

PROFIT Eleven top banks increased their combined earnings by a staggering Sh166.7 billion in 2019, an increase of 63pc

Why banks' shareholders must be happy

By Samuel Kamndaya
@TindwaSamuel

stindwa@tz.nationmedia.com

Dar es Salaam. Commercial banks' shareholders will put on broad smiles as an improving business environment sent lenders' profits up in 2019, latest data show.

Eleven of the twelve most profitable commercial banks reported increased profits in 2019, according to the released financial statements.

The eleven increased their combined earnings by a staggering Sh166.709 billion in 2019, translating into an average net profit increase of 63.441 per cent.

NMB Bank Plc, CRDB Bank Plc, Standard Chartered Bank, NBC Bank, Stanbic Bank, Diamond Trust Bank (DTB), TPB Bank, KCB Bank Tanzania, Azania Bank, Exim Bank and Barclays (Absa) reported a total of Sh429.487 billion as their combined net profit for the year ending December 31, 2019.

During the year ending December 31, 2018, the eleven lend-

ers' combined net profit stood at Sh262.778 billion.

Improved profits translate into more dividends for shareholders.

After a slowdown in profit growth in the third quarter of 2019, NMB Bank Plc came back with a new vigour in the fourth quarter to maintain its position as the most profitable lender in the market.

Its net profit rose by a cool 52 per cent to reach Sh148.6 billion during the year ending December 2019 from Sh97.663 billion in 2018.

Its NPLs dropped to 6.9 per cent from 8.3 per cent as of September 30, 2019 while assets rose to Sh6.55 trillion.

NMB's acting managing director, Ms Ruth Zaipuna, attributes the bank's profit growth to a five per cent increase in operating income, a 27 per cent reduction in impairment charges and cost control measures that resulted in yielding a flat year-on-year operating expenses.

With a net profit growth rate of 75.9 per cent at bank level and 87 per cent at group level, CRDB

Bank shareholders can only expect nothing but news of improved dividends from chief executive officer Abdulmajid Nsekela during the bank's annual general meeting in about four months from now.

At bank level, net profit leapfrogged to Sh122.444 billion in 2019 from Sh69.588 billion in 2018. Earnings from its interest income-generation stream rose by 18.5 per cent to Sh511.458 billion in 2019 while those [earnings] from the non-interest stream went up by 18.7 per cent to close the year 2019 at Sh248.271 billion.

Mr Nsekela, who doubles as Tanzania Bankers Association chairman, attributes the net profit rise to an improvement in the business environment and digitisation of services.

"The business environment has significantly improved and as a bank we made a lot of changes in our operating model but more importantly, acceleration of our digital offerings," he told The Citizen yesterday.

CRDB's total assets rose to

Sh6.423 trillion from Sh6.067 trillion as of September 30, 2019 while NPLs were contained to 5.5 per cent of total gross loans as of December 31, 2019.

His KCB Tanzania counterpart, Mr Cosmas Kimario, shared similar sentiments: "We have done well because the business environment is very good many of customers have been growing day by day....We have upgraded our digital financial services. We have also opened agents in many places which have helped our customers to get our services faster and conveniently".

His bank's net profit rose to Sh14.168 billion in 2019 from Sh9.56 billion in 2018.

NBC Bank and Azania Bank may sit on positions four and nine respectively in terms of the amount of net profit that they generated but in terms of actual profit growth rate, their shareholders could be the happiest in town.

The former's net profit jumped by 119.444 per cent to reach Sh26.651 billion in 2019 while that of the latter skyrocketed to a dou-

ble-digit level of Sh12.7 billion in 2019 from Sh5.9 billion.

For Standard Chartered Bank, it was a sound performance in recovery of impaired loans and advances that paid off, aiding the lender to maintain its cordial relationship with clients while simultaneously raising its net profit to Sh34 billion in 2019 from the Sh20 billion in 2018.

But probably, it is shareholders for Exim Bank who will have the last laugh because moving from a 2018 loss of Sh13.9 billion to generating a net profit of Sh9.8 billion in 2019 makes theirs one of the best performing lenders.

Stanbic Bank's net profit rose by 31 per cent to Sh21.255 billion in 2019 while that of DTB rose by 12.8 per cent to reach Sh17.373 billion. TPB Bank's net profit rose by 39.6 per cent to reach Sh16.9 billion while Barclays (Absa) closed the 11th position with a 59.2 per cent rise in net profit. It registered a net profit of Sh9.6 billion in 2019.

Additional reporting by Gadosa Lamtey