

1. Overview

Maendeleo Bank Plc (MBP) is a dynamic and fast-growing financial institution operating in Tanzania's banking sector. Established in 2013 and listed on the Dar es Salaam Stock Exchange (DSE), the bank has steadily expanded its presence and service offerings, with a firm focus on financial inclusion, especially among underserved communities.

In May 2025, Maendeleo Bank achieved a major milestone by receiving approval from the Bank of Tanzania to operate as a fully fledged commercial bank. This upgrade significantly enhances the bank's competitive positioning by enabling it to expand its product offerings, attract larger institutional clients, and increase its interbank and lending capabilities.

The bank operates a retail-focused business model with strategic emphasis on SME lending, microfinance solutions, agency banking, and digital financial services. Under the leadership of its newly appointed Managing Director, Maendeleo Bank is undergoing a digital transformation phase aimed at improving operational efficiency, expanding its loan book, and enhancing customer experience.

With a clear growth trajectory, solid financial foundation, and regulatory upgrade, Maendeleo Bank is well-positioned to scale its operations, improve earnings quality, and create long-term value for shareholders.

2. Overall Performance

Key performance indicators for FY2024 include:

Metric	FY2024	Remarks
Net Interest Margin (NIM)	15.50%	Strong margin driven by expanding loan book
Cost-to-Income Ratio	57.00%	Slightly above threshold
Return on Assets (ROA)	2.44%	Consistently high profitability
Return on Equity (ROE)	16.17%	Modest value creation for shareholders
Loan Book Growth (YoY)	19.60%	Significant expansion in the lending portfolio
Deposit Growth (YoY)	15.10%	Supported by customer trust and outreach efforts

Source: Company Audited Financial Statements FY 2024, Kadoo Calculations

This Performance established a strong base, which facilitated Maendeleo to transition into a fully-fledged commercial bank in 2025. This signals operational readiness and positions the institution for deeper market participation, broader product offerings, and accelerated growth in the coming years.

Company	Maendeleo Bank
Current Price (TZS) at 11/06/2025	TZS 485
Book Value	TZS 850/=
Recommendation	BUY
Date Established	1st February 2011
Date Listed	4th November 2013
IPO Price (TZS)	TZS 500/=
Market Symbol	MBP
Historical Price Range	TZS 290 – TZS 520
Market Cap (TZS)	14.54 billion
Outstanding Shares	26,253,121 Shares

Source: DSE, Company Website

Financial Year	Dividend Per Share (TZS)	Type
2021	11	Cash
2022	26	Cash
2023	44	Scrip (Share)

Source: DSE, Company website

3. Bank's Health: Assets and Liabilities

Maendeleo Bank ended 2024 with a solid and well-balanced financial position. Its growing base of earning assets, backed by stable customer deposits and strong capital reserves, reflects prudent management and readiness for its role as a fully-fledged commercial bank.

This healthy balance sheet offers a strong platform for long-term growth, value creation, and strategic expansion.

Total Assets

By the end of 2024, Maendeleo Bank's total assets stood at TZS 151.21 billion a 21.27% growth, marking a strong year of balance sheet expansion.

This growth reflects the bank's active push into lending, investment in digital infrastructure, and broader market presence following regulatory transitions.

The asset base is predominantly composed of customer loans, which continue to drive interest income, while a prudent allocation to cash and liquid securities ensures liquidity remains well-managed.



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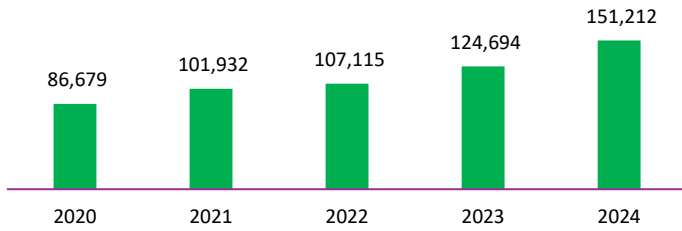


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Total Assets (TZS)



Source: Company Audited Financial Statements

The consistent growth in assets signals increased market confidence and underscores the bank's capacity to support its expanded product offerings under its new commercial license

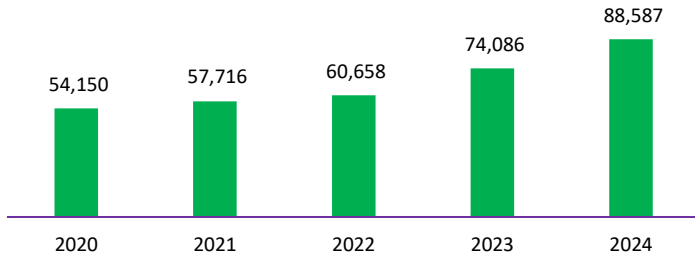
Loans and Advances

Maendeleo Bank's loan portfolio reached TZS 88.587 billion by the end of 2024, making up the largest share of its total assets.

This growth underscores the bank's strategic emphasis on expanding credit to small and medium-sized enterprises (SMEs), retail clients, and emerging sectors.

The quality of the loan book remains well-managed, with non-performing loans maintained within acceptable levels, reflecting disciplined underwriting and effective risk controls.

Loans and Advances (TZS)



Source: Company Audited Financial Statements

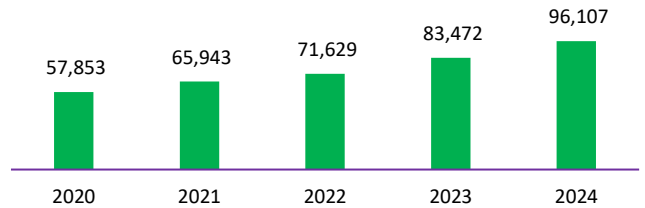
As the bank transitions into a fully-fledged commercial institution, this expanding loan base not only strengthens revenue generation through interest income but also positions Maendeleo to serve a broader, more diverse client base with confidence.

Customer Deposits

As of December 2024, Maendeleo Bank reported customer deposits of TZS 96.1 billion, reflecting strong public confidence and growing customer engagement.

Deposits remain the bank's primary funding source, supporting its expanding loan book while maintaining a healthy liquidity position. The steady growth in deposits is driven by the bank's focus on retail and SME segments, agent banking, and digital account access.

Customer Deposits (TZS)

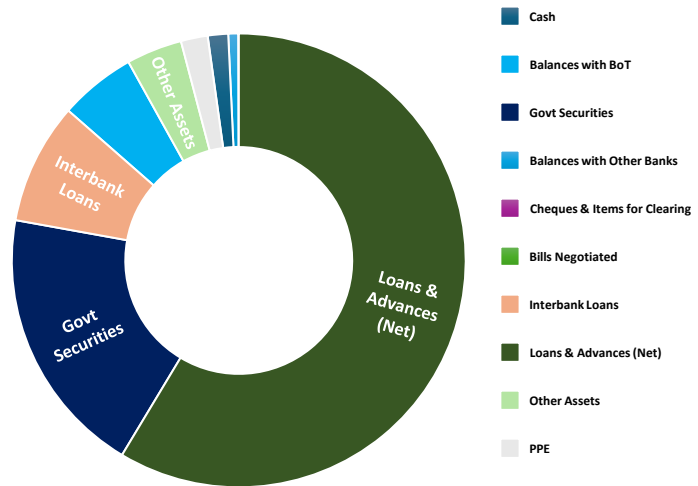


Source: Company Audited Financial Statements

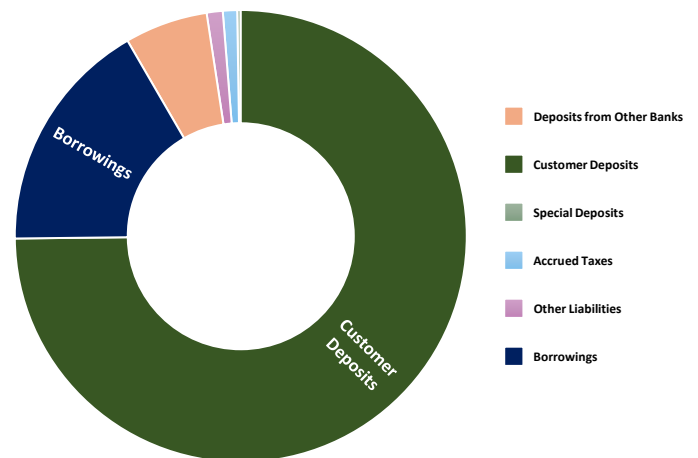
This stable and low-cost funding base enhances financial flexibility and underpins the bank's ability to scale lending operations sustainably in its post-license growth phase.

Breakdown:

Total Assets



Total Liabilities



Source: Company Audited Financial Statements FY 2024



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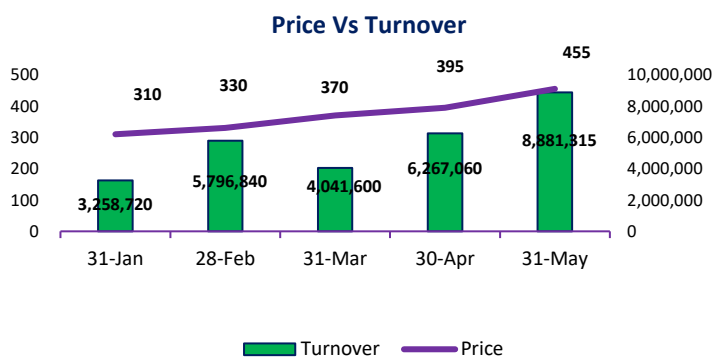
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4. Market Performance

From January to May 2025, Maendeleo Bank's share price showed a modest but steady upward trend, rising from approximately TZS 310 to TZS 455, representing a 46.8% gain over the five months. This upward movement reflects growing investor optimism following strong FY2024 results and anticipation around the bank's performance under its full commercial license.



Source: DSE Market Report

5. Valuation

Two methods were employed: (i) a Discounted Cash Flow (DCF) valuation, and (ii) a Price-to-Book (P/B) model based on sustainable Return on Equity (ROE) and growth.

Key Assumptions:

Parameter	
Expected Book Value per Share (BVPS)	TZS 909
Growth Rate (g)	5.00%
Discount Rate (r)	15%
Expected P/B Multiple	1.12x
Estimated Fair Value (P/B)	TZS 1,014
Estimated Fair Value (DCF)	TZS 1,544
Blended Fair Value	TZS 1,279

Source: Kadoo Calculations

Recommendations: BUY

Strong core profitability (ROE > 16.17%), growing book value, and a disciplined capital position suggest Maendeleo remains resilient.

Despite conservative estimates 5% growth and a high 15% cost of equity our blended valuation places fair value at TZS 1,280, implying a fundamental floor above many local benchmarks. Current price levels offer a compelling margin of safety for long-term investors.

Investor note:

As compared to other financial counters such as CRDB, Maendeleo Bank's counter (MBP) is comparatively illiquid, with lower daily trading volumes. This makes it more suitable for long-term holders seeking deep value rather than short-term traders looking for quick price movements.



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