

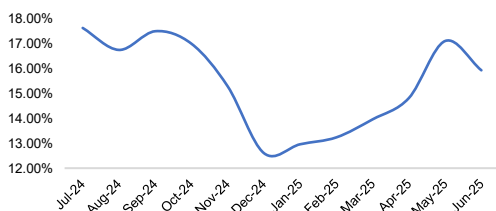
MKCB Plc EARNINGS HIGHLIGHTS June 2025



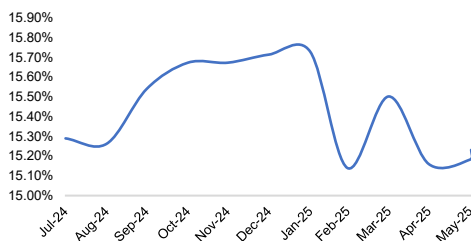
MKOMBOZI BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2025

INDUSTRIAL OVERVIEW

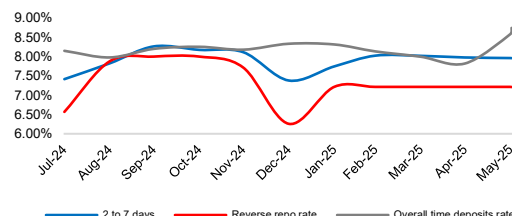
Annual Private Sector Credit Growth



Overall Lending Rate Trend

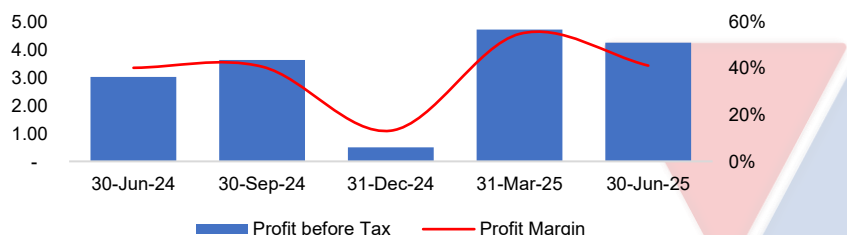


Interbank Cash Market, Reverse Repo & Overall Time Deposit Rates

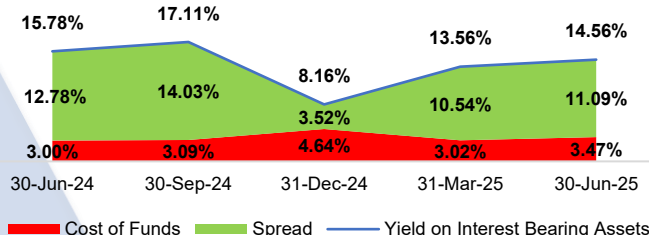


INCOME STATEMENT ANALYSIS

MKCB Profitability Trend



MKCB Indicative Interest Rates



Net Profits dropped by 11.90% QoQ from TZS 3.94 billion in March 2025 to TZS 3.47 billion as of June 2025.

Possible Reasons:

Salaries and benefits surged by 77.83% QoQ amounting to TZS 2.87 billion in Q2'25 perhaps due to an upwards revision in wages and salaries paid out to employees after years of restructuring the bank towards becoming a profit-making entity. This raise in wages is evident with the average salary per employee recording a 22.67% YoY rise from TZS 4.12 million/month as of June 2024 to TZS 5.07 million/month in June 2025.

Other operating expenses surged 40.78% YoY amounting to TZS 3.2 billion likely due to growing office and administrative related expenses in line with increased bank activities.

Net Interest Income recorded a modest growth of 10.29% QoQ amounting to TZS 7.14 billion in Q2'25 due to a negative jaws between interest income growth which grew 11.48% QoQ amounting to TZS 9.15 billion in Q2'25 compared to interest expense growth of 15.94% amounting to TZS 2.01 billion. The negative jaws is likely due to a surge in interest rates on deposits and a drop in lending rates as information asymmetry, particularly between retail customer and bank, continues to narrow which is indicated by industry-wide statistics which are showing rising deposit rates and falling lending rates.

Income Statement Analysis Amounts in Billions TZS	Jun-24	Sept-24	Dec-24	Mar-25	Jun-25
Net Operating Income	7.51	8.94	3.76	8.61	10.32
Growth Rate	0.43%	19.06%	-57.89%	128.64%	19.93%
Operating Expenses	4.49	5.30	3.27	3.89	6.07
Growth Rate	2.65%	18.10%	-38.35%	19.01%	56.17%

MKOMBOZI BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2025

BALANCE SHEET STATEMENT ANALYSIS

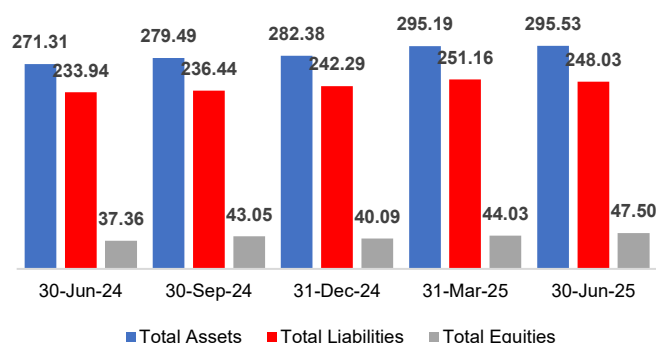
Total assets grew by 0.12% QoQ, amounting to TZS 295.53 billion in Q2'24 compared to TZS 295.19 billion in the quarter prior

Key Drivers:

3.78% QoQ growth in earning assets amounting to TZS 251.20 billion due to a 6.10% QoQ growth in Loans and Advances amounting to TZS 177.95 billion and a 4.56% QoQ growth in Investments in government securities amounting to TZS 56.26 billion

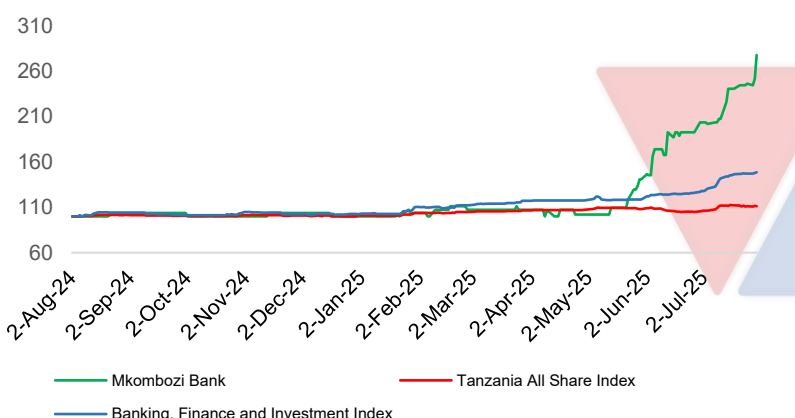
Balance sheet growth was mainly financed by a 7.89% QoQ growth in shareholders equity amounting to TZS 47.50 billion as of June 2025 due to increased profitability generated during the quarter all while liabilities recorded a 1.25% contraction mainly driven by a 19.63% QoQ reduction in other liabilities due to payments of accruals and payables and a 0.64% QoQ reduction in customer deposits amounting to TZS 231.54 billion.

MKCB Balance Sheet Highlights in Billions TZS



INVESTORS' CORNER

Mkombozi VS TSI & BFI Index 52-Weeks Returns rebased at 100



Supporting Fundamentals

Ticker	MKCB
Closing Price as of 30 th July 2025	TZS 1,540
Book Value per Share	TZS 2,016.51
P/B Ratio	0.76x
Trailing EPS*	TZS 556.27
P/E Ratio	2.76x
ROE	27.59%
ROA	4.43%

* 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 profits before tax have seen a 46.42% YoY growth amounting to TZS 8.97 billion in HY'25 compared to TZS 6.12 billion recorded in HY'24. Key to this success is driven by the 57% YoY growth in the bank's non-interest income amounting to TZS 5.44 billion compared to TZS 3.64 billion during HY'24. The growth in non-interest income is as a result of an 82.77% YoY growth in fees and commission income amounting to TZS 3.02 billion perhaps due to increased investments in digital adoption, institutional partnerships, network expansions and new product ecosystems.

This is particularly evident with increased transaction volumes across its Agency Banking, Mobile Banking and Internet Banking solutions which provide the bank with increased transaction fees revenue. Rollout of specialized institutional solutions such as the Church Cash Management (Sadaka Digital), School Management (Shule Soft) and Hospital Management Solutions that aim to attract recurring transaction processing and customized software licensing fees for its corporate wing and B2B relations. Loan processing fees on the other hand may have contributed to this growth following introduction of small loans for entrepreneurs and enhanced student accounts which may boost commission income.

Impairment charges also saw an 88.20% YoY decline amounting to 120 million in charges all while other operating income registered 102.07% YoY growth amounting to TZS 780 million on the back of likely indicating recovery of previous non-performing loans evident with a 3% NPL ratio although its worth mentioning that the bank's NPL stock has seen a 20.62% YoY growth amounting to TZS 6.73 billion

Looking ahead, the bank is anticipated to maintain above average earnings growth due to broader macro-economic conditions that favor the banking sector such as falling Central Bank rates, yields on fixed income instruments and rising incomes coupled with its new and growing digital solutions and distribution channels that aim at providing its service in a more efficient manner.

MKOMBOZI BANK FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2025

RATIO ANALYSIS

MKCB Bank Ratio Analysis:	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2
Capital Structure:								
Borrowings to Equity	20.29%	13.19%	12.23%	11.24%	16.88%	10.45%	9.54%	8.84%
Equity Multiplier	7.93	7.86	7.61	7.26	6.49	7.04	6.70	6.22
Equity to Assets Ratio	12.62%	12.72%	13.14%	13.77%	15.40%	14.20%	14.91%	16.07%
Asset Quality:								
NPL Ratio	8.00%	8.00%	9.00%	6.00%	5.00%	4.00%	4.00%	3.00%
NPL Coverage Ratio	133.30%	258.22%	342.99%	162.50%	242.09%	151.57%	143.78%	90.68%
Cost of Risk	0.35%	0.00%	0.17%	0.50%	0.49%	0.29%	0.24%	0.00%
Management Quality:								
Loan Growth	6.19%	5.18%	4.83%	2.56%	9.12%	3.75%	3.17%	6.10%
Deposit Growth	2.38%	3.82%	2.27%	2.84%	-0.53%	6.57%	2.66%	-0.64%
Earning to Total Assets	85.00%	85.00%	79.00%	77.00%	81.00%	81.00%	82.00%	85.00%
Earnings Quality:								
Profit before Tax Margins	34.53%	35.31%	41.53%	40.88%	40.82%	37.06%	54.82%	47.38%
Profit before Tax Growth	15.77%	1.33%	13.41%	-2.71%	20.50%	-86.34%	692.76%	-11.90%
Cost to Income Ratio	58.81%	67.00%	56.60%	54.22%	54.49%	76.85%	43.11%	60.55%
Liquidity:								
Loan to Deposits Ratio	67.00%	67.00%	69.00%	68.00%	75.00%	75.00%	76.00%	79.00%
Loan to Deposits & Borrowings	62.76%	64.27%	65.91%	65.77%	71.14%	70.32%	70.70%	75.49%

ANALYST'S NAMES & CONTACTS

Emmanuel Matunda
emmanuel@solomon.co.tz

www.solomon.co.tz

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

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



SOLOMON Stockbrokers

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

STOCKBROKERS / DEALERS

INVESTMENT ADVISERS

FUND MANAGERS

PROFILE



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

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

+255 764 269090
+255 714 269090



research@solomon.co.tz

[@sstockbrokers](#)

[#elimuYaUwekezajiHisa](#)

www.solomon.co.tz