SOLOMON Stockbrokers

MKCB Plc

EARNINGS HIGHLIGHTS

Sept 2025

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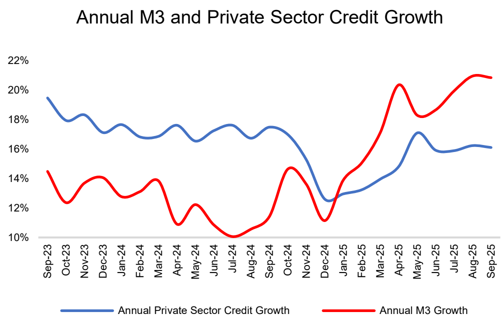
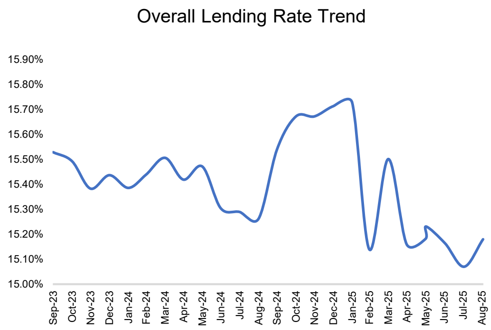
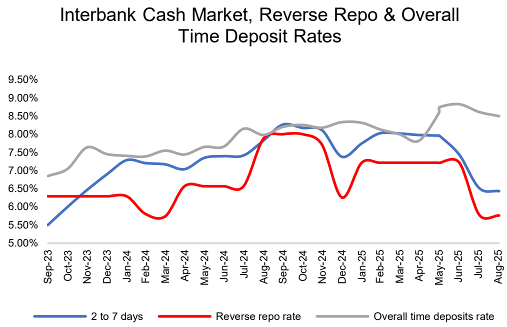
MKOMBOZI BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING SEPT 2025

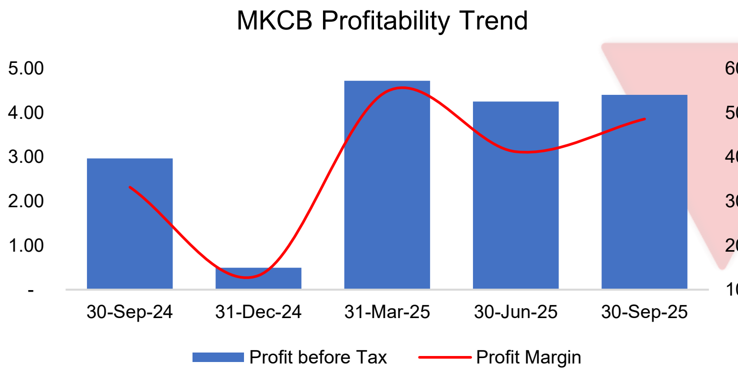
INDUSTRIAL OVERVIEW

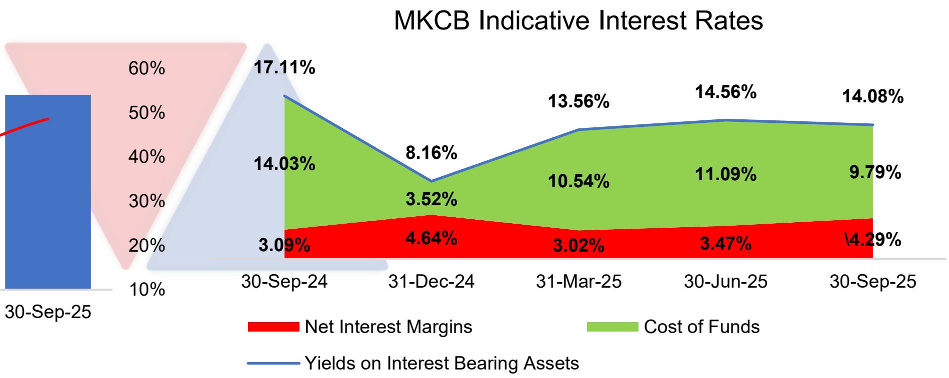






INCOME STATEMENT ANALYSIS





Net Profits increased by 4.35% QoQ from TZS 3.47 billion as of June 2025 to TZS 3.62 billion as of Sept 2025.

Possible Reasons:

Operating expenses recorded a sharp drop of 23.22% QoQ amounting to TZS 4.66 billion during Q3'25 compared to a modest drop in the bank's net operating revenue which recorded a 12.20% QoQ drop amounting to TZS 9.06 billion. The drop in operating expenses was due to a decline in salaries and benefits as well as general and administrative related expenses which saw a 20.89% QoQ and a 25.31% QoQ drop respectively amounting to TZS 2.27 billion and TZS 2.39 billion as of Q3'25.

Fees and commission income recorded a 56.34% QoQ increase amounting to TZS 2.29 billion perhaps due to improved loan processing fees, service and withdrawal charges

Improvements to be made in the Income Statement:

MKCB's net interest income dropped 6.11% QoQ amounting to TZS 6.70 billion due to a negative jaws between interest income growth which stood at 0.65% QoQ amounting to TZS 9.21 billion and Interest expense growth which stood at 24.65% QoQ amounting to TZS 2.50 billion as of Sept 2025 likely due to elevated interest charges on deposits from other banks and financial institutions which grew 277.78% QoQ amounting to TZS 17 billion.

Income Statement Analysis Amounts in Billions TZS	Sept-24	Dec-24	Mar-25	Jun-25	Sept-25
Net Operating Income	8.94	3.76	8.61	10.32	9.06
Growth Rate	19.06%	-57.89%	128.64%	19.93%	-12.20%
Operating Expenses	5.30	3.27	3.89	6.07	4.66
Growth Rate	18.10%	-38.35%	19.01%	56.17%	-23.22%

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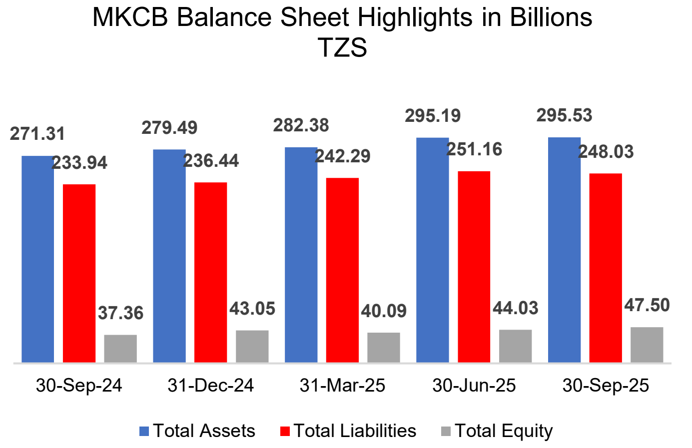
BALANCE SHEET STATEMENT ANALYSIS

Total assets grew by 5.32% QoQ, amounting to TZS 311.26 billion in Q3'24 compared to TZS 295.53 billion in the quarter prior

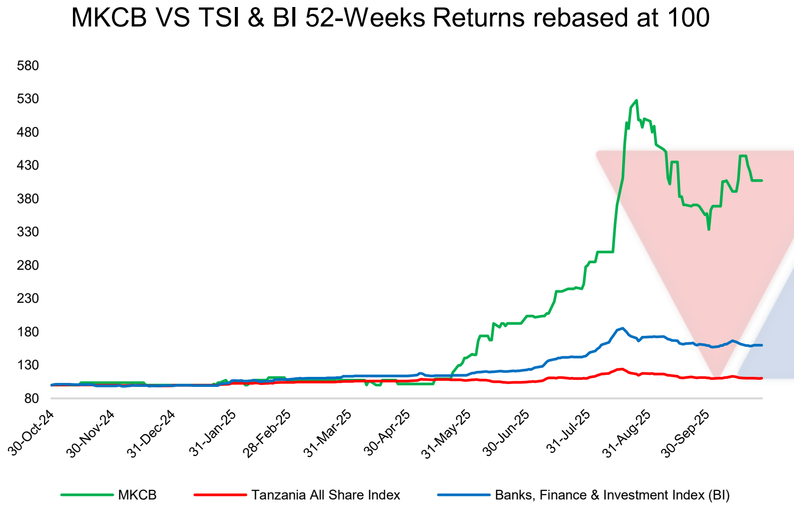
Key Drivers:

4.08% QoQ growth in earning assets amounting to TZS 261.45 billion due to a 3.52% QoQ growth in Loans and Advances amounting to TZS 184.21 billion and a 20.56% QoQ growth in interbank loan receivables amounting to TZS 19.94 billion. Other assets on the other hand recoded 73.57% QoQ growth amounting to TZS 10.55 billion.

Balance sheet growth was mainly financed by a 6.11% QoQ growth in total liabilities amounting to TZS 263.18 billion as of Sept 2025 due to a 6.25% QoQ growth amounting to TZS 246.01 billion and a 41% QoQ growth in accrued taxes and expenses amounting to TZS 5.31 billion.



INVESTORS' CORNER



Supporting Fundamentals	
Ticker	MKCB
Closing Price as of 28th Oct 2025	TZS 2,510
Book Value per Share	TZS 2,040.42
P/B Ratio	1.23x
Trailing EPS*	TZS 588.58
P/E Ratio	4.26x
ROE	23.99%
ROA	3.70%

** The word trailing indicates the sum of the company's earnings per share before tax from the latest four quarters since income tax estimates for Q3'24 and Q4'24 were not indicated*

OUTLOOK

Mkombozi's profit before taxes for the nine months ending Sept 2025 grew 36.91% YoY amounting to TZS 13.37 billion from TZS 9.76 billion as of Sept 2024. The growth was influenced by a 64.44% surge in non-interest income amounting to TZS 8.55 billion due to a 92.15% YoY growth in fees and commissions revenue which stood at TZS 5.32 billion and a 97.63% YoY growth in Other Operating income amounting to TZS 1.17 billion. Furthermore, Operating Expenses growth was contained growing a marginal 3.28% YoY amounting to TZS 14.62 billion.

Looking ahead, we anticipate short-term disruptions brought about by the skirmishes and violent protests following the recent general elections which have resulted in casualties and collateral damage in addition to nationwide internet blackouts which to the bank could result in a rise in non-performing loans from corporate and retail clients whose incomes and income earning assets may have been disrupted as well as a lack of transaction fees from internet, agency and mobile banking distribution channels due to the internet blackout.

However, beyond this macro-economic factors such as relaxed monetary policy objectives across the country that coincide with relatively lower borrowing costs in the Interbank Cash Market, and an acceleration in money supply and demand for credit coupled with increased disposable income could usher in stronger earnings as a result of greater net interest income and non-funded income.

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RATIO ANALYSIS

MKCB Bank Ratio Analysis:	31-Dec-23	31-Mar-24	30-Jun-24	30-Sep-24	31-Dec-24	31-Mar-25	30-Jun-25	30-Sep-25
Capital Structure:								
Borrowings to Equity	13.19%	12.23%	11.24%	16.88%	10.45%	9.54%	8.84%	8.74%
Equity Multiplier	7.86	7.61	7.26	6.49	7.04	6.70	6.22	6.48
Equity to Assets Ratio	12.72%	13.14%	13.77%	15.40%	14.20%	14.91%	16.07%	15.44%
Asset Quality:								
NPL Ratio	8.00%	9.00%	6.00%	5.00%	4.00%	4.00%	3.00%	4.00%
NPL Coverage Ratio	258.22%	342.99%	162.50%	242.09%	151.57%	143.78%	90.68%	170.46%
Cost of Risk	0.00%	0.17%	0.50%	0.49%	0.29%	0.24%	0.00%	0.40%
Management Quality:								
Loan Growth	5.18%	4.83%	2.56%	9.12%	3.75%	3.17%	6.10%	3.52%
Deposit Growth	3.82%	2.27%	2.84%	-0.53%	6.57%	2.66%	-0.64%	6.25%
Earning to Total Assets	85.00%	79.00%	77.00%	81.00%	81.00%	82.00%	85.00%	84.00%
Earnings Quality:								
Profit before Tax Margins	35.31%	41.53%	40.88%	40.82%	37.06%	54.82%	47.38%	47.76%
Profit before Tax Growth	1.33%	13.41%	-2.71%	-1.92%	-83.22%	692.76%	-11.90%	4.35%
Cost to Income Ratio	67.00%	56.60%	54.22%	54.49%	76.85%	43.11%	60.55%	47.48%
Liquidity:								
Loan to Deposits Ratio	67.00%	69.00%	68.00%	75.00%	75.00%	76.00%	79.00%	81.00%
Loan to Deposits & Borrowings	64.27%	65.91%	65.77%	71.14%	70.32%	70.70%	75.49%	73.62%

ANALYST'S NAMES & CONTACTS

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