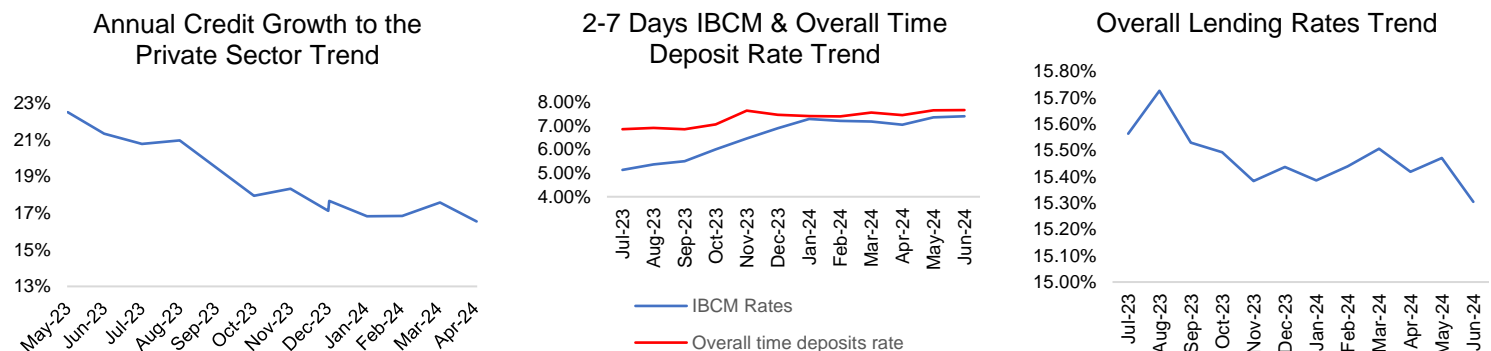


DCB Bank EARNINGS HIGHLIGHTS June 2024



DCB BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2024

INDUSTRIAL OVERVIEW



INCOME STATEMENT ANALYSIS

Net Profits increased by 167.99%, from a loss of TZS 1.1 billion during Q1'24 to TZS 756 million during Q2'24.

Possible Reasons:

Impairment losses on loans and advances fell from a loss of TZS 613 million to a gain of TZS 851 million, resulting in a quarterly gain of TZS 1.71 billion. This resulted from a TZS 2.20 billion decline in Non-Performing Loan and a TZS 852 million decrease in total allowances for probable losses due to increased loan loss recoveries.

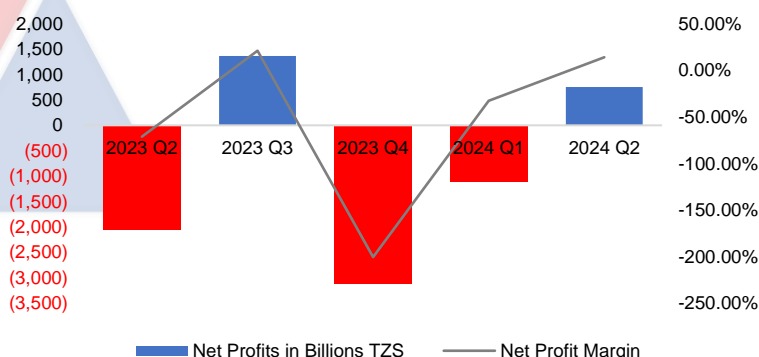
Non-interest income increased by 25.77% to TZS 1.60 billion during Q2'24 due to a 20.38% increase in the bank's fee and commission income and increased foreign exchange income.

Operating Expense growth stood at 3.74%, lower than net operating income growth of 59.84%, resulting in a fall in the bank's cost-to-income ratio from 112.45% during Q1'24 to 102.07% during Q2'24.

Underperformances in the Income Statement:

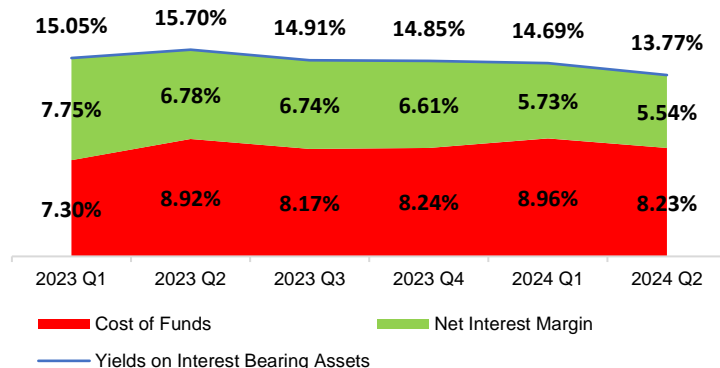
Since Q2'22, the bank's net interest income margins have been squeezed quarterly as interest expenses grow faster than interest income. Increased competition forces smaller banks to offer affordable loans while the cost of funds remains high due to the need to offer high-interest deposit accounts to attract and retain customers. This, hence, affects Net Interest Income growth.

DCB Profitability Trend



DCB Net Interest Margin

The data computed here is estimated and could vary from the actual data.



Income Statement Analysis Amounts in Billions TZS		Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Net Operating Income		2.88	6.50	1.56	3.40	5.44
Growth Rate		-42.85%	125.96%	-76.05%	118.63%	59.84%
Operating Expenses		5.08	5.13	4.71	4.52	4.69
Growth Rate		9.75%	1.12%	-8.28%	-4.08%	3.74%

DCB BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2024

BALANCE SHEET STATEMENT ANALYSIS

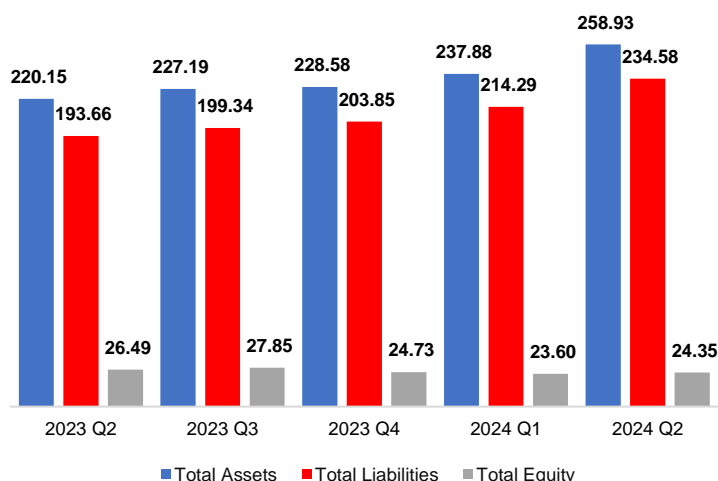
Total assets increased by 8.85% during the quarter ending June 2024, reaching TZS 258.93 billion in value.

Balance Sheet Highlights in Billions TZS

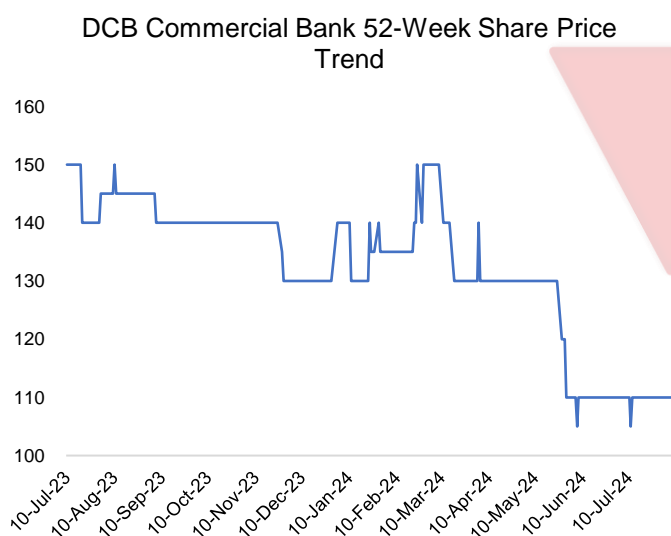
Possible Reasons:

Customer loans increased 11.52% to TZS 6.3 billion due to elevated demand for credit in the private and public sectors. The bank's investment in government securities increased by 10.27%, and its Interbank Loan receivables increased by 46% due to increased lending activities in the interbank cash market.

This growth was primarily funded by a 9.47% increase in liabilities, with the growth coming in primarily from a 92.65% increase in customer deposits amounting to TZS 60.62 billion on the back of.... While borrowings experienced a 48.82% amounting to TZS 31.32 billion.



INVESTORS' CORNER



Supporting Fundamentals

Ticker	DCB
Closing Price as of 7 th Aug 2024	TZS 110
Book Value per Share	TZS 249.37
P/B Ratio	0.44x
Annualized EPS	(TZS 7.29)
Annualized P/E Ratio	(15.09x)
Dividend per Share	TZS 0
Dividend Yield	0.00%

OUTLOOK

DCB's half-year losses have shrunk by 81.36%, amounting to TZS 356 million. The loss reduction was mainly attributed to a reduction in non-cash expenses, such as the release in the bank's impairment charges, the absence of loan write-offs, and a 5.15% reduction in the bank's operating expenses. Nonetheless, shareholder reaction has been negative with the stock down by 15.38% Year-to-Date.

Looking ahead, the bank's immediate strategy seems to be to increase cost efficiency by limiting operating expense growth, especially in comparison to the bank's net operating income, evident during the year's first two quarters. However, the sustainability of this approach remains in question as the bank's small market position limits it from attracting cheaper funding to conserve its net interest margins, a factor that has been evident with the reduction in its net interest margins for the past 8 consecutive quarters since Q2'2022 this might continue to erode its net interest income.

Furthermore, guidelines from the central bank on fees and charges, which aim to prevent unfair pricing of banking products to protect the customer, may ultimately cause further pressure and result in further reductions in the bank's non-interest income, affecting its loss minimization prospects.

DCB BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2024

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	37.32%	37.85%	37.17%	43.66%	40.90%	45.34%	89.21%	128.66%
Equity Multiplier	6.61	6.81	7.04	8.31	8.16	9.24	10.08	10.63
Equity to Assets Ratio	15.14%	14.67%	14.20%	12.03%	12.26%	10.82%	9.92%	9.40%
Asset Quality:								
NPL Ratio	6.90%	7.70%	10.30%	13.30%	10.80%	5.50%	6.90%	4.70%
NPL Coverage Ratio	60.94%	57.05%	45.05%	52.91%	50.14%	63.12%	59.00%	65.82%
Earning to Total Assets	79.00%	80.20%	80.50%	78.60%	81.00%	81.30%	80.50%	83.30%
Management Quality:								
Loan Growth	4.72%	0.30%	-4.55%	-6.04%	3.27%	5.18%	1.09%	11.52%
Deposit Growth	-22.30%	16.54%	-34.55%	27.62%	0.15%	39.74%	-33.98%	92.65%
Loan to Deposit Ratio	79.30%	78.60%	72.10%	68.40%	66.80%	67.00%	68.60%	71.80%
Earnings Quality:								
Net Interest Margin	9.18%	8.27%	7.75%	6.78%	6.74%	6.61%	5.73%	5.54%
Net Profit Growth	124.78%	-110.73%	230.28%	-1545.07%	166.67%	-328.29%	64.39%	167.99%
Cost to Income Ratio	62.11%	93.63%	91.88%	115.08%	109.89%	98.74%	112.45%	102.07%
Liquidity:								
Loan to Deposits & Borrowings	70.75%	70.09%	64.40%	59.69%	59.45%	61.02%	59.15%	60.05%
Liquidity Ratio	36.67%	37.60%	43.66%	43.56%	44.03%	42.48%	45.74%	46.22%

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