



TANZANIA MORTGAGE REFINANCE COMPANY LIMITED.

Incorporated in Tanzania under the Companies Act, Cap 212 (Act No. 12 of 2002)

(Registration Number 74792)

Supplementary Information Memorandum

REVISED 28TH FEBRUARY 2023

In Respect of

**Tanzania Shillings One Hundred and Twenty Billion (TZS 120.0 Billion) Medium Term Note
Programme Tranche 4 with the value of TZS 13 billion**

**This Information Memorandum is issued in compliance with all applicable laws including the
Companies Act, Cap 212 (Act No. 12 of 2002), Capital Markets and Securities Act, Cap 79 (Act No.
5 of 1994 (As Amended)) and the Dar es Salaam Stock Exchange Plc Rules, 2016**

1 Important Notice

Tanzania Mortgage Refinance Company Limited (the “Issuer” or “TMRC”), prepared an Information Memorandum (“IM”) dated 11th May 2018 relating to the issuance of a shelf medium debt securities (“Notes”). The Notes may rank as senior unsecured obligations of the Issuer or subordinated obligations of the Issuer. The aggregate principal amount of Notes outstanding will not at any time exceed Tanzania Shillings one hundred and twenty billion (TZS 120,000,000,000). Interest on the Notes of a particular series shall be calculated and payable in accordance with the terms and conditions of the Notes (“Terms and Conditions”) as supplemented by the relevant Pricing Supplement. The first Tranche of the Notes was issued in May 2018 of an aggregate amount of Tanzania Shillings Twelve billion five hundred twenty one million five hundred thousand (TZS 12,521,500,000). The second Tranche was issued in June 2019 of aggregate amount of nine billion one hundred seventy eight million one hundred thousand (TZS 9,178,100,000). The third Tranche was issued in May 2021 of aggregate amount of eight billion eight hundred seventy nine million (TZS 8,879,000,000). The remaining Tranches will be issued in registered form in denominations specified in the relevant Pricing Supplement. This Supplementary Information Memorandum contains the updated terms of the IM and must be read in conjunction with the specified IM and relevant Pricing Supplement. The sale or transfer of Notes by Noteholders will be subject to the rules of the Dar es Salaam Stock Exchange PLC (“DSE”), and where applicable, the prevailing Central Securities Depository Rules and the Terms and Conditions of the Notes. There are currently no other restrictions on the sale or transfer of Notes under Tanzania law. In particular, there are no restrictions on the sale or transfer of Notes by or to non-residents of Tanzania. The Notes have not been and will not be registered under any other securities legislation in any other country other than Tanzania.

TABLE OF CONTENTS

1	Important Notice	i
2	Definitions and Abbreviations.....	iv
3	Salient Features of the Programme	6
3.1	Summary of the issue.....	6
3.2	Use of Proceeds	7
3.3	Timetable	7
4	Summary of Financial Information	7
4.1	Statements of Profit or Loss and Other Comprehensive Income	8
4.2	Statements of Financial Position.....	9
4.2.1	Analysis of Borrowings.....	10
4.3	Statements of Cash flows.....	11
5	TMRC Business Overview	12
5.1	Overview	12
5.2	History of TMRC	12
5.3	Shareholding structure	12
6	Mortgage Market Competition	13
7	RISK MANAGEMENT	14
7.1	Risk management framework.....	14
7.1.1	Credit Risk	15
7.1.2	Market risk	15
7.1.3	Liquidity risk	15
7.1.4	Operational Risk.....	16
7.1.5	Strategic Risk.....	16
8	Compliance Risk	16
9	Capital Adequacy.....	16
10	Board of Directors, Corporate Governance and Management	17
10.1	The Structure of the Board	17
10.2	Corporate Governance.....	17
10.3	Directors' Qualifications and Experience.....	18
10.3.1	Board Committees	19
10.3.2	Shareholders responsibilities	20

10.3.3	Strategy	21
10.3.4	Sustainability and Social Responsibility	21
10.4	TMRC Organization Structure	21
10.5	TMRC Organization Chart	22
10.6	Key management committees	23
10.7	Top management	24
10.8	Employees	26
11	TMRC Growth prospects	26
12	General Information	27
12.1	Authorisation	27
12.2	Share Capital	27
12.3	Significant or Material Changes	27
12.4	Disposals and Acquisitions	27
12.5	Material Litigation	27
13	TMRC 2023 Projections	28
13.1	Projected Financial Position 2023	28
13.2	Projected Income Statement 2023	29
	Appendix I: Bond Application Form	31
	Appendix II: Authorised Placing Agents	35

2 Definitions and Abbreviations

Unless otherwise stated and as the context allows, the words in the first column have the meaning stated opposite them in the second column throughout this Information Memorandum, its appendices and enclosures. Words in the singular include the plural and vice versa. Words signifying one gender include the other gender and references to a person include references to juristic persons and associations of persons.

“ALCO”	means the Assets and Liability Committee;
“Bank of Tanzania” or “BoT”	means the Bank of Tanzania established pursuant to the Bank of Tanzania Act, 2006 of the Laws of Tanzania;
“TMRC” or “the Issuer” or “Company”	means Tanzania Mortgage Refinance Company Limited (TMRC);
“Board” or “Directors” or “Board of Directors”	means the Board of Directors of the TMRC
“Capital Markets and Securities Authority” or “CMSA”	means the Capital Markets and Securities Authority set up pursuant to the provisions of Capital Markets and Securities Act (Chapter 79 of the Laws of Tanzania);
“DSE”	means the Dar es Salaam Stock Exchange PLC;
“Government”	means the government of United Republic of Tanzania;
“ICT”	means Information and Communications Technology;
“IFRS”	means International Financial Reporting Standards;
“Information Memorandum” or “IM”	means this information memorandum dated 18 May 2018 which will apply to all Notes issued under the Programme on or after the Programme Date;
“Interest”	means the amount of interest payable in respect of each Nominal Amount of the Notes as determined in accordance with specific Pricing Supplement;
“Nominal Amount”	means in relation to any Note, the total amount, excluding interest owing by the Issuer under the Note, as specified in the applicable Pricing Supplement;
“Noteholders”	means a person in whose name a Note is registered in the Register as at the relevant date or, in the case of joint holders, the first-named thereof;
“Notes”	means the notes comprising the up to Tanzania Shillings one and twenty billion (TZS 120,000,000,000) Notes issued pursuant to the provisions of the Agency Agreement;
“PML”	means Primary Mortgage Lender
“Pricing Supplement”	means, in relation to a Tranche a pricing supplement supplemental to the Information Memorandum issued for the purpose of specifying the relevant issue details of such Tranche;
“Relevant Authorities”	means the Bank of Tanzania, CMSA and the DSE;

“Series”	means a Series of Notes comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the first payment of interest and their issue price) have identical terms on issue and are expressed to have the same series number;
“Tanzania Shillings” or “Shilling” “Tshs” or “TZS”	denotes the lawful currency of Tanzania;
“Tanzania”	means the United Republic of Tanzania and “Tanzanian” shall be construed accordingly;
“the Act” or “the Companies Act”	means the Companies Act, 2012;
“Tier 1 Capital”	means core capital (as defined in the Banking and Financial Institutions Act, 2022);
“Tier 2 Capital”	means supplementary capital (as defined in the Banking and Financial Institutions Act, 2022);
“TMRC”	means Tanzania Mortgage refinance Company Limited
“Tranche”	means, in relation to a Series, those Notes of that Series that are issued on the same date, at the same issue price and in respect of which the first payment of interest is identical;
“US\$” or “USD”	denotes the lawful currency of the United States of America.

3 Salient Features of the Programme

3.1 Summary of the issue

The updated information set out in this section of the offer supplement is not intended to be comprehensive. In order to gain a comprehensive understanding of all necessary subject matter and information, this offer supplement should be read in its entirety and in conjunction with the IM.

The interpretation and definitions of the terms and abbreviations used in this summary are set out in the glossary of the IM.

Issuer	Tanzania Mortgage Refinance Company Ltd “TMRC”																																										
Placing Agent	Orbit Securities Co. Limited																																										
Sponsoring Stockbroker	Orbit Securities Co. Limited																																										
Selected historical key financial information	<p>The table below sets out extracts from the financial statements set out in Section 4 of the offer supplement.</p> <table> <tr> <th>Financial year 31 December</th><th>2022</th><th>2021</th><th>2020</th></tr> <tr> <th></th><th>TZS ‘000’</th><th>TZS ‘000’</th><th>TZS ‘000’</th></tr> <tr> <td>Net Interest Income</td><td>7,500,879</td><td>7,049,351</td><td>6,957,277</td></tr> <tr> <td>Net Non-Interest Income</td><td>740,782</td><td>190,519</td><td>191,826</td></tr> <tr> <td>Total Operating Income</td><td>8,254,923</td><td>7,208,393</td><td>7,196,971</td></tr> <tr> <td>Profit Before Tax</td><td>2,933,132</td><td>2,302,119</td><td>2,763,458</td></tr> <tr> <td>Mortgage re and pre-finance loans</td><td>146,699,312</td><td>134,496,337</td><td>136,015,295</td></tr> <tr> <td>Total Assets</td><td>221,702,614</td><td>198,635,543</td><td>187,628,083</td></tr> <tr> <td>Dividend per Share</td><td>36.90</td><td>27.59</td><td>35.13</td></tr> <tr> <td>Basic and Diluted EPS</td><td>92.40</td><td>68.98</td><td>87.85</td></tr> </table>			Financial year 31 December	2022	2021	2020		TZS ‘000’	TZS ‘000’	TZS ‘000’	Net Interest Income	7,500,879	7,049,351	6,957,277	Net Non-Interest Income	740,782	190,519	191,826	Total Operating Income	8,254,923	7,208,393	7,196,971	Profit Before Tax	2,933,132	2,302,119	2,763,458	Mortgage re and pre-finance loans	146,699,312	134,496,337	136,015,295	Total Assets	221,702,614	198,635,543	187,628,083	Dividend per Share	36.90	27.59	35.13	Basic and Diluted EPS	92.40	68.98	87.85
Financial year 31 December	2022	2021	2020																																								
	TZS ‘000’	TZS ‘000’	TZS ‘000’																																								
Net Interest Income	7,500,879	7,049,351	6,957,277																																								
Net Non-Interest Income	740,782	190,519	191,826																																								
Total Operating Income	8,254,923	7,208,393	7,196,971																																								
Profit Before Tax	2,933,132	2,302,119	2,763,458																																								
Mortgage re and pre-finance loans	146,699,312	134,496,337	136,015,295																																								
Total Assets	221,702,614	198,635,543	187,628,083																																								
Dividend per Share	36.90	27.59	35.13																																								
Basic and Diluted EPS	92.40	68.98	87.85																																								
Selected key historical financial ratios	<p>The table below sets out extracts key performance measures based on the audited financial statements.</p> <table> <tr> <th>Financial year ended 31 December</th><th>2022</th><th>2021</th><th>2020</th></tr> <tr> <td>Return on Equity</td><td>5.8%</td><td>5.0%</td><td>4%</td></tr> <tr> <td>Return on average assets</td><td>1.0%</td><td>0.8%</td><td>0.11</td></tr> <tr> <td>Cost to income ratio</td><td>64.5%</td><td>68.1%</td><td>1.79</td></tr> <tr> <td>Capital Adequacy Ratio</td><td>62.1%</td><td>74.0%</td><td>20%</td></tr> <tr> <td>Non-Performing Loans (NPLs)</td><td>-</td><td>-</td><td>-</td></tr> </table> <p>*Regulatory requirements for Tier I and total capital are 10% and 12% respectively</p> <p>*Capital adequacy ratios are calculated before dividend payments</p>			Financial year ended 31 December	2022	2021	2020	Return on Equity	5.8%	5.0%	4%	Return on average assets	1.0%	0.8%	0.11	Cost to income ratio	64.5%	68.1%	1.79	Capital Adequacy Ratio	62.1%	74.0%	20%	Non-Performing Loans (NPLs)	-	-	-																
Financial year ended 31 December	2022	2021	2020																																								
Return on Equity	5.8%	5.0%	4%																																								
Return on average assets	1.0%	0.8%	0.11																																								
Cost to income ratio	64.5%	68.1%	1.79																																								
Capital Adequacy Ratio	62.1%	74.0%	20%																																								
Non-Performing Loans (NPLs)	-	-	-																																								

Indicative issuance timetable for each Tranche of Notes	Tranche	Amount TZS	Offer Date
	01	12,521,500,000.00	19/06/2018
	02	9,178,100,000.00	19/06/2019
	03	8,879,000,000.00	17/05/2021
	04	13,000,000,000.00	28/04/2023*

The above Offer Dates are per respective issuance for already issued tranches.

**For tranche 4 is indicative date and actual date will be announced through the relevant Pricing Supplement. The dates may change at the discretion of the Issuer and will be communicated to the potential noteholders where appropriate, subject to obtaining approval from the relevant authorities.*

3.2 Use of Proceeds

The proceeds of the issue pursuant to this supplementary information memorandum will be used by TMRC for general corporate purposes. TMRC intends to source for funding from the capital markets for on lending to primary mortgage lenders at competitive rates. This is therefore expected to boost the mortgage market and home ownership in Tanzania.

3.3 Timetable

S/n	Event	Date*
1.	Approval of TMRC MTN from CMSA	11 th May, 2018
2.	Approval of updated IM and Pricing Supplement from CMSA & DSE	31 st March, 2023
3.	Application Lists Open	03 rd April, 2023
4.	Application Lists Close	24 th April, 2023
5.	Date of Allocation	02 nd May, 2023
6.	Announcement Date	04 th May, 2023
7.	Settlement Date	11 th May, 2023
8.	Coupon payment dates	09 th November and 09 th May
9.	Dispatch of Notes Certificates	17 th May, 2023
10.	Commencement of Trading	15 th May, 2023

*Above dates are just indicative and subject to changes after necessary approvals from CMSA and DSE

4 Summary of Financial Information

The Issuer's financial information set out below has, unless otherwise indicated, been derived from its audited consolidated financial statements as at end for the years ended 31 December 2018 to 2022, in each case prepared in accordance with IFRS as issued by the International Accounting Standards Board. Such summary should be read in conjunction with the financial statements and related notes.

4.1 Statements of Profit or Loss and Other Comprehensive Income

(TZS '000)	2018	2019	2020	2021	2022
Interest Income	14,694,747	16,953,331	19,726,977	19,287,501	20,756,411
Interest Expense	(10,121,770)	(11,562,660)	(12,769,701)	(12,238,150)	(13,255,532)
Net Interest Income	4,572,977	5,390,671	6,957,277	7,049,350	7,500,879
Financial Instruments Impairment Loss	(26,228)	(198,631)	47,868	(31,477)	13,262
Other Income	408,819	181,747	191,826	190,519	740,588
Gross Income	4,955,569	5,373,786	7,196,970	7,208,393	8,254,729
Operating Expenses	(3,843,684)	(4,256,673)	(4,298,280)	(4,778,556)	(5,171,879)
Finance costs	(13,151)	(108,056)	(135,233)	(127,718)	(149,717)
Profit before tax	1,098,734	1,009,057	2,763,457	2,302,119	2,933,132
Tax credit	(336,242)	(414,384)	(737,590)	(711,367)	(802,259)
Profit for the year	762,491	594,674	2,025,867	1,590,752	2,130,873
Other comprehensive income					
Change in fair value Gain/(Loss)	8,167	8,167	778,290	2,681,029	8,252,765
Total comprehensive income for the year	770,659	602,841	2,804,157	4,271,781	10,383,638

Source: TMRC audited financial statements

- Net Interest income for the last five years increased at a compounded average growth rate (CAGR) of 5% mainly due to overall growth in loan portfolio and attractive yields on Government securities held.
- Profit before tax for the last five years increased at compounded average growth rate of 10% for the last five years due to overall growth in total earning assets.

4.2 Statements of Financial Position

(TZS '000)	2018	2019	2020	2021	2022
ASSETS					
Cash and cash equivalents	244,907	38,536	257,464	93,462	2,131,583
Government securities	30,903,208	48,003,170	49,878,745	60,544,633	70,887,130
Investment Securities	785,133	1,175,775	200,511	1,600,001	98,002
Mortgage refinance and pre-finance loans	103,060,363	150,531,961	136,015,295	134,496,337	146,699,312
Equipment	228,336	132,976	163,087	246,079	594,945
Right-of-use assets	-	410,299	16,138	400,096	209,478
Intangible assets	14,485	23,243	95,199	125,297	72,169
Other Receivables	1,098,094	1,069,659	1,001,644	1,129,638	1,009,995
TOTAL ASSETS	136,334,526	201,385,619	187,628,083	198,635,543	221,702,614
LIABILITIES					
Loans and Borrowings	99,211,990	146,773,154	130,748,123	129,207,225	130,154,456
TMRC Corporate Bond	16,803,010	26,020,428	26,022,038	35,015,740	50,233,515
Trade and other payables	443,756	1,276,483	486,472	1,238,294	973,068
Deferred Tax	(188,571)	(148,632)	(129,117)	(43,233)	67,608
Current Tax Payable	2,766	(1,141)	7,823	89,630	(57,047)
TOTAL LIABILITIES	116,272,951	173,920,293	157,135,339	165,507,656	181,371,600
SHAREHOLDERS' EQUITY					
Share Capital	18,260,784	22,831,291	22,831,291	22,831,291	22,831,291
Share Premium	575,216	2,543,430	2,543,430	2,543,430	2,543,430
Retained Earnings	1,066,068	1,610,265	3,923,340	4,655,743	6,287,136
Specific Reserve	416,393	416,393	416,393	416,393	416,393
Fair Value (Loss)/Gain	(614,498)	63,948	778,290	2,681,029	8,252,765
Total Equity	19,703,963	27,465,329	30,492,744	33,127,887	40,331,014
Total Liabilities And Equity	135,976,914	201,385,622	187,628,083	198,635,543	221,702,614

Source: TMRC Audited Financial Statements 2018 to 2022

4.2.1 Analysis of Borrowings

As at 31 December 2022, the Company had borrowings totalling TZS 180 billion (2021: TZS 164 billion) as outlined below:

i	Borrowing from Bank of Tanzania	
	Current	
	Borrowing from Bank of Tanzania	36,300,000
	Accrued interest	346,274
		36,646,274
	Non- current	
	Loan from Bank of Tanzania	91,900,000
	Accrued interest	607,525
		92,507,525
	Total Loan from Bank of Tanzania	129,153,799
ii	TMRC Corporate Bond	
	Current	
	TMRC Corporate Bonds	14,521,500
	Accrued interest	192,760
		14,714,260
	Non- current	
	TMRC Corporate Bonds	35,057,100
	Accrued interest	462,155
		35,519,255
	Total TMRC Corporate Bond	50,233,515
iii	Other Borrowings	
	Current	
	NMB Standby line	1,000,000
	Accrued interest	658
		1,000,658
	Non- current	
	Line of Credit	-
	Accrued interest	-
	Total Other Borrowings	1,000,658
	Grand total	180,387,971

Source: TMRC audited financial statements for the year ended 31 December 2022

4.3 Statements of Cash flows

(TZS '000)	2018	2019	2020	2021	2022
OPERATING ACTIVITIES					
Cash used in operations	(19,946,285)	(44,630,801)	17,316,577	7,752,095	(4,900,792)
Tax paid	(419,752)	(414,384)	(737,590)	(581,416)	(789,498)
Net cash used in operating activities	(20,366,037)	(45,045,185)	16,578,987	7,170,679	(5,690,290)
INVESTING ACTIVITIES					
Investment in government securities	(12,135,791)	(17,099,961)	(1,875,575)	(10,665,888)	(10,342,497)
Investment Securities	(324,461)	(390,642)	975,264	(1,399,490)	1,502,000
Purchase of equipment	(121,350)	(57,874)	(72,393)	(42,274)	(436,736)
Purchase of intangible asset	-	(18,054)	(93,886)	(51,803)	(2,930)
Disposals	329	-	-	-	102,377
Net Cash in Investing activities	(12,581,273)	(17,566,531)	(1,066,590)	(12,159,455)	(9,177,787)
FINANACING ACTIVITIES					
Proceeds from borrowings	20,450,000	47,561,165	-	-	947,231
Repayment of borrowings	(1,450,000)	-	(16,025,032)	(1,540,898)	(2,000,000)
Proceeds from Bond Issuance	14,521,500	9,217,419	-	8,993,702	17,217,775
Proceeds from issue shares	500,000	3,439,500	-	-	-
Proceeds from right issue of ordinary shares	-	3,099,221	-	-	-
Payment of Lease Liability	-	(149,478)	(235,421)	(220,879)	(219,557)
Payment of Dividend	(354,742)	(357,612)	(237,886)	(810,143)	(636,261)
Net Cash from financing activities	33,666,759	62,810,215	(16,498,339)	6,421,782	15,309,188
Increase in Cash and Cash equivalents	719,448	198,499	(985,942)	1,433,006	441,112
Movement in cash and cash equivalents					
Start of period	325,459	1,044,907	1,243,406	257,464	1,690,470
Increase	719,448	198,499	(985,942)	1,433,006	441,112
End of period	1,044,907	1,243,406	257,464	1,690,470	2,131,582

Source: TMRC Audited Financial Statements 2018 to 2022

5 TMRC Business Overview

5.1 Overview

TMRC is a solely wholesale lending company able to provide much needed long term funding for the entire housing finance market at an optimal cost, thanks to economies of scale and its standing in the bond market. In the twelve years that TMRC has been operational, a significant impact has been noted in the mortgage market. The number of banks offering mortgage loans has grown from only 3 banks in 2010 to 31 banks on 31st December 2022 and mortgage repayment period has increased from the maximum of 7 years that was previously offered in 2011 to between 15 and 25 years that banks offer now.

Highlights for the year ended 31 December 2022

- total assets of TZS 221.7 billion (2021: TZS 198.6 billion) and a profit before tax of TZS 2.93 billion for the year ended on 31 December 2022 (2021 TZS 2.30 billion);
- total mortgage re and pre-financing loan increased from TZS 134.5 billion in 2021 to TZS 146.7 billion in 2022;
- Borrowing grew from TZS 164.2 billion in 2021 to TZS 180.3 billion in 2022;
- Earning per share increased TZS 68.98 per share in 2021 and TZS 92.40 per share as at 31st December 2022; and
- consistent dividend policy with a proposed dividend per share of TZS 36.9 (2022: TZS 27.59).

5.2 History of TMRC

TMRC is a licensed non deposit taking financial institution wholly owned by Tanzanian banks that was established for the exclusive purpose of supporting the banks in mortgage financing through the provision of mortgage refinancing facilities to the banks. The institution was incorporated on 29 January 2010 under the Tanzania's Companies Act and commenced operations in November 2011. The institution's mandate is restricted to mortgage refinancing and therefore does not engage in commercial banking related activities such as deposit taking and consumer lending. TMRC is currently funded by equity from its member banks, loan advanced by the World Bank but channelled through the BOT and public and private bond issuance.

5.3 Shareholding structure

As at 31st December 2022 TMRC issued and paid-up ordinary share capital of the company amounting to TZS 25.37 billion for 23,061,292 ordinary shares (2021: TZS 25.37 billion for 23,061,292 ordinary shares).

The shareholders of TMRC as at 31st December 2022 are as shown by the following table:

Name of Shareholder	2022		
	Number of shares held	% holding	Amount in TZS '000'
CRDB Bank Plc	3,000,000	13.01%	3,039,000
Azania Bank Limited	2,500,000	10.84%	2,632,500
Shelter Afrique	2,332,500	10.11%	2,456,123
International Finance Corporation (IFC)	2,120,530	9.20%	3,439,500
NMB Bank Plc	1,800,000	7.80%	1,740,000
TIB Development Bank Limited	1,500,000	6.50%	1,450,000
National Bank of Commerce Limited	1,250,000	5.42%	1,316,250
Exim Bank (Tanzania) Limited	1,200,000	5.20%	1,200,000
National Housing Corporation	1,200,000	5.20%	1,200,000
DCB Commercial Bank Plc	1,100,000	4.77%	1,100,000
BancABC Tanzania Limited	1,000,000	4.34%	1,000,000
Bank of Africa (Tanzania) Limited	1,000,000	4.34%	1,000,000
First Housing Finance Co. Ltd	1,000,000	4.34%	1,485,098
Peoples Bank of Zanzibar Limited	625,000	2.71%	658,125
I&M Bank (T) Limited	625,000	2.71%	658,125
NCBA Bank (Tanzania) Limited	500,000	2.17%	500,000
Mkombozi Commercial Bank Plc	308,262	1.34%	500,000
	23,061,292	100.00%	25,374,721

Source: TMRC

6 Mortgage Market Competition

As of 31st December 2022, a total of 31 banks and financial institutions were offering mortgage loans and this number is set to increase as more banking institutions are expected to launch mortgage loan products. Owing to positive initiatives to boost the mortgage market by mortgage stakeholders including large developers such as National Housing Corporation (NHC), Watumishi Housing Investment (WHI), Tanzania Buildings Agency (TBA) and CPS, Primary Mortgage Lenders (PMLs), TMRC, newly formed Housing Market Development Committee (HMDC) and Government at large, we foresee growth prospects in mortgage financing in the future.

Currently, the mortgage market in Tanzania is dominated by six lenders who accounted for approximately 72% of the mortgage market. CRDB Bank Plc, Azania Bank, NMB Bank Plc, Stanbic Bank, KCB Bank, and Exim Bank holds a market share of 37.90%, 7.73%, 7.66%, 7.29%, 6.59%, and 4.63% respectively. Details of the top 10 mortgage lenders, their portfolios' sizes and market share as at 31st December 2022 are as shown by the following table.

Sno	Institution	No. of Accounts	Mortgage Debt outstanding	Mortgage %
1	CRDB Bank plc	1,622	194,129,261,519	37.90%
2	Azania Bank Limited	383	39,599,011,437	7.73%
3	NMB Bank plc	374	39,259,570,243	7.66%
4	Stanbic Bank Tanzania Ltd	198	37,318,212,439	7.29%
5	KCB Bank Tanzania Limited	148	33,746,931,437	6.59%
6	Exim Bank Tanzania Limited	168	23,738,293,036	4.63%
7	NCBA Bank Tanzania Limited	76	18,535,958,751	3.62%
8	Tanzania Commercial Bank plc	448	17,668,321,992	3.45%
9	DCB Commercial Bank Plc	445	15,892,221,087	3.10%
10	ABSA Bank Tanzania Limited	83	15,581,174,629	3.04%
	TOTAL	3,945	435,468,956,570	

7 RISK MANAGEMENT

TMRC Board accepts final responsibility for the risk management and internal control systems of the company. The Board carries out risk and internal control assessment. The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk, operational risk, liquidity risk, Strategic risk and compliance risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

7.1 Risk management framework

The Board has overall responsibility for the establishment and oversight of the company's risk management framework. The Board Audit and Risk Committee (BARC) is responsible for oversight of risk strategy, risk appetite and the executive committees including Assets and Liabilities Management Committee (ALCO) and Management Credit Committee (MCC).

The risk management framework of the company involves risk identification, measurement, monitoring, management, and reporting of all risks through the 'three lines of defence' governance model.

Risk management is carried out by the management through policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with various departmental heads. The Board provides written principles for overall risk management as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

7.1.1 Credit Risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligation is impaired resulting in economic loss to the institution.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

The Board of Directors has delegated the management of credit risk to the Board Credit Committee. The BCC is charged with oversight of the credit risk framework within the limits set by the Board.

Management assesses the credit quality of the customer, taking into account their financial position, past experience, loan securities and other factors. None of the financial assets that are fully performing has been renegotiated in the year. Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

7.1.2 Market risk

Market Risk is defined as the potential adverse change in the company's income or net worth arising from movement in interest rates, exchange rates, equity prices and/or other market prices. Effective identification and management of market risk is required for maintaining stable net interest income.

- **Interest rate risk**

Interest rate risk is the exposure of an institution's current or future earnings and capital to adverse changes in market rates. The Company is not exposed to interest rate risk as the financial instruments are at fixed interest rate.

- **Foreign currency risk**

The Company is exposed to foreign currency risk on its investment in United States Dollar deposits accounts only. The net impact on the movement in exchange rates would not be significant to the Company.

7.1.3 Liquidity risk

Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable cost or losses. Liquidity risk includes inability to manage unplanned decreases or changes in funding sources. Liquidity risk also arises from the failure to recognize or address changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

Cash flow forecasting is performed by the finance department of the Company by monitoring the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed facilities at all times so that the Company does not breach the borrowing limits or covenants on any of its borrowing facilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to closeout market positions. Due to the dynamic nature of the underlying business, the Company's management maintains flexibility in funding by maintaining availability under committed credit lines.

TMRC has a system in place to monitor contractual and residual maturity inflows and outflows and to manage liquidity gaps within pre-stipulated limits that are prescribed by the Board.

The liquidity positions and gap analysis are periodically analysed and measured against company's risk appetite limits and reported monthly to ALCO and to the Board of Directors on quarterly basis.

7.1.4 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, cyber security risk or from external events. Oversight of operational risk is undertaken by the Board Audit and Risk Committee and ultimately the Board of Directors, who retain overall responsibility. The operational risk management framework is developed by the Risk Management Department, and the implementation of controls to address operational risk is part of Management day to day responsibility.

7.1.5 Strategic Risk

Strategic risk is the current and prospective impact on earnings, capital, reputation or good standing of an institution arising from poor business decisions, improper implementation of decisions or lack of response to industry, economic or technological changes. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve these goals, the resources deployed to meet these goals and the quality of implementation.

The Board of Directors has overall responsibility for providing oversight on strategic risk management. The Board through the Board Audit and Risk Committee is responsible for approving the company's strategic plan and overseeing its implementation.

8 Compliance Risk

Compliance risk is the current or prospective risk to earnings, capital and reputation arising from violations or non-compliance with laws, rules, regulations, agreements, prescribed practices, or ethical standards, as well as from incorrect interpretation of relevant laws or regulations.

Compliance risk management is undertaken by the Risk and Compliance Department as part of its day to day responsibilities. The Board of Directors provides oversight on compliance risk management through the Board Audit and Risk Committee.

9 Capital Adequacy

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

Management monitors capital internally based on gearing. The Company is also required by Bank of Tanzania (BOT) through the Banking and Financial Institutions (Mortgage Refinance Companies) Regulations, 2022 to maintain at all times a minimum core capital of not less than TZS 30 billion or such higher amount as BOT may determine. As at year end, the core capital of the Company was TZS 30.80 billion (2021: TZS 28.90 billion).

The Regulations further require TMRC to maintain at all times a minimum core capital to the value of its risk-weighted assets and off-balance sheet exposures of not less than 10% and a minimum ratio of total capital to the value of its risk-weighted assets and off-balance sheet exposures of not less than 12%. The respective ratios at the statement of financial position date were 61.80% each (2021: 74% each) respectively.

10 Board of Directors, Corporate Governance and Management

10.1 The Structure of the Board

As at the date of this Supplemental Information Memorandum, TMRC Board consists of 12 Directors and 11 Alternate Directors. An alternate Director represents a substantive Director at the board meetings if he/she is unable to attend. Apart from the Chief Executive Officer, no other Director holds executive positions in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring significant investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is required to meet at least four times a year. The Board delegates the day-to-day management of business to the Chief Executive Officer assisted by senior management.

10.2 Corporate Governance

TMRC is committed to the principles of effective corporate governance. The Directors also recognise the importance of integrity, transparency and accountability. On performing their responsibilities the Board had the following board sub-committees to ensure a high standard of corporate governance throughout the company. The Board is responsible for the overall corporate governance of the company, ensuring that appropriate controls, systems and practices are in place. The Board regularly undergoes self-assessment and evaluation under the guidance of an independent party in order to improve the internal governance of the Board and its Committees.

10.3 Directors' Qualifications and Experience

Name	Representing	Position	Qualification	Age	Nationality
Mr. Theobald Sabi	MD, NBC	Chairman	Bachelor of Science in Engineering, Association of Chartered Certified Accountant (FCCA)	47	Tanzanian
Mr. Imani John	MD, BancABC	Vice Chairman	B. Com (Accounting); CPA	43	Tanzanian
Mr. Abdulmajid Nsekela	MD, CRDB Bank	Member	MBA (International Banking and Finance)	51	Tanzanian
Mr. Adam Mihayo	MD, BOA	Member	Bachelor of Commerce; (MBA), CPA	41	Tanzanian
Ms. Lilian Mbassy	Director of Managed Funds, TIB	Member	MBA - (Finance & Banking)	46	Tanzanian
Mr. Isidori Msaki	Ag. Managing Director DCB	Member	Masters in Entrepreneurship & Enterprise, Bachelor of Arts (Econ.)	51	Tanzanian
Ms. Esther Mang'anya	MD, Azania Bank	Member	Master's in Business Administration (MBA) –	51	Tanzanian
Mr. Andrew Lyimo	Head Retail Banking, Exim Bank	Member	MSc. Accounting & Finance; CPA	47	Tanzanian
Mr. Kingsley Muwowo	Ag. MD, Shelter Afrique	Member Appointed on 26 th April 2022	MBA; CPA (Z)	60	Zambian
Mr. Filbert Mponzi	Chief Retail & Agri Banking, NMB	Member	Master's in Business Administration (MBA), CPA	47	Tanzanian
Mr. Sanjay Suchak	Director, FHF	Member	Business Executive, Founder of African Risk & Insurance Services Limited (ARIS)	54	Tanzanian
Ms. Pamela Lamoreaux	Director	Member	Consultant, World Bank Group	70	American

Source: TMRC Annual Report for the year ended 31 December 2022

The Directors and the Company Secretary can be reached at TMRC Head Office, 15th Floor, Golden Jubilee Towers, Main building, Ohio Street 11101 Kivukoni, P.O Box 7539 Dar es Salaam

10.3.1 Board Committees

The Board Committees act on behalf of the Board to direct the company effectively and accelerate the decision-making process. TMRC had three Board Committees whose role is to ensure a high standard of corporate governance throughout the Company. These Committees were Board Audit and Risk Committee (BARC); Board Credit Committee (BCC) and Board Human Resources and Governance Committee (BHRGC). The activities of these Committees are governed by the respective Committee Charters which are approved by the Board. The three Committees report to the Board of Directors.

10.3.1.1 Board Audit and Risk Committee

The Board Audit and Risk Committee reviews significant accounting policies and financial reporting systems to ensure that they are adequate and are complied with at all times. It reviews adequacy of internal control systems and monitors implementation of actions to address issues raised by Internal and External Auditors and Regulators. Furthermore, oversee implementation of the company's strategic plan.

The Committee assists the Board in evaluation and selection of external auditors at least annually. It also recommends termination of existing auditors whenever it is found that the performance is not in line with the assigned duties and responsibilities and/or there is no independence for the auditors to discharge their duties in a professional manner. The Head of Internal Audit reports directly to the Board Audit and Risk Committee.

Board Audit and Risk Committee Composition

Name	Detail	Position	Nationality
Mr. Andrew Lyimo	Head Retail Banking, Exim Bank Tanzania	Chairman (Appointed on 24 th February 2022)	Tanzanian
Mr. Abdulmajid Nsekela	CEO, CRDB Bank	Member	Tanzanian
Ms. Lilian Mbassy	Director of Managed Funds, TIB	Member	Tanzanian
Mr. Kingsley Muwowo	Ag. MD, Shelter Afrique	Member (Appointed on 26 th April 2022)	Zambian
Ms. Pamela Lamoreaux	Consultant	Member Appointed 24 th February 2022)	American

Source: TMRC Annual Report for the year ended 31 December 2022

10.3.1.2 Board Credit Committee

The main function of the Board Credit Committee is to monitor performance and quality of the credit portfolio, appraise and approve loans within its credit approval limit and to recommend to the Board for approval of facilities beyond its limit. The Committee reviews Credit Policy at least once a year and ensures that it contains sound fundamental principles that facilitate identification, measurement, monitoring and control of credit risk as well as having appropriate plans and strategies for credit risk management.

Board Credit Committee Composition

Name	Detail	Position	Nationality
Mr. Adam Mihayo	MD, BOA	Chairman (appointed on 24 th February 2022)	Tanzanian
Mr. Filbert Mponzi	Chief Retail & Agri Banking, NMB	Member	Tanzanian
Mr. Imani John	MD, BancABC	Member	Tanzanian
Ms. Esther Mang'anya	MD, Azania Bank	Member (Appointed on 24 th February 2022)	Tanzanian

Source: TMRC Annual Report for the year ended 31 December 2022

10.3.1.3 Board Human Resources Governance and Governance Committee (BHRGC)

The main function of this Committee is to develop, review and enhance the company approach to corporate governance and human resources management practices. The Committee ensures that there is a succession plan for executives and other key positions within the company. It is also responsible for reviewing and recommending reward strategy and annual compensation for the Board, senior management and other employees of the company.

The Committee makes general recommendations to the Board on corporate governance, including directorship practices, recruitment and retirement policies for the executives of the company, issues arising from Annual General Meeting (AGM), the function and duties of the Committees of the Board and any changes/issues that the Committee believes to be desirable in the matter to be covered by the Board or any of its committees.

Name	Detail	Position	Nationality
Mr. Filbert Mponzi	Chief Retail & Agri Banking, NMB	Chairman	Tanzanian
Mr. Sanjay Suchak	Director, FHF	Member	Tanzanian
Mr. Imani John	MD, BancABC	Member	Tanzanian
Ms. Esther Mang'anya	MD, Azania Bank	Member (Appointed on 24 th February 2022)	Tanzanian

Source: TMRC Annual Report for the year ended 31 December 2022

Company Secretary

The company secretary provides support and guidance to the Board in matters relating to governance and ethical practices. The company secretary is also responsible for induction programs of new directors, keeping board members abreast of relevant changes in legislation and governance principles.

10.3.2 Shareholders responsibilities

The shareholders' role is to appoint the Board of Directors and the external auditors. This role is extended to holding the Board accountable and responsible for efficient and effective corporate governance.

10.3.3 Strategy

The Board is responsible for appointing the executive management, adopting a corporate strategy, policies and procedures and monitoring operational performance including identifying risks impacting the Company.

10.3.4 Sustainability and Social Responsibility

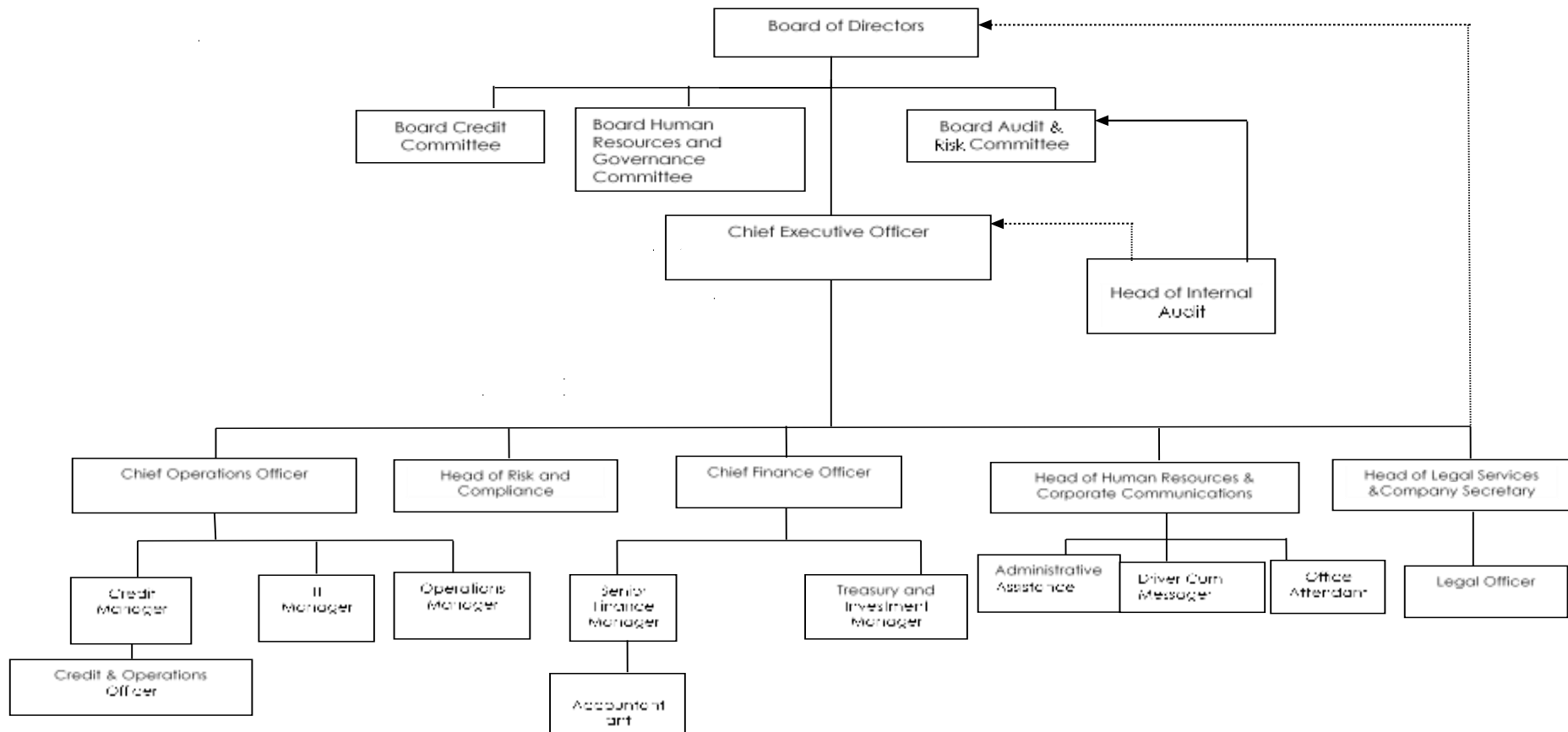
TMRC encourages its employees' initiatives on participating in the CSR activities. Various activities are carried periodically.

10.4 TMRC Organization Structure

The Management of the Company is under the Chief Executive Officer and is organized in the following departments:

- Internal Audit Department
- Risk and Compliance Department
- Operations and Information Technology Department
- Finance and Treasury Department
- Legal Department
- Human Resources and Corporate Communication Department

10.5 TMRC Organization Chart



10.6 Key management committees

Management of TMRC has three Committees playing various roles in overseeing the operations of the Company and implementation of strategies and policies. These were Asset Liabilities Management Committee (ALCO), Management Credit Committee (MCC) and Management Investment Committee (MIC). The activities of the Committees are governed by the respective Policies which are approved by the Board.

Asset Liability Management Committee

The Committee is composed of Chief Executive Officer, Chief Finance Officer, Chief Operations Officer, Senior Finance Manager, Head of Risk and Compliance, Credit Manager and Treasury and Investment Manager. The Committee meets at least monthly. The Committee is responsible for:

- i. Managing the balance sheet to ensure proper allocation of resources to achieve performance targets;
- ii. Reviewing the current and prospective liquidity positions and monitoring alternative funding sources to ensure adequate liquidity is maintained at all times;
- iii. Reviewing the current and prospective capital levels (risk based) to determine its adequacy in relation to expected growth and asset quality;
- iv. Reviewing the monthly performance against established targets/projections and budgets and analysing the reasons for any variances for timely actions; and
- v. Measuring and monitoring investment risk of the company on an ongoing basis and ensuring quality portfolio of assets is maintained within the limits set by the Board and Bank of Tanzania Regulations.

Management Credit Committee

The Committee is composed of Chief Executive Officer, Chief Finance Officer, Chief Operations Officer, Head of Risk and Compliance, Credit Manager and Head of Legal and Company Secretary. The Committee meets quarterly and when there is business to transact. The Committee is responsible for:

- i. Recommends PML limits to the Board Credit Committee;
- ii. Assist the Board Credit Committee in managing credit risk by ensuring sufficient oversight of lending;
- iii. Approve credit facilities within Committee approved credit limits;
- iv. Recommends exemptions within Board approved credit limits subject to final approval by BOT;
- v. Recommends extensions and grace periods (up to 360 days) to the Board subject to final approval by BOT where required; and
- vi. Approve temporary breaches on TMRC eligibility criteria compliance based on reasonable grounds provided by the PML and/or TMRC management assessment.

Investment Committee

Management Investment Committee is composed of Chief Executive Officer, Chief Finance Officer, Chief Operations Officer, Senior Finance Manager, and Treasury and Investment Manager. The Committee meets on demand. The main responsibilities of the Committee are:

- i. Developing the TMRC's investment objectives including selecting, managing and monitoring the TMRC's investment strategies;
- ii. Maximizing returns while managing risks within acceptable levels; and
- iii. Maintaining adequate liquidity to meet day to day liquidity requirements.

10.7 Top management

The senior management team comprises of professional executives with experience in their relevant fields. The members of this team are as indicated in the table below;

TMRC Senior Management	
Oscar Mgaya, Chief Executive Officer	Oscar Mgaya joined Tanzania Mortgage Refinance Company (TMRC) in January 2011 as Chief Operations Officer. Oscar has over 18 years of commercial real estate and financial services experience. Prior to joining TMRC, Oscar was Director of Real Estate for Limited Brands in Ohio (U.S.A.). Oscar previously worked for JP Morgan Chase and General Electric Co. Oscar received both his Bachelor of Arts degree in Finance/Management, as well as his Masters of Arts in Management at Walsh University. He is also a Certified Leasing Specialist (CLS).
Oswald Urassa, Chief Finance Officer	Oswald Urassa joined TMRC in January 2011 from NMB where he headed the Treasury department for three years. He has over 20 years' experience in financial accounting, capital markets, research and banking. Oswald worked with the Institute of Finance Management (IFM) as Senior Lecturer and as Head of Finance and Operations at the DSE (DSE). Mr. Urassa holds a Bachelor of Commerce degree majoring in Accountancy from the University of Dar es Salaam and Masters in Business Administration (MBA) from University of Birmingham, UK. He is also Fellow Certified Public Accountant (FCPA) registered by the National Board of Accountants and Auditors of Tanzania (NBAA) as well as Certified Commonwealth Corporate Governance Trainer.
Shabani Mande, Chief Operations Officer	Shabani Mande Joined Tanzania Mortgage Refinance Company (TMRC) in July 2011 as Head, Information Technology. He has accumulated over twelve years of management experiences in Information and Communication Technology (ICT). He has joined TMRC from Tanzania Postal Bank where he was Director, Information and Communication Technology. He also worked with Barclays Bank Tanzania, during its second coming in year 2000, Tanzania Telecommunication Company (TTCL) and Dar es Salaam Water and Sewerage Corporation (DAWASCO) as Information Technology Manager. Shabani has a Bachelor of Science degree in Electronic Science & Communication from the

TMRC Senior Management	
	University of Dar es Salaam and is a Practitioner Certified Microsoft Systems Engineer.
Anna Maria Shija, Head of Risk and Compliance	Anna Maria Shija joined TMRC in March 2013 from NBC where she worked for four years, heading the Wholesale Credit Risk and Compliance & Risk and Control Units. She has seven years' experience in Auditing and Credit Risk Management. Anna Maria worked with Deloitte and Touché as Audit Senior and NBC as Head of Wholesale Credit Risk and Compliance and Risk and Control Units. Ms. Shija holds a Bachelor of Commerce degree majoring in Accountancy from the University of Dar es Salaam. She is a Certified Public Accountant (CPA) registered by the National Board of Accountants and Auditors of Tanzania (NBAA).
Irene Mbilinyi Head of Internal Audit	Irene Mbilinyi joined TMRC in March 2018 from Exim Bank (T) Ltd where she worked for 5 years as Internal Audit Manager. She has over 10 years' experience in internal auditing obtained at Exim Bank. Ms. Irene holds a Bachelor of Commerce degree majoring in Accountancy from the University of Dar es Salaam and Masters in Business Administration (MBA) from University of Mzumbe, Tanzania. She is also a Certified Public Accountant (CPA) registered by the National Board of Accountants and Auditors of Tanzania (NBAA) and a member of the Institute of Internal Auditors (IIA).
Ms. Monica Mushi, Head of Legal Services & Company Secretary	<p>Monica Mushi was appointed a Head of Legal Services & Company Secretary for TMRC since 03rd May, 2021. She holds a Bachelor's degree in Laws and Master of Laws (LL.M) from the University of Dar es Salaam. She has a combined unique ability in understanding business affairs of the banking industry. She has an enormous experience in litigation, corporate governance, commercial transactions, negotiating, drafting contracts, legal research and advisory services, licensing, regulatory compliance and stakeholder management, merger, acquisitions and project management.</p> <p>She worked with Mbuna & Company Advocates then joined Kariwa & Company Advocates as a Legal Counsel and later with FINCA Microfinance Bank as a Head of Legal & Company Secretary. Before joining TMRC, Ms. Mushi served as a Head of Legal & Company Secretary for Letshego Bank Tanzania. She is an Advocate of the High Court of Tanzania.</p>
Ms. Olympia Nangela Head of Human Resource and Corporate Communications	Olympia J. Nangela joined TMRC in April 2017 from Kickstart International Incorporation where she headed the Human Resources and Operations program in Tanzania. Olympia holds Masters of Science in Human Resources Management (MSCHRM) from Mzumbe University and Bachelor of Arts with Education (Hons) from University of Dar es salaam. She has over 10 years' experience in Human Resources. She has worked in private and Non-governmental organization sector where she managed to design a high performing strategies and executable solutions to support the organizational change, talent management, performance management systems,

TMRC Senior Management	
	compensations and benefits setting, administrative services, compliance to labor laws and statutory requirements. Olympia has strategically transferred her skills and experience to TMRC where she aspires to offer the best possible professional services in Human Resources and Corporate Communications.

10.8 Employees

There was continued good relation between employees and management during the year ended 31st December 2022. There were no unresolved complaints received by Management from the employees during the year.

The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

Initiatives that support employees include:

Training facilities: TMRC spent TZS 86.99 million in 2022 on staff training in order to improve employees' technical skills and improve efficiency and effectiveness in delivering on commitments to customers. All employees receive some form of annual training to upgrade skills and enhance development.

Medical Assistance: All members of staff with a maximum number of four beneficiaries (dependants) each were provided medical insurance approved by the Board. Currently these services are provided by Jubilee Insurance Company of Tanzania Limited

Financial assistance: personal and mortgage loans support are available to staff subject to qualification of pre-set criteria and approval of management.

As at 31 December 2022, Company had 20 employees (2021: 19)

11 TMRC Growth prospects

In effort to grow mortgage market in Tanzania TMRC has focused its growth strategy on ensuring the company obtain alternative concessionary funding either by working with the government and/or from DFI's using government guarantee. Also the company is expecting to improve its IT system and staffs skills through training program.

As at the end of the year TMRC had a pipeline of TZS 45.00 billion which was awaiting disbursement. Discussions with financiers for concessionary funding to refinance this pipeline is still on-going.

Directors believe that for TMRC Strategic Plan to deliver value, the following key Strategic Plan Drivers should be developed:

- i. **Cost of Funding and Pricing** – well priced funding for TMRC will contribute to the anticipated Balance Sheet growth. TMRC Strategic Plan 2020-2024 is geared to address this challenge.
- ii. **Effective demand** – Affordability is an important factor in determining the effective demand for mortgage loans. To increase affordability, TMRC will continue to work towards lengthening the maturity of loans extended to PMLs as well as working towards reduced lending rates arising from concessionary funds.
- iii. **Housing supply** – TMRC will work with other housing stakeholders in a drive for the availability of affordable housing units which is critical for the origination of mortgages to middle and low-income groups. TMRC will continue to find ways to have some impact in promoting this supply segment.
- iv. **Enabling National Housing policy** - TMRC will be an important stakeholder in the development of an appropriate National Housing Policy which is necessary to promote housing as an agenda in the human development. The policy is also expected to provide a framework for affordable housing development catering for the majority of the population.

12 General Information

12.1 Authorisation

TMRC has obtained all necessary consents, approvals and authorisations in connection with the issue of the Notes, including Board of Directors approval for the issuance of the fourth Tranche.

12.2 Share Capital

As at 31 December 2022, TMRC's paid up share capital and reserves were TZS 40.33 billion, which was above the CMSA eligibility minimum requirement of TZS 50 million. It is expected that these levels will be maintained above TZS 50 million as long as the Notes remain outstanding.

12.3 Significant or Material Changes

Save as disclosed in this Supplemental Information Memorandum, there has been no significant change in the financial or trading position of the company since the most recent financial statements presented in the Reporting Accountants Report.

12.4 Disposals and Acquisitions

As at the date of this Supplemental Information Memorandum, there was no acquisition or disposal of material assets otherwise than in the ordinary course of business.

12.5 Material Litigation

A court disputes for compensation of TZS 440 million has been filed by a former employee of the Company for an alleged breach of contract and wrongful termination of employment. Although the outcome of this matter cannot be predicted with certainty, and might be decided unfavourably to the Company, management has no reason to believe that the disposition will have a materially adverse effect on the 2022 financial position of the Company.

13 TMRC 2023 Projections

13.1 Projected Financial Position 2023

(TZS '000)	Actual 2022	Projection 2023
ASSETS		
Cash and cash equivalents	2,131,583	52,083
Government securities	70,887,130	75,190,975
Investment Securities	98,002	733,990
Mortgage refinance and pre-finance loans	146,699,312	189,361,806
Equipment	594,945	493,639
Right-of-use assets	209,478	22,429
Intangible assets	72,169	273,410
Other Receivables	1,009,995	902,113
Total Assets	221,702,614	267,030,447
LIABILITIES		
Loans and Borrowings	130,154,456	155,287,160
TMRC Corporate Bond	50,233,515	69,072,393
Trade and other payables	973,068	1,474,702
Deferred Tax	67,608	(43,233)
Current Tax Payable	(57,047)	-
Total Liabilities	181,371,600	225,791,021
SHAREHOLDERS' EQUITY		
Share Capital	22,831,291	23,831,291
Share Premium	2,543,430	3,543,430
Retained Earnings	6,287,136	6,475,289
Specific Reserve	416,393	416,392
Fair Value (Loss)/Gain	8,252,765	6,973,024
Total Equity	40,331,014	41,239,425
Total Liabilities And Equity	221,702,614	267,030,447

13.2 Projected Income Statement 2023

(TZS '000)	2022	Projection 2023
Interest Income	20,756,411	22,977,009
Interest Expense	(13,255,532)	(15,046,733)
Net Interest Income	7,500,879	7,930,276
Financial Instruments Impairment Loss	13,262	(25,165)
Other Income	740,588	808,371
Gross Income	8,254,729	8,713,483
Operating Expenses	(5,171,879)	(6,366,920)
Finance costs	(149,717)	(338,842)
Profit before tax	2,933,132	2,007,721
Tax credit	(802,259)	(523,471)
Profit for the year	2,130,873	1,484,250
Other comprehensive income		
Change in fair value Gain/(Loss)	8,252,765	6,800,370
Total comprehensive income for the year	10,383,638	8,284,619

Note:

- i. Total operating expenses are projected to increase in 2023 by 18% compared to 2022, mainly due to increase in the following strategic costs, which will also lead to decline on estimated profit for 2023;-
 - a. Consultancy cost for TMRC Share Valuation, Due diligence review, Strategic plan and Review of IFRS 9-tool and tax consultancy TZS 133 million
 - b. Consultancy cost for UNGCF accreditation or development of Sharia compliant products (TZS 213 million)
 - c. Staff cost will increase by TZS 297 million which is 9% higher than the projected amount of 2022, mainly due to additional of four new staffs (two staffs 2022 and Two staffs 2023);
 - d. Board Meeting expenses will increase to TZS 339 million in 2023 from TZS 271 million estimated 2022 due to consideration of directors fees, travelling costs and Board training;
 - e. Travelling costs will increase by TZS 34 million to TZS 131 million in 2023;
 - f. Other insurance costs will increase by 16% to TZS 271 million in 2023;
 - g. Depreciation will increase by 14% in 2023 compared to 2022 due to additions of new assets; and
 - h. Legal costs and fees will increase to TZS 78 million in 2023 from TZS..... in 2022.
- ii. TMRC projected Profit Before Tax for 2023 will be TZS 2.01 billion representing achievement of 114% of SP PBT of TZS 1.77 billion projected and a decline of 22% from 2022 estimated PBT of TZS 2.56 billion. The main reasons for the decline are;-
 - a. Increase in funding costs (cost of raising new funds)

- b. Increase in strategic activities during year 2023 (Due diligence review, cost for MTN2, SP review, IFRS9 tool review and TMRC share valuation)
 - c. Decline on other income (other income from sales of T-bonds and Disposal on assets)
- iii. All matured loans in 2023 amounting to TZS 37.30 billion will be rolled over;
- iv. A total of TZS 45.0 billion will be disbursed in 2023 equivalent to annual growth of 29% (from combination of public issuance of TMRC bonds and line of credit from DFI's or BOT) as per breakdown below; (Detailed pipeline is attached as Annex 4) :
 - a. TZS 5.0bn in Quarter 1
 - b. TZS 10.0 bn in Quarter 2
 - c. TZS 20.0 bn in Quarter 3
 - d. TZS 10.0bn in Quarter 4
- v. Total assets expected to increase from TZS 218bn in 2022 to TZS 267bn in 2023 to record an annual balance sheet growth of 22%.

Appendix I: Bond Application Form



TANZANIA MORTGAGE REFINANCE COMPANY LIMITED.

TMRC BOND ISSUE

TZS 10.0 billion Tranche 4 of up to TZS 120 billion TMRC Medium Term Note Programme

This Application Form relates to the TMRC Medium Note Programme (MTN) amounting to TZS 10.0 billion which is part of the TZS 120 billion MTN Programme. Prospective applicants should read the Information Memorandum before completing this form. A copy of the Information Memorandum (IM) may be obtained from any of the authorised selling agents listed in the Information Memorandum.

Offer for subscription of TMRC Bond notes for the minimum of TZS 1,000,000.00

OFFER OPENS: 03rd April 2023

OFFER CLOSES: 24th April 2023

- 1 Please refer to the instructions on page 163 before completing this Application Form.
- 2 This form has to be completed at the premises of any authorised selling agents.
- 3 This form, once duly completed should be submitted, together with TZS Banker's cheque, TZS Direct Debit slip or TZS Cash in favour of "Tanzania Mortgage Refinance Co. Ltd Bond Issue", to Azania Bank Limited, Masdo Branch Account number **001000321691**
- 4 The Directors reserve the right to reject any application, in whole or in part, particularly if the instructions on page 3 and as set out in the attached IM are not complied with.
- 5 I/We understand that the TMRC Bond shall be transferred into the custody of the DSE Central Depository System (CDS), such that only the DSE CDS Receipts shall be issued to all successful applicants.

Applicant's statement:

TO: The Directors, TMRC, 15th Floor, Golden Jubilee Towers, Ohio Street, (P.O Box 7539), Dar es Salaam, Tanzania.

By signing the Application Form overleaf I/We the applicant(s) therein state that:

I/We the undersigned, confirm that, I/We have read the terms and conditions of Application as set out in the IM and agree to be bound by its contents

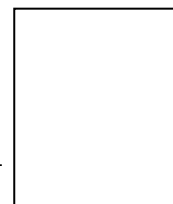
I/We declare that I/We have full capacity to contract and, where relevant, authority to sign on behalf of the Applicant, and hereby irrevocably apply for and request you to accept my/our application for the TMRC Bonds with minimum subscription of TZS 1,000,000.

I/We understand that my/our application may be refused in full or in part if we are not able to comply with the instructions of the offer.

I/We understand that in the event the offer is oversubscribed, the excess of the value of bonds applied for will be refunded to me/us as I/we have indicated overleaf

I/We agree to receive our new share depository receipt as indicated on the application form under 7a.

Serial Number:	Agent/Broker Stamp & Signature:
Agent Code No:	
APPLICANT'S CDS A/C NO:	APPLICANT'S ID NO:



1. Applicant's Last Name or Company Name: _____

First Name: _____ Middle Name: _____

ID Type: (Any/ Official): _____ ID Number: _____

Gender: (Tick as appropriate) ☐ Male ☐ Female

Applicant Type: ☐ Minor ☐ Company ☐ Individual

If you had already applied for these notes during this continuing Offer, Please show the serial number of your previous applications:

_____, _____, _____, _____, _____

NOTE: In case the Applicant is a Minor, the parent, guardian or sponsor should complete number 3.

2. Corporate Applicant: Name of Company: _____ Incorporation Number: _____

NOTE: If the Applicant is a company then their legal representative should also complete number 3.

3. Parent/Guardian/Sponsor/Legal Representative:

Last Name/ Legal Representative: _____

First Name: _____ Middle Name: _____

ID Type (Any / Official) _____ ID Number: _____

4. Full mailing address and contact details for the applicant:

P.O Box: _____ and/or street address: _____ Town/City: _____

Region: _____ Telephone: _____ E mail: _____

5. Number of notes applied for: _____ Amount: TZS _____

6. Payment details (Tick as appropriate)

☐ Cash ☐ Banker's cheque ☐ Direct Debit from my account as per details here below:

Bank name: _____ Branch name: _____ Account No. _____

Title of Account (Name of Account): _____

7. Receipt of allocated notes, refund and any future dividends (tick as appropriate)

a) Please send my DSE CDS Receipt through: ☐ My address or ☐ My Receiving Agent

b) Send refund if any to: ☐ My Receiving Agent ☐ Credit my account, as per bank details under 6

c) Send my future dividends through: ☐ Mail Address or ☐ Credit my account, bank details above under 6

Signature: _____ Date: _____

Company Seal: _____

Full Name: _____

Serial Number: _____ Branch Code: _____

No. of notes Applied For: _____ Funds Submitted: TZS _____

Agent's Stamp and Signature: _____

INSTRUCTIONS

1. Each applicant must indicate at least three names in full and should provide two passport size photographs for each application form. That is one photograph is to be attached to the original application form and the other on the copy to be retained by the applicant himself / herself.
2. Please, refer to particulars of the Offer as set out in the attached IM. Applicants if necessary should consult their Licensed Dealing Members (LDMs), bankers, financial advisors or other investment and legal advisors regarding the completion of this form;
3. Only original Application Forms will be accepted. Photocopies, faxes or other reproductions will be rejected.
4. Postal applications will not be accepted; Each Applicant must indicate his/ her DSE CDS A/C and DSE CDS ID Numbers on the Application Form. All Authorised Receiving Agents will assist their customers to get their DSE ID and CDS A/C Numbers OR open New CDS A/C and New CDS ID Numbers for the new customers.
5. Applications are irrevocable and may not be withdrawn once submitted.
6. Applicants may submit as many applications as they wish as long as each of them independently meets the terms and conditions of the OFFER. For the second and subsequent applications, investors must insert the serial numbers of all earlier applications to assist the consolidation of all applications in the event of oversubscription. If multiple applications are received from a single applicant with different details, applications from such applicant will be considered null and void and no allotment of notes will be made to such applicant.
7. Any alterations on this Application Form (other than the deletion of alternatives), must be authenticated by the Applicant's full signature.
8. Subscribers will be required to produce acceptable identification and the receipt at the foot of the application form to receive subscription refunds and DSE CDS receipt;
9. The minimum subscription amount is TZS 1,000,000.00.
10. No documentary evidence of capacity needs to accompany this Application Form, but the Directors reserve the right to call upon any Applicant to submit such evidence in support of a person's authority to sign this Application Form either in their own, or in a representative capacity.
11. Each application must be accompanied by a TZS Bankers Cheque, TZS Direct Debit or TZS Cash and made payable to Tanzania Mortgage Refinance Co. Ltd or Receiving Agent within the acceptable time.
12. Minors are permitted to apply for notes with the assistance of a legal guardian who should sign the Application Form on their behalf followed by the statement "AS LEGAL GUARDIAN".
13. All successful Applicants will receive DSE CDS Receipts as proof of their bondholding in Tanzania Mortgage Refinance Co. Ltd.
14. Interest will not be paid to Applicants on application funds or refund monies.
15. In the event of a discrepancy between the number of notes applied and the value thereof, the Directors may in their sole discretion, adjust the number of notes to correspond with the value received for their application.
16. Receipt (foot of Application Form) should be retained by the Applicant and be presented to the Agent/Receiving Bank as evidence at the time of collecting DSE CDS receipt and/or refund cheque (if applicable).
17. Nominee companies may apply on behalf of principals. The number of securities applied for on each principal's behalf must be furnished and each Applicant will be treated as separate application and shall

be subject to the terms and conditions of the IM. Nominees must disclose the names of the beneficial owners on whose behalf the notes are being bought.

18. If you wish to get a share certificate instead of DSE CDS Receipt, you are advised to contact your broker after the notes have been listed at the DSE. The broker will assist you to submit your application to withdraw from the DSE Central Depository System as per DSE Rules.
19. Any refunds will be done through Applicants bank account; and Refund Cheques will only apply for those who do not have bank accounts. Refund for minors will be paid through their parents / Guardian or Sponsors Address or Bank A/c. That is in case the minor doesn't have a bank account or Address.
20. A note on "mistakes": Any mistakes that may result into amendment costs; the amendment or correction costs will be charged at the source of the cause of the problem e.g. If the applicant did not complete the application form correctly, then at the time of correction the applicant will bear the cost of amendment. If it is the Receiving Agent who caused the problem, then the Receiving Agent will pay for the costs. Likewise to the DSE CDS Operators, or any other agent involved in the process etc.
21. Refund cheques for those who do not have Bank Accounts, should be collected immediately by the Applicants themselves from their respective Receiving Agents within three months after listing of notes at the DSE. Any cheque that goes "stale " uncollected shall be cancelled and a new cheque should be re-issued at the applicant's cost.

Appendix II: Authorised Placing Agents

Orbit Securities Company Limited P.O Box 70254, Dar es Salaam 4th Floor, Golden Jubilee Towers, Ohio Street, Tel: 255 22 2111758, Fax: 255 22 2113067 E-mail: orbit@orbit.co.tz Website: www.orbit.co.tz	Core Securities Ltd P.O Box 76800, Dar es Salaam First Floor – Karimjee Jivanjee Building, Sokoine Drive, Tel: +255 22 2123103, Fax: +255 22 2122562 E-mail: info@coresecurities.co.tz Website: www.coresecurities.co.tz
Tanzania Securities Limited P.O Box 9821, Dar es Salaam Jangid Plaza, Unit No. 201, 2 nd Floor, Plot No. G6, Kinondoni Chaburuma Street Off Ali Hassan Mwinyi Road, Next To St. Peters Traffic Lights Ada Estate Tel: 255 (22) 2112807, Fax: 255 (22) 2112809 Mob: +255 718 799997 / +255 713244758 E-mail: info@tanzaniasecurities.co.tz Website: www.tanzaniasecurities.co.tz	Vertex International Securities Ltd P.O Box 13412, Dar es Salaam Annex Building - Zambia High Commission, Sokoine Drive/Ohio Street, Tel: 255 22 2116382 Fax: 255 222110387 E-mail: vertex@vertex.co.tz , operations@vertex.co.tz Website: www.vertex.co.tz
TIB RASILIMALI LIMITED, Mlimani City Mall, Building 03 P.O. Box 9154, DAR ES SALAAM. Tel. 255 - 22 - 2111711/255 0744 777818 Fax. 255 - 22 - 2111711 Email: invest@rasilimali.tib.co.tz Website: www.tib.co.tz	SOLOMON Stockbrokers Limited P.O Box 77049, Dar es salaam PSSSF House,Ground Floor, Samora Avenue / Morogoro Road Tel: 255 22 2124495/2112874, Fax: 255 22 2131969 Mob: +255 714 269090/+255 764 269090 E-mail: solomon@simbanet.net , info@solomon.co.tz Website: www.solomon.co.tz
Zan Securities Limited Viva Tower, 2nd Floor, Unit-15, Bibititi Road P.O Box 5366, Dar es salaam Tel: +255 22 2126415, Fax: 255 22 2126414 Mob: +255 786 344767, +255 755 898425 E-mail: info@zansec.com	ARCH Financial & Investment Advisory Limited P.O Box 38028 Dar es Salaam, 2nd Floor, Wing C, NIC Life House, Sokoine Drive/Ohio Street Tel. +255 22 732922396 Fax +255 22 732928489
E. A. Capital Ltd 3rdFloor, (Office # 305), Plot 84 Kinondoni, Acacia Estates, Kinondoni Road (Off To Kinondoni Makaburini).P.O Box 20650, Dar es salaam Tel +255 779740818 / +255 784461759 E-mail: EC@EACAPITAL-TZ.COM	Optima Corporate Finance Limited Kinondoni Road, Manyanya1st Floor, Togo Tower P.O Box 4441, Dar es Salaam Plot No 565 “B”, Senga Street , Mikocheni Tel: +255 684 856648 Email: info@optimacorporate.co.tz
SMART Stock Brokers (T) Ltd P. O Box 1056878, Dar es Salaam, 1st Floor, Masdo House, Samora Avenue, Tel: +255 22 2133607 Email: info@smartstockbrokers.co.tz	STANBIC BANK (T) LIMITED Stanbic Centre, 99A Kinondoni Road P. O. Box 72647, Dar es Salaam, Tanzania. Tel: +255 22 266 6430/480 Fax: +255 22 266 6301 Website: www.stanbicbank.co.tz
Victory Financial Services Limited ATC Building Ohio Street/Garden Avenue	FIMCO Ltd Jangid plaza,2 nd Floor,

P.O Box 8706, Dar es Salaam Tel: +255 22 211 2691	Ali hassan mwinyi road, p.o. Box 70468, Dar es salaam. Tel: +255 22 292 6227
ARCHCO LIMITED 2 nd Floor, Wing C,NIC Life House, Sokoine Drive/Ohio Street P.O. Box 38028, DAR ES SALAAM Tel. +255 22 732922396 Fax +255 22 732928489 Website: www.archco.co.tz Email: info@archco.co.tz	EXODUS ADVISORY SERVICES LIMITED, House No. 11A75, 11th Floor,Plot No. 1000-1005, Block W, Watumishi House, Morogoro Road, P. O. Box 80056, DAR ES SALAAM. Telephone: +255 22 2928588 Website: www.easl.co.tz Email: info@easl.co.tz
Global Alpha Capital Limited, PSSSF Millenium Tower1, Ali Hassan Mwinyi Road, P. O. Box 70166, Dar es Salaam Tel: +255 762 367 347 Website: www.alphacapital.co.tz email: info@alphacapital.co.tz	