

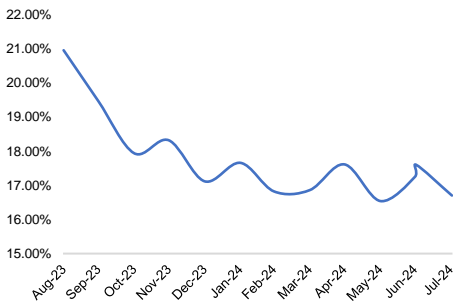
CRDB Bank EARNINGS HIGHLIGHTS Sept 2024



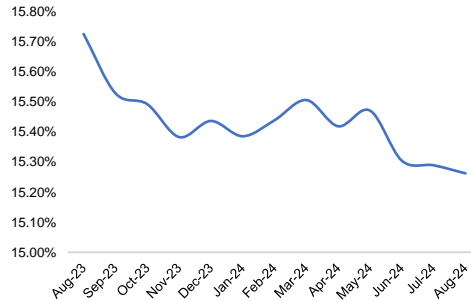
CRDB BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING SEPT 2024

INDUSTRIAL OVERVIEW

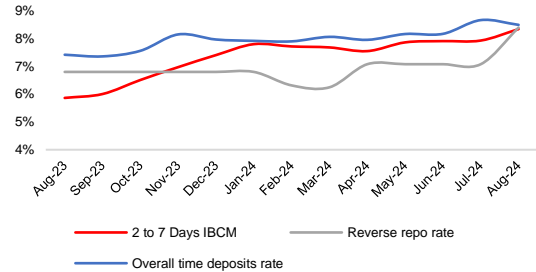
Annual Private Sector Credit Growth



Overall Lending Rate Trend



Interbank Cash Market, Reverse Repo & Overall Time Deposit Rates



INCOME STATEMENT ANALYSIS

Net Profits decreased by 9.20%, from TZS 147.49 billion as of March 2024 to TZS 133.92 billion as of June 2024.

Possible Reasons:

Interest expense grew by 32.12% to TZS 127.82 billion, outpacing the 7.37% growth in interest income, which reached TZS 402.65 billion. This increase in interest expenses was driven by a 7.42% rise in interest-bearing liabilities, now at TZS 13.59 trillion, primarily due to a TZS 721.01 billion net increase in borrowings with higher funding costs. Consequently, the bank's cost of funds rose from 3.06% in Q2'24 to 3.76% in Q3'24. In contrast, interest-bearing assets grew more slowly at 5.73%, totaling TZS 13.75 trillion, with net loans increasing by 6.32% to TZS 10.09 trillion. Yields on these assets saw only a slight rise, from 11.53% in Q2'24 to 11.71% in Q3'24.

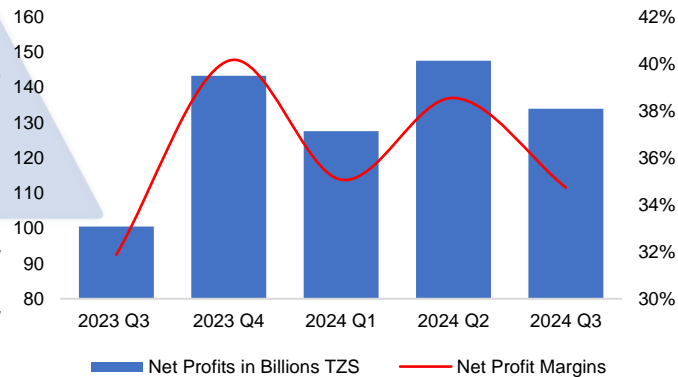
Loan impairment charges increased 71.54%, amounting to TZS 70.02 billion in Q3'24. This could be due to the bank's decision to increase its Non-performing loan coverage ratio from a multi-quarter low of 34.94% in Q2'24 to 43.30% in Q3'24 to improve its Asset Quality.

Operating Expenses witnessed a 5.13% growth, amounting to TZS 190.69 billion in Q3'24, the growth was largely driven by a 34.63% growth in fees and commission expenses due to adjustments made to regularize over-accrued expenses from the prior period.

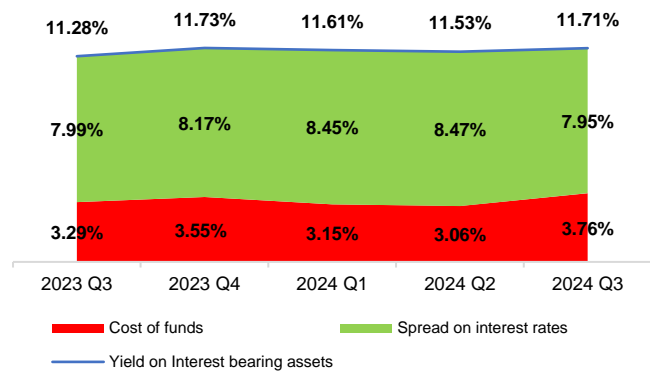
Improvements in the income statement:

CRDB's non-interest income (NII) saw a 10.10% increase, amounting to TZS 139.95 billion largely driven by an 11.20% growth in fees and commissions amounting to TZS 117.16 billion driven by increased fees from increased customer activity in its agency, internet banking and mobile banking platforms as well as increased commissions from its insurance offerings.

CRDB Profitability Trend



CRDB Indicative Interest Rate Trends



Income Statement Analysis Amounts in Billions TZS	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Net Operating Income	357.00	363.61	382.64	382.64	385.58
Growth Rate	13.27%	1.85%	5.23%	5.23%	0.77%
Operating Expenses	169.28	175.87	181.38	181.38	190.69
Growth Rate	0.33%	3.89%	3.14%	3.14%	5.13%

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BALANCE SHEET STATEMENT ANALYSIS

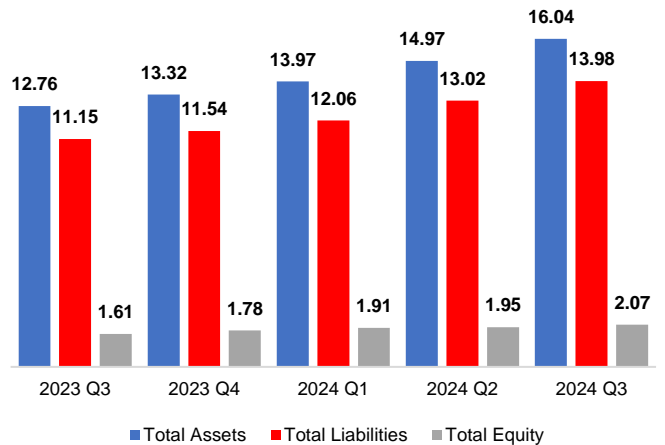
Total assets increased by 7.21% during the quarter ending June 2024, reaching TZS 16.04 trillion in value.

Possible Reasons:

Customer loans increased 6.32%, amounting to TZS 10.09 trillion, due to increased lending activities to SMEs, MSMEs, and Agribusinesses. The bank's balances with financial institutions increased by 23.00%, amounting to TZS 1.34 trillion, and its balances with the central bank increased by 69.98%, amounting to TZS 782.58 billion, to conserve the bank's liquidity.

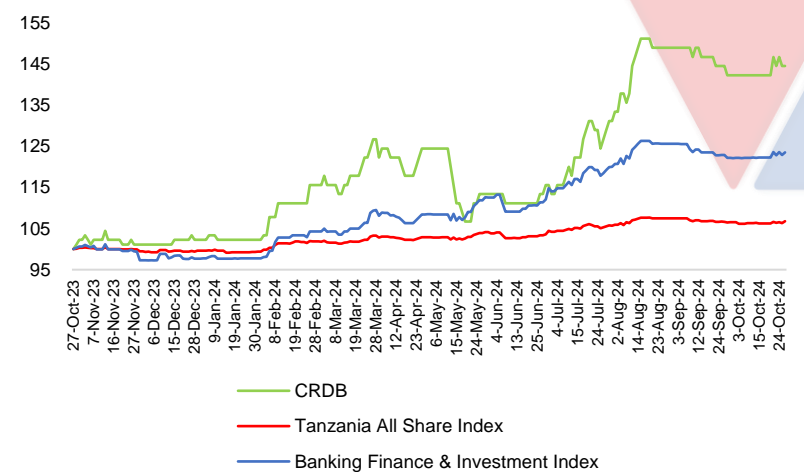
To finance this growth, the bank leveraged on a 28.17% growth in borrowings amounting to TZS 3.28 trillion with the borrowings largely to balance its funding mix to meet demand for loans. Deposits, on the other hand, recorded a marginal growth of 2.16% to TZS 10.31 trillion driven by mass account opening & pan-banking strategies.

Balance Sheet Highlights in Trillions TZS



INVESTORS' CORNER

CRDB Vs TSI & BI Index 52-Week Returns Rebased at 100



Supporting Fundamentals

Ticker	CRDB
Closing Price as of 28 th Oct 2024	TZS 650
Book Value per Share	TZS 792.03
P/B Ratio	0.82x
Trailing EPS	TZS 211.40
P/E Ratio	3.07x
ROE	26.69%
ROA	3.44%

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

OUTLOOK

CRDB's profits for the first nine months recorded 45.80%, amounting to TZS 408.91 billion. The growth in earnings has been largely due to the repricing of loans and increased demand for credit, as well as increased optimization of the bank's interest and operating expenses, particularly during the first half of 2024. The third quarter has seen a slight shift in fortunes as prolonged liquidity constraints felt across the banking sector have continued to challenge CRDB's ability to mobilize enough deposits to meet customer loan demand, prompting the bank to offer more attractive rates on its deposits and increase its borrowings, a situation which may persist as we head into the final quarter of the financial year 2024.

On a lighter note, the easing of interest rates across the globe could alleviate the interest expense growth on CRDB's foreign borrowings with variable interest rates, and to take advantage of the increased demand for credit, the bank could opt to issue newer loans at higher interest rates which could help alleviate the negative jaws between interest income growth and interest expense growth; however, that would come at the cost of lower loan volumes. Furthermore, increased diversification into other financial services such as insurance, increased use of CRDB's mobile, internet, and agency banking platforms, and its continued expansion into other countries within the EAC & SADC could act as tailwinds that could help propel the bank's growth if demand for credit continued to deteriorate in Tanzania.

CRDB BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING SEPT 2024

RATIO ANALYSIS

Bank Ratios:	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3
Capital Structure:								
Borrowings to Equity	117.53%	123.68%	134.83%	130.49%	125.18%	112.56%	131.52%	158.58%
Equity Multiplier	7.87	7.80	8.42	7.92	7.48	7.32	7.69	7.76
Equity to Assets Ratio	12.71%	12.83%	11.87%	12.62%	13.37%	13.66%	13.00%	12.89%
Asset Quality:								
NPL Ratio	2.73%	2.74%	2.72%	3.42%	2.79%	3.19%	3.16%	2.61%
NPL Coverage Ratio	80.10%	75.25%	114.04%	56.25%	50.79%	36.96%	34.94%	43.30%
Cost of Risk	0.86%	1.16%	0.64%	0.77%	0.21%	0.81%	0.95%	1.14%
Management Quality:								
Loan Growth	10.14%	4.59%	6.59%	5.94%	3.97%	4.88%	7.14%	6.32%
Deposit Growth	6.91%	1.34%	5.45%	-0.91%	2.04%	7.03%	6.37%	2.16%
Earning to Total Assets	84.80%	85.40%	85.20%	88.40%	84.50%	84.80%	84.60%	85.39%
Earnings Quality:								
Net Profit Margin	34.47%	32.51%	30.95%	31.87%	40.13%	35.07%	38.54%	34.73%
Net Profit Growth	14.85%	-4.83%	-0.49%	11.91%	42.60%	-11.00%	15.67%	-9.20%
Cost to Income Ratio	49.82%	48.43%	52.18%	50.95%	46.82%	46.07%	44.75%	45.97%
Liquidity:								
Loan to Deposit Ratio	89.50%	92.00%	93.10%	98.30%	99.00%	98.20%	98.60%	100.10%
Loans to Deposits & Borrowings	69.19%	70.44%	71.19%	75.32%	76.15%	76.16%	75.04%	74.27%
Liquid to Total Assets	30.60%	31.53%	32.10%	29.71%	26.41%	26.65%	27.20%	30.04%

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