

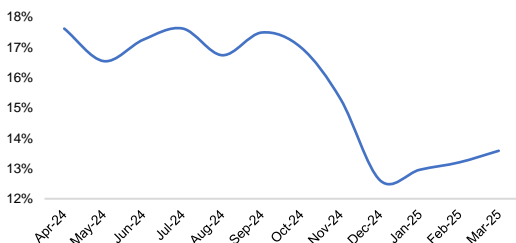
MKCB Plc EARNINGS HIGHLIGHTS March 2025



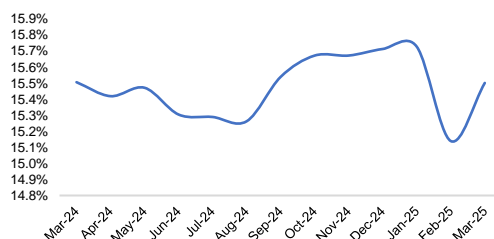
MKOMBOZI BANK FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING MARCH 2025

INDUSTRIAL OVERVIEW

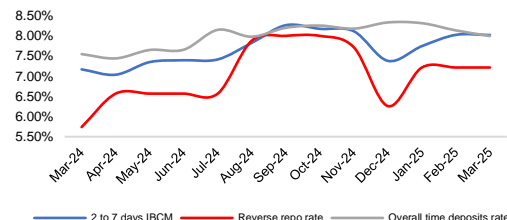
Annual Private Sector Credit Growth



Overall Lending Rate Trend

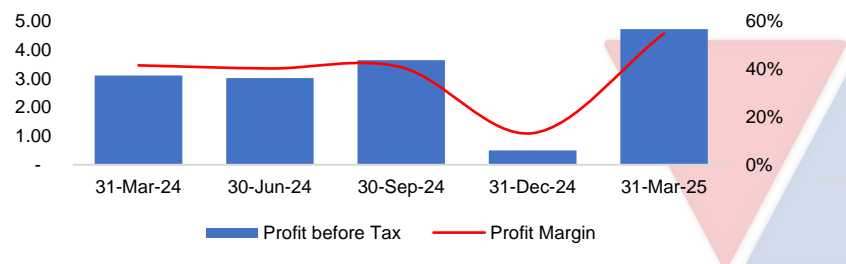


Interbank Cash Market, Reverse Repo & Overall Time Deposit Rates

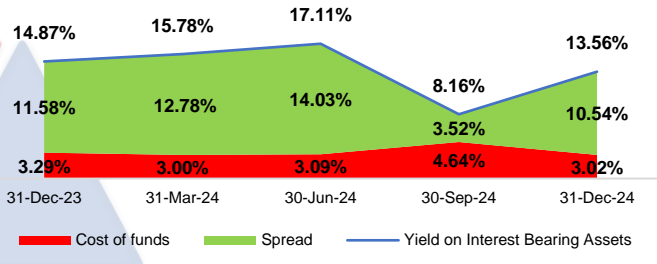


INCOME STATEMENT ANALYSIS

MKCB Profitability Trend



MKCB Indicative Interest Rates



Net Profits surged by 692.76% QoQ from TZS 497 million as of Dec 2024 to TZS 3.94 billion as of March 2025.

Reasons:

Net interest income surged 209.22% QoQ amounting to TZS 6.47 billion following a 75.79% QoQ surge in interest income amounting to TZS 8.20 billion and a 32.71% drop in interest expenses. This recovery was largely driven by a return to normalcy following short-term disruptions brought about during Q4'24 when the bank upgraded its core banking system resulting in temporary rises in interest charges and fall in interest income due to aspects such as misclassified deposits and missed loan charges and or delays in loan disbursements. Additionally, earning assets surged 5.83% QoQ amounting to TZS 242.05 billion.

Non-interest income grew 18.03% QoQ amounting to TZS 2.55 billion amounting to TZS 2.55 billion following a 4.99% surge in fees and commissions possibly due to increased customer adoption of the bank's agency banking and mobile app platforms coupled with increased commissions from selling insurance products and loan-related fees following the surge in the bank's borrowings.

Operating Expense growth remained contained growing 19.01% QoQ compared to 128.64% QoQ growth in net operating income, from a cost to income ratio perspective the ratio fell from 76.85% for Q4'25 to 43.11% for Q1'25

Income Statement Analysis Amounts in Billions TZS	Mar-24	Jun-24	Sept-24	Dec-24	Mar-25
Net Operating Income	7.48	7.51	8.94	3.76	8.61
Growth Rate	1.96%	0.43%	19.06%	-57.89%	128.64%
Operating Expenses	4.37	4.49	5.30	3.27	3.89
Growth Rate	-4.85%	2.65%	18.10%	-38.35%	19.01%

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BALANCE SHEET STATEMENT ANALYSIS

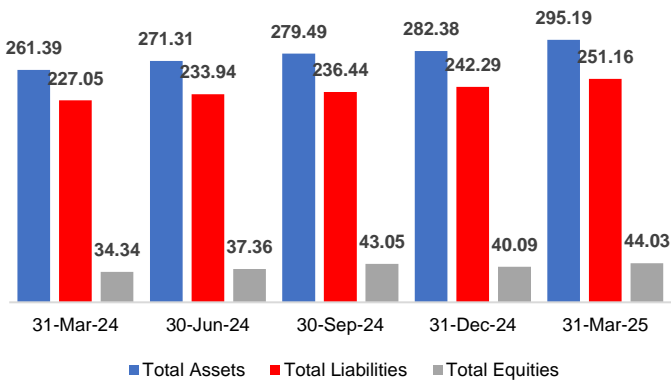
Total assets increased by 4.54% during the quarter ending March 2025, reaching TZS 295.19 billion in value.

Key Drivers:

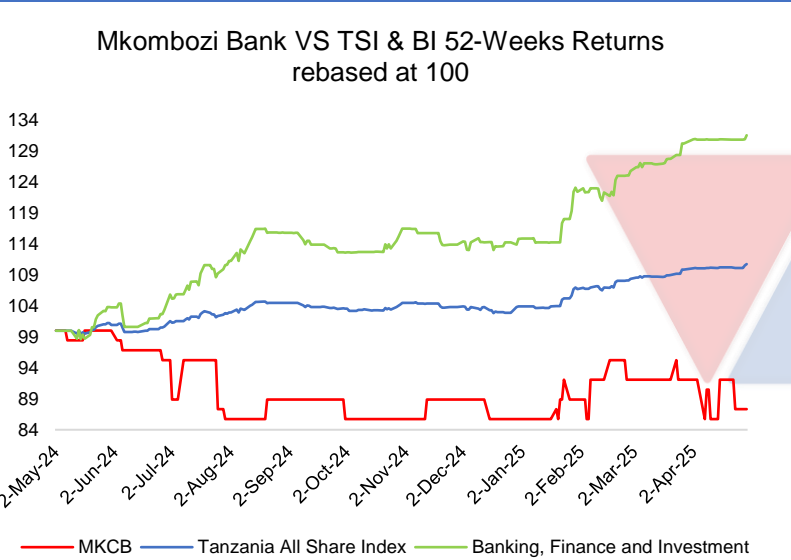
Balances with the Central bank and Investments in government securities and Interbank loan receivables grew 43.98%, 5.49% and 3.17% QoQ amounting to TZS 19.96 billion, TZS 53.80 billion and TZS 20.05 billion respectively perhaps indicating a rebalancing in the banks assets towards low-risk high liquid assets all while loans and advances grew 3.17% QoQ amounting to TZS 167.72 billion.

Balance sheet growth was funded by a 2.66% QoQ growth in customer deposits amounting to TZS 233.04 billion as well as the profits made during the quarter which resulted in shareholder's funds posting a 9.83% QoQ growth amounting to TZS 44.03 billion.

MKCB Balance Sheet Highlights in Billions TZS



INVESTORS' CORNER



Supporting Fundamentals	
Ticker	MKCB
Closing Price as of 2 nd May 2025	TZS 550
Book Value per Share	TZS 1,869.11
P/B Ratio	0.29x
Trailing EPS	TZS 551.53
P/E Ratio	1.00x
ROE	29.51%
ROA	4.40%

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

OUTLOOK

Mkombozi's profit before tax on a year-on-year basis has registered a 72.38% growth from TZS 3.10 billion as of March 2024 to TZS 4.72 billion as of Dec 2024. The key factors that have emanated this growth include a 34.75% growth in net interest income from TZS 5.93 billion as of March 2024 to TZS 6.47 billion as of March 2025 following a 17.22% YoY growth in earning assets from TZS 206.49 billion in March 2024 to TZS 242.05 billion in March 2025. An additional factor worth highlighting is on how YoY interest expenses are down by 7.68% to TZS 1.73 billion putting Mkombozi as an outlier bank in a banking sector environment in which escalating cost of funds have resulted in interest expenses outpacing interest income growth.

Non-interest income has also seen a 24% YoY primarily driven by a 25.59% YoY growth in foreign exchange income amounting to TZS 751 million following increased demand for foreign currency deposits amidst a sharply depreciating TZS against other hard currencies combined with strategies aimed at taking a long USD/TZS position to benefit from gains stemming from a strengthened USD. Operating expenses saw a 15.37% YoY drop amounting to TZS 3.89 billion driven by a 26.56% YoY drop in salaries and benefits as well as a 5.09% drop in other operating expenses amounting to TZS 2.27 billion.

Looking ahead, the bank is likely to solidify its profitability position on the back of a booming economy set to grow between 5.5% and 6% in 2025 coupled accelerating demand for credit from the private sector from its lowest growth recorded in December 2024. Furthermore, its lower-than-average loan to deposit ratio places the bank in a position where it needs not rely on borrowings to finance its customers demands for loans thus placing the bank in a unique position where it can maintain lower than average cost of funds amidst a high-interest-rate environment that faces the banking sector. All while non-interest income could continue to surge following increased customer adoption of its digital and off-branch offerings such as Mobile, Agency and Internet Banking as well as revenues from increased insurance commissions, fees related to loan disbursements and foreign currency income provided that the foreign currency environment remains favorable for the banking sector.

MKOMBOZI BANK FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING MARCH 2025

RATIO ANALYSIS

Bank Ratios:	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1
Capital Structure:								
Borrowings to Equity	15.06%	20.29%	13.19%	12.23%	11.24%	16.88%	10.45%	9.54%
Equity Multiplier	8.36	7.93	7.86	7.61	7.26	6.49	7.04	6.70
Equity to Assets Ratio	11.97%	12.62%	12.72%	13.14%	13.77%	15.40%	14.20%	14.91%
Asset Quality:								
NPL Ratio	8.00%	8.00%	8.00%	9.00%	6.00%	5.00%	4.00%	4.00%
NPL Coverage Ratio	172.90%	133.30%	258.22%	342.99%	162.50%	242.09%	151.57%	143.78%
Cost of Risk	5.76%	5.31%	5.17%	4.53%	4.28%	4.11%	6.09%	3.97%
Management Quality:								
Loan Growth	6.17%	6.19%	5.18%	4.83%	2.56%	9.12%	3.75%	3.17%
Deposit Growth	3.30%	2.38%	3.82%	2.27%	2.84%	-0.53%	6.57%	2.66%
Earning to Total Assets	80.00%	85.00%	85.00%	79.00%	77.00%	81.00%	81.00%	82.00%
Earnings Quality:								
Profit before Tax Margins	32.79%	34.53%	35.31%	41.53%	40.88%	40.82%	37.06%	54.82%
Profit before Tax Growth	53.99%	15.77%	1.33%	13.41%	-2.71%	20.50%	-86.34%	692.76%
Cost to Income Ratio	60.23%	58.81%	67.00%	56.60%	54.22%	54.49%	76.85%	43.11%
Liquidity:								
Loan to Deposits Ratio	64.00%	67.00%	67.00%	69.00%	68.00%	75.00%	75.00%	76.00%
Loan to Deposits & Borrowings	61.08%	62.76%	64.27%	65.91%	65.77%	71.14%	70.32%	70.70%

Quarterly Revenue and Profit Data has been annualized

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