

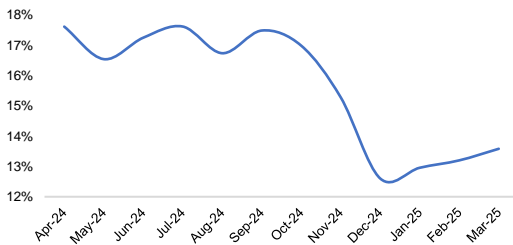
Maendeleo Bank EARNINGS HIGHLIGHTS March 2025



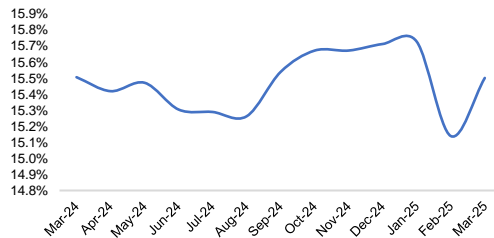
MAENDELEO BANK FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING MARCH 2025

INDUSTRIAL OVERVIEW

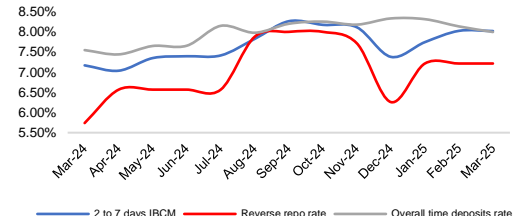
Annual Private Sector Credit Growth



Overall Lending Rate Trend

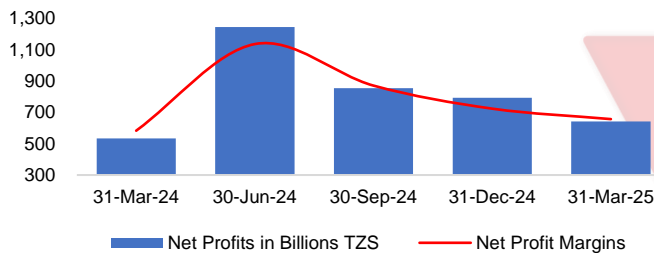


Interbank Cash Market, Reverse Repo & Overall Time Deposit Rates

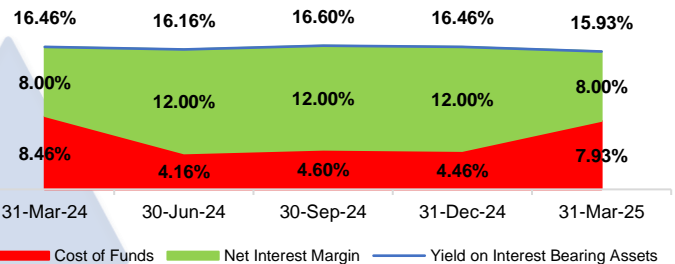


INCOME STATEMENT ANALYSIS

Maendeleo Bank Profitability Trend



Maendeleo Bank Net Interest Margin Trend



Net Profits fell 19.07% QoQ from TZS 792 million in Dec 2024 to TZS 641 million in March 2025

Reasons:

Net Interest Income fell 14.23% QoQ, from TZS 3.35 billion in Q4'24 to TZS 2.88 billion in Q1'25. This sluggish performance was due to a 1.70% decrease in interest income from TZS 5.48 billion in Dec 2024 to TZS 5.38 billion in March 2025, following a 0.24% and 23.76% QoQ drop in loans to customers and banks respectively. Furthermore, interest expenses grew 18.09% QoQ from TZS 2.12 billion in Q4'24 to TZS 2.51 billion in Q1'25 likely influenced by rising interbank borrowing rates, which climbed from 7.38% in December 2024 to 8% in March 2025.

Non-interest income fell 50.52% QoQ from TZS 1.06 billion in Q4'24 to TZS 522 million in Q1'25 following a 72.51% QoQ reduction in the bank's operating income related to gains from bond trading and bad debt recoveries, a 26.67% reduction in fees and commission income due to changes in customer spending habits coupled with a reduction in fees from reduced lending activities and an 83.54% QoQ drop in foreign currency income

Improvements:

Despite the slowdown in revenues the bank did make an effort to reduce its other operating expenses by 12.66% QoQ from TZS 1.51 billion in Q4'24 to TZS 1.32 billion in Q1'25 however its worth mentioning that the decline appears to be part of a recurring seasonal trend observed since FY'2021, where expenses typically fall in the first quarter relative to the fourth quarter. The reduction is likely tied to cost items such as marketing, bonuses, IT & system maintenance, and consultancy fees, which tend to be concentrated toward year-end. Nonetheless, net operating revenue dropped faster than expenses resulting in the bank's Cost to Income ratio to rise from 66.22% in Q4'24 to 77.22% in Q1'25

Income Statement Analysis Amounts in Billions TZS	Mar-24	Jun-24	Sept-24	Dec-24	Mar-25
Net Operating Income	3.13	4.03	3.52	3.85	3.39
Growth Rate	1.76%	28.84%	-12.66%	9.29%	-11.93%
Operating Expenses	2.48	2.57	2.45	2.74	2.62
Growth Rate	8.87%	3.75%	-4.63%	11.78%	-4.34%

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BALANCE SHEET STATEMENT ANALYSIS

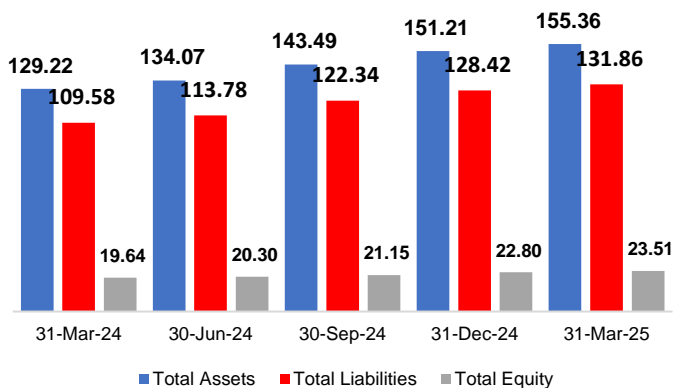
Total assets increased by 2.75% during the quarter ending March 2025, reaching TZS 155.36 billion in value.

Key Drivers:

Maendeleo's investment in government securities grew 27.76% QoQ from TZS 29.12 billion in Q4'24 to TZS 37.21 billion in Q1'25 all while balances with the central bank grew 16.63% QoQ from TZS 8.22 billion to TZS 9.58 billion in Q1'25 all while loans to customers fell 0.24% QoQ to TZS 88.38 billion in Q1'25 and interbank loan receivables fell 23.76% QoQ to TZS 9.96 billion indicating a shift in the bank's asset mix from risky and illiquid assets towards low risk and liquid assets at the expense of compromising yield on interest bearing assets

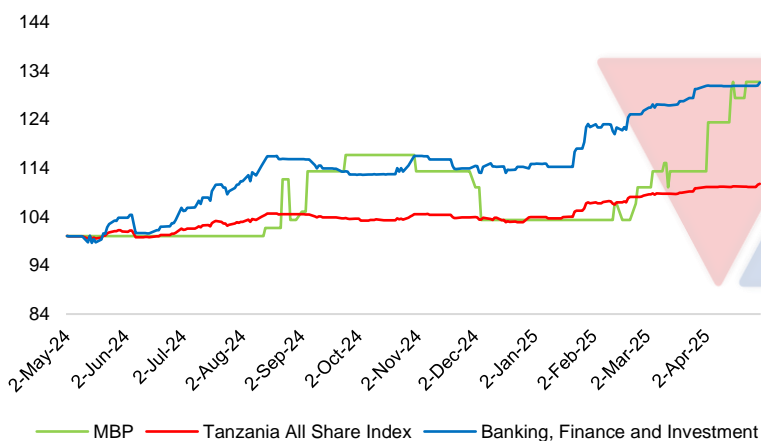
This growth was financed by a 4.31% QoQ growth in customer deposits amounting to TZS 108.20 billion and a 2.52% QoQ growth in shareholder equity retention of quarterly profits.

Balance Sheet Highlights in Billions TZS



INVESTORS' CORNER

Maendeleo Bank VS TSI & BI 52-Weeks Returns rebased at 100



Supporting Fundamentals

Ticker	MBP
Closing Price as of 2 nd May 2025	TZS 395
Book Value per Share	TZS 783.79
P/B Ratio	0.50x
Trailing EPS	TZS 130.35
P/E Ratio	3.03x
ROE	16.68%
ROA	2.52%

* The word trailing indicates the sum of the company's earnings per share from the latest four quarters

OUTLOOK

On a YoY basis, Maendeleo's profits have grown 20.04% from TZS 534 million in Q1'24 to TZS 641 million in Q1'25 although its worth mentioning that the growth in earnings has mainly been influenced by a 97.46% reduction in impairment losses on loans and advances from TZS 355 million in Q1'24 to TZS 9 million in Q1'25 and this is despite the fact that Non-performing loans during the period grew from TZS 4.13 billion in Q1'24 to TZS 4.33 billion in Q1'25 with the NPL ratio growing from 5% to 6% during the same period.

While net interest income has seen a 3.57% YoY growth amounting to TZS 2.88 billion its worth highlighting the growth has been compromised by a 31.81% YoY growth in interest expenses compared to 15.05% YoY growth in interest income which reflects the broad-based challenge of a high cost of funds environment that continues to loom in Tanzania's banking sector and which is more prevalent amongst small-size banks

Nonetheless our outlook for the bank remains favorable given the fact that the bank has been given a temporary license which allows the bank to transition from being a regional bank to a national bank which could grant the bank favorable economies of scale as far as mobilizing deposits, issuing loans and borrowing at more affordable interest rates is concerned. Furthermore, as credit demand from the private continues to accelerate as economic growth prospects remain optimistic we anticipate that to coincide with more room for growth and increased profitability across the banking sector, particularly for small and medium-sized banks.

Nonetheless its also worth addressing the likely headwinds that continue to impede Maendeleo's growth particularly in the form of high costs of funds especially after the Central Bank continues to implement a less accommodative monetary policy which could continue to keep, overnight lending rates from the Interbank Cash Market elevated in an already challenging environment where deposit mobilization is tough.

MAENDELEO BANK FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING MARCH 2025

RATIO ANALYSIS

Bank Ratios:	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1
Capital Structure:								
Borrowings to Equity	61.44%	56.49%	67.28%	59.10%	48.81%	83.17%	94.62%	85.39%
Equity Multiplier	6.22	6.55	6.60	6.58	6.61	6.78	6.63	6.61
Equity to Assets Ratio	16.09%	15.27%	15.15%	15.20%	15.14%	14.74%	15.07%	15.13%
Asset Quality:								
NPL Ratio	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	6.00%
NPL Coverage Ratio	53.09%	57.99%	48.96%	44.92%	33.57%	40.38%	52.93%	52.93%
Earning to Total Assets	88.00%	88.00%	89.00%	88.00%	88.00%	89.00%	88.00%	87.00%
Management Quality:								
Loan Growth	3.52%	6.06%	4.38%	4.96%	7.46%	4.71%	1.22%	-0.24%
Deposit Growth	2.25%	5.76%	4.33%	4.26%	7.11%	0.81%	2.46%	4.31%
Loan to Deposit Ratio	84.00%	85.00%	85.00%	85.00%	85.00%	88.00%	88.00%	84.00%
Earnings Quality:								
Return on Equity	9.80%	9.33%	16.47%	10.87%	24.53%	16.15%	13.90%	10.91%
Net Profit Growth	17.12%	15.23%	25.24%	17.07%	30.89%	24.26%	20.59%	18.92%
Cost to Income Ratio	58.62%	66.05%	63.71%	71.17%	70.85%	63.71%	62.22%	77.22%
Liquidity:								
Loan to Deposits & Borrowings	72.12%	73.80%	72.25%	73.97%	75.91%	73.79%	70.70%	68.90%
Liquidity Ratio	43.08%	38.82%	36.97%	36.63%	31.92%	31.92%	31.92%	31.92%

Quarterly Revenue and Profit Data has been annualized

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