

CRDB Bank EARNINGS HIGHLIGHTS

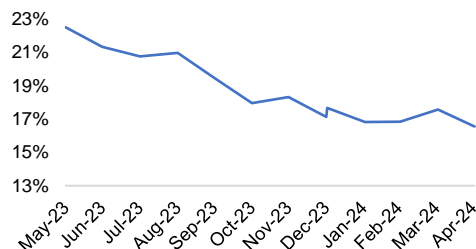
June 2024



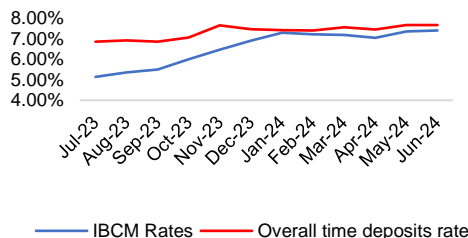
CRDB BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2024

INDUSTRIAL OVERVIEW

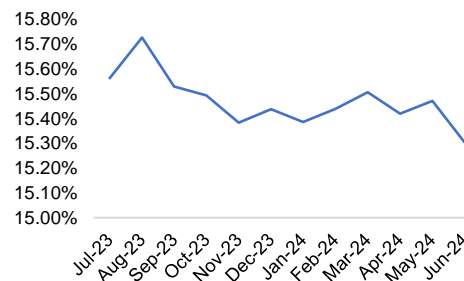
Annual Credit Growth to the Private Sector Trend



2-7 Days IBCM & Overall Time Deposit Rate Trend



Overall Lending Rates Trend



INCOME STATEMENT ANALYSIS

Net Profits increased by 15.67%, from TZS 127.50 billion as of March 2024 to TZS 147.49 billion as of June 2024.

Possible Reasons:

Interest Income grew by 9.01% on a QoQ basis to TZS 375 billion in Q2'24. This growth was mainly driven by a 9.68% increase in the bank's earning assets, amounting to TZS 13.01 trillion. The growth was mainly propelled by increased lending activities particularly towards SMEs, MSMEs and corporate clients in the Agricultural sector and marginal increments in government security investments.

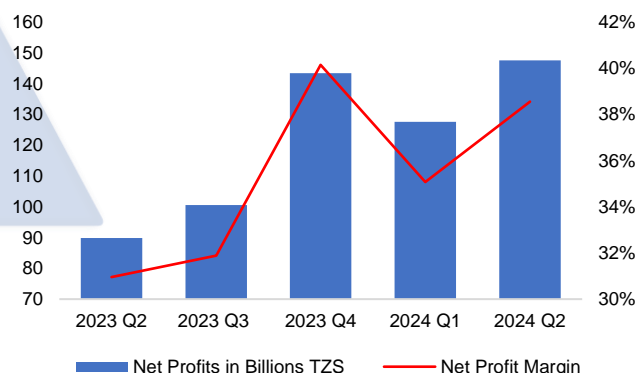
Interest expense growth trailed behind interest income, registering a 5.54% increase QoQ, equating to TZS 96.74 billion. This resulted in a reduction in the bank's cost of funds and an increase in the bank's net interest margin.

Operating expenses increased by 3.14% QoQ, lower than the 5-quarter moving average, to TZS 181.38 billion. This was due to a 1.91% decrease in employee salaries and benefits and marginal growth in the bank's fees and commission expenses.

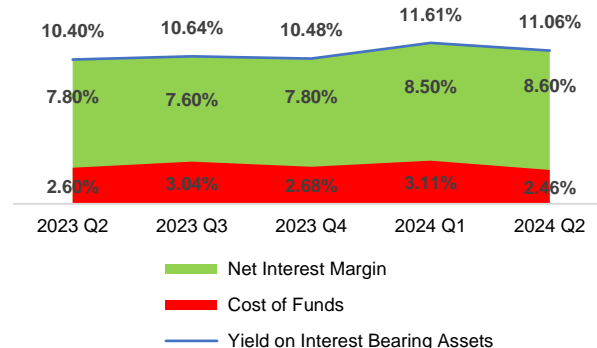
Underperformances in the Income Statement:

The bank's non-interest income (NII) fell by 1.74% QoQ following a 28.96% decrease in its foreign exchange income due to foreign currency shortages, particularly that of the USD in the market and the bank's decision to cut back on its foreign exchange spreads to support the economy in the importation of crucial requirements such as oil. Other operating income also declined by 31.39%, amounting to TZS 4.91 billion.

CRDB Profitability Trend



CRDB Net Interest Margin Trend



Income Statement Analysis Amounts in Billions TZS	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Net Operating Income	290.04	315.17	357.00	363.61	382.64
Growth Rate	4.51%	8.66%	13.27%	1.85%	5.23%
Operating Expenses	157.93	168.72	169.28	175.87	181.38
Growth Rate	9.11%	6.83%	0.33%	3.89%	3.14%

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BALANCE SHEET STATEMENT ANALYSIS

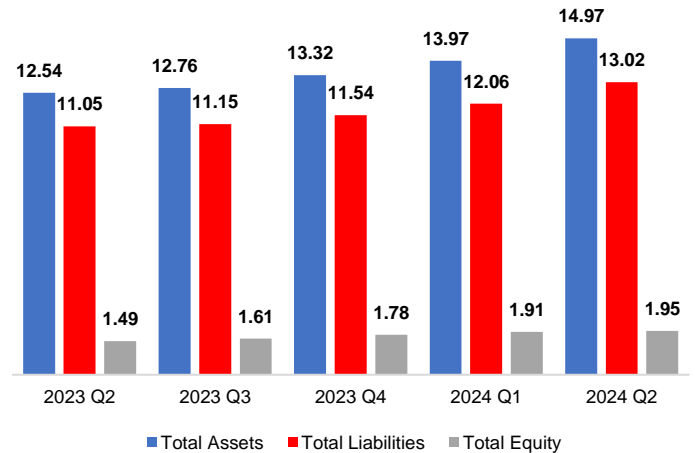
Total assets increased by 7.16% during the quarter ending June 2024, reaching TZS 14.97 trillion in value.

Possible Reasons:

There was a 7.14% growth in customer loans, amounting to TZS 9.49 trillion, due to increased lending activities to SMEs, MSMEs, and Agribusinesses. The bank's balances with financial institutions increased by 65.63%, amounting to TZS 1.09 trillion, and its balances with the central bank increased by 16.33%, amounting to TZS 525.42 billion, to conserve the bank's liquidity.

To finance this growth, the bank leveraged on a 5.85% QoQ deposit growth amounting to TZS 9.92 trillion driven by mass account opening strategies, a 19.20% growth in borrowings amounting to TZS 2.56 trillion, a 390.58% increase in deposits from other financial institutions amounting to 63.99 billion.

Balance Sheet Highlights in Trillions TZS



INVESTORS' CORNER

CRDB 52 Week Price Trend



Supporting Fundamentals

Ticker	CRDB
Closing Price as of 6 th Aug 2024	TZS 620
Book Value per Share	TZS 745.05
P/B Ratio	0.77x
Annualized EPS	TZS 210.56
Annualized P/E Ratio	2.95x
Dividend per Share	TZS 50
Dividend Yield	10.87%

**Dividend of TZS 50 compared to Opening Price TZS 460 as of Jan 2nd 2024*

OUTLOOK

CRDB's half-year profits have grown by 52.78%, amounting to TZS 274.99 billion. The growth in earnings has been largely due to increased interest income on the back of high credit appetite from the bank's retail and corporate segments, a 23.60% growth in its non-interest income due to increased transactions in its digital channels and stronger foreign exchange income growth compared to the first half of 2023 while operating expenses were optimized in line with the bank's digital transformation strategy that aimed at automating some of its operations to reduce costs resulting in a reduction in its cost to income ratio to an all-time low of 44.75%

Looking ahead, CRDB's TZS 1.02 trillion cash inflow from deposits and borrowings during the quarter gives the bank more room to lend to its customers, thus further propelling the bank's interest income. However, it is worth noting that the bank's cost of funds could elevate in the forthcoming quarters following its quarterly record borrowing of TZS 412 billion at the cost of SOFR + 3.2%. Additionally, Guidelines on Fees and Charges for Banks and Financial Institutions issued by the Central Bank to ensure fair imposition of fees and charges may hinder the bank's non-funded income growth due to a decline in the bank's fees and commissions. Increases in its loan loss impairment charges to bolster its NPL Coverage ratio from a record low of 34.94% could inflate the bank's expenses and thus slow down profit growth in forthcoming quarters.

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RATIO ANALYSIS								
Bank Ratios:	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2
Capital Structure:								
Borrowings to Equity	121.81%	117.53%	123.68%	134.83%	130.49%	125.18%	112.56%	131.52%
Equity Multiplier	7.95	7.87	7.80	8.42	7.92	7.48	7.32	7.69
Equity to Assets Ratio	12.58%	12.71%	12.83%	11.87%	12.62%	13.37%	13.66%	13.00%
Asset Quality:								
NPL Ratio	2.93%	2.73%	2.74%	2.72%	3.42%	2.79%	3.19%	3.16%
NPL Coverage Ratio	73.04%	80.10%	75.25%	114.04%	56.25%	50.79%	36.96%	34.94%
Earning to Total Assets	77.10%	84.80%	85.40%	85.20%	88.40%	84.50%	84.80%	84.60%
Management Quality:								
Loan Growth	5.19%	10.14%	4.59%	6.59%	5.94%	3.97%	4.88%	7.14%
Deposit Growth	7.26%	6.91%	1.34%	5.45%	-0.91%	2.04%	7.03%	6.37%
Loan to Deposit Ratio	86.00%	89.50%	92.00%	93.10%	98.30%	99.00%	98.20%	98.60%
Earnings Quality:								
Net Profit Margin	32.10%	34.47%	32.51%	30.95%	31.87%	40.13%	35.07%	38.54%
Net Profit Growth	-1.36%	14.85%	-4.83%	-0.49%	11.91%	42.60%	-11.00%	15.67%
Cost to Income Ratio	51.39%	49.82%	48.43%	52.18%	50.95%	46.82%	46.07%	44.75%
Liquidity:								
Loans to Deposits & Borrowings	66.75%	69.19%	70.44%	71.19%	75.32%	76.15%	76.16%	75.04%
Liquidity Ratio	42.27%	39.36%	38.88%	42.07%	38.82%	41.21%	38.37%	39.30%

Quarterly Revenue and Profit Data has been annualized

ANALYST’S NAMES & CONTACTS

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