

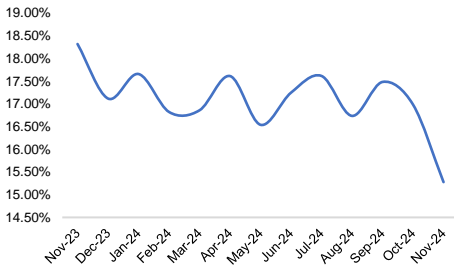
DCB Bank EARNINGS HIGHLIGHTS Dec 2024



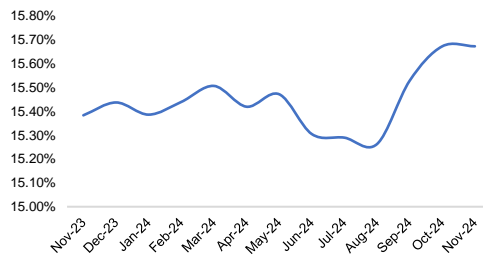
DCB BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING DEC 2024

INDUSTRIAL OVERVIEW

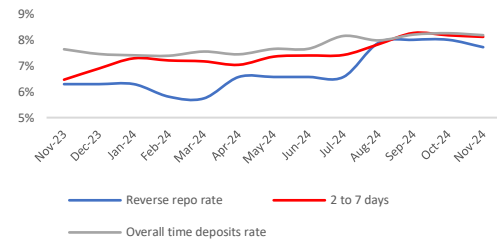
Annual Private Sector Credit Growth



Overall Lending Rate Trend



Interbank Cash Market, Reverse Repo & Overall Time Deposit Rates



INCOME STATEMENT ANALYSIS

Profits before taxes fell by 35.63%, from TZS 411 million during Q3'24 to TZS 264 million during Q4'24.

Possible Reasons:

Net Interest Income fell 3.81% QoQ amounting to TZS 3.57 billion as of Q4'24 particularly driven by a 3.17% decrease in interest income amounting to TZS 8.57 billion as of Q4'24. The fall in interest income came due to a reallocation of the bank's earning assets from higher interest-bearing loans to lower interest-bearing interbank loans all while interest expenses fell at a slower pace of 2.71% QoQ amounting to TZS 5.01 billion.

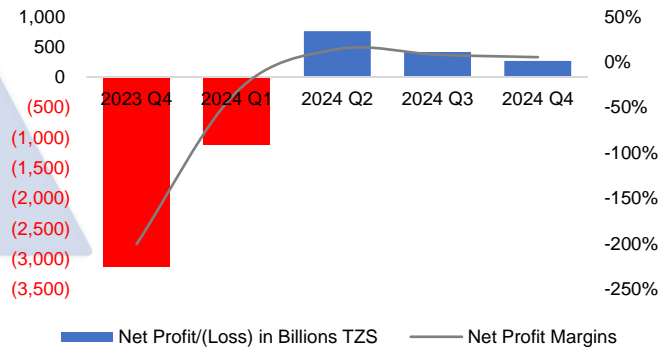
Other operating income fell 52.56% QoQ amounting to TZS 173 million perhaps due to a reduction in income and capital gains from disposing physical and financial assets as well as other miscellaneous income.

Operating expenses ticked up by 0.40% amounting to TZS 4.86 billion compared to a gross income drop of 1.95% amounting to TZS 5.09 billion which caused the bank's cost to income ratio to grow from 93.13% as of Q3'23 to 95.36% as of Q4'24

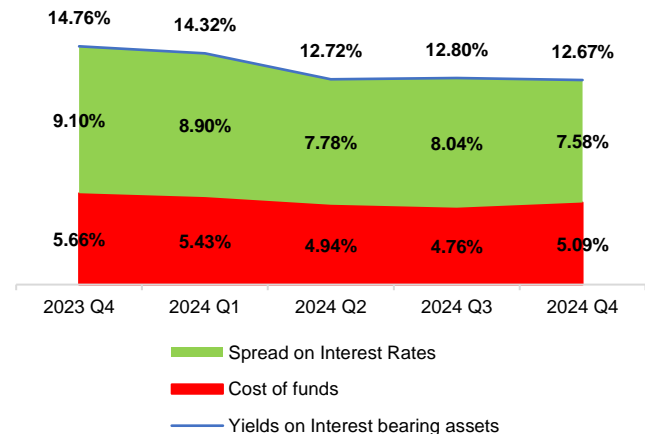
Improvements in the Income Statement:

Despite the drop in other operating income, non-funded income in total grew 2.70% QoQ amounting to TZS 1.52 billion from TZS 1.48 billion in Q3'24 primarily due an 18.31% QoQ growth in fees and commissions as well as a 54.60% QoQ growth in foreign exchange profits amounting to TZS 116 million despite the TZS gaining ground against other hard currencies.

DCB Profitability Trend



DCB Indicative Interest Rates



Income Statement Analysis Amounts in Billions TZS	Dec-23	Mar-24	Jun-24	Sept-24	Dec-24
Net Operating Income	1.56	3.40	5.44	5.25	5.12
Growth Rate	-76.05%	118.63%	59.84%	-3.56%	-2.42%
Operating Expenses	4.71	4.52	4.69	4.84	4.86
Growth Rate	1.12%	-8.28%	-4.08%	3.74%	0.40%

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BALANCE SHEET STATEMENT ANALYSIS

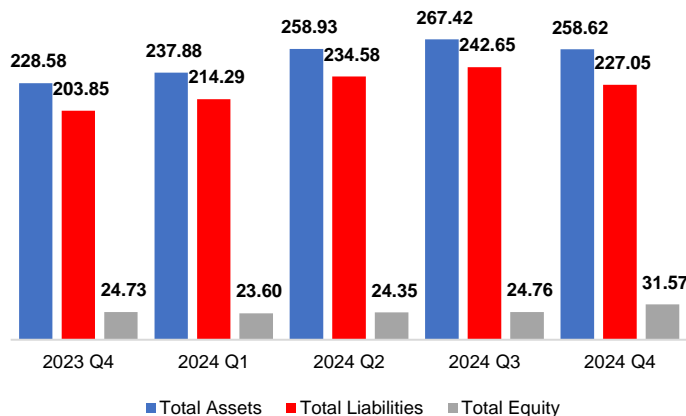
Total assets decreased by 3.29% during the quarter ending Dec 2024, reaching TZS 258.62 billion in value.

Reasons:

Loans and advances to customers contracted by 5.07% amounting to TZS 132.97 billion as of Q4'24 the worst contraction since Q2'23. This was perhaps due loan transfers to other banks in an effort to match it with contracting customer deposits. Furthermore, the bank's cash and balances to the central bank fell by 31.56% QoQ to TZS 20.65 billion as part of the bank's effort to meet depositors' withdrawal needs.

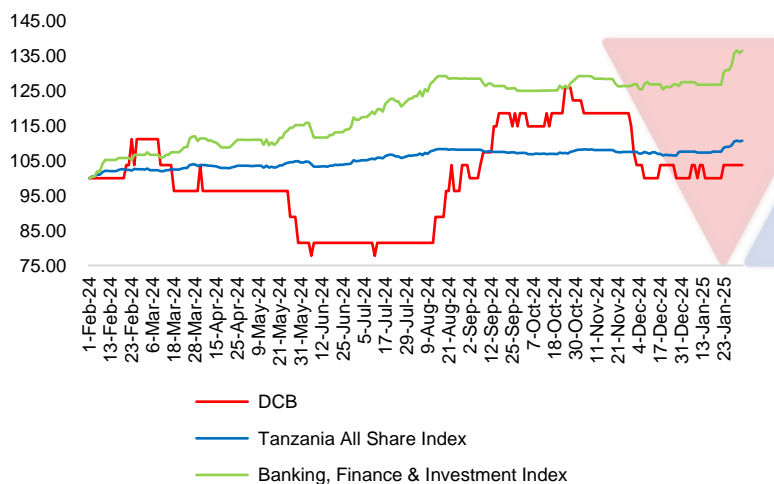
This contraction in assets coincided with a 6.43% contraction in liabilities which was mainly driven by a 8.90% QoQ contraction in deposits amounting to TZS 188.45 billion perhaps due to increased customer spending in Q4'24.

Balance Sheet Highlights in Billions TZS



INVESTORS' CORNER

DCB Vs TSI and BI 52-Weeks Returns rebased at 100



Supporting Fundamentals

Ticker	DCB
Closing Price as of 3 rd Feb 2025	TZS 140
Book Value per Share	TZS 200.92
P/B Ratio	0.70x
Trailing EPS <i>*based on Profits before taxes</i>	TZS 2.03
P/E Ratio	68.93x
ROE	1.01%
ROA	0.12%

OUTLOOK

From a full year perspective DCB was able to record a 108.93% growth in profits before taxes from a loss of TZS 3.67 billion as of Q4'23 to a TZS 319 million profit before tax as of Dec 2024. The growth was largely driven by a 11.79% increase in released of impairment losses on loans and advances amounting to TZS 1.34 billion as of Dec 2024 mainly due to the bank's efforts to contain credit and default risks and recover previously non-performing loans. Furthermore, operating costs on a full year basis were greatly contained with the expenses falling by 3.32% amounting to TZS 18.89 billion as of Q4'24 primarily due to a contraction in other operating expenses due to the bank's efforts to negotiate for lower prices on their third-party software systems.

From a balance sheet perspective total assets grew 13.14% YoY from TZS 228.58 billion as of Dec 2023 to TZS 258.62 billion as of Dec 2024. The growth was mainly driven by a 27.67% increase in shareholder's equity following a 15.70 billion increase in the bank's ordinary share capital as the bank pulls of initiatives to solidify and strengthen its capital buffers and a 191.94% increase in borrowings amounting to TZS 32.74 billion due to underwhelming results arising from deposit mobilization initiatives.

Looking ahead, the fully-subscribed shares from the right's issue proposition gives the bank about TZS 10 billion equity financing which it can use to increase customer lending particularly towards its niche customers MSME segment all while ensuring its adequately capitalized as per Bank of Tanzania regulations. Despite the successful initiative its worth noting that given the bank's challenges in mobilizing deposits as well as increased exposure to borrowings could imply a continued escalation in cost of funds and interest expenses in 2025 which when coupled with the absence of the temporary impairment gains, it could result in worsening profitability in forthcoming quarters.

DCB BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING DEC 2024

RATIO ANALYSIS

Bank Ratios:	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4
Capital Structure:								
Borrowings to Equity	37.17%	43.66%	40.90%	45.34%	89.21%	128.66%	118.83%	103.69%
Equity Multiplier	7.04	8.31	8.16	9.24	10.08	10.63	10.80	8.19
Equity to Assets Ratio	14.20%	12.03%	12.26%	10.82%	9.92%	9.40%	9.26%	12.21%
Asset Quality:								
NPL Ratio	10.30%	13.30%	10.80%	5.50%	6.90%	4.70%	4.30%	5.00%
NPL Coverage Ratio	45.05%	52.91%	50.14%	63.12%	59.00%	65.82%	69.14%	48.20%
Management Quality:								
Loan Growth	-4.55%	-6.04%	3.27%	5.18%	1.09%	11.52%	2.36%	-5.07%
Deposit Growth	4.27%	1.55%	4.03%	2.73%	-0.69%	5.44%	5.24%	-8.90%
Earning to Total Assets	80.50%	78.60%	81.00%	81.30%	80.50%	83.30%	80.10%	83.70%
Earnings Quality:								
Net Interest Margin	7.75%	6.78%	6.74%	6.61%	5.73%	5.54%	6.92%	6.60%
Net Profit Growth	230.28%	-1545.07%	166.67%	-328.29%	64.39%	167.99%	-45.67%	-35.63%
Cost to Income Ratio	91.88%	115.08%	109.89%	98.74%	112.45%	102.07%	93.13%	95.36%
Liquidity:								
Loan to Deposit Ratio	72.10%	68.40%	66.80%	67.00%	68.60%	71.80%	69.80%	72.30%
Loan to Deposits & Borrowings	64.40%	59.69%	59.45%	61.02%	59.15%	60.05%	59.28%	60.12%

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