

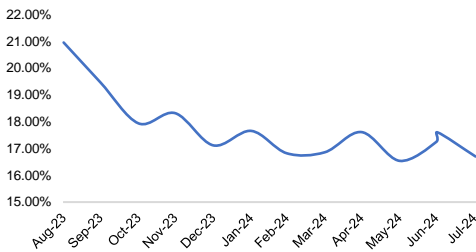
**MKCB Plc**  
**EARNINGS**  
**HIGHLIGHTS**  
**Sept 2024**



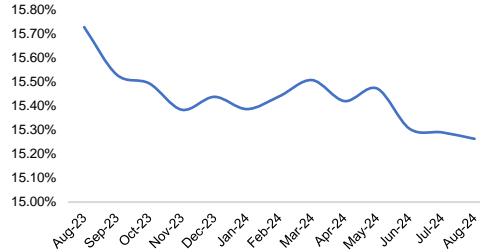
## MKOMBOZI BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING SEPT 2024

### INDUSTRIAL OVERVIEW

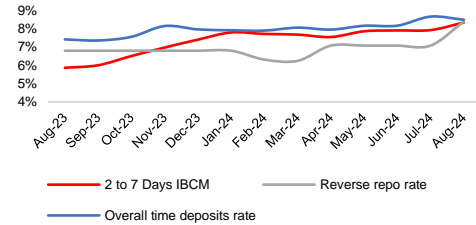
Annual Private Sector Credit Growth



Overall Lending Rate Trend



Interbank Cash Market, Reverse Repo & Overall Time Deposit Rates



### INCOME STATEMENT ANALYSIS

Profits before taxes increased by 20.50%, from TZS 3.02 billion as of June 2024 to TZS 3.64 billion as of Sept 2024.

#### Possible Reasons:

Interest Income registered a 17.52% quarterly growth, amounting to TZS 9.68 billion, the fastest growth registered since Q3'19, while interest expenses registered a 3.91% QoQ growth, amounting to TZS 1.70 billion. This growth is attributed to an 8.37% QoQ growth in the bank's earning assets amounting to TZS 220.27 billion and higher yields on interest-bearing assets, which stood at 17.11% compared to 15.78% in Q2'24.

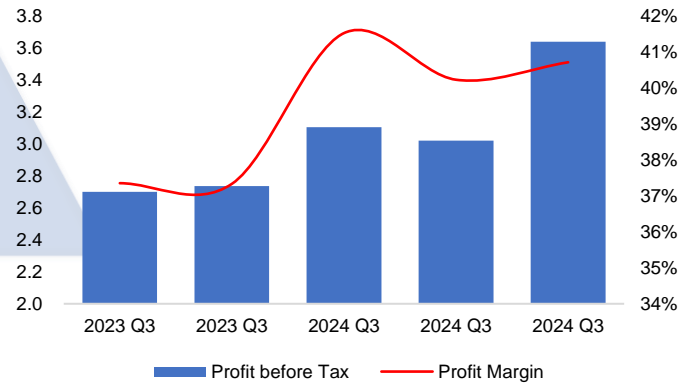
Fees and Commission Income recorded a marginal growth of 4.07%, amounting to TZS 1.74 billion as of Q3'24, with the growth driven by a 49.46% increase in fees and commission income, amounting to TZS 1.11 billion; this growth was driven by increased fees from increased customer activity in its agency, internet banking, and mobile banking platforms, as well as increased revenue from its insurance services.

Operating Expense growth remained subdued at 18.10% QoQ, amounting to TZS 5.30 billion as of Q3'24, compared to net operating income growth of 19.06%, amounting to TZS 8.94 billion, causing the quarterly cost-to-income ratio to stand at 54.49%.

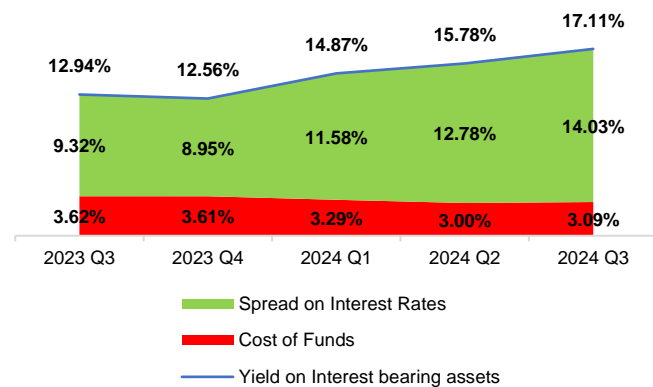
#### Underperformances in the Income Statement:

Foreign Exchange Income fell by 43.05% QoQ, amounting to TZS 422 million, perhaps due to the increased availability of the USD and the thinning of buy-and-sell spreads of the USD across banks.

MKCB Profitability Trend



MKCB Indicative Interest Rates



Income Statement Analysis Amounts in Billions TZS	Sep-23	Dec-23	Mar-24	Jun-24	Sept-24
Net Operating Income	7.23	7.33	7.48	7.51	8.94
Growth Rate	14.14%	1.38%	1.96%	0.43%	19.06%
Operating Expenses	4.53	4.59	4.37	4.49	5.30
Growth Rate	13.19%	1.41%	-4.85%	2.65%	18.10%

# MKOMBOZI BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING SEPT 2024

## BALANCE SHEET STATEMENT ANALYSIS

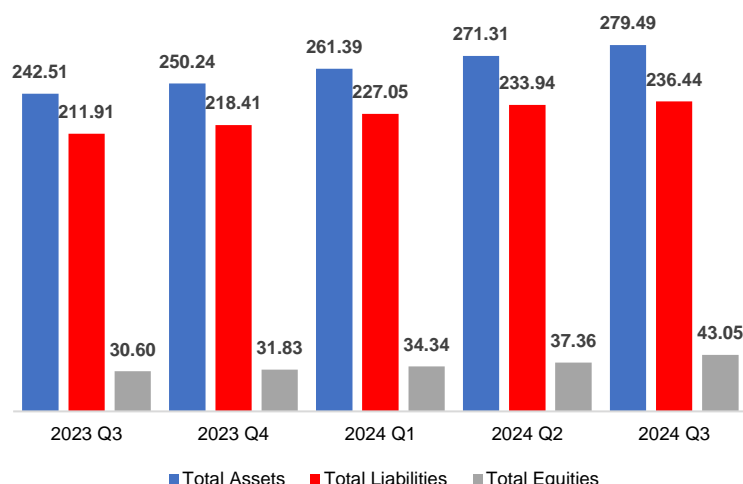
Total assets increased by 3.02% during the quarter ending Sept 2024, reaching TZS 279.49 billion in value.

### Reasons:

A 9.12% increase in Net loans and advances to customers amounting to TZS 156.70 billion as of Q3'24 driven by increased lending to Corporates and Salaries workers As well as a 45.51% growth in interbank loan receivables amounting to TZS 13.89 billion due to increased lending towards other banking institutions as they grapple to acquire new funding to facilitate lending to customers.

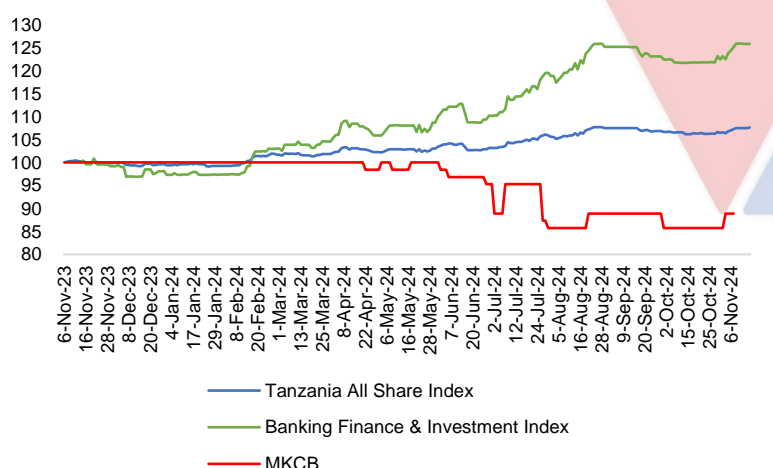
The growth in assets was mainly financed by a 73.05% increase in borrowings amounting to TZS 7.27 billion as well as a 46.83% increase in accrued tax and expenses amounting to TZS 7.16 billion as well as increased profitability due to a cumulative profit before tax of TZS 9.76 billion as of Q3'24

MKCB Balance Sheet Highlights in Billions TZS



## INVESTORS' CORNER

MKCB Shares Vs TSI & BI Index 52-Week Returns rebased at 100



### Supporting Fundamentals

Ticker	MKCB
Closing Price as of 7 <sup>th</sup> Nov 2024	TZS 540
Book Value per Share	TZS 1,827.81
P/B Ratio	0.30x
Trailing EPS <i>*based on Profits before taxes</i>	TZS 530.67
P/E Ratio	1.02x
ROE	29.03%
ROA	4.47%

## OUTLOOK

For the nine months ending September 2024, the bank's profit before taxes has increased by 49.08%, amounting to TZS 9.76 billion compared to TZS 6.54 billion during the same period in 2023. Key factors attributing to this growth include a 38.28% increase in interest income amounting to TZS 25.60 billion. MKCB has also shown exceptionalism in the management of its interest expenses, which have seen a 6.81% decline amounting to TZS 5.08 billion during a period where the escalation of cost of funds remains a key theme across the banking sector. However, the bank's non-interest income has seen a 28.95% decline, amounting to TZS 5.20 billion, due to a 35.70% decrease in fee and commission income, amounting to TZS 2.77 billion. As a result of this, Net operating income registered a 26.13% growth, amounting to TZS 23.92 billion as of Sept 2023, all while operating expenses recorded a 14.02% increase, amounting to TZS 14.16 billion, thus causing the bank's cost-to-income ratio to fall from 60.91% during the nine months ending Sept 2023 to 55.04% during the nine months ending Sept 2024.

Looking ahead, the bank seems well-positioned to increase its loan portfolio at a lower cost, considering it has a loan-to-deposit ratio of 75%, which is lower than the banking sector's loan-to-deposit ratio of 89.03% as of June 2024. Furthermore, its continued cost optimization and asset quality management strategies could put the bank in a favorable position to meet the Bank of Tanzania's requirements to issue a dividend in 2025.

## MKCB FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING SEPT 2024

### RATIO ANALYSIS

<b>Bank Ratios:</b>	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3
<b>Capital Structure:</b>								
Borrowings to Equity	13.72%	16.02%	15.06%	20.29%	13.19%	12.23%	11.24%	16.88%
Equity Multiplier	7.36	8.57	8.36	7.93	7.86	7.61	7.26	6.49
Equity to Assets Ratio	13.58%	11.67%	11.97%	12.62%	12.72%	13.14%	13.77%	15.40%
<b>Asset Quality:</b>								
NPL Ratio	8.00%	9.00%	8.00%	8.00%	8.00%	9.00%	6.00%	5.00%
NPL Coverage Ratio	173.75%	271.70%	172.90%	133.30%	258.22%	342.99%	162.50%	242.09%
Cost of Risk	5.45%	5.73%	5.76%	5.31%	5.17%	4.53%	4.28%	4.11%
<b>Management Quality:</b>								
Loan Growth	2.31%	-7.79%	6.17%	6.19%	5.18%	4.83%	2.56%	9.12%
Deposit Growth	2.77%	2.47%	3.30%	2.38%	3.82%	2.27%	2.84%	-0.53%
Earning to Total Assets	79.00%	76.00%	80.00%	85.00%	85.00%	79.00%	77.00%	81.00%
<b>Earnings Quality:</b>								
Return on Equity	19.95%	23.11%	33.45%	35.31%	34.39%	36.15%	32.33%	33.81%
Net Profit Growth	17.82%	-0.79%	53.99%	15.77%	1.33%	13.41%	-2.71%	20.50%
Cost to Income Ratio	66.61%	64.33%	60.23%	58.81%	67.00%	56.60%	54.22%	54.49%
<b>Liquidity:</b>								
Loan to Deposits Ratio	69.00%	63.00%	64.00%	67.00%	67.00%	69.00%	68.00%	75.00%
Loan to Deposits & Borrowings	65.96%	59.39%	61.08%	62.76%	64.27%	65.91%	65.77%	71.14%

*Quarterly Revenue and Profit Data has been annualized*

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