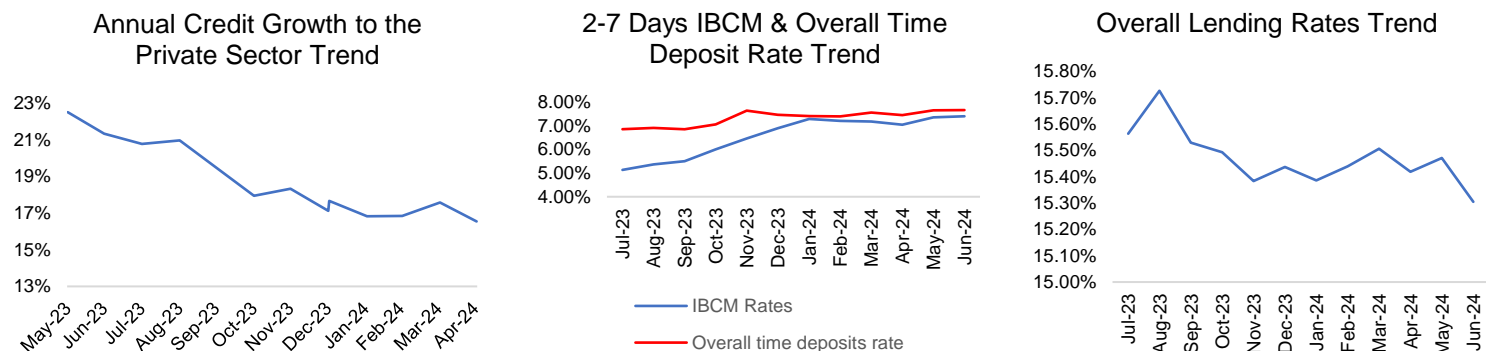


Maendeleo Bank **EARNINGS HIGHLIGHTS** June 2024



MAENDELEO BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2024

INDUSTRIAL OVERVIEW



INCOME STATEMENT ANALYSIS

Net Profits increased by 22.47%, from a net profit of TZS 534 million during Q1'24 to TZS 654 million during Q2'24.

Reasons:

Net Interest Income increased by 4.43%, amounting to TZS 2.90 billion during Q2'24. This was due to a 1.9% increase in the bank's interest income, amounting to TZS 4.77 billion, and a 3.76% increase in earning assets, amounting to TZS 117.98 billion. Interest expenses fell by 1.79%, amounting to TZS 1.87 billion, due to a 14.67% decrease in borrowings, amounting to TZS 9.91 billion.

Impairment losses fell by 46.20%, amounting to TZS 191 million; however, this was despite a marginal TZS 49 million increase in the bank's non-performing loan stock.

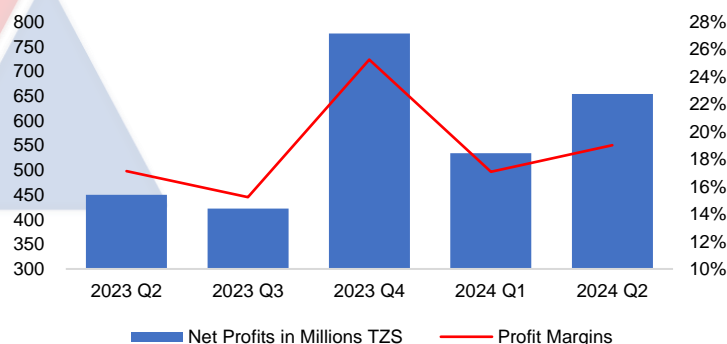
The bank's non-interest income recorded a marginal increase of 3.39%, amounting to TZS 731 million, due to growth in its fees and commission income resulting from customers' higher adoption of its digital and off-branch offerings.

Operating Expenses recorded a slower growth of 3.75%, amounting to TZS 2.57 billion in Q2'24. This reduced the bank's cost-to-income ratio from 71% in Q1'24 to 61% in Q2'24.

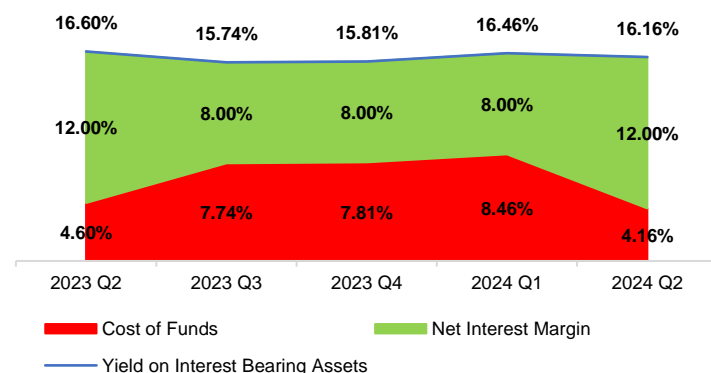
Underperformance in the Income Statements:

Foreign Exchange income dropped by 55.10% due to foreign currency shortages, particularly that of the USD in the market during Q2'24.

Maendeleo Bank Profitability Trend



Maendeleo Bank Net Interest Margin Trend



The data computed here is estimated and could vary from the actual data.

Income Statement Analysis Amounts in Billions TZS	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Net Operating Income	2.63	2.77	3.07	3.13	3.44
Growth Rate	-2.01%	5.40%	10.93%	1.76%	9.94%
Operating Expenses	2.03	2.16	2.28	2.48	2.57
Growth Rate	-1.36%	6.66%	5.37%	8.87%	3.75%

MAENDELEO BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2024

BALANCE SHEET STATEMENT ANALYSIS

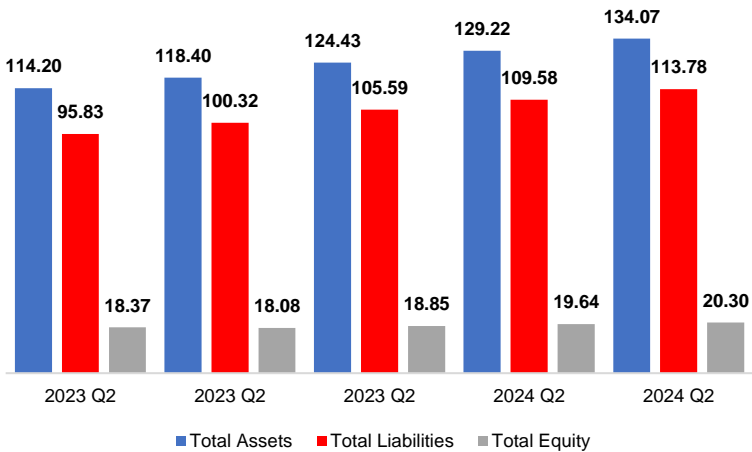
Total assets increased by 3.76% during the quarter ending June 2024, reaching TZS 134.07 billion in value.

Possible Reasons:

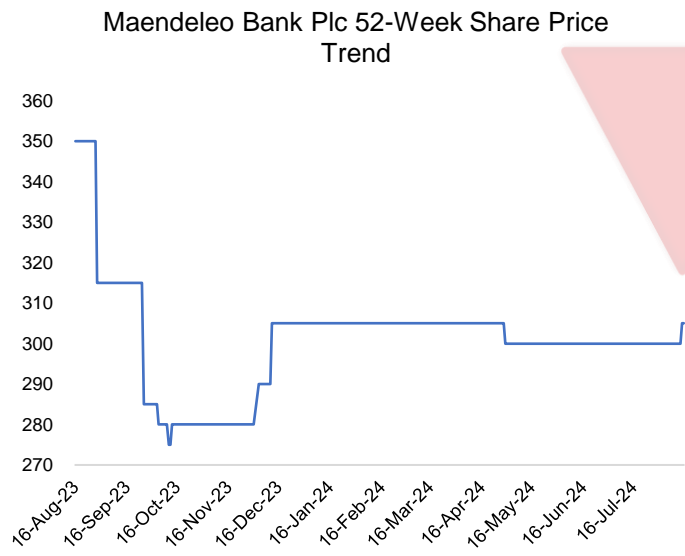
Customer loans increased 7.46% to TZS 83.58 billion due to fueled by heightened credit demand from Micro, Small and Medium Enterprises. Furthermore, the bank increased its lending to other banks by 16.11%, amounting to TZS 10.13 billion, while cash and balances with the central bank increased by 14.40%, amounting to TZS 8.20 billion.

This growth was primarily funded by a 3.83% increase in liabilities, with the growth coming in primarily from a 7.12% increase in deposits from customers and banks as well as a 3.33% growth in shareholder funds amounting to TZS 20.30 billion due to profits generated during the 2nd Quarter.

Balance Sheet Highlights in Billions TZS



INVESTORS' CORNER



Supporting Fundamentals

Ticker	MBP
Closing Price as of 15 th Aug 2024	TZS 305
Book Value per Share	TZS 767.95
P/B Ratio	0.40x
Annualized EPS	TZS 89.89
Annualized P/E Ratio	3.39x
Dividend per Share	TZS 44
Dividend Yield	14.43%

*Dividend of TZS 44 compared to Opening Price TZS 305 as of Jan 2nd 2024

OUTLOOK

Maendeleo Bank Plc's half-year earnings have increased by 33.63%, amounting to TZS 1.18 billion. The profit growth was mainly attributed to a TZS 1.14 billion decrease in impairment loss and a marginal increase in the bank's non-interest income. Investor sentiment on the bank's stock has been somewhat positive, with the bank's shares appreciating by 1.66% since its results were released, allowing the shares to recover to their prices as of Jan 2nd, 2024.

The bank's plan to invest in providing its services digitally via Internet banking and of the branch via agency banking could increase customers, deposits, non-interest income revenue, and lower operating expenses due to increased use of digital and banking agency channels. These strategies seem to have borne fruit, as the bank has registered a 7.11% increase in its total deposits, the fastest growth observed since Q4 2020 and the largest amount of deposits collected in a single quarter since Q4 2017.

Furthermore, its issuance of a TZS 44 scrip dividend per share and its efforts to ensure a merger with Uchumi Commercial Bank to be upgraded to National Commercial Bank could allow the bank to acquire more deposits and borrowings at a lower rate due to a reduction in its perceived risk amongst investors thus allowing it to maintain healthy interest margins.

MAENDELEO BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2024

RATIO ANALYSIS								
Bank Ratios:	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2
Capital Structure:								
Borrowings to Equity	62.88%	57.30%	50.96%	61.44%	56.49%	67.28%	59.10%	48.81%
Equity Multiplier	6.03	6.13	6.11	6.22	6.55	6.60	6.58	6.61
Equity to Assets Ratio	16.58%	16.31%	16.36%	16.09%	15.27%	15.15%	15.20%	15.14%
Asset Quality:								
NPL Ratio	6.50%	5.10%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
NPL Coverage Ratio	62.21%	57.72%	45.19%	53.09%	57.99%	48.96%	44.92%	33.57%
Earning to Total Assets	87.00%	85.00%	88.00%	88.00%	88.00%	89.00%	88.00%	88.00%
Management Quality:								
Loan Growth	6.85%	-7.43%	6.60%	3.52%	6.06%	4.38%	4.96%	7.46%
Deposit Growth	3.42%	5.88%	3.37%	2.25%	5.76%	4.33%	4.26%	7.11%
Loan to Deposit Ratio	94.00%	81.00%	83.00%	84.00%	85.00%	85.00%	85.00%	85.00%
Earnings Quality:								
Return on Equity	6.99%	5.94%	9.80%	9.80%	9.33%	16.47%	10.87%	12.89%
Net Profit Growth	13.29%	10.55%	16.36%	17.12%	15.23%	25.24%	17.07%	19.02%
Cost to Income Ratio	63.00%	59.00%	58.00%	59.00%	66.00%	64.00%	71.00%	61.00%
Liquidity:								
Loan to Deposits & Borrowings	78.37%	69.65%	72.79%	72.12%	73.80%	72.25%	73.97%	75.91%
Liquidity Ratio	38.68%	41.73%	34.26%	43.08%	38.82%	36.97%	36.63%	31.92%

Quarterly Revenue and Profit Data has been annualized

ANALYST’S NAMES & CONTACTS

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