

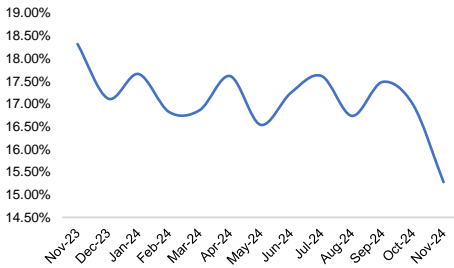
Maendeleo Bank EARNINGS HIGHLIGHTS Dec 2024



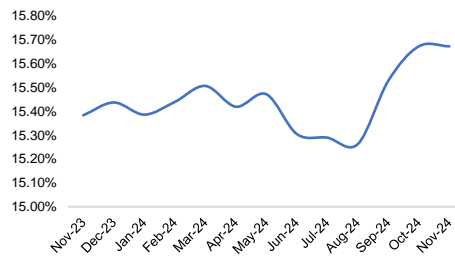
MAENDELEO BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING DEC 2024

INDUSTRIAL OVERVIEW

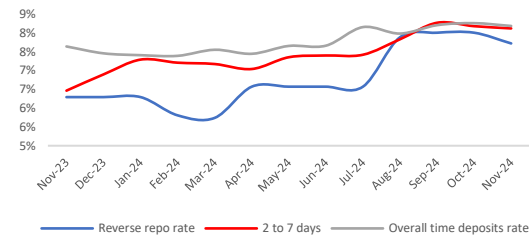
Annual Private Sector Credit Growth



Overall Lending Rate Trend



Interbank Cash Market, Reverse Repo & Overall Time Deposit Rates



INCOME STATEMENT ANALYSIS

Net Profits decreased by 7.26%, from a net profit of TZS 854 million during Q3'24 to TZS 792 million during Q4'24.

Underperformances in the income statement:

Impairment losses shot up 69.70% QoQ amounting to TZS 560 million in an effort to prop up allowances for probable losses allowing for a more improved Non-performing loan coverage ratio of 52.93% as of Q4'24 from 40.38% in the prior quarter.

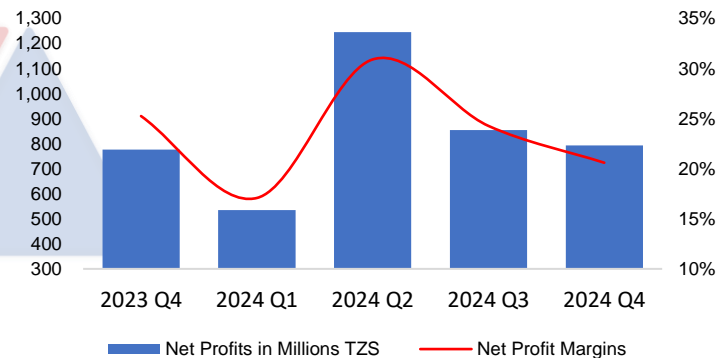
Income tax provisions increased by 46.95% from TZS 213 million as of Q3'24 to TZS 313 million as of Q4'24. The growth was brought about by a 3.56% increase in profits before taxes and the increase in the effective tax rate from 19.96% as of Q3'24 to 28.33% as of Q4'24.

Cost of funds escalated during the quarter with interest expenses rising 3.61% amounting to TZS 2.12 billion compared to a 3.32% increase in interest income amounting to TZS 5.48 billion due to an industry-wide increase in costs of deposits and money-market borrowing rates.

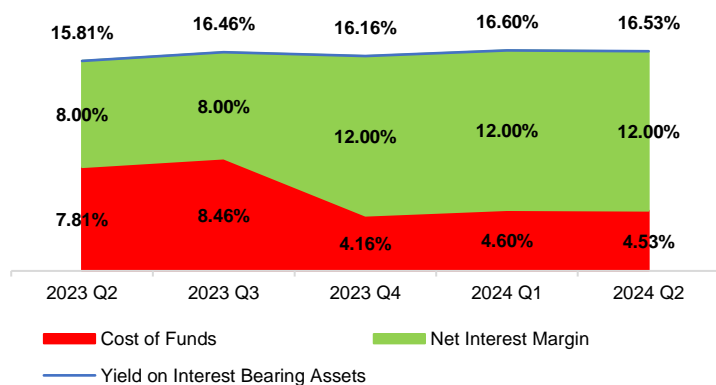
Improvements in the income statement:

Non-interest income grew 75.83% QoQ amounting to TZS 1.06 billion from TZS 600 million in the previous quarter following a TZS 331 million increment in other operating income brought about by gains and income from trading of financial securities and other miscellaneous activities all while foreign currency income shot up by 626.67% QoQ from a loss of TZS 15 million to a profit of TZS 79 million.

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 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 |
|--|--------|--------|--------|--------|---------|
| Net Operating Income | 3.07 | 3.13 | 3.43 | 3.52 | 3.85 |
| Growth Rate | 10.93% | 1.76% | 9.94% | 2.36% | 9.29% |
| Operating Expenses | 2.28 | 2.48 | 2.57 | 2.45 | 2.74 |
| Growth Rate | 5.37% | 8.87% | 3.75% | -4.63% | -11.78% |

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BALANCE SHEET STATEMENT ANALYSIS

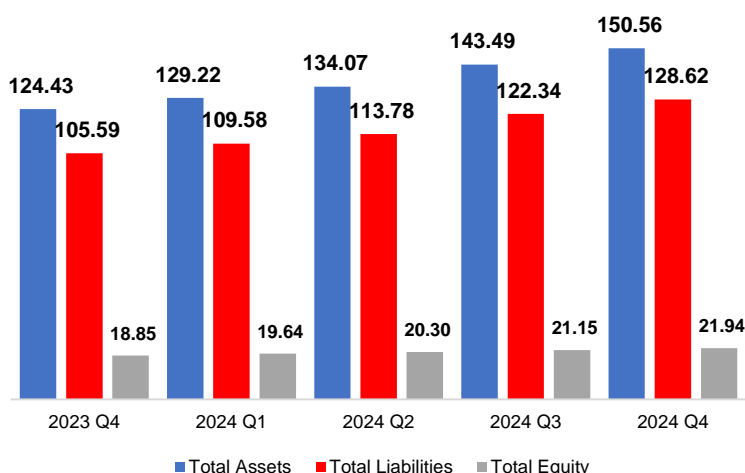
Total assets increased by 4.92% during the quarter ending Dec 2024, reaching TZS 150.56 billion in value.

Reasons:

Increased reallocation of additional funds towards low-risk, highly liquid assets evident by the 60.68% rise in interbank loan receivables amounting to TZS 13.07 billion and a 52.87% increase in cash and balances with the Bank of Tanzania which amounted to TZS 10.40 billion as of Q4'24. Customer loans grew 1.44% QoQ amounting to TZS 88.78 billion, the slowest growth since Q4'22.

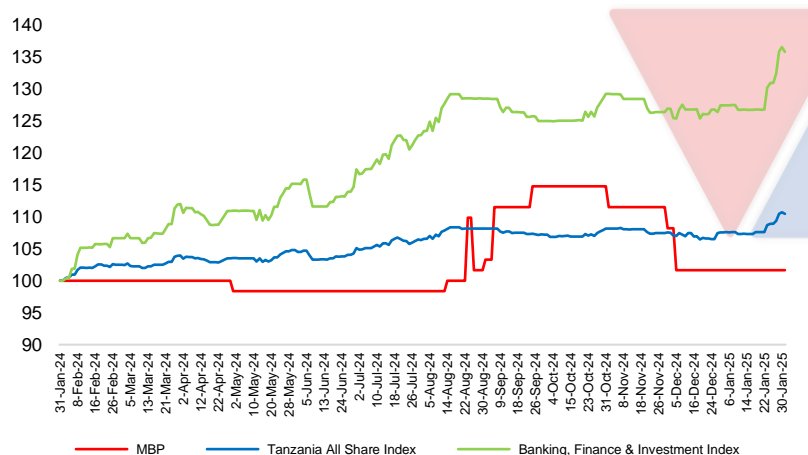
The growth in assets was mainly funded by a 2.46% increase in deposits amounting to TZS 104.05 billion and a 22.60% increase in borrowings amounting to TZS 21.57 billion along with increased profitability evident with a 3.73% increase in Shareholder funds.

Balance Sheet Highlights in Billions TZS



INVESTORS' CORNER

MBP Vs TSI & BI Index 52-Week Returns Rebased at 100



Supporting Fundamentals

| | |
|---|------------|
| Ticker | MBP |
| Closing Price as of Jan 31 st 2025 | TZS 310 |
| Book Value per Share | TZS 830.14 |
| P/B Ratio | 0.37x |
| Trailing EPS | TZS 129.58 |
| P/E Ratio | 2.39x |
| ROE | 15.61% |
| ROA | 2.27% |

OUTLOOK

Maendeleo Bank Plc reported a 64.11% growth in net profit to TZS 3.42 billion for the year ending December 2024. This strong performance was largely driven by a 68.59% reduction in impairment losses on loans and receivables, reflecting improved customer credit risk. Additionally, net interest income grew by 14.22% to TZS 12.28 billion, supported by loan book expansion, although its growth was somewhat constrained by a 23.61% rise in interest expenses, which outpaced interest income growth of 17.73%. Operating expenses were kept in check with a 20.29% increase to TZS 10.25 billion, compared to net operating income, which grew by 30.19% to TZS 14.53 billion. However, despite cost containment efforts, the cost-to-income ratio increased from 61.52% in December 2023 to 66.66% in December 2024, mainly due to the underperformance of non-interest income, which declined slightly by 0.16% to TZS 3.09 billion.

On the balance sheet side, total assets expanded by 21% to TZS 150.56 billion, driven by a 19.64% increase in earning assets to TZS 132.49 billion stemming from increased lending particularly towards the MSME sector in the form of customer loans which is evident given that these loans expanded 19.81% YoY to TZS 88.78 billion all while investments in government securities and interbank loan receivables grew 16.91% YoY to TZS 42.14 billion reflecting the banks attention towards low. The asset growth was funded by a 15.35% rise in deposits, reaching TZS 104.05 billion, and a significant 70.08% increase in borrowings to TZS 21.57 billion. Additionally, shareholders' equity increased by 16.42%, reflecting improved profitability and retained earnings.

Looking forward, the bank's growth strategy will likely rely on a combination of overall sector expansion, sustained profitability, and potential inorganic growth through mergers, such as a possible combination with Uchumi Commercial Bank. These efforts aim to enhance the bank's asset base and capital buffers, positioning it for national bank status.

MAENDELEO BANK PLC FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING DEC 2024

RATIO ANALYSIS

| Bank Ratios: | 2023 Q1 | 2023 Q2 | 2023 Q3 | 2023 Q4 | 2024 Q1 | 2024 Q2 | 2024 Q3 | 2024 Q4 |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Capital Structure: | | | | | | | | |
| Borrowings to Equity | 50.96% | 61.44% | 56.49% | 67.28% | 59.10% | 48.81% | 83.17% | 98.30% |
| Equity Multiplier | 6.11 | 6.22 | 6.55 | 6.60 | 6.58 | 6.61 | 6.78 | 6.86 |
| Equity to Assets Ratio | 16.36% | 16.09% | 15.27% | 15.15% | 15.20% | 15.14% | 14.74% | 14.57% |
| Asset Quality: | | | | | | | | |
| NPL Ratio | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| NPL Coverage Ratio | 45.19% | 53.09% | 57.99% | 48.96% | 44.92% | 33.57% | 40.38% | 52.93% |
| Earning to Total Assets | 88.00% | 88.00% | 88.00% | 89.00% | 88.00% | 88.00% | 89.00% | 88.00% |
| Management Quality: | | | | | | | | |
| Loan Growth | 6.60% | 3.52% | 6.06% | 4.38% | 4.96% | 7.46% | 4.71% | 1.44% |
| Deposit Growth | 3.37% | 2.25% | 5.76% | 4.33% | 4.26% | 7.11% | 0.81% | 2.46% |
| Loan to Deposit Ratio | 83.00% | 84.00% | 85.00% | 85.00% | 85.00% | 85.00% | 88.00% | 88.00% |
| Earnings Quality: | | | | | | | | |
| Return on Equity | 9.80% | 9.80% | 9.33% | 16.47% | 10.87% | 24.53% | 16.15% | 14.44% |
| Net Profit Growth | 16.36% | 17.12% | 15.23% | 25.24% | 17.07% | 30.89% | 24.26% | 20.59% |
| Cost to Income Ratio | 57.94% | 58.62% | 66.05% | 63.71% | 71.17% | 70.85% | 63.71% | 62.22% |
| Liquidity: | | | | | | | | |
| Loan to Deposits & Borrowings | 72.79% | 72.12% | 73.80% | 72.25% | 73.97% | 75.91% | 73.79% | 70.85% |
| Liquidity Ratio | 34.26% | 43.08% | 38.82% | 36.97% | 36.63% | 31.92% | 31.92% | 31.92% |

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