KADOO Securities

Equity Research Note:

NMB & CRDB Investment Thesis

Kadoo Securities Research | Banking Sector Insight | 2026

Analysts: Abraham Ukhotya | Erick Sindatuma

Contacts: +255766114196

KADOO Securities

Macro Economic Snapshot 2026

KADOO Securities

GDP Growth	Headline Inflation	Central Bank Rate	M3 Growth	Credit Growth
6.3%	**4.20%**	**6.25%**	**22%**	**23.60%**
2026 projected | 2027: 6.6%				

Metric	Period	Current	Prior / 12M Avg
GDP growth (projected)	2026 / 2027	6.3 / 6.7	5.9 / 6.3
Headline inflation	May 2026	4.2	3.5
Central bank rate	Apr 2026	5.7	6
M3 YoY growth	Apr 2026	22	21.8
Credit to Private Sector YoY	Apr 2026	23.6	19.7

Although current liquidity and credit indicators remain supportive, the Bank of Tanzania has signalled that monetary policy in 2026/27 will become less accommodative. The shift reflects concern over the second-round effects of elevated global commodity prices and emerging domestic inflation pressures.

The monetary policy committee will continue to assess economic conditions quarterly and calibrate the Central Bank Rate to keep inflation within its target range. The Bank will also manage liquidity conditions to keep the 7-day interbank rate within the CBR target band, strengthening the transmission of monetary policy across the financial system.

FY2026/27 Budget: Financial-Sector Reform Tailwinds

National budget measures supporting Tanzania's banking sector

KADOO Securities

PPPs & Project Finance

Strengthened loans, grants, guarantees and PPP frameworks can deepen corporate finance, infrastructure lending, advisory mandates and capital-market activity.

Broader corporate lending & bond pipeline

The Cash-Lite Transition

Mandatory formal accounts and rising digital-payment activity should support deposit mobilisation, payment volumes, transaction income and data-driven credit origination.

Higher deposits, volumes & fee income

Islamic Finance

The non-interest banking framework opens room for Shariah-compliant banking products, wider financial inclusion and new issuance opportunities.

Supports product diversification & inclusion

Market Read-Through

Counter	Direction	Why
Banks	Positive	Cash-lite drive, mandatory accounts, project-finance pipeline and Islamic-finance reforms support deposits, credit demand and fee income.
Capital Markets	Positive	PPP and project-finance activity could broaden the corporate bond and advisory pipeline.
Payments / Digital	Positive	Formalisation and digital transactions should lift volumes and customer engagement.

Investment Insight

The FY2026/27 budget is supportive for Tanzania's banking sector. The reform mix should strengthen deposit mobilisation, transaction volumes, corporate lending opportunities and product innovation. CRDB and NMB are well positioned to benefit through stronger credit growth, payments activity and broader participation in large-scale financing opportunities.

Kadoo Securities Research

CRDB Bank PLC

Financial Performance Review 2021–2025

CRDB Financials 2025

Financial Performance Overview 2025

KADOO Securities

OPERATING INCOME	NET INTEREST INCOME	NET INCOME	EPS / DPS
TZS 2.04 tn	TZS 1.36 tn	TZS 728.6 bn	TZS 279 / 90
▲ +25.8% YoY	▲ +24.0% YoY	▲ +32.1% YoY	EPS ▲ +32.2% YoY DPS ▲ +38.5% YoY

Strong Earnings Momentum

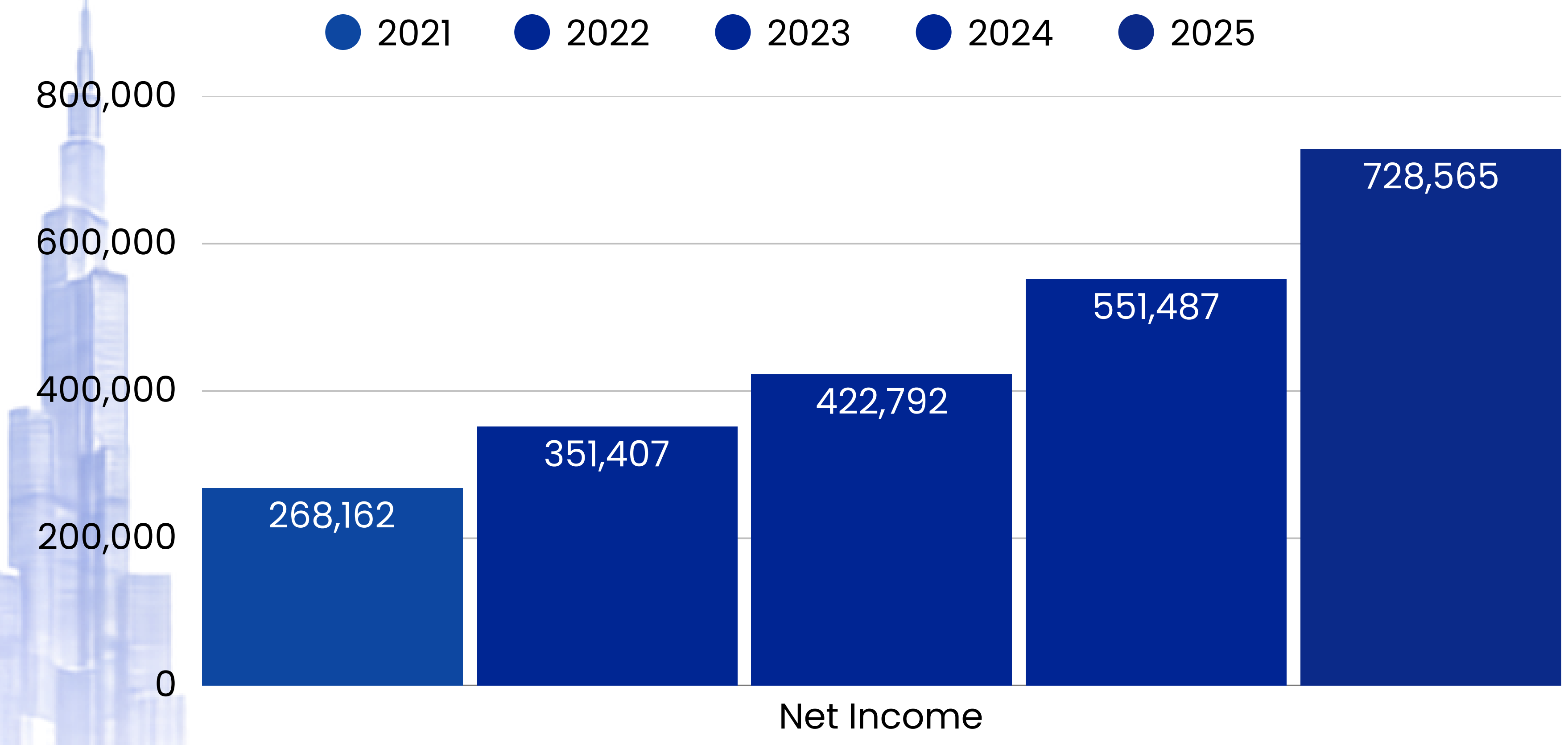
CRDB Bank delivered robust growth across income and profitability metrics in FY2025, driven by higher net interest income, strong fee income and disciplined cost management. Shareholder returns strengthened with higher DPS and growing book value.

Source: CRDB Bank PLC Financial Statements (2021–2025)

CRDB Financials 2025

Key Financial Trends

All values in TZS millions



Growth Rates (YoY)	2021	2022	2023	2024	2025
Interest Income Growth	12.67%	20.00%	28.61%	27.31%	28.40%
Net Income Growth	62.34%	31.04%	20.31%	30.44%	32.10%

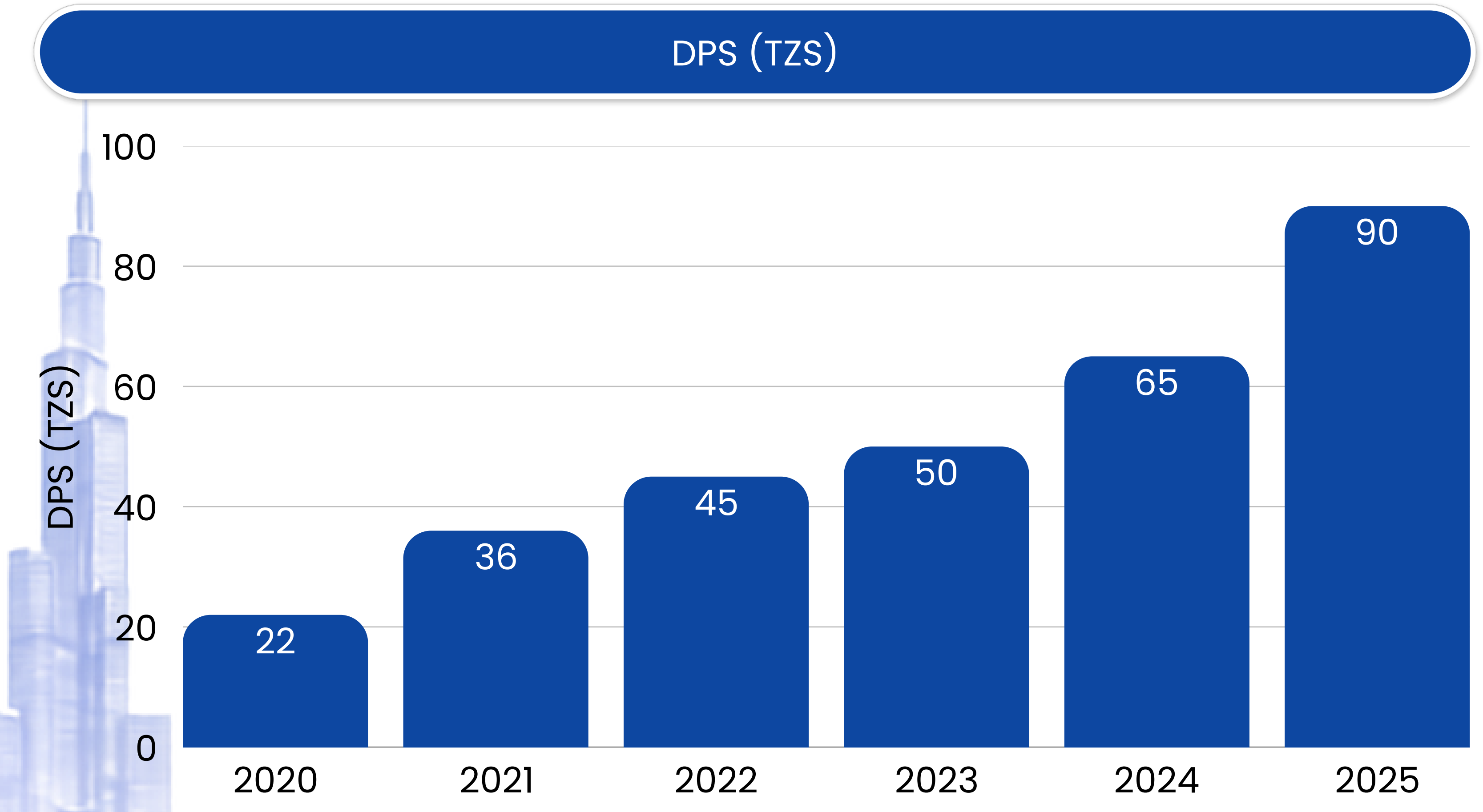
Investor View: Positive

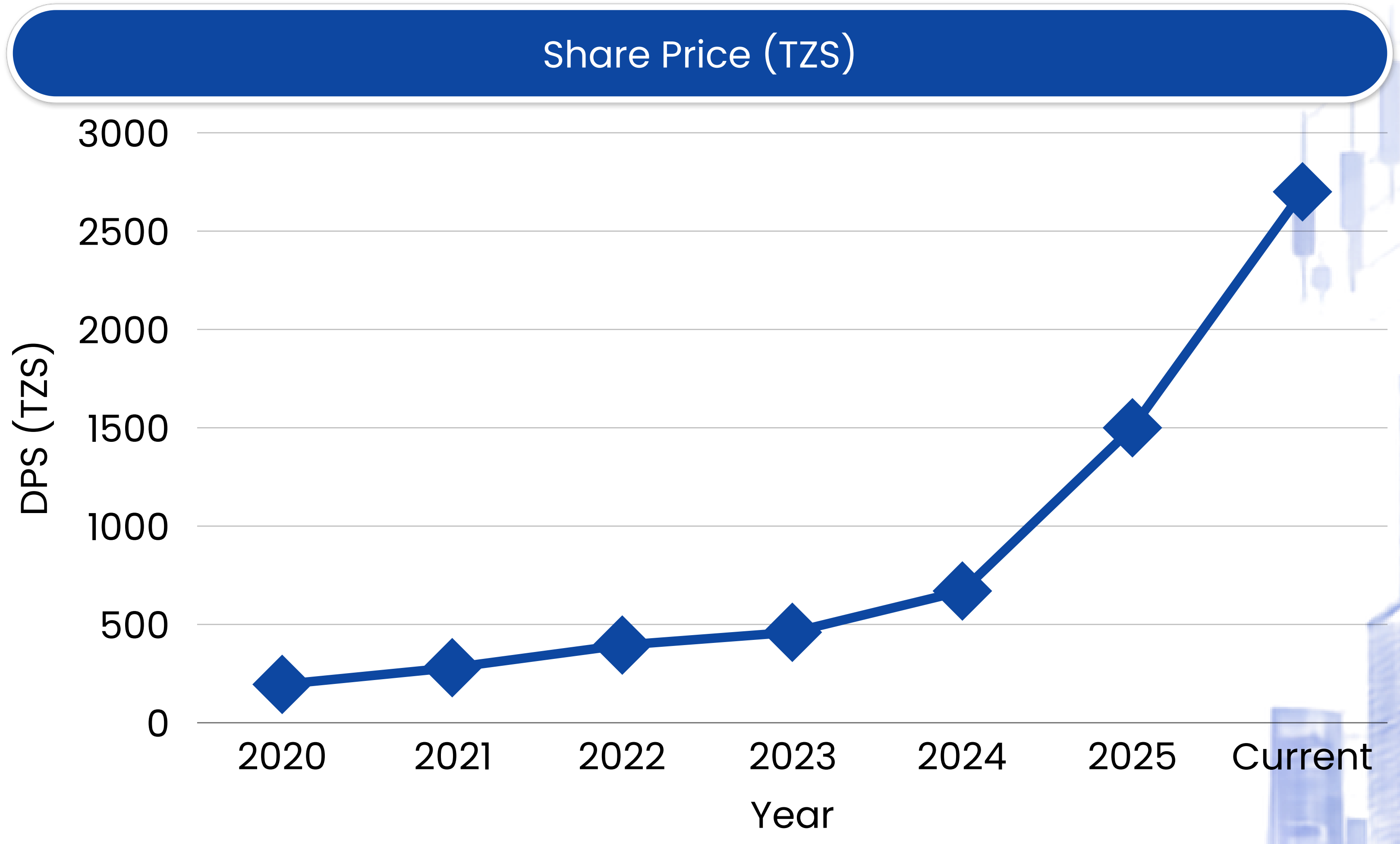
Strong income growth, accelerating profitability and improving shareholder returns reinforce CRDB's investment case. Net income expanded by 32.1% YoY in 2025, showing that CRDB maintained earnings momentum despite a higher operating-cost and impairment base.

Source: CRDB Bank PLC Financial Statements (2021–2025)

Value to Shareholders

Key Trends





CRDB has demonstrated a clear record of shareholder value creation through consistent dividend growth and strong share-price appreciation. DPS increased from TZS 22 in 2020 to TZS 90 in 2025.

Over the same period, the share price rose from around TZS 200 to TZS 1,500, reflecting stronger earnings delivery, higher book value, and improving investor confidence.

Valuation Summary

Description	Bull	Base	Bear
Price to Earnings	**11.0x**	**9.0x**	**4.0x**
Net Income (Q1'26 *4)	824,804	824,804	824,804
Equity Value	9,072,844	7,423,236	3,299,216
Equity Value per share	**3,472**	**2,841**	**1,263**
Upside / (Downside)	*34.10%*	*9.70%*	*(51.3%)*
Price to Book	**2.5x**	**2.0x**	**1.0x**
Book Value (2026E)	3,390,645	3,390,645	3,390,645
Equity Value	8,476,613	6,781,290	3,390,645
Equity Value per share	**3,244**	**2,595**	**1,298**
Upside / (Downside)	*25.30%*	*0.20%*	*(49.9%)*
Residual Income Model			
Cost of Equity	14.00%	16.00%	17.00%
Terminal Growth	6.20%	6.00%	5.00%
Terminal ROE	25.00%	23.30%	18.00%
PV Forecast RI	1,274,579	980,445	784,356
Terminal-Year Book	6,353,686	6,242,061	5,381,124
Terminal-Year Residual	698,906	458,469	53,811
PV Terminal Value	5,634,157	2,684,010	251,268
Equity Value	10,299,381	7,055,100	4,426,269
Equity Value per share	**3,942**	**2,700**	**1,694**
Upside / (Downside)	*52.20%*	*4.20%*	*(34.6%)*

Scenario	**CRDB Earnings Read-Through**
Base Case	Private-sector credit growth of 20.2%, NPL ratio of 2.9%, cash-lite mandates, and formal-account growth support deposits, fee volumes, and ROE.
Bear Case	Higher funding costs, more selective credit demand, securities-duration pressure, and possible provision normalization pressure earnings and P/B.
Bull Case	Cash-lite rules, mandatory account usage, credit growth, SOE/DSE reforms, and low NPLs support deposits, fees, loan growth, and sustained ROE.

Kadoo Securities Research

NMB Bank PLC

Financial Performance Review 2021–2025

NMB Financials 2025

Financial Performance Overview 2025

OPERATING INCOME	NET INTEREST INCOME	NET INCOME	DPS
TZS 1.82 tn	TZS 1.191 tn	TZS 760 bn	TZS 504.26
▲ +11.5% YoY	▲+12.53% YoY	▲+17.49% YoY	*Special Div: TZS 105.89*

Strong Earnings Momentum

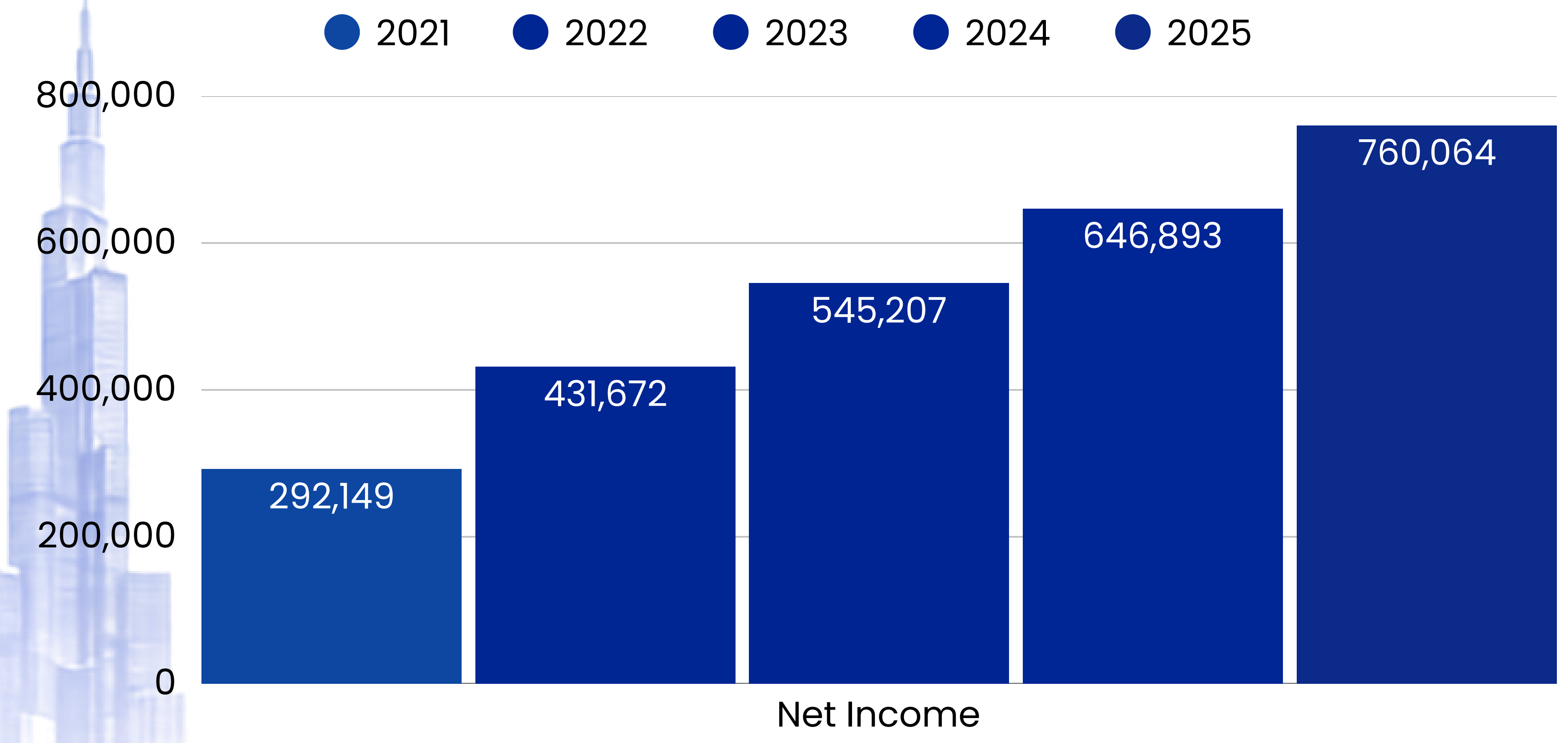
NMB Bank delivered a moderate growth across income and profitability metrics in FY2025, driven by higher net interest income, strong fee income and disciplined cost management. Shareholder returns strengthened with higher DPS as well as an additional special dividend.

Source: NMB Bank PLC Financial Statements (2021–2025)

NMB Financials 2025

Key Financial Trends

All values in TZS millions



Growth Rates (YoY)	2021	2022	2023	2024	2025
Interest Income Growth	14.40%	16.90%	23.70%	15.80%	13.30%
Net Income Growth	38.90%	47.80%	26.30%	18.70%	17.50%

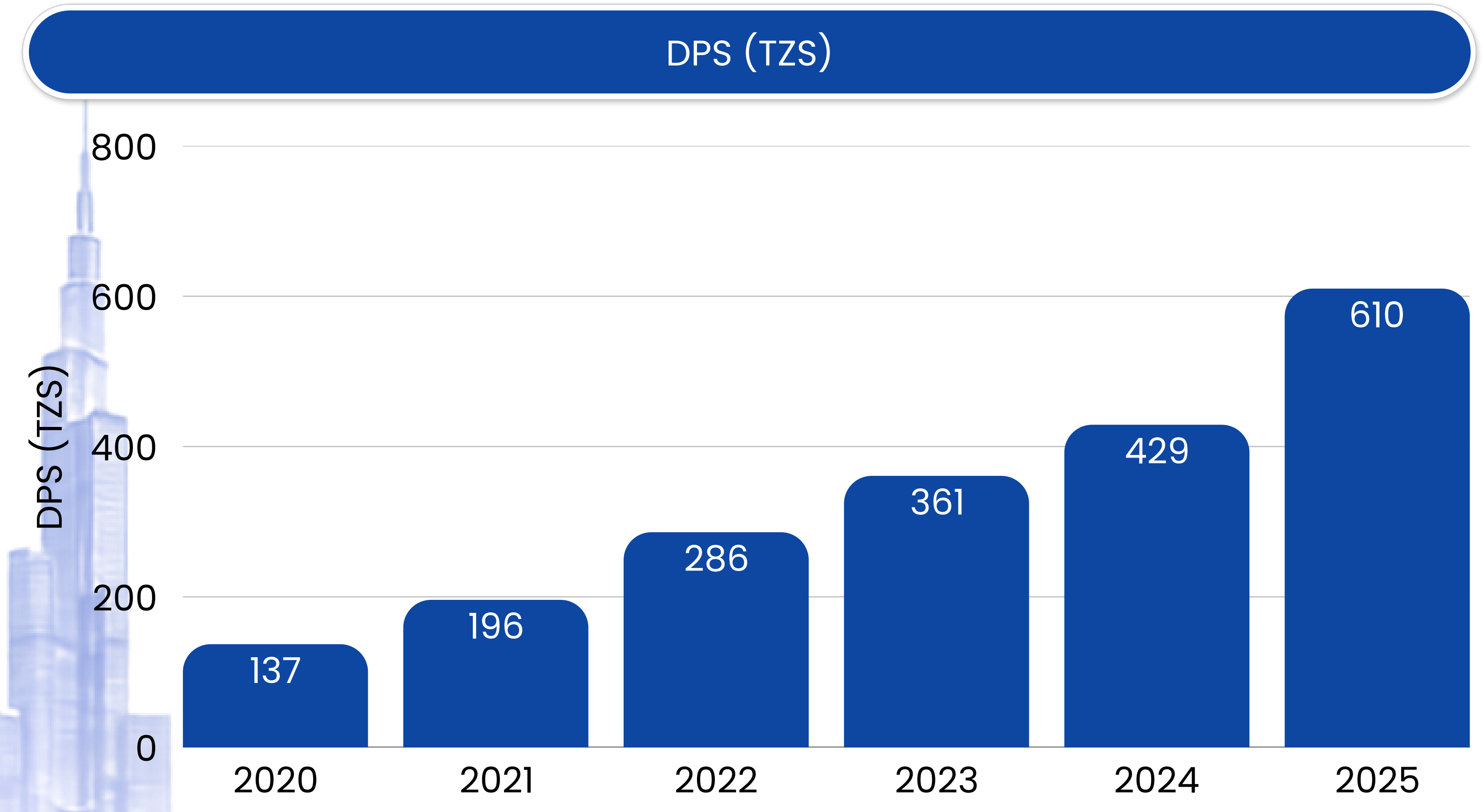
Investor View: Positive

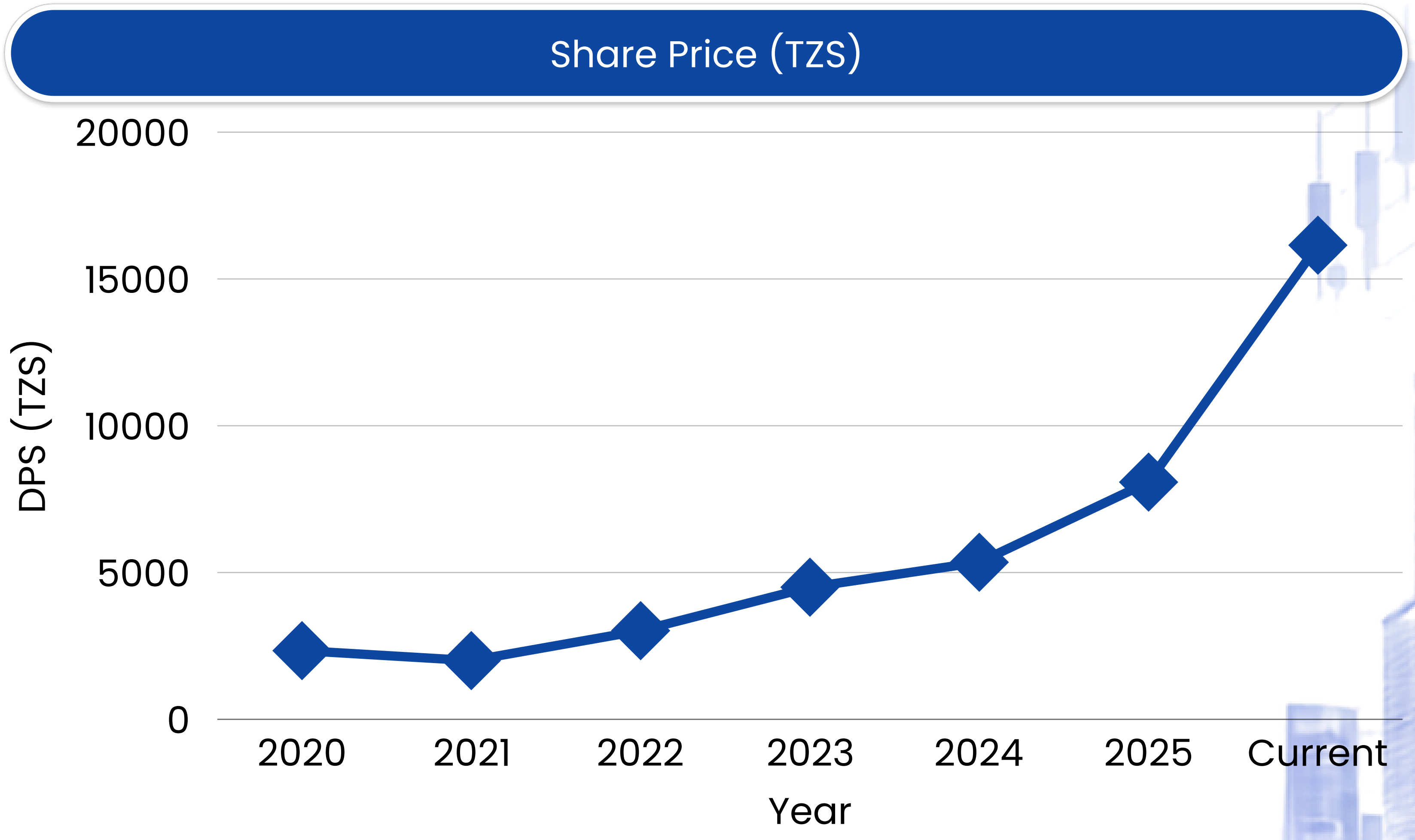
Notably, Income has been increasing but at a decreasing rate, though strategic plans for regional expansion might be a catalyst towards increased financial performance

Source: NMB Bank PLC Financial Statements (2021–2025)

Value to Shareholders

Key Trends





NMB has demonstrated a clear record of shareholder value creation through consistent dividend growth and strong share-price appreciation. DPS increased from TZS 137 in 2020 to TZS 610 in 2025.

Over the same period, the share price rose from around TZS 2340 to TZS 16,150, reflecting stronger earnings delivery, higher book value, and improving investor confidence.

Valuation Summary

KADOO Securities

Description	Bull	Base	Bear
Price to Earnings	**11.0x**	**9.0x**	**6.0x**
Net Income (Q1'26 *4)	772,364	772,364	772,364
Equity Value	8,496,004	6,951,276	4,634,184
Equity Value per share	**16,992**	**13,903**	**9,268**
Upside / (Downside)	*5.60%*	*(13.6%)*	*(42.4%)*
Price to Book	**2.5x**	**2.0x**	**1.5x**
Book Value (2026E)	3,306,906	3,306,906	3,306,906
Equity Value	8,267,265	6,613,812	4,960,359
Equity Value per share	**16,535**	**13,228**	**9,921**
Upside / (Downside)	*2.80%*	*(17.8%)*	*(38.3%)*
Residual Income Model			
Cost of Equity	14.00%	16.00%	17.00%
Terminal Growth	6.20%	6.00%	5.00%
Terminal ROE	25.00%	23.30%	18.00%
PV Forecast RI	1,672,459	1,484,520	1,125,031
Terminal-Year Book	7,155,669	7,155,669	7,155,669
Terminal-Year Residual	787,124	573,885	71,557
PV Terminal Value	5,241,119	3,215,882	271,982
Equity Value	10,220,484	8,007,308	4,703,918
Equity Value per share	**20,441**	**16,015**	**9,408**
Upside / (Downside)	*27.00%*	*(0.5%)*	*(41.5%)*

Scenario	**NMB Earnings Read-Through**
Base Case	Private-sector credit growth of 20.2%, NPL ratio of 2.9%, cash-lite mandates, and formal-account growth support deposits, fee volumes, and ROE.
Bear Case	Higher funding costs, more selective credit demand, securities-duration pressure, and possible provision normalization pressure earnings and P/B.
Bull Case	Cash-lite rules, mandatory account usage, credit growth, SOE/DSE reforms, and low NPLs support deposits, fees, loan growth, and sustained ROE.

Methodology

Valuation Framework & Analytical Approach

Equity Research Note | Banking Sector

Kadoo Securities Research

Methodology

Residual Income Method - CRDB

KADOO Securities

MODEL TIMELINE							
Period	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Type	**Actual**	**Actual**	**Forecast**	**Forecast**	**Forecast**	**Forecast**	**Forecast**
FORECAST DRIVERS							
Loan / Gross Loan Growth	22.70%	32.50%	*22.00%*	*20.00%*	*18.00%*	*16.00%*	*14.00%*
Customer Deposit Growth	23.50%	35.60%	*26.00%*	*21.00%*	*18.00%*	*16.00%*	*14.00%*
Total Asset Growth	25.40%	33.60%	*26.00%*	*22.00%*	*18.00%*	*16.00%*	*14.00%*
Earning Assets / Total Assets	81.30%	84.50%	*80.00%*	*80.00%*	*80.00%*	*80.00%*	*80.00%*
NIM (Avg Earning Assets)	8.40%	8.20%	*8.10%*	*8.00%*	*7.90%*	*7.80%*	*7.70%*
Interest Expense / Interest Income	27.80%	30.20%	*30.00%*	*29.80%*	*29.50%*	*29.30%*	*29.00%*
NII / Operating Income	67.80%	66.90%	*67.50%*	*67.00%*	*66.50%*	*66.00%*	*66.00%*
Cost-to-Income Ratio	45.90%	41.60%	*40.50%*	*42.50%*	*43.00%*	*43.00%*	*43.00%*
Allowance / Gross Loans	1.40%	1.70%	*1.80%*	*1.90%*	*1.90%*	*2.00%*	*2.00%*
Provision / Avg Gross Loans	1.00%	1.30%	*1.20%*	*1.20%*	*1.10%*	*1.10%*	*1.10%*
Tax Rate	29.20%	29.30%	*30.00%*	*30.00%*	*30.00%*	*30.00%*	*30.00%*
Dividend Payout Ratio	30.80%	32.30%	*32.00%*	*32.00%*	*32.00%*	*32.00%*	*32.00%*
Forecast ROE for RIM	27.90%	29.40%	*30.00%*	*27.00%*	*25.00%*	*23.00%*	*22.00%*
Cost of Equity	16.00%	16.00%	*16.00%*	*16.00%*	*16.00%*	*16.00%*	*16.00%*
Terminal Growth	6.00%	6.00%	*6.00%*	*6.00%*	*6.00%*	*6.00%*	*6.00%*

Methodology

Residual Income Method – CRDB

RESIDUAL INCOME MODEL (RIM) TARGET PRICE	2026E	2027E	2028E	2029E	2030E
Beginning Book Value	3,056,745	3,680,321	4,356,028	5,096,553	5,893,653
Forecast ROE	30.00%	27.00%	25.00%	23.00%	22.00%
Net Income (RIM)	917,024	993,687	1,089,007	1,172,207	1,296,604
Dividends	293,448	317,980	348,482	375,106	414,913
Ending Book Value	3,680,321	4,356,028	5,096,553	5,893,653	6,775,344
Equity Charge	489,079	588,851	696,964	815,448	942,985
Residual Income	427,944	404,835	392,043	356,759	353,619
Discount Factor	0.862	0.743	0.641	0.552	0.476
PV Residual Income	368,918	300,859	251,165	197,035	168,363
Terminal Residual Income					374,836
Terminal Value					3,748,364
PV Terminal Value					1,784,645
Intrinsic Equity Value					6,127,728
Intrinsic Value / Share (TZS)					2,345
P/B at Target					2.0x

Methodology

Residual Income Method - CRDB

KADOO Securities

SCENARIO TARGET PRICE RANGE			
Scenario	**Bear**	**Base**	**Bull**
Cost of Equity	17.00%	16.00%	14.00%
Terminal Growth	5.00%	6.00%	6.20%
Terminal ROE	18.00%	22.00%	25.00%
PV Forecast RI	1,029,071	1,286,338	1,672,240
Current Book Value	3,056,745	3,056,745	3,056,745
Year 5 Book Value	5,444,995	6,775,344	6,701,755
Year 5 Residual Income	54,450	353,619	737,193
PV Terminal Value	217,308	1,784,645	5,212,990
Equity Value	4,303,124	6,127,728	9,941,975
Target Price / Share	1,647	2,345	3,805
Upside / Downside	*(36.7%)*	*(9.8%)*	*46.30%*

Methodology

Residual Income Method - NMB

RESIDUAL INCOME MODEL - BANK VALUATION	
Values in TZS Millions | As of Q1 2026	
KEY INPUTS	
Current Book Value of Equity (Q1 2026)	3,306,906
Net Income	760,064
Shares Outstanding (millions)	500
Book Value per Share (Q1 2026)	6,614
Current ROE	25.30%
ASSUMPTIONS	
Cost of Equity	14.98%
Short-term ROE (Years 1-3)	25.30%
Medium-term ROE (Years 4-5)	24.50%
Terminal ROE	23.00%
Terminal Growth Rate	6.10%
Payout Ratio	33.20%
Retention Rate (b)	66.80%

Methodology

Residual Income Method - NMB

RESIDUAL INCOME FORECAST	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Terminal
Beginning Book Value	3,306,906	3,306,906	3,866,016	4,519,656	5,283,810	6,148,918	7,155,669
Ending Book Value	3,306,906	3,866,016	4,519,656	5,283,810	6,148,918	7,155,669	8,255,523
Net Income (ROE × Beg BV)		836,643	978,097	1,143,467	1,294,533	1,506,485	1,645,804
Equity Charge (ke × Beg BV)		495,375	579,129	677,045	791,515	921,108	1,071,919
Residual Income (NI - Equity Charge)		341,268	398,967	466,422	503,019	585,377	573,885
Discount Factor		0.8697	0.7564	0.6579	0.5722	0.4976	0.4328
PV of Residual Income		296,806	301,782	306,840	287,803	291,289	248,365

TERMINAL VALUE CALCULATION	
Terminal Year Residual Income	573,885
Terminal Value (Gordon Growth)	6,462,665
PV of Terminal Value	3,215,882

VALUATION SUMMARY	
Current Book Value	3,306,906
PV of Explicit Period RI (Sum Yrs 1-5)	1,484,520
PV of Terminal Value	3,215,882
Intrinsic Value of Equity	8,007,308
Intrinsic Value per Share	16,015
Current Book Value per Share	6,614
Price-to-Book Implied	2.42x

Disclaimer

Past performance does not guarantee future results. Prices of securities may fall or rise rapidly or unpredictably depending on the prevailing market conditions. This report is intended for informational purposes only and is not to be relied on as an offer or solicitation of an offer to buy or sell any securities. The opinions expressed herein may change as subsequent market conditions vary. Information and views presented in this report have been obtained from sources believed Kadoo Securities Co Limited to be reliable, but Kadoo Securities Co Limited. makes no representation as to their accuracy or completeness. Kadoo Securities Co. Limited accepts no liability for loss arising from the use of the material presented in this report. This publication is confidential for the information of the addressee only and may not be reproduced in whole or in part, copies circulated, or disclosed to another party, without the prior written consent of Kadoo Securities Co Limited