bank's borrowings have fallen at a C.A.G.R of 28.01% from TZS 16.80 billion in 2019 to TZS 4.51 billion in 2022. This reduction was brought about by the repayment of a TZS 5.39 billion loan in 2021.

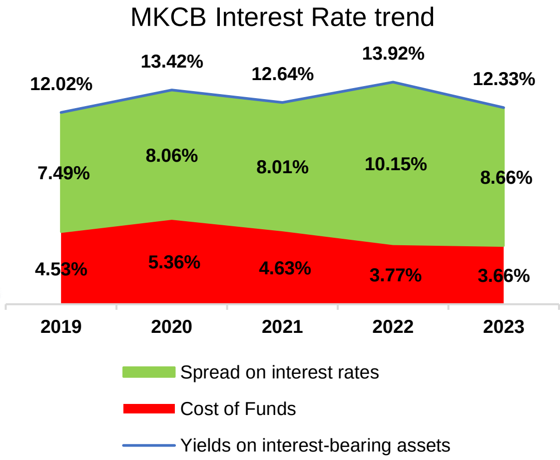
3. Gross Income

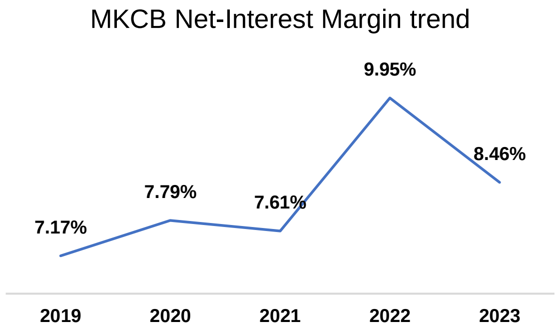
MKCB's gross income recorded a 13.17% C.A.G.R from TZS 16.38 billion in 2019 to TZS 26.88 billion in 2023. The growth was primarily driven by a 9.72% C.A.G.R in net interest income amounting to TZS 17.77 billion and a 21.92% C.A.G.R in its non-funded income amounting to TZS 9.10 billion. These respective income streams are further analyzed below:



a. Net Interest Income (NII)

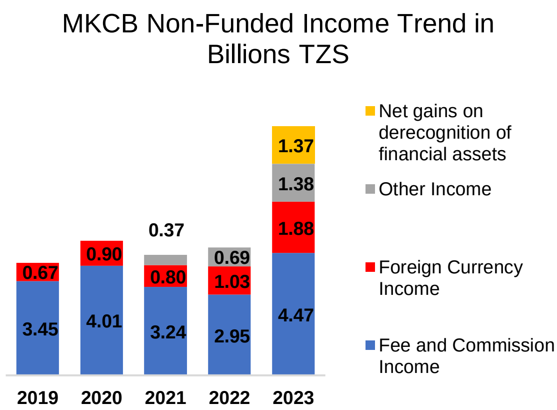
MKCB's NII posted a 9.72% C.A.G.R amounting to TZS 17.77 billion. This growth has been brought about by improving interest spreads and net interest margins. This improvement has been due to the falling cost of funds and efforts to sustain above-average yields on earning assets, which has, in turn, created positive jaws between the cumulative interest income growth, which stood at 25.87%, compared to cumulative interest expense growth, of -2.30% between 2020 and 2023.





b. Non-interest Income /Non-Funded Income (NFI)

MKCB's NFI posted a 21.92% C.A.G.R amounting to TZS 9.10 billion; this growth stems from a 29.25% C.A.G.R in foreign currency income amounting to TZS 1.88 billion brought about by increased trading activities, a 6.74% C.A.G.R in fees and commissions due to a growth in commissions it earns from the sale of its insurance products, service charges brought about by the increase in customer deposit accounts, growth in fees from its mobile and agency network following the positive traction from its recently launched agency network, internet and mobile banking capabilities. Furthermore, the bank has also recorded over TZS 1.37 billion worth of capital gains in 2023 stemming from the sale of its treasury bonds, while since 2021, the bank has recorded increased income from the recovery of defaulted loans on a year-on-year basis.



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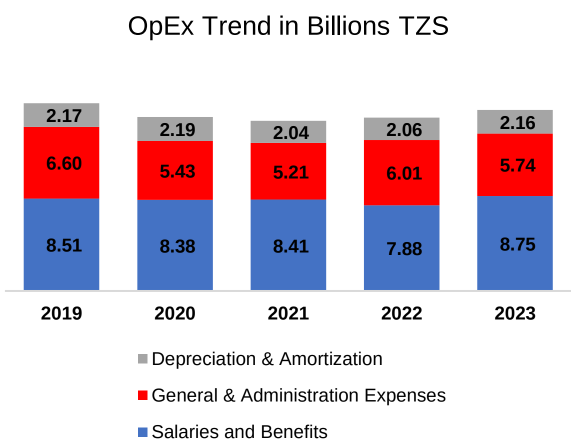
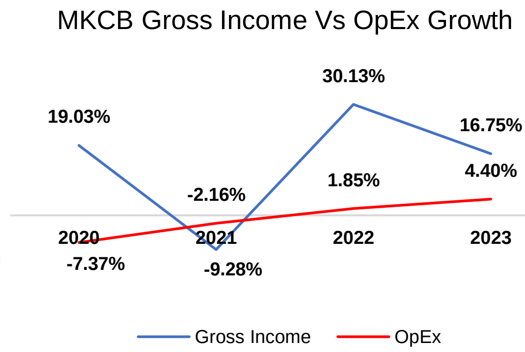
Financial Statement Analysis

4. Operating Expenses (OpEx)

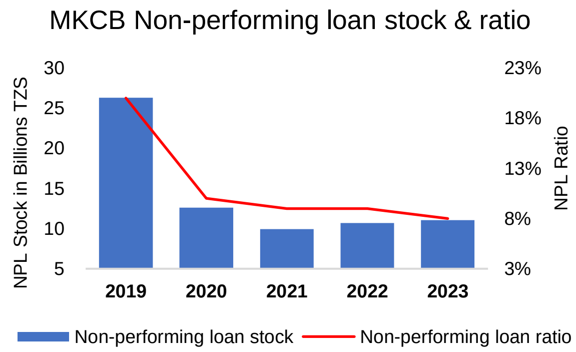
MKCB has been prudent with operating costs, as they have recorded a C.A.G.R of -0.92% from TZS 17.28 billion in 2019 to TZS 16.65 billion in 2023. The declining trend has been attributed to a -3.42 % C.A.G.R in its general and administrative expenses driven by falling communication costs, traveling and accommodation expenses, maintenance costs on software, marketing & advertising costs, printing and stationery costs, just to mention a few. Following the steady growth in the bank's gross income and falling operating expenses, the bank's cost of income has been steadily falling from 105.48% in 2019 to 61.97% in 2023.





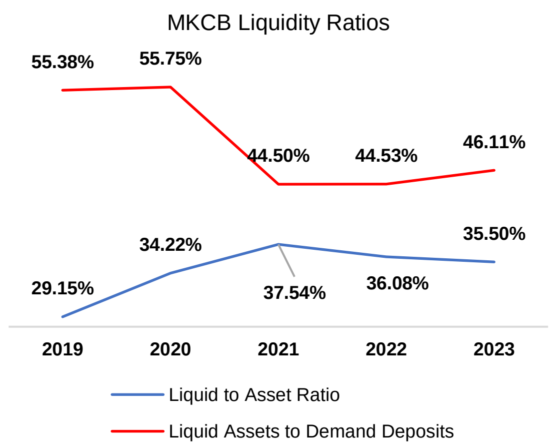
5. Asset Quality

MKCB's asset quality drastically improved between 2019 and 2023. The bank's non-performing loan ratio fell from 20% as of 2019 to 8% as of 2023, while the non-performing loan stock fell by 57.98% from TZS 26.28 billion in 2019 to TZS 11.04 billion in 2023. Loan loss allowances fell by 59.67% from TZS 9.31 billion in 2019 to TZS 3.75 billion in 2023 due to increased loan write-offs charged against the bank's loan loss provisions, which subsequently reduced the bank's loan loss allowances to gross loans from 7.08% in 2019 to 2.72% in 2023.



6. Liquidity

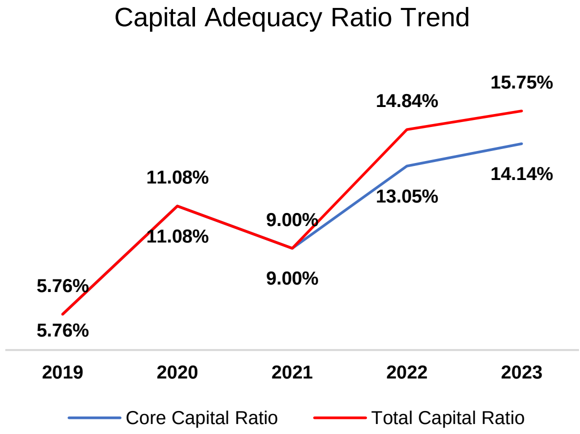
During the five-year period between 2019 and 2023, the bank's Liquid Asset Ratio, which measures the bank's investments in government securities and cash and cash equivalents excluding its statutory minimum reserve as a percentage of total assets, improved from 29.15% in 2019 to 35.50% in 2023. Furthermore, the bank's loan-to-deposit ratio has gone from 75% in 2019 to 67% in 2023, remaining fairly below the banking sector average of 92.7% while the bank's Liquid Assets to Demand Deposits have ranged from 55.38% in 2019 to 46.11% in 2023, consistently remaining above the 20% benchmark.



Financial Statement Analysis

7. Capital Adequacy

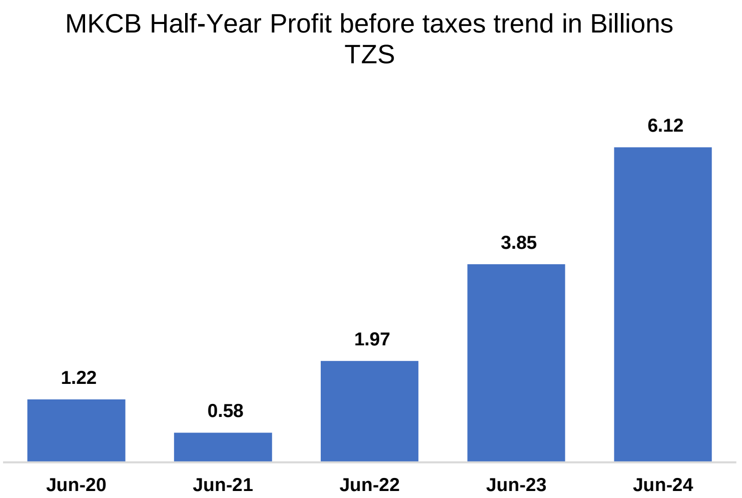
During the five-year period, the bank had gone from being undercapitalized with its core capital and total capital ratios at 5.76%, respectively, compared to the Central Bank's benchmark of 12.50% and 14.50%, to being adequately capitalized in 2023 with its core and total capital ratios at 14.14% and 15.75%. The turnaround had been brought about by various initiatives, such as raising TZS 2 billion via a rights issue and the bank's turnaround from a loss-making entity to a profit-making entity.

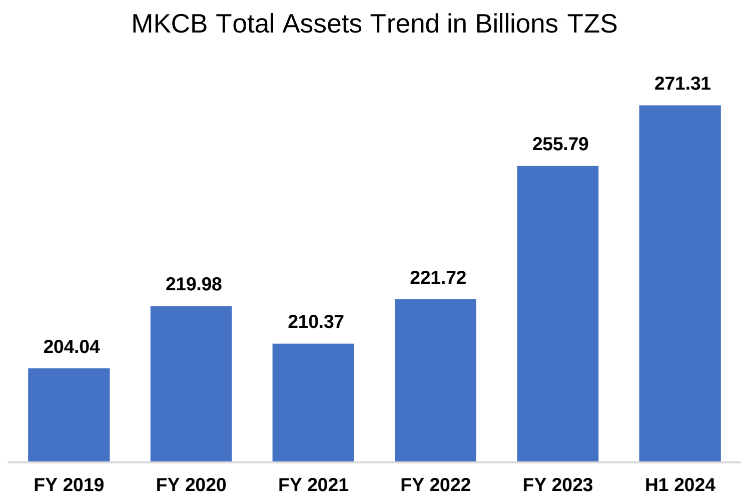


2024 Half Year results

MKCB had a strong start in 2024 after registering a 59.15% increase in its half-year profit before taxes, reaching TZS 6.12 billion. This growth was driven by a 52.43% rise in net interest income to TZS 12.54 billion, with interest income up by 34.38% and interest expenses down by 6.63%. Additionally, cost optimization efforts resulted in lower operating expenses growth of 12.33% to TZS 8.86 billion. However, non-interest income dropped by 22.32% to TZS 3.46 billion due to a 34.48% decrease in fee and commission income compared to the first half of 2023.

Total Assets registered a 6.07% growth, amounting to TZS 271.31 billion compared to TZS 255.79 billion worth of total assets in 2023. The growth was driven by a 6.96% increase in loans and advances, amounting to TZS 143.61 billion, and an 8.10% increase in government securities investments, amounting to TZS 57.14 billion. The asset growth was mainly financed by a 3.26% growth in customer deposits, amounting to TZS 214.15 billion, and a 19.61% increase in total equity, amounting to TZS 37.36 billion due to increased profitability.





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Financial Statement Analysis

Ratios Analysis	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Capital Structure:					
Borrowings to Equity Ratio	43.23%	20.85%	17.52%	14.44%	10.85%
Equity Multiplier	10.69	11.44	8.80	8.19	7.30
Equity to Assets Ratio	9.35%	8.74%	11.36%	12.21%	13.70%
Core Capital Ratio	5.76%	11.08%	9.00%	13.05%	14.14%
Total Capital Ratio	5.76%	11.08%	9.00%	14.84%	15.75%
Asset Quality:					
NPL Ratio	20.00%	10.00%	9.00%	9.00%	8.00%
NPL Coverage Ratio	35.42%	38.41%	36.51%	35.92%	34.00%
Earning to Total Assets	83.86%	85.12%	83.03%	83.16%	82.10%
Management Quality:					
Loan Growth		-0.58%	-11.96%	7.65%	16.71%
Deposit Growth		13.58%	-1.30%	1.69%	12.36%
Cost to Income Ratio	105.48%	82.09%	88.54%	69.29%	61.97%
Earnings Quality:					
Return on Equity	-39.36%	18.71%	-10.12%	22.32%	24.43%
Return on Assets	-3.23%	1.75%	-0.88%	2.54%	2.98%
Net Profit Growth		158.48%	-148.35%	402.01%	35.72%
Net Profit Margin	-55.59%	19.39%	-14.37%	26.65%	30.25%
Liquidity:					
Loan to Deposit Ratio	75.00%	66.00%	59.00%	63.00%	67.00%
Liquidity Ratio	29.15%	34.22%	37.54%	36.08%	35.50%

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Forecasts

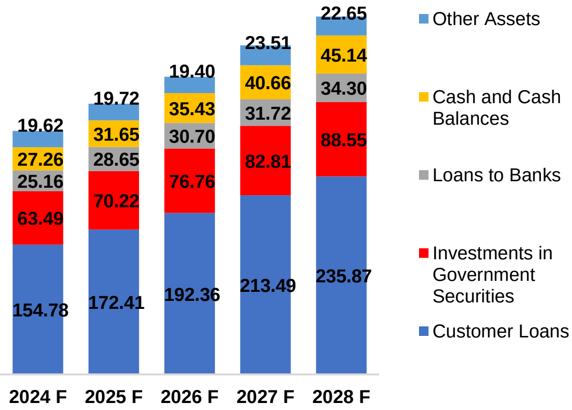
Balance Sheet:

Assets:

Assets are forecasted to grow at a C.A.G.R of 10.77% from TZS 255.79 billion in 2023 to TZS 426.52 billion in 2028. The growth is projected to be spearheaded by the following assets:

- Customer loans are projected to grow at a C.A.G.R of 11.93%, amounting to TZS 235.87 billion in 2028.
- Investments in government securities are projected to grow at a C.A.G.R of 10.87%, amounting to TZS 88.55 billion in 2028.
- Loans to banks are projected to grow at a C.A.G.R of 8.43%, amounting to TZS 34.30 billion in 2028.
- Cash and Balances with the Central Bank are projected to grow at a C.A.G.R of 12.42%, amounting to TZS 45.14 billion in 2028.
- Property, Plant & Equipment (PP&E) are projected to grow at a C.A.G.R of 11.51%, amounting to TZS 8.05 billion in 2028.

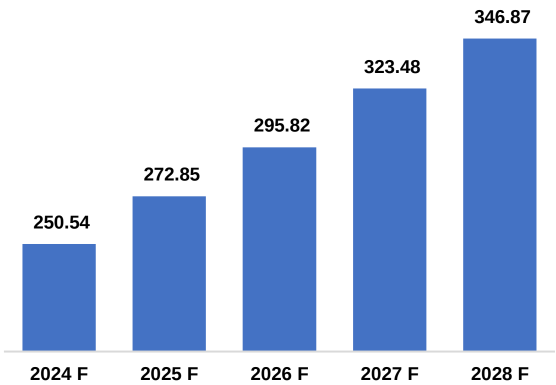
MKCB Total Assets Projected Trend in Billions TZS



Liabilities:

Liabilities are forecasted to grow at a C.A.G.R of 9.09%, from TZS 224.55 billion in 2023 to TZS 346.87 billion in 2028. The growth is projected to be fueled by a 9.64% C.A.G.R in customer deposits amounting to TZS 328.58 billion and a 4.14% C.A.G.R in lease liabilities amounting to TZS 11.81 billion in 2028.

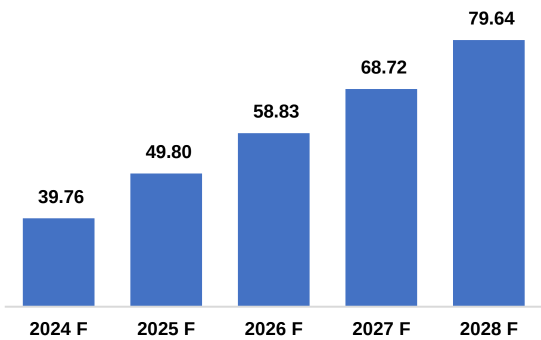
MKCB Total Liabilities Projected Trend in Billions TZS



Shareholders' Equity:

Shareholder Equity is forecasted to grow at a C.A.G.R of 20.59%, from TZS 31.24 billion in 2023 to TZS 79.64 billion in 2028. The growth is projected to be fueled by a 72.11% C.A.G.R in retained earnings amounting to TZS 51.84 billion in 2028.

MKCB Total Equity Projected Trend in Billions TZS



Forecasts

Balance Sheet:

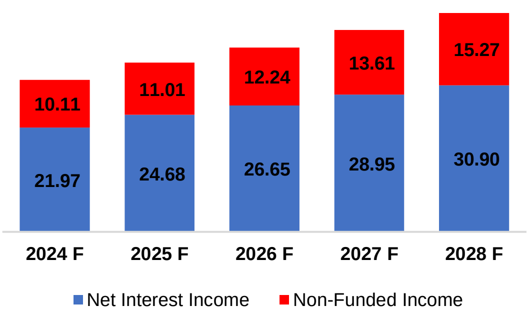
The rationale behind the growth assumptions of MKCB's balance sheet stem from its shift in corporate strategy towards prioritizing high growth and increased profitability. The growth is anticipated to be achieved via the expansion of its service channels via the use of low-cost mini-branches and agency networks, increased investments in technology and strategic partnerships with fintech and telecom companies, implementation of Client Relationship Management Models, and innovation of new products fit for cross-selling all of which we anticipate will bring about greater mobilization of deposits, greater disbursement of loans in a business environment with high appetite for credit, increased lease liability contracts and investments in PP&E as well as the necessary liquidity to reflected in a stronger cash position with the Central Bank, increased investment in government securities and interbank loans.

Income Statement:

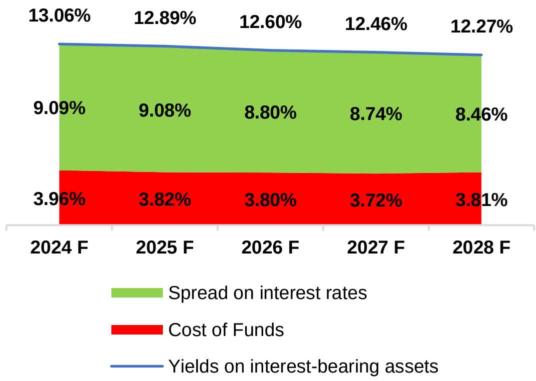
1. Net Interest Income (NII)

NII is projected to grow at a C.A.G.R of 14.70%, from TZS 17.77 billion in 2023 to TZS 30.90 billion in 2028. This growth will stem from interest income growth of 11.20% C.A.G.R, amounting to TZS 44.02 billion in 2028, brought about by the growth in earning assets mentioned in the balance sheet section and higher yields on interest bearing assets. Furthermore, interest expenses are projected to grow at a slower pace of 10.09% due to the bank's increased mobilization of cheap deposits stemming from its regional expansion and reduced exposure to borrowing due to its stronger liquidity and deposit base.

MKCB Gross Income Projections in Billions TZS



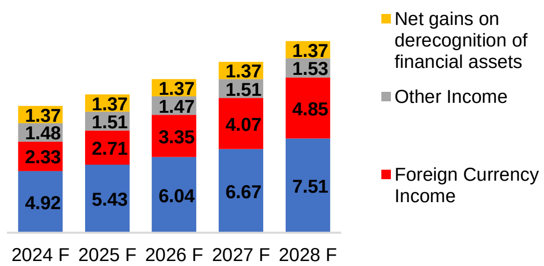
MKCB Projected Interest Rate trend



2. Non-Funded Income (NFI)

NFI is projected to grow at a C.A.G.R of 10.90% from TZS 9.10 billion in 2023 to TZS 15.26 billion, with the growth largely driven by a 10.93% C.A.G.R of fees and commissions amounting to TZS 7.51 billion in 2028, attributed by growth in service charges, agency and mobile fees following the increased investments in technology and its agency network and the rise in customer deposit accounts. Insurance commissions are also anticipated to fuel this growth, which is in line with nationwide plans to increase insurance adoption in the country. Income from foreign currency trading is anticipated to rise by 20.93% C.A.G.R amounting to TZS 4.85 billion in 2028 due to anticipated growth in import and export activities as the nation's GDP and contribution to the global economy continues to expand.

MKCB Non-Funded Income Projection in Billions TZS



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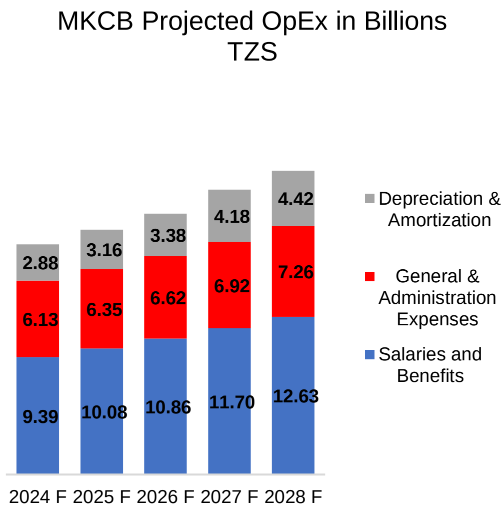
Forecasts

Income Statement:

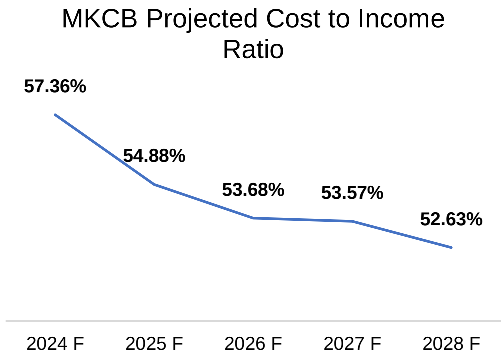
Operating Expenses (OpEx)

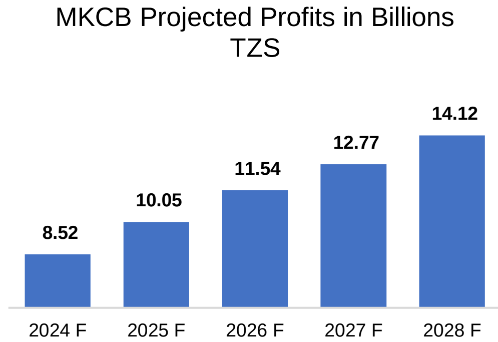
MKCB's Opex is forecasted to grow at a 7.89% C.A.G.R from TZS 16.65 billion in 2023 to TZS 24.35 billion in 2028. The growth will be largely attributed by a 7.61% C.A.G.R in salaries and benefits and a 15.36% C.A.G.R in depreciation and amortization following the expansion of its service distribution channels across the country and increased investments in technology, which are likely to come about with higher capital expenditure in PP&E, Intangible Assets in the form of software and increased lease liabilities which will bring about higher depreciation and amortization as well as the necessary labor force to supplement the bank's expansionary objectives.



Profit after Taxes (PAT)

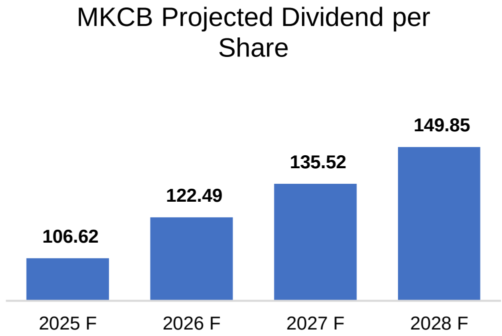
MKCB's PAT is forecasted to grow at a 13.10% C.A.G.R from TZS 7.63 billion in 2023 to TZS 14.12 billion in 2028, following stronger income growth and improved cost efficiencies. This will result in higher profit margins averaging 30.24%, an average return on equity of 19.51%, and an average return on assets of 3.17% during the five-year forecasted period.





Dividends:

Based on our projections, we anticipate that MKCB will be better equipped to pay out dividends to shareholders from the profits of the Financial Year (FY) 2025. By then, we anticipate that the bank's Cost to Income Ratio (CIR), Non-performing loan (NPL) ratio, and capitalization buffers will align with regulatory thresholds. Due to the bank's expansion objectives, we have projected that the bank will likely have a dividend payout of 25% below the 30% - 35% payout offered by listed blue chip banks in Tanzania and the broader East African region.



Valuations

Methodology Used:

We used three valuation models to arrive at our intrinsic value: the Excess Return Model, the Discounted Dividend Model (DDM), and the Relative Valuation Model. We assigned a weight of one-third to the outcome derived from each model. The discount rate was derived using the Capital Asset Pricing Model (CAPM).

Discount Rate:

a. Risk-free rate

To arrive at the risk-free rate, a five-year treasury bond yield of 11.70% was used, which was arrived from interpolating the weighted average yield of 15.4188% from the reopened 25-year treasury bond no 568 auctioned on 4th September 2024 with 21.93 years left to maturity and the weighted average yield of 10.83% from the 364-day treasury bill with the no 1160 auctioned on 27th August 2024. The reason behind this approach is that the latest 5-year yields from the primary markets is from August 2nd, 2023, which we believe are no longer reflective of current market expectations.

b. Beta

An unlevered beta of 0.78 was sourced from Damodaran's computation of betas from regional banks in emerging markets as of Jan 5th, 2024. Source: https://pages.stern.nyu.edu/~adamodar/pc/datasets/betaemerg.xls

c. Equity Risk Premium

An Equity risk premium of 12.73% was achieved by taking the difference between MKCB's Return on Equity (ROE) for 2023 at 24.43% and interpolated yield of 11.70%. The reason behind this approach was that market return data from the Dar es Salaam Stock Exchange does not accurately reflect the underlying changes in the fundamentals of its large-cap listings, while the risk premiums on Tanzania, which stood at 12.64% sourced from Damodaran, was lower than the result we obtained and thus to be conservative with our valuations we chose the higher equity risk premium.

d. Sustainable Growth Rate (SGR)

The SGR was projected to stand at 5.94%, aligning with Tanzania's average real GDP projections between 2024 – 2028.

Excess Return Method	2024 F	2025 F	2026 F	2027 F	2028 F
Net profits for the year	**8,521,821**	**10,045,628**	**11,540,698**	**12,768,741**	**14,119,066**
Cost of Equity	21.63%	21.63%	21.63%	21.63%	21.63%
Equity Cost	**8,598,719**	**10,771,350**	**12,724,172**	**14,861,753**	**17,224,978**
Excess Equity	-76,898	-725,722	-1,183,474	-2,093,012	-3,105,912
PV of Excess Equity	**-63,224**	**-596,675**	**-973,030**	**-1,720,836**	**-2,553,624**
Book Value as of 2023 end					**31,236,203**
Sum of PV of Excess Equity					-5,907,389
Total					**25,328,814**
Common Stock Outstanding					23,555,002
Equity per Share					**1,075.31**

**Amounts are in "TZS 000" except Common stock outstanding and Equity per Share*

Valuations

Discounted Dividend Model	2024 F	2025 F	2026 F	2027 F	2028 F
Dividends paid to shareholders	**-**	**2,511,407.1**	**2,885,174.5**	**3,192,185.2**	**3,529,766.5**
Present Value of Dividends paid	-	2,064,832.7	2,372,137.4	2,624,555.9	2,902,109.1
Sum of Present Value					**9,963,635.1**
Terminal Value					18,499,346.17
Intrinsic Value					**28,462,981.3**
Shares Outstanding					23,555,002
Intrinsic Value per share					**1,208.36**

**Amounts are in "TZS 000" except Common stock outstanding and Equity per Share*

Relative Valuation					
Comparable Companies	**Audited FY 23 EPS**	**Audited FY 23 BVPS**	**Share Price Sept 27th 2024**	**P/E Ratio**	**P/B Ratio**
Maendeleo Bank	89.42	722.93	350	3.91	0.48
Mkombozi Commercial Bank	323.93	1,326.10	560	1.73	0.42
HF Group (Kenya)	1.01	23.05	4.29	4.25	0.19
Mean				**3.30**	**0.36**
Median				**3.91**	**0.42**
MKCB Share Price P/E Ratio	1,067.93				
MKCB Share Price P/B Ratio	482.94				
Average Relative Valuation	**775.44**				

To arrive at the relative valuation for MKCB, we looked for the market multiples for banking institutions with a similar size to MKCB in terms of market capitalization

Valuation Method	Intrinsic Value per Share	Weight	Weighted Intrinsic Value per Share
Excess Return Method	1,075.31	1/3	358.44
Discounted Dividend Model	1,208.36	1/3	402.79
Relative Valuation	754.36	1/3	258.48
Total		**1**	**1,019.70**

Sensitivity Analysis

Sustainable Growth Rate \ Cost of Capital					
1,019.70	19.63%	20.63%	21.63%	22.63%	23.63%
3.94%	1,095.25	1,041.34	990.10	941.17	894.27
4.94%	1,113.37	1,057.16	1,004.01	953.49	905.25
5.94%	1,134.14	1,075.13	1,019.70	967.29	917.48
6.94%	1,158.18	1,095.73	1,037.52	982.85	931.17
7.94%	1,186.34	1,119.57	1,057.95	1,000.53	946.60

Projected Income Statement

Amounts in Millions TZS	2019	2020	2021	2022	2023	2024 F	2025 F	2026 F	2027 F	2028 F
INCOME STATEMENT:										
Interest Income	**20,563,640**	**25,121,399**	**22,075,616**	**25,666,314**	**25,883,140**	**31,781,043**	**34,982,445**	**37,779,472**	**40,856,374**	**44,016,922**
Interest Expense	-8,300,425	-10,538,503	-8,789,173	-7,319,903	-8,109,203	-9,806,915	-10,301,850	-11,128,291	-11,908,924	-13,112,509
Net Interest Income	**12,263,215**	**14,582,896**	**13,286,443**	**18,346,411**	**17,773,937**	**21,974,127**	**24,680,595**	**26,651,180**	**28,947,450**	**30,904,413**
Expected Credit Losses	-4,540,169	356,593	-1,979,217	-2,943,622	-1,649,509	-1,504,309	-1,754,067	-1,526,323	-1,521,588	-1,702,792
Net Interest Income after Impairment Charges	**7,723,046**	**14,939,489**	**11,307,226**	**15,402,789**	**16,124,428**	**20,469,818**	**22,926,529**	**25,124,857**	**27,425,862**	**29,201,621**
Modification of Financial Asset	-	-	-2,757,741	1,020,898	-	-	-	-	-	-
Net Interest Income Net of Modifications	**7,723,046**	**14,939,489**	**8,549,485**	**16,423,687**	**16,124,428**	**20,469,818**	**22,926,529**	**25,124,857**	**27,425,862**	**29,201,621**
Non-Interest Income										
Fee and Commission Income	3,445,169	4,013,373	3,235,526	2,950,155	4,472,373	4,923,634	5,431,825	6,037,923	6,669,602	7,512,665
Other Income	-	-	367,675	689,767	1,384,901	1,482,014	1,506,888	1,474,523	1,509,529	1,534,886
Net gains on derecognition of financial assets	-	-	-	-	1,369,354	1,369,354	1,369,354	1,369,354	1,369,354	1,369,354
Foreign Currency Income	673,958	904,117	800,258	1,033,281	1,875,225	2,332,982	2,705,585	3,353,260	4,065,225	4,849,547
Total Non-Interest Income	**4,119,127**	**4,917,490**	**4,403,459**	**4,673,203**	**9,101,853**	**10,107,983**	**11,013,652**	**12,235,060**	**13,613,710**	**15,266,452**
Net Operating Income	*11,842,173*	*19,856,979*	*12,952,944*	*21,096,890*	*25,226,281*	*30,577,801*	*33,940,180*	*37,359,917*	*41,039,572*	*44,468,073*
Non-Interest Expense										
Salaries and Benefits	-8,513,111	-8,384,942	-8,407,309	-7,877,382	-8,750,332	-9,394,268	-10,080,475	-10,864,960	-11,696,608	-12,625,402
Depreciation & Amortization	-2,169,538	-2,192,752	-2,040,283	-2,064,688	-2,162,153	-2,877,152	-3,159,200	-3,384,686	-4,183,825	-4,416,982
General & Administration Expenses	-6,597,826	-5,429,398	-5,214,190	-6,009,348	-5,741,564	-6,132,352	-6,349,608	-6,623,560	-6,918,081	-7,255,595
Adjustments	-	-201	-	-	-	-	-	-	-	-
Total Non-Interest Expense	**-17,280,475**	**-16,007,293**	**-15,661,782**	**-15,951,418**	**-16,654,049**	**-18,403,771**	**-19,589,283**	**-20,873,206**	**-22,798,514**	**-24,297,978**
Operating Income/(Loss) before Tax	**-5,438,302**	**3,849,686**	**-2,708,838**	**5,145,472**	**8,572,232**	**12,174,030**	**14,350,897**	**16,486,712**	**18,241,058**	**20,170,094**
Income Tax Provision	-1,144,631	-	847,328	476,421	-942,106	-3,652,209	-4,305,269	-4,946,013	-5,472,318	-6,051,028
Net Income/(Loss) after Tax	**-6,582,933**	**3,849,686**	**-1,861,510**	**5,621,893**	**7,630,126**	**8,521,821**	**10,045,628**	**11,540,698**	**12,768,741**	**14,119,066**
Other Comprehensive Income	-	-	-36,978	-504,756	677,146	-	-	-	-	-
Total Comprehensive Income	**-6,582,933**	**3,849,686**	**-1,898,488**	**5,117,137**	**8,307,272**	**8,521,821**	**10,045,628**	**11,540,698**	**12,768,741**	**14,119,066**
Common Shares Outstanding	20,615,272	20,615,272	23,555,002	23,555,002	23,555,002	23,555,002	23,555,002	23,555,002	23,555,002	23,555,002
Basic Earnings per Share	-319.32	186.74	-79.03	238.67	323.93	361.78	426.48	489.95	542.08	599.41
Cost to Income Ratio	105.48%	82.09%	88.54%	69.29%	61.97%	57.36%	54.88%	53.68%	53.57%	52.63%
Profit Margins	-55.59%	19.39%	-14.37%	26.65%	30.25%	27.87%	29.60%	30.89%	31.11%	31.75%
Projected Divdend per Share	-	-	-	-	-	0.00	106.62	122.49	135.52	149.85

Projected Balance Sheet

Amounts in Millions TZS	2019	2020	2021	2022	2023	2024 F	2025 F	2026 F	2027 F	2028 F
BALANCE SHEET:										
ASSETS:										
Cash & Balances with the Central Bank	20,973,818	22,088,102	21,864,924	21,935,859	25,133,403	27,260,930	31,651,276	35,427,805	40,661,199	45,136,843
Loans and Advances to banks	23,235,028	35,819,174	23,137,105	24,133,243	22,885,338	25,155,644	28,650,289	30,703,682	31,720,461	34,302,685
Other Assets	1,504,206	1,472,469	3,715,082	4,987,106	4,285,586	4,353,130	4,496,209	4,766,145	5,360,594	5,673,014
Current Income tax recoverable	408,850	641,682	647,743	1,017,431	115,526	115,526	115,526	115,526	115,526	115,526
Loans and advances to customers	122,083,704	121,381,392	106,859,941	115,038,724	134,261,387	154,776,624	172,413,668	192,363,577	213,493,829	235,873,304
Government securities	23,780,209	28,037,348	42,668,857	43,207,859	52,855,768	63,488,383	70,223,534	76,760,850	82,809,021	88,552,874
Investments in corporate bonds	2,002,220	2,002,258	2,002,903	2,001,614	-	-	-	-	-	-
Equity Investments	539,000	539,000	539,000	539,000	539,000	539,000	539,000	539,000	539,000	539,000
Right-of-use assets	4,551,141	3,872,155	4,164,289	4,290,588	8,649,856	7,107,098	6,670,587	5,476,867	8,105,190	5,733,514
Intangible assets	819,591	900,351	818,153	440,639	280,846	330,275	388,810	400,181	385,905	428,326
Property & Equipment	4,140,589	3,223,974	2,824,006	3,003,051	4,668,883	5,058,627	5,392,671	5,985,513	6,888,561	8,048,378
Deferred tax assets	-	-	1,129,667	1,127,429	2,113,714	2,113,714	2,113,714	2,113,714	2,113,714	2,113,714
Adjustments	-	2,000	10	1	3	-	-	-	-	-
TOTAL ASSETS	**204,038,356**	**219,979,905**	**210,371,680**	**221,722,544**	**255,789,310**	**290,298,951**	**322,655,283**	**354,652,860**	**392,193,001**	**426,517,177**
LIABILITIES:										
Customer Deposits	161,925,946	183,907,937	181,512,718	184,578,821	207,396,810	234,382,351	256,489,081	279,880,156	303,849,249	328,579,251
Borrowings	16,799,185	8,894,206	3,833,014	4,411,692	4,511,077	4,314,983	4,114,487	3,908,535	3,697,468	3,480,912
Other Liabilities	3,727,800	2,149,918	1,518,358	1,633,919	2,277,088	2,277,088	2,277,088	2,277,088	2,277,088	2,277,088
Provisions	265,261	536,219	751,470	788,285	728,340	728,340	728,340	728,340	728,340	728,340
Lease Liabilities	4,597,117	3,918,890	4,369,694	5,123,743	9,639,792	8,838,166	9,242,635	9,025,798	12,924,347	11,808,195
Adjustments	-	2	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	**187,315,309**	**199,407,172**	**191,985,254**	**196,536,460**	**224,553,107**	**250,540,928**	**272,851,630**	**295,819,917**	**323,476,492**	**346,873,787**
SHAREHOLDERS' EQUITY:										
Share Capital	20,615,272	20,615,272	23,555,002	23,555,002	23,555,002	23,555,002	23,555,002	23,555,002	23,555,002	23,555,002
Share Discount	-	-	-734,932	-734,932	-734,932	-734,932	-734,932	-734,932	-734,932	-734,932
Retained Earnings	-11,323,848	-3,573,857	-9,057,650	-1,500,956	3,432,731	11,954,552	22,000,180	31,029,471	40,913,037	51,839,918
Reserves	7,431,623	3,531,318	4,624,006	3,866,970	4,983,402	4,983,402	4,983,402	4,983,402	4,983,402	4,983,402
TOTAL EQUITY	**16,723,047**	**20,572,733**	**18,386,426**	**25,186,084**	**31,236,203**	**39,758,024**	**49,803,652**	**58,832,943**	**68,716,509**	**79,643,390**
TOTAL LIABILITIES & EQUITY	**204,038,356**	**219,979,905**	**210,371,680**	**221,722,544**	**255,789,310**	**290,298,951**	**322,655,283**	**354,652,860**	**392,193,001**	**426,517,177**
Non-Performing Loan Ratio	20.00%	10.00%	9.00%	9.00%	8.00%	5.00%	4.95%	4.94%	4.98%	5.00%
NPL Coverage Ratio	56.42%	38.58%	24.20%	33.49%	32.38%	65.71%	79.00%	86.00%	90.39%	95.00%
Liquid to Asset Ratio	29.15%	34.22%	37.54%	36.08%	35.50%	35.93%	35.91%	35.45%	34.56%	34.13%
Liquid Assets to Demand Deposits	55.38%	55.75%	44.50%	44.53%	46.11%	46.86%	47.56%	47.30%	46.98%	46.66%
Loan to Deposit ratio	75.00%	66.00%	59.00%	63.00%	67.00%	68.28%	69.95%	71.78%	73.57%	75.37%

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PROFILE

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