

NBC targets to raise Sh300bn in new bond

The new Twiga bond issued by the bank for the first time to public, aims to benefit large and small entrepreneurs operating in the country

By The Citizen Reporter

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Dar es Salaam. The National Bank of Commerce (NBC) is targeting raising Sh300 billion in the next five years to boost business financing and other economic activities.

Through the bank's new bond named Twiga Bond, launched yesterday, the bank will raise the money in tranches, with the first phase expected to open next week and run for 30 days.

The first tranche, which starts on November 7, is expected to raise Sh30 billion, according to the bank's managing director, Theobald Sabi.

"The main objective of issuing the Twiga bond is to raise funds that will help us to provide empowerment

loans to various areas of the economy, including large and small entrepreneurs, farmers, youth groups and other important economic activities," said Mr Sabi during a function to unveil the bond.

Mr Sabi stated that the bond is aimed at anyone who wants to invest a minimum of Sh500,000 from any NBC branch or stock market brokers.

This is the first time the bank has issued bonds for the public and it calls for the SMEs, farmers and

small traders who form the majority of employment for youth and women in Tanzania to participate.

The bond is also expected to address vital economic sectors' financing needs and the niggling question of micro and SMEs financing in the country.

Once the offer closes, the Twiga bond will be listed and traded on the Dar es Salaam Stock Exchange (DSE).

This means a buyer of the bond will be able to sell the bond to another buyer in the secondary market through a licensed stockbroker and receive the principal before the maturity date. "The pro-

ceeds from the Twiga Bond will enable us to meet the financing needs of the SMEs, MSME, agricultural and other economically vital sectors that employ the majority of the population," said Mr Sabi adding that the issuance will promote production efficiency, increase market competitiveness and advocate best governance and accountability practices in business dealings.

The bank's loan portfolio stood at Sh1.5 trillion at the end of September this year, while deposits reached Sh1.69 trillion.

The bank's level of non-performing loans was also estimated at 3.8 percent, said Mr Sabi. The DSE head of information services and training Mr Ross Kinemo, said the interest rate paid is free from withholding tax and capital gain tax.

The objective of issuing the Twiga bond is to raise funds for the provision of empowerment loans

THEOBALD SABI | NBC MANAGING DIRECTOR